



Government
of South Australia

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2015

Tabled in the House of Assembly and ordered to be published, 13 October 2015

Second Session, Fifty-Third Parliament

Appendix to the Annual Report
Volume 4

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Department of Planning,
Transport and Infrastructure

Financial report
for the year ended
30 June 2015

Department of Planning, Transport and Infrastructure
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Note No	2015 \$'000	2014 \$'000
EXPENSES			
Employee benefit expenses	6	245,654	246,124
Supplies and services	7	812,665	826,495
Depreciation and amortisation expense	8	376,138	336,228
Net loss from the disposal of non-current assets	20	-	7,107
Grants and subsidies	9	84,945	94,226
Borrowing costs	10	1,117	1,290
Other expenses	11	39,332	107,007
Total Expenses		1,559,851	1,618,477
INCOME			
Fees and charges	13	598,460	580,437
Commonwealth revenues	14	133,540	77,632
Sale of goods and services	15	145,536	145,062
Rental income	16	213,894	212,322
Grants and subsidies	17	62,283	59,702
Interest	18	2,334	2,421
Commissions received	19	37	40
Net gain from the disposal of non-current assets	20	4,158	-
Resources received free of charge	21	7,067	3,342
Other income	22	911,928	59,135
Total Income		2,079,237	1,140,093
NET REVENUE FROM / (COST OF) PROVIDING SERVICES		519,386	(478,384)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	23	369,235	336,014
Payments to SA Government	23	(79,977)	(6,708)
Net Revenues from (payments to) SA Government		289,258	329,306
Net result		808,644	(149,078)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net result</i>			
Changes in property, network assets and plant and equipment asset revaluation surplus		163,328	340,902
TOTAL COMPREHENSIVE RESULT		971,972	191,824

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

Department of Planning, Transport and Infrastructure
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note No	2015 \$'000	2014 \$'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	24	1,423,773	436,528
Receivables	25	135,321	190,603
Inventories	26	12,767	12,968
Other assets	27	26,097	18,068
Non-current assets classified as held for sale	28	142,298	37,524
Total Current Assets		1,740,256	695,691
NON-CURRENT ASSETS:			
Receivables	25	10,685	11,483
Other assets	27	21,720	23,471
Land, buildings and facilities	29	2,912,847	2,971,833
Plant and equipment	30	748,184	744,994
Network assets	31	20,054,611	19,432,410
Capital works in progress	32	339,900	834,767
Intangible assets	33	37,400	20,367
Total Non-Current Assets		24,125,347	24,039,325
Total Assets		25,865,603	24,735,016
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	35	134,056	151,640
Borrowings	36	2,253	2,212
Employee benefits	37	37,878	30,955
Provisions	38	9,558	9,373
Other liabilities	39	28,960	34,790
Total Current Liabilities		212,705	228,970
NON-CURRENT LIABILITIES:			
Payables	35	23,274	23,918
Borrowings	36	14,521	15,983
Employee benefits	37	66,376	71,602
Provisions	38	13,630	14,273
Other liabilities	39	25,844	29,367
Total Non-Current Liabilities		143,645	155,143
Total Liabilities		356,350	384,113
NET ASSETS		25,509,253	24,350,903
EQUITY:			
Retained earnings		8,098,015	7,286,788
Asset revaluation surplus		14,574,342	14,415,303
Contributed capital		2,836,896	2,648,812
Total Equity		25,509,253	24,350,903

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	43
Contingent assets and liabilities	44

Department of Planning, Transport and Infrastructure
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2015

	Note No	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2013		2,175,560	14,075,469	7,462,198	23,713,227
Prior Period - error corrections identified in 2014-15	40	-	2,406	(4,406)	(2,000)
Prior Period - error corrections identified in 2013-14	40	-	-	(12,727)	(12,727)
Restated Balance at 30 June 2013		2,175,560	14,077,875	7,445,065	23,698,500
Net result for 2013-14		-	-	(149,078)	(149,078)
Gain (loss) on Revaluation of Property during 2013-14		-	37,694	-	37,694
Gain (loss) on Revaluation of Network Assets during 2013-14		-	312,527	-	312,527
Gain (loss) on Revaluation of Plant and Equipment during 2013-14		-	(9,319)	-	(9,319)
Total Comprehensive Result for 2013-14		-	340,902	(149,078)	191,824
Transfer between equity components					
Equity transfer on asset disposals		-	(3,298)	3,298	-
Other		-	-	(1)	(1)
Transactions with SA Government as Owner					
Net Assets Transferred out as a Result of an Administrative Restructure		-	-	(144)	(144)
Equity Contribution Received		483,627	-	-	483,627
Dividends Paid		-	-	(1,706)	(1,706)
Equity Contribution Repaid		(10,375)	-	-	(10,375)
Balance at 30 June 2014		2,648,812	14,415,479	7,297,434	24,361,725
Prior Period - error correction	40	-	(176)	(10,646)	(10,822)
Restated Balance at 30 June 2014		2,648,812	14,415,303	7,286,788	24,350,903
Net result for 2014-15		-	-	808,644	808,644
Gain (loss) on Revaluation of Property during 2014-15		-	24,813	-	24,813
Gain (loss) on Revaluation of Network Assets during 2014-15		-	252,978	-	252,978
Gain (loss) on Revaluation of Plant and Equipment during 2014-15		-	(114,463)	-	(114,463)
Total Comprehensive Result for 2014-15		-	163,328	808,644	971,972
Transfer between equity components					
Equity transfer on asset disposals		-	(4,289)	4,289	-
Transactions with SA Government as Owner					
Equity Contributions Received		188,084	-	-	188,084
Dividends Paid		-	-	(1,706)	(1,706)
Balance at 30 June 2015		2,836,896	14,574,342	8,098,015	25,509,253

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

Department of Planning, Transport and Infrastructure
STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Note No	2015 \$'000 Inflows (Outflows)	2014 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		(244,606)	(241,384)
Payments for supplies and services		(1,127,067)	(1,157,625)
Payments of grants and subsidies		(84,876)	(94,249)
Interest paid		(1,117)	(1,307)
Construction work payments		(363,362)	(768,052)
Lease incentives		(70)	(4,544)
Other payments		(44,939)	(37,118)
Cash used in Operations		(1,866,037)	(2,304,279)
CASH INFLOWS:			
Fees and charges		594,023	577,898
Receipts from Commonwealth		133,591	77,330
Rental income		241,589	301,864
Sale of goods and services		359,552	421,891
Grants and subsidies		62,254	59,314
Interest received		2,882	2,744
Commissions		37	40
Construction work reimbursements		377,451	650,970
GST received from the ATO		72,086	126,388
Lease incentives		752	4,876
Other receipts		959,494	76,820
Cash generated from Operations		2,803,711	2,300,135
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		369,235	336,014
Payments to SA Government		(79,977)	(7,007)
Cash Generated from SA Government		289,258	329,007
Net Cash provided by (used in) Operating Activities	45	1,226,932	324,863
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(242,064)	(375,098)
Purchase of network assets		(233,642)	(560,885)
Cash Used in Investing Activities		(475,706)	(935,983)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		51,600	45,502
Cash generated from Investing Activities		51,600	45,502
Net Cash provided by (used in) Investing Activities		(424,106)	(890,481)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Payment of dividend to SA Government		(1,706)	(1,706)
Residential housing loan advancements		(342)	(32)
Repayment of borrowings		(446)	(446)
Repayment of finance leases		(1,837)	(1,802)
Equity contribution repaid		-	(10,375)
Cash Used in Financing Activities		(4,331)	(14,361)
CASH INFLOWS:			
Equity contributions received		188,084	483,627
Principal repayments residential housing		666	648
Cash generated from Financing Activities		188,750	484,275
Net Cash provided by (used in) Financing Activities		184,419	469,914
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		987,245	(95,704)
CASH AND CASH EQUIVALENTS AT 1 JULY		436,528	532,232
CASH AND CASH EQUIVALENTS AT 30 JUNE	24	1,423,773	436,528

Department of Planning, Transport and Infrastructure
DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME
For the Year Ended 30 June 2015

	Land Use Planning			Road Safety			Recreation, Sport and Racing			Office of Local Government		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:												
Employee benefit expenses	17,566	18,307	6,457	6,937	8,627	8,974	1,073	912				
Supplies and services	5,367	10,026	7,358	8,272	4,621	5,180	364	80				
Depreciation and amortisation expense	17	5	1,210	1,292	6,422	6,271	-	-				
Net loss from the disposal of non-current assets	-	-	-	-	-	-	-	-				
Grants and subsidies	1,336	9,427	42,174	39,543	21,527	23,493	-	-				
Borrowing costs	1	1	-	-	146	200	-	-				
Other expenses	14	32	57	98	78	165	9	6				
Total Expenses	24,301	37,798	57,256	56,142	41,421	44,283	1,446	998				
INCOME:												
Fees and charges	5,941	5,160	2,771	2,609	1	9	-	-				
Commonwealth revenues	-	1,330	5,865	3,765	404	479	-	-				
Sale of goods and services	936	924	-	-	464	509	-	-				
Rental income	-	-	-	-	131	93	-	-				
Grants and subsidies	1,000	1,000	-	-	577	572	-	-				
Interest	-	-	377	318	2	2	-	-				
Commissions received	-	-	-	-	-	-	-	-				
Net gain from the disposal of non-current assets	-	-	-	-	14	43	-	-				
Resources received free of charge	-	-	-	-	7,010	3,332	-	-				
Other income	1,293	6,924	-	-	4,709	4,431	-	-				
Total Income	9,170	15,338	9,013	6,692	13,312	9,470	-	-				
NET REVENUE FROM (COST OF) PROVIDING SERVICES	(15,131)	(22,460)	(48,243)	(49,450)	(28,109)	(34,813)	(1,446)	(998)				

Department of Planning, Transport and Infrastructure
DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME
For the Year Ended 30 June 2015

	Transport Operations		Infrastructure, Planning, Policy and Operations			TOTAL
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
EXPENSES:						
Employee benefit expenses	119,650	119,545	92,281	91,449	245,654	246,124
Supplies and services	485,661	498,988	309,294	303,949	812,665	826,495
Depreciation and amortisation expense	334,624	306,852	33,865	21,808	376,138	336,228
Net loss from the disposal of non-current assets	-	554	-	6,596	-	7,150
Grants and subsidies	18,341	19,050	1,567	2,713	84,945	94,226
Borrowing costs	14	32	956	1,057	1,117	1,290
Other expenses	29,784	93,702	9,390	13,004	39,332	107,007
Total Expenses	988,074	1,038,723	447,353	440,576	1,559,851	1,618,520
INCOME:						
Fees and charges	568,037	550,718	21,710	21,941	598,460	580,437
Commonwealth revenues	112,271	71,891	15,000	167	133,540	77,632
Sale of goods and services	9,938	9,659	134,198	133,970	145,536	145,062
Rental income	3,451	2,978	210,312	209,251	213,894	212,322
Grants and subsidies	60,665	58,084	41	46	62,283	59,702
Interest	599	632	1,356	1,469	2,334	2,421
Commissions received	37	40	-	-	37	40
Net gain from the disposal of non-current assets	2,213	-	1,931	-	4,158	43
Resources received free of charge	57	10	-	-	7,067	3,342
Other income	900,730	41,724	5,196	6,056	911,928	59,135
Total Income	1,657,998	735,736	389,744	372,900	2,079,237	1,140,136
NET REVENUE FROM (COST OF) PROVIDING SERVICES	669,924	(302,987)	(57,609)	(67,676)	519,386	(478,384)

Department of Planning, Transport and Infrastructure
DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES
as at 30 June 2015

	Land Use Planning		Road Safety		Recreation, Sport and Racing	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	-	-	10	-	151	199
Inventories	-	-	-	-	-	-
Other assets	19	18	6	5	114	85
Non-current assets classified as held for sale	-	-	-	-	-	-
Land, buildings and facilities	-	26	590	597	267,383	261,177
Plant and equipment	44	189	2,485	2,699	1,403	1,448
Network assets	-	-	-	-	-	-
Capital works in progress	101	115	7,027	3,330	4	1,296
Intangible assets	351	228	693	1,394	30	-
Total Assets	515	576	10,811	8,025	269,085	264,205
LIABILITIES:						
Payables	3,324	1,165	1,603	239	1,872	1,774
Borrowings	-	-	-	-	1,484	2,012
Employee benefits	4,518	4,513	1,345	1,400	1,906	1,859
Provisions	-	-	-	-	182	152
Other liabilities	238	17	-	-	559	78
Total Liabilities	8,080	5,695	2,948	1,639	6,003	5,875

Department of Planning, Transport and Infrastructure
DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES
as at 30 June 2015

	Office of Local Government		Transport Operations		Infrastructure Planning, Policy and Operations	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	-	-	65,662	69,763	75,985	130,632
Inventories	-	-	12,765	12,966	2	2
Other assets	-	-	764	953	46,914	40,478
Non-current assets classified as held for sale	-	-	-	-	142,298	37,524
Land, buildings and facilities	-	-	1,555,845	1,505,267	1,089,029	1,204,766
Plant and equipment	-	-	740,500	737,234	3,752	3,424
Network assets	-	-	20,054,611	19,432,410	-	-
Capital works in progress	-	-	286,813	754,459	45,955	75,567
Intangible assets	-	-	18,229	16,399	18,097	2,346
Total Assets	-	-	22,735,189	22,529,451	1,422,032	1,494,739
LIABILITIES:						
Payables	203	54	100,508	113,299	49,820	59,027
Borrowings	-	-	-	-	15,290	16,183
Employee benefits	347	325	50,493	53,613	29,722	30,762
Provisions	-	-	20,574	21,069	1,908	1,966
Other liabilities	-	-	9,090	7,939	44,772	56,052
Total Liabilities	550	379	180,665	195,920	141,512	163,990

Department of Planning, Transport and Infrastructure
DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES
as at 30 June 2015

	General / Not Attributable		TOTAL	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
ASSETS:				
Cash and cash equivalents	1,423,773	436,528	1,423,773	436,528
Receivables	4,198	1,492	146,006	202,086
Inventories	-	-	12,767	12,968
Other assets	-	-	47,817	41,539
Non-current assets classified as held for sale	-	-	142,298	37,524
Land, buildings and facilities	-	-	2,912,847	2,971,833
Plant and equipment	-	-	748,184	744,994
Network assets	-	-	20,054,611	19,432,410
Capital works in progress	-	-	339,900	834,767
Intangible assets	-	-	37,400	20,367
Total Assets	1,427,971	438,020	25,865,603	24,735,016
LIABILITIES:				
Payables	-	-	157,330	175,558
Borrowings	-	-	16,774	18,195
Employee benefits	15,923	10,085	104,254	102,557
Provisions	524	459	23,188	23,646
Other liabilities	145	71	54,804	64,157
Total Liabilities	16,592	10,615	356,350	384,113

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 1: Objectives of the Department of Planning, Transport and Infrastructure

The Department of Planning, Transport and Infrastructure (the Department) has diverse responsibilities for transport systems and services, infrastructure planning and provision, sporting infrastructure, and strategic land use within South Australia.

The Department ensures that South Australia's needs for the movement of people and freight, and the delivery of services across the transport and infrastructure sectors, are met in a safe, efficient, cost effective and sustainable manner. The Department also plays a leadership role in the management of public sector building assets and infrastructure, elite sports pathways, administration of the State's land titles, and the State's land use and development planning for all South Australians.

Note 2: Departmental Organisation

During 2014-15, the Department has worked on a whole of department rejuvenation, to better deliver effective planning policy, efficient transport and social and economic infrastructure.

As a result, the Department has restructured its divisions in a manner that provides clearer accountabilities and responsibilities for all divisions and enables an open and steady flow of information between these areas.

The divisions of the Department as at 30 June 2015 are:

- People and Business
- Safety and Service
- Development

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 3: Summary of Significant Accounting Policies

3.1 Statement of Compliance

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

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

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

Except for AASB 2015-7, which the Department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2015. Refer to Note 4.

3.2 Basis of Preparation

The preparation of the financial statements requires:

- a) the use of certain accounting estimates and the exercise of judgement in the process of applying the Department's accounting policies. Any areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- b) accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- c) compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

In the interest of public accountability and transparency the following note disclosures are included in this financial report:

- a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within SA Government as at reporting date, classified according to their nature;
- b) expenses incurred as a result of engaging consultants;
- c) employee targeted voluntary separation package information;
- d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
- e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The 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 have been valued in accordance with specific applicable valuation policies described in Notes 28 to 33. 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 with amounts presented in Australian currency.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

3.3 Reporting Entity

The Department is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department.

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

In making this assessment, the Department considered its power over the entity, its exposure or rights (eg protective and substantive rights) to variable returns from its involvement with the entity and the ability to use its power to affect return amounts (eg ability to direct relevant major activities).

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

Transactions and balances relating to administered resources are not recognised as Departmental controlled income, expenses, assets and liabilities.

As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the Administered Financial Statements following the controlled Departmental 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 transactions.

3.4 Budgeted Amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with the line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

3.5 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements has required a change or where prior period errors are corrected.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted unless impracticable. Where retrospective application of changes to accounting policies and recognition of errors has occurred, relevant comparative amounts have also been amended.

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

3.6 Rounding

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

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3.7 Business Overheads

The Department adopts a full cost approach to the costing of its infrastructure capital and recurrent works. This methodology entails the allocation of a proportionate share of overheads to these activities based on a regime of cost drivers. Costs that are typically allocated using these cost drivers include general engineering and field related expenses, and goods or services that support the resources directly engaged in working on these activities.

Business overheads relating to those functions or areas responsible for the management and control of property, building, information and communication technology assets are allocated across the Department. Business areas incurring these costs allocate the costs to specific activities and programs in line with the Department's full cost approach methodology.

Costs normally associated with the establishment and operation of governance frameworks designed to support the role of Executive Management are not attributed to individual specific works and are borne by the Department as a whole.

3.8 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, income tax equivalents and local government rate equivalents.

With respect to goods and services tax, income, expenses and assets are recognised net of the amount of GST except:

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

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

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

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

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

With respect to tax equivalents, the Department is liable to pay income tax equivalents to the Consolidated Account in relation to the commercial operations of the Building Management Division.

In determining its tax equivalent commitments, the Department utilises the 'Accounting Profits' model. Under this model, income tax expense is calculated separately for each taxable entity by applying the companies' income tax rate (currently 30%) to the accounting profit for the year.

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Income tax equivalent payments are included in Payments to SA Government in the Statement of Comprehensive Income.

3.9 Events After the Reporting Period

Adjustments are made to amounts recognised in the financial statements where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June and are material. Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

3.10 Transferred Functions

Assets, liabilities and contributed capital transferred to or from the Department under government restructuring arrangements are reported in accordance with Accounting Policy Statements contained within Accounting Policy Framework II *General Purpose Financial Statements Framework*, Australian Accounting Standard AASB 1004 *Contributions* and Interpretation 1038 *Contributions made to wholly-owned public sector entities*.

Refer to Note 42 for details of controlled functions transferred to and from the Department during the year.

Administered Transfers

In 2014-15:

The Public Sector (Reorganisation of Public Sector Operations) Notice 2014 (dated 26 June 2014) declared that effective 1 July 2014 the transfer of employees and functions from the Department of Primary Industries and Regions SA (PIRSA) to the Department of Planning, Transport and Infrastructure.

As part of this transfer the Outback Communities Authority (OCA) and the South Australian Local Government Grants Commission (LGGC) would transfer effective from 1 July 2014 from PIRSA to the Department's administered items.

Refer to Accounting Policy Framework against Note 4 indicating that in accordance with amendments to Accounting Policy Framework II *General Purpose Financial Statements Framework* the Department will not be aggregating these entities in its administered financial statements, schedules or explanatory notes.

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

The following are specific recognition criteria:

Fees and Charges

Revenues from the levying of fees or charges set in accordance with various legislative acts (eg. vehicle registration and drivers' licence fees) are recognised when the Department obtains control over the funds. Control is generally obtained upon receipt of those funds.

Sale of Goods and Services

Revenues are derived from the provision of goods and services to other SA Government agencies and to the public. These revenues are driven by consumer demand and are recognised upon the delivery of those goods and services to the customers or by reference to the stage of completion, where possible.

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Grants Received

Grant revenue is recognised as income at the time the Department obtains control over the grant funds or obtains the right to receive the grant funds. For grants with unconditional stipulations, control generally occurs when the Department has been formally advised that the grant has been approved, the agreement has been signed and the grant has been received. For grants with conditional stipulations, control passes at the time the stipulations are satisfied or met.

Commonwealth grant revenues are received directly from the Federal Government or via the Department of Treasury and Finance. These grants are usually subject to terms and conditions as set out in the contract, correspondence or legislation governing the provision of the grant.

Net Gain from Disposal of Non-Current Assets

Gains or losses from the disposal of non-current assets are recognised on a net basis on the face of the Statement of Comprehensive Income when control of the asset has passed to the buyer. When revalued assets are sold, with the exception of commercial properties, the revaluation surplus in equity in respect of the assets is transferred to retained earnings.

Resources Received Free of Charge

Resources received free of charge may include assets (e.g. land, buildings or other property) contributed to the Department at no value or minimal value. Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value when control has passed to the Department. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

Revenues from SA Government

Revenues from SA Government include monies appropriated to the Department under the *Appropriation Act* or other Acts. These appropriations are recognised as revenues when the Department obtains control over the funds. Control is generally obtained upon receipt of those funds. 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.

3.12 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 following are specific recognition criteria:

Employee Benefit Expenses

Employee benefit expenses are recognised when incurred and consist of wages and salaries, including amounts sacrificed, leave entitlements, employment on-costs such as payroll tax and superannuation, workers compensation payments, and other employee related expenses.

With respect to superannuation, the amount charged to the Statement of Comprehensive Income includes the contributions made by the Department to the superannuation plan in respect of current services provided by Departmental staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

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Depreciation and Amortisation

The useful life of an asset is generally determined on the basis of "economic useful life to the Department". The useful lives of all major assets held by the Department are reassessed on an annual basis.

All non-current assets having a limited useful life are systematically depreciated/amortised over their estimated useful lives in a manner that reflects the consumption of their service potential. Land, unsealed roads (graded and formed), rail and road earthworks, non-current assets held-for-sale and works in progress are not depreciated.

The value of equipment assets under finance lease is amortised over the shorter of the lease term and the underlying asset's useful life. The value of building assets under finance lease is amortised over the asset's useful life. Capitalised software is amortised over the useful life of the intangible asset.

Depreciation, amortisation for non-current assets are determined as follows:

<u>Asset Class</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Leased Assets:		
Computers and network printers	Straight Line	3 to 4 years
Buildings and Facilities:		
Buildings and facilities	Straight Line	3 to 146 years
Plant and Equipment:		
Plant and equipment	Straight Line	2 to 112 years
Buses	Diminishing Value	25 years
Tram and train rolling stock	Straight Line	10 to 39 years
Information technology	Straight Line	3 to 10 years
Network Assets:		
Roads (sealed surface)	Straight Line	19 to 29 years
Roads (sealed pavement)	Straight Line	40 to 58 years
Roads (sheeted)	Straight Line	15 years
Bridges and culverts	Straight Line	32 to 150 years
Metro rail lines track and structures	Straight Line	10 to 125 years
Bus track and structures	Straight Line	10 to 91 years
Other	Straight Line	4 to 100 years
Intangible Assets:		
Software	Straight Line	3 to 14 years

Grants and Subsidies Paid

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

Grants provided by the Department to other entities are generally unconditional in nature.

Borrowing Costs

In accordance with Accounting Policy Framework II: *General Purpose Financial Statements* APS 3.6, borrowing costs are recognised as expenses in the period in which they are incurred.

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Resources Provided Free of Charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value in the expense line items to which they relate. For example, assets contributed by the Department to other entities at no value or minimal consideration are disclosed separately under 'Other Expenses' as donated assets.

Payments to SA Government

Payments to SA Government include payment for tax equivalents and regulatory fees received and paid to the Consolidated Account.

3.13 Current and Non-Current Classification

Assets and liabilities are classified as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the 12 month operating cycle are classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

3.14 Assets

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

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows includes cash on hand and deposits at call that are readily converted to cash and are used in the day-to-day cash management function of the Department. Cash is measured at nominal value.

Administered cash is reported separately in the administered financial statements.

Receivables

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

Trade Receivables

Trade receivables arise in the normal course of providing goods and services to other agencies and to the public. Trade receivables are usually settled within 30 days after the issue of an invoice or from when the goods/services have been provided under a contractual arrangement.

If payment from a debtor 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 may be able to charge interest at commercial rates until the whole amount of the debt is paid.

The collectability of receivables is reviewed on an ongoing basis. The Department determines an allowance for doubtful debts based on an annual review of the balance of trade receivables. The 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.

Loan Receivables

In accordance with the requirements of Accounting Policy Framework IV *Financial Asset and Liability Framework*, the Department measures financial assets such as loan receivables at their historic cost, except interest free loans which are measured at the present value of expected repayments.

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Finance Lease Receivables

The Department has entered into a number of finance lease arrangements as lessor for the purpose of providing housing and accommodation. Receivables to be derived from these lease arrangements have been brought to account in the Statement of Financial Position in accordance with the requirements of Australian Accounting Standards AASB 117 *Leases*.

Inventories

Inventories include goods and other property held either for sale, use or for distribution in the ordinary course of business and excludes depreciable assets.

Inventories held for distribution at no or nominal considerations, are measured at cost and are adjusted where applicable for any loss of service potential. The basis used in assessing loss of service potential includes current replacement cost and technological or functional obsolescence. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of cost or their net realisable value.

Inventories of roadside materials are measured at historic cost and stores are measured on a weighted average historic cost basis. Inventories held for works performed for clients external to the Department are measured at cost.

Contracts in Progress

The Department acts as project manager for major capital works in relation to government buildings or government accommodation and for a range of minor capital works and maintenance type activities associated with the role of facilities manager.

Profits on these contracts are brought to account on a percentage of completion basis as determined under current engineering estimates and in accordance with Australian Accounting Standard AASB 111 *Construction Contracts*. Where losses are foreseeable, such losses are provided in full based on current engineering estimates.

The expenses incurred in undertaking these capital works and/or maintenance activities and the revenue from charging the respective government departments are transacted within the Statement of Financial Position. The net of the expenditure incurred and the revenue recovered is accounted for as a receivable or payable.

Non-Current Assets - Acquisition and Recognition

The Department capitalises non-current physical assets with an individual or grouped value of \$10,000 or greater in accordance with policies that are consistent with Accounting Policy Framework III *Asset Accounting Framework* and the requirements of Accounting Standard AASB 116 *Property, Plant and Equipment*. Exceptions to this policy are assets under construction, land and buildings and assets categorised as "grouped assets" in the Department's policy which are capitalised irrespective of their value.

Assets under construction are capitalised from Capital Works in Progress to the appropriate asset classes at the completion of the project. Project costs that do not meet the recognition criteria of an asset are expensed.

In accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 9.7 the Department has elected not to recognise in its Statement of Financial Position the value of land under water because of the inherent difficulty in the reliable measurement of all land within this category.

APS 9.6 specifies that land under roads acquired before 1 July 2008, is not to be recognised by the Department as an asset. However, any land under roads acquired after 1 July 2008 has been recognised by the Department in accordance with AASB 1051 *Land Under Roads*, paragraph 15, when the asset

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recognition criteria are met. Land under roads includes land under roadways, road reserves, footpaths, nature strips and median strips.

Buildings or other structures residing on land acquired for current road projects are not separately recognised in the Statement of Financial Position. The costs incurred in acquiring the buildings in these instances are deemed to be part of the costs of acquiring the land.

The Department separately recognises the components of specific assets it owns or controls only when the fair value of the asset at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Assets acquired and recognised by the Department are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs incurred with the acquisition.

Where the Department acquires assets at no cost, or minimal cost, these items are recorded at their fair value in the Statement of Financial Position. 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 entity prior to the transfer.

Revaluation of Non-Current Assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.1 and 3.13, the Department revalues all its non-current physical assets to their estimated fair value. Revaluations are performed only in instances where the fair value of the asset or asset group at the time of acquisition is greater than \$1 million and the estimated useful life is greater than three years.

The Department generally revalues its assets every three years and always within six years, depending on the nature or purpose for which that asset is held via appropriately qualified valuation professionals, or internal experts using external estimating organisations. All valuers are independent unless otherwise indicated. The Valuer-General is considered an independent valuer as the Valuer-General is independent of the other functions of the Department.

When depreciable non-current assets are revalued, the Department uses the gross method in accounting for most assets with the exception of land and buildings that are subject to commercial leases and held for provision of government agency accommodation and for provision of housing of government employees in remote areas.

If at any time the carrying amount of an asset materially differs from its fair value, the Department revalues the asset regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are either held at cost until the next valuation, or revalued if the fair value is likely to be materially different from the acquisition value. The Department assesses material differences in fair value from notification from business units or changes in circumstances and environmental factors that the Department becomes aware of.

Revaluation increments are credited directly to the Revaluation Surplus. If within an asset class, an increment reverses a revaluation decrement previously recognised as an expense in the Statement of Comprehensive Income within that class, the increment is recognised as revenue but only to the extent of the decrement previously recognised in this financial statement.

Revaluation decrements are offset against any previous Revaluation Surplus increment for a particular class of asset and any remaining balance is expensed.

When assets are sold or otherwise disposed of, with the exception of commercial properties, the revaluation increments relating to those assets are transferred to Retained Earnings.

The valuation methodology applied to specific classes of non-current assets under revaluations and the timing of asset valuations are disclosed in the Notes applicable to those assets. See Notes 28 to 33.

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Assets Acquired under Government Restructures or Other Changes in Administrative Arrangements

Former Australian National Rail Land, Buildings and Facilities continue to be progressively defined, valued and recorded in the Department's asset register as assets that are vested in or transferred to the Minister for Transport and Infrastructure.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the respective asset revaluation surplus. There were no impaired assets for 2014-15.

Remediation of Non Current Assets

Land remediation undertaken by the Department is primarily designed to restore the asset to its original state or condition and would not normally meet the criteria for asset recognition under *AASB 116 Property, Plant and Equipment*.

Where remedial work is to be performed in response to a present obligation, either under legislation or under a contractual arrangement to a third party, the Department recognises a provision for any future work in accordance with the requirements of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. Other land remediation costs are therefore expensed in the period in which the obligation is recognised.

Fair Value Measurement

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

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

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date. The Department does not have any Level 1 assets.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within Level 1) that are observable for the asset, either directly or indirectly. For example, the Department has domestic housing and commercial building assets that are valued by comparing the subject properties to similar properties in similar areas.
- Level 3 – not traded in an active market and are derived from unobservable inputs. Examples in the Department include the rail and road networks.

Non-Financial Assets

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

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

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

Refer to Notes 28 to 34 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial Assets and Liabilities

The Department does not recognise any financial assets or financial liabilities at fair value.

3.15 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 event.

Payables

Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable. All payables are measured at their nominal amount and are unsecured.

- *Creditors*

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid where an invoice has been received. Creditors are normally settled within 30 days after the Department receives an invoice in accordance with Treasurer's Instruction 11 *Payment of Creditors Accounts*.

- *Accrued Expenses*

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

- *Employment On-costs*

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

The Department also 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 these obligations have been assumed by the respective superannuation schemes. The only payable outstanding at reporting date relates to any contributions due but not yet paid.

- *Paid Parental Leave Scheme Payable*

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward onto eligible employees via the Department's standard payroll processes. That is, the Department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Borrowings

Borrowings consist of loans and finance leases.

Loans are recognised when issued at the full amount received and carried at this value less any repayments until the loan is settled.

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Interest charges on loans and finance leases are expensed as 'borrowing costs' in the Statement of Comprehensive Income.

Leases

The Department has entered into finance leases and operating leases both as lessor and lessee and has recognised assets, liabilities, revenues and expenses associated with these business dealings in accordance with AASB 117 Leases.

Finance Leases

Finance leases, which transfer to the Department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance that the Department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Finance Leases – the Department as Lessor

- *Recreational Jetties*

The Department has entered into leases as lessor, in regards to the Government's Recreational Jetties Divestment Program where jetties have been leased to Councils throughout the state. Peppercorn rents of \$1 per annum apply over the 25 or 99-year lease term for each lease.

Under the terms of the lease agreement, these leases have been categorised as finance leases due to the passing of risks and benefits incidental to ownership to the lessee. Since the leases provide no material revenue to the Department, the leases have nil value. The underlying assets have no value recorded in the Financial Statements.

- *Government Employee Housing*

The Department provides housing services on a leasehold basis to government employees based in remote areas of the state. As lessor, the Department recognises finance lease receivables in relation to these properties at an amount equal to the net investment in the lease.

Finance lease interest income is recognised based on the periodic rate of return on that net investment. Lease payments from the lessee are applied against the gross investment in the lease to reduce both the principal and the unearned interest income.

Finance Leases – the Department as Lessee

- *Government Accommodation – Roma Mitchell Building*

The Department is responsible for the finance lease in relation to government office accommodation for Roma Mitchell House, North Terrace and has recognised assets and liabilities at the fair value of the leased property. Lease liabilities under these arrangements are classified as both current and non-current, with the minimum lease payments allocated between interest expense/borrowing costs and the reduction of lease liability for the period.

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The 40 year lease on Roma Mitchell House commenced in July 1987. Ownership of the building will transfer to the Department on payment of a nominal sum at the end of the lease. Under the terms and conditions of the lease agreement, the Department is also liable to pay contingent rentals based on the Adelaide Consumer Price Index.

- *Computer Hardware and Equipment*

The Department has entered into various lease arrangements as lessee with respect to the use of some of its computer hardware and equipment. Under the Australian Accounting Standards such agreements are treated as finance leases.

Operating Leases

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

- *Operating Leases – the Department as Lessor*

The Department leases commercial properties to external parties through operating leases. Income derived from these leases is recognised as rental income in the Statement of Comprehensive Income in the period in which it is earned, and is representative of the patterns of benefits derived from the leased assets.

- *Operating Leases – the Department as Lessee*

The Department has a number of operating lease agreements as lessee for land, motor vehicles, office equipment, other plant and commercial and residential accommodation. Operating lease payments are charged to the Statement of Comprehensive Income on a 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 lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received are recognised as a lease incentive liability. The aggregate benefits of the lease incentives received are recorded as a reduction of rental expense over the lease term on a straight line basis. Incentives provided to sub-lessees are recognised as a lease incentive asset. This asset is amortized over the life of the lease and recognised as a reduction of rental revenue on a straight line basis. Lease incentives in the form of leasehold improvements that are not subject to a sub-lease are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Employee Benefits

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

- *Salaries and Wages, Annual Leave, Sick Leave and Skills and Experience Retention Leave.*

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

The liability for annual leave and the skills and experience retention leave is expected to be payable within 12 months and is measured at the undiscounted amounts expected to be paid.

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

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- *Long Service Leave*

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

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

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

- *Employee Benefit On-Costs*

Related on-costs of payroll tax and superannuation are shown separately under the item Payables in the Statement of Financial Position as employment on-costs.

Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at reporting date.

Provisions have been reported to reflect workers compensation claims not settled and future remediation work required on land under the Ports Corp Business and Sale Agreement.

The workers compensation provision is an actuarial estimate of the outstanding liability as at the end of reporting date provided by a consulting actuary engaged by the Office for the Public Sector of the Department of Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The Department is responsible for the payment of workers compensation claims.

The land remediation provision has been calculated on the basis of revised project manager estimates of the value of future remedial work required to meet agreed environmental standards. Given that the remaining work has been scheduled to be completed in 2017-18, these estimates are discounted at their net present value in accordance with the requirements of paragraph 45 of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.

Other Liabilities

The Department receives monies in advance in the form of conditional grants to undertake specific infrastructure works in future periods (e.g. Commonwealth funds for Specific Projects). As these works are completed the amounts received are recognised as revenues in the Statement of Comprehensive Income. The balance of any unspent grant monies as at 30 June is recognised as a liability in the Statement of Financial Position.

The Department receives incentives from building owners in relation to leased accommodation, including accommodation occupied by other government agencies. The value of these incentives is recognised as a liability at the time the incentive is received, and the liability is amortised over the life of the relevant lease on a straight line basis.

3.16 Unrecognised Contractual Commitments and Contingent Assets and Liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are measured at their nominal amount. (Refer to Note 43).

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. (Refer to Note 44).

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 4: New and Revised Accounting Standards and Policies

Accounting Policy Framework

In accordance with amendments to Accounting Policy Framework II *General Purpose Financial Statements Framework*, effective for the year ended 30 June 2015, the South Australian Local Government Grants Commission and the Outback Communities Authority are not considered administered items of the Department. Accordingly, the Department will not aggregate these entities in its administered financial statements, schedules or explanatory notes. In 2013-14 the Department of Primary Industries and Regions SA included these entities within their aggregated administered financial statements.

Accounting Standards

In accordance with the new AASB 1055 *Budgetary Reporting*, which became effective for the first time in 2014-15, the Department has:

- Included a comprehensive new note "Budgetary Reporting and Explanations of Major Variances" (refer Notes 47 and A30). These notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for both controlled and administered amounts:
 - the Department's original budget as published in Budget Paper 4 (classified on a basis that is consistent with the line items in the financial statements);
 - a comparison of the original budget information to actual results; and
 - explanations of major variances

In accordance with the new AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, which became effective for the first time in 2014-15, the Department has reviewed its control assessments (i.e. the Department's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. The Department does not currently control another entity and does not have any joint arrangements within the scope of AASB 11.

The Department will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

Accounting Standards Issued or Amended but not yet Effective

Except for AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for Profit Public Sector Entities* which the Department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2015. 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.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 5: Activities of the Department

In achieving its objectives, the Department provides a range of services classified into the following activities:

- Activity 1 Land Use Planning**
Administering the South Australian Planning and Development System, leading and presenting South Australia's strategic land use and development planning, and assessing applications for land use and development.
- Activity 2 Road Safety**
Provision of policy and investment advice, community information on road safety, and the provision of services on safe and sustainable road use and travel behaviour.
- Activity 3 Recreation, Sport and Racing**
Provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at increasing participation, developing a sustainable sport and recreation sector and ensuring that all South Australians are able to enjoy lives enriched through participation in active recreation and sport.
- This program also includes the provision of strategic policy advice to the Minister for Recreation and Sport on matters relating to the South Australian racing industry.
- Activity 4 Office of Local Government**
The Office of Local Government provides policy and other advice to the Minister for Local Government on:
- the constitution and operations of the local government system, in particular the legislative framework for councils' operation, including administered statutory authorities
 - whole of government policy and legislative frameworks as they affect local government
 - the constructive relationship between the state government, local councils and associated representative groups
- Activity 5 Transport Operations**
Provision of services to efficiently and effectively maintain the state's transport networks.
- Activity 6 Infrastructure Planning, Policy and Operations**
Provision and planning of effective and efficient state infrastructure.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2014 and 30 June 2015.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 6: Employee Benefit Expenses

	2015	2014
	\$'000	\$'000
Salaries and wages	162,551	168,488
Board and committee fees (refer below)	578	504
Employment on-costs - superannuation	20,993	20,830
Employment on-costs - payroll	11,357	12,141
Annual leave	18,329	18,876
Long service leave	8,609	7,218
Workers compensation expenses	2,169	4,286
TVSPs payments (refer below)	14,629	10,929
Skills and Experience Retention Leave	1,123	1,129
Other employee related expenses	5,316	1,723
Total Employee Benefit Expenses	245,654	246,124

Targeted Voluntary Separation Packages (TVSPs)

	2015	2014
	\$'000	\$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	14,629	10,929
Annual leave, LSL and SERL paid to those employees	11,812	4,120
	26,441	15,049
Recovery from the Department of Treasury and Finance	(2,261)	(11,237)
Net Cost to the Department	24,180	3,812

The number of employees who received a TVSP during the reporting period was 210 (91).

The Department expected to recover \$12.136 million in relation to TVSPs as at 30 June 2015.
The Department has been overpaid \$0.232 million in relation to TVSPs as at 30 June 2014.

In addition, there was executive termination payments of \$3.672 million (\$0.372 million) paid during the year.

The Department recovered \$3.435 million of executive termination payments from the Department of Treasury and Finance as at 30 June 2015.

The Department expects to recover \$0.237 million in relation to executive termination payments as at 30 June 2015.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Remuneration of Employees

	2015	2014
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$141 500 - \$151 499	17	23
\$151 500 - \$161 499	23	29
\$161 500 - \$171 499	9	7
\$171 500 - \$181 499	2	11
\$181 500 - \$191 499	1	7
\$191 500 - \$201 499 (a)	5	8
\$201 500 - \$211 499 (e)	7	4
\$211 500 - \$221 499 (g)	11	5
\$221 500 - \$231 499 (g)	8	2
\$231 500 - \$241 499 (g)	8	2
\$241 500 - \$251 499 (g)	7	1
\$251 500 - \$261 499 (g)	12	3
\$261 500 - \$271 499 (f)	6	1
\$271 500 - \$281 499 (e)	6	1
\$281 500 - \$291 499 (e)	5	2
\$291 500 - \$301 499 (d)	5	4
\$301 500 - \$311 499 (g)	8	-
\$311 500 - \$321 499 (e)	5	2
\$321 500 - \$331 499 (c)	3	4
\$331 500 - \$341 499 (a)	1	2
\$341 500 - \$351 499 (b)	2	2
\$351 500 - \$361 499	-	1
\$361 500 - \$371 499 (d)	4	-
\$381 500 - \$391 499 (e)	6	1
\$411 500 - \$421 499	-	2
\$441 500 - \$451 499 (b)	2	-
\$451 500 - \$461 499 (a)	1	-
\$461 500 - \$471 499 (b)	2	-
\$481 500 - \$491 499 (a)	1	-
\$491 500 - \$501 499 (b)	2	-
\$501 500 - \$511 499 (a)	1	-
\$511 500 - \$521 499 (a)	1	-
\$751 500 - \$761 499 (a)	1	-
\$851 500 - \$861 499	-	1
Total Number of Employees	172	125

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (ie there has been no increase in executive remuneration since 1 July 2013).

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$43.0 million (\$25.8 million).

- (a) Includes TVSP, executive termination payment for one employee
- (b) Includes TVSP, executive termination payment for two employees

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

- (c) Includes TVSP, executive termination payment for three employees
- (d) Includes TVSP, executive termination payment for four employees
- (e) Includes TVSP, executive termination payment for five employees
- (f) Includes TVSP, executive termination payment for six employees
- (g) Includes TVSP, executive termination payment for seven employees

At 30 June 2015 the Department had 46 (67) number of Executive.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Remuneration of Board and Committee Members

Members that received remuneration for membership during the year ended 30 June 2015 were:

Passenger Transport Standards Committee

BASSHAM I G
 BIRCH C P
 BURTON G R
 GOULD J
 HANLON S A
 HEMMING B E (retired 31/12/14)
 KING B
 KING D M (retired 1/7/14)
 MADAN V
 MCKENZIE J D B
 O'DEA M
 OPIE A L
 PARRY- JONES K
 PEARCE F W E (retired 11/11/14)
 POTTS D G
 TIDDY J M
 TIDEMAN J

Development Assessment Commission

BRANFORD C J (appointed 9/4/15) *
 BROWN D L (retired 31/3/15) *
 BYRT E M (retired 31/3/15) *
 CRAFTER S J (appointed 9/4/15) *
 DUNGEY P J (appointed 9/4/15) *
 DYER H (appointed 9/4/15) *
 FOGARTY S M *
 FORD A J (retired 31/3/15) *
 LEYDON M L (retired 31/3/15) *
 LOVEDAY G M (retired 31/3/15) *
 MUTTON D R (appointed 9/4/15) *
 O'LOUGHLIN D A (appointed 9/4/15) *
 WIGG C A (retired 31/3/15) *

Building Advisory Committee (abolished 30/4/15)

FENNELL B
 HARMER P J
 ROCCISANO I
 ROWLAND K L

**Boxing and Martial Arts Advisory Committee
 (abolished 31/8/14)**

ARTYM U F
 FERRAUTO T
 LEONDARIS J
 LEOW M
 MCDONALD S F
 OSBORNE R J
 WONG Y L A

Audit and Risk Committee

BENGER K (appointed 1 April 2011)
 HARRIS M (retired 8 October 2014)
 JOHNSON C (appointed 14 August 2014)
 POWELL D (appointed 8 December 2014)

**Kangaroo Island Futures Authority Advisory Board
 (abolished 30/6/15)**

BATES J A
 HARMAN J M
 JEFFREYS M J
 WICKHAM C L

**Building Rules Assessment Committee
 (abolished 30/4/15)**

CAPETANAKIS G
 FRISBY D K
 MAZZAROLO J A
 PAYNE J M
 ROBINSON D A
 SANDS R V
 SLOAN D W
 TAYLOR A J

Development Policy Advisory Committee

BARONE M
 CANNY M J
 DITTER S L S *
 FILBY S M
 GAGETTI R L
 HOOPER S P
 HOUGH D
 KLOBAS M J
 VINCENT C

**Expert Panel on Planning Reform
 (abolished 31/12/14)**

BOUJENKO N
 FOGARTY S M *
 HAINS S C
 HAYES B R M
 MARAS T S

Local Heritage Advisory Committee

DITTER S L S *
 HARRY D B
 LEADBETER P D
 SCHULZ J
 WIGG C A *

Inner Metropolitan Development Assessment Commission

BRANFORD C J (appointed 9/4/15) *
 BROWN D L (retired 31/3/15) *
 BURMAN B S (appointed 1/7/14)
 BYRT E M (retired 31/3/15) *
 CRAFTER S J (appointed 9/4/15) *
 DUNGEY P J (appointed 9/4/15) *
 DYER H (appointed 9/4/15) *
 FOGARTY S M (appointed 1/7/14) *
 FORD A J (retired 31/3/15) *
 GILL C A (appointed 1/7/14)
 HODGSON J D (appointed 28/1/15)
 LEYDON M L (retired 31/3/15) *
 LLEWELLYN-SMITH M J (retired 31/3/15)
 LOVEDAY G M (retired 31/3/15) *
 MUTTON D R (appointed 9/4/15) *
 NEWMAN J R (appointed 1/7/14)
 O'LOUGHLIN D A (appointed 9/4/15) *
 WIGG C A (retired 31/3/15) *

**Boundary Adjustment Facilitation Panel
 WAGSTAFF M (retired 31/12/14)**

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

	2015	2014
The number of members whose remuneration received/receivable falls within the following bands:	Number	Number
\$1 - \$9 999	57	63
\$10 000 - \$19 999	13	1
\$20 000 - \$29 999	2	7
\$30 000 - \$39 999	5	1
\$40 000 - \$49 999	-	1
\$50 000 - \$59 999	1	2
\$60 000 - \$69 999	1	-
Total Number of Members	79	75

Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, fringe benefits tax and other salary sacrifice arrangements. The total remuneration received by members was \$0.677 million (\$0.585 million).

Unless otherwise disclosed, transactions between committee members and the Department 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.

* Member serves on more than one board or committee

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 7: Supplies and Services

	2015 \$'000	2014 \$'000
Supplies and Services		
Bus service contracts	195,153	193,381
Rail Commissioner salary reimbursements	55,268	56,310
Major infrastructure maintenance contracts	52,124	53,556
Other service contracts	84,188	89,578
Consultants	354	336
Operating leases	155,944	147,932
Property expenses	109,881	113,590
Plant, equipment and vehicle expenses	10,679	9,173
Information technology	7,788	10,190
Materials and other purchases	25,523	31,065
Utilities	32,615	30,895
Insurance	5,605	5,763
Legal services	2,055	2,202
Commissions - transaction processing	2,522	2,545
Auditor's remuneration (refer Note 12)	1,081	984
Administrative costs	6,966	7,129
Payment to Service SA - registration and licensing collection	31,633	31,677
Other	33,286	40,189
Total Supplies and Services	812,665	826,495

Consultancies

The number and dollar amount of consultancies
paid/payable
that fell within the following bands:

	No.	2015 \$'000	No.	2014 \$'000
Below \$10 000	3	14	7	29
Above \$10 000	13	350	11	307
Total Paid / Payable to the Consultants Engaged	16	364	18	336

During the year ended 30 June 2015, the Department spent \$0.364 million (\$0.336 million) on consultancies. Operating expenditure of \$0.354 million (\$0.336 million) is reflected in the Statement of Comprehensive Income and \$0.010 million is capital expenditure.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 8: Depreciation and Amortisation Expense

	2015 \$'000	2014 \$'000
Depreciation:		
Network assets	259,539	229,984
Plant and equipment	59,073	60,293
Buildings and facilities	50,061	37,554
Total Depreciation	368,673	327,831
Amortisation:		
Leased assets	1,864	1,771
Intangibles assets	5,601	6,626
Total Amortisation	7,465	8,397
Total Depreciation and Amortisation Expense	376,138	336,228

Change in Depreciation Due to a Revision of Accounting Estimate

In 2014-15 the Department reassessed the useful life of some of its assets. This review resulted in a decrease of \$7.690 million in depreciation expense for the 2014-15 year relative to the amount that would have been expensed based on the previous estimate of the useful life. The revision is expected to result in a decrease of \$11.115 million in depreciation expense for 2015-16.

Note 9: Grants and Subsidies

	2015 \$'000	2014 \$'000
Grants and Subsidies		
Recurrent grants:		
Contribution for policing services	38,519	37,580
Transport Subsidy Scheme	10,164	10,535
Grants to local councils	3,484	11,562
Transport concessions	4,355	4,636
Grants by Office for Recreation and Sport	21,491	23,485
Other	4,883	4,776
Capital Grants:		
Grants to local councils	2,049	1,652
Total Grants and Subsidies	84,945	94,226

Note 10: Borrowing Costs

	2015 \$'000	2014 \$'000
Interest paid/payable on Borrowing Costs:		
Finance charges on finance leases	1,117	1,290
Total Borrowing Costs	1,117	1,290

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 11: Other Expenses

	2015	2014
	\$'000	\$'000
Other Expenses		
Rates, taxes and levies	8,446	10,614
Donated assets	2,573	16,308
Bad and doubtful debts expense	99	528
Write-off of an asset	850	37
Indentured Ports **	13,036	13,925
Site remediation	259	9,183
Write-off of works in progress *	-	55,832
Payment to National Heavy Vehicle Regulator – State Contribution	13,648	-
Other	421	580
Total Other Expenses	39,332	107,007

* In 2014 consistent with Accounting Standard requirements, changes in funding arrangements and project commencement dates resulted in the write-off of expenditure from capital projects. These amounts relate to the Gawler Railway Line and expenditures incurred under the Northern Expressway Project.

** This relates to unused amounts that are returned to the Consolidated Account.

Note 12: Auditor's Remuneration

	2015	2014
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	1,081	984
Total Audit Fees	1,081	984

Other Services

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of Supplies and Services (refer to Note 7).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 13: Fees and Charges

	2015 \$'000	2014 \$'000
Fees and Charges		
Drivers licence fees	46,393	44,553
Metrotickets	88,012	81,299
Motor registrations	402,546	388,392
Marine related fees and charges	24,085	25,491
Land services fees	15,018	15,123
Other fees and charges	22,406	25,579
Total Fees and Charges	598,460	580,437

Road Safety

In accordance with the *Highways Act 1926*, \$7.732 million (\$7.426 million) being one-sixth of driver's licence collections and \$0.943 million (\$0.919 million) being 1/100th of Heavy Vehicle Registrations, was applied towards funding transport safety related initiatives under the Road Safety activity.

Note 14: Commonwealth Revenues

	2015 \$'000	2014 \$'000
Commonwealth Revenues		
Commonwealth grants received via DTF *	130,243	71,936
National Land Transport Act 2014 **	2,893	3,844
Other Commonwealth revenues ***	404	1,852
Total Commonwealth Revenues	133,540	77,632

* Commonwealth grants received from the DTF represent mainly *Nation Building Program (National Land Transport) Act 2014* and *Interstate Road Transport Act 1985* funding.

Funding provided by the Commonwealth Government was reduced by \$3.0 million (\$9.8 million) for cost savings relating to the Northern Expressway project which were due to be refunded to the Commonwealth.

** *Nation Building Program (National Land Transport) Act 2014* represents Roads to Recovery funding.

*** Other Commonwealth revenue includes the Australian Sports Commission and Indigenous Sports Programmes.

Note 15: Sales of Goods and Services

	2015 \$'000	2014 \$'000
Sale of Goods and Services		
Maintenance services	101,670	99,687
Other sale of goods	8,187	9,290
Other sale of services	35,679	36,085
Total Sale of Goods and Services	145,536	145,062

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 16: Rental Income

	2015	2014
	\$'000	\$'000
Rental Income		
Government accommodation	204,242	203,286
Property rents and recoveries	3,952	3,345
Other lease income	5,700	5,691
Total Rental Income	213,894	212,322

Note 17: Grants and Subsidies

	2015	2014
	\$'000	\$'000
Grants and Subsidies		
Concessional passenger income	60,482	58,083
Grants received by Office for Recreation and Sport	760	572
Other	1,041	1,047
Total Grants and Subsidies	62,283	59,702

Concessional Passenger Income

This represents fare concession receipts to fund concessional travel provided to pensioners, the unemployed and students on passenger transport in metropolitan and regional areas.

Note 18: Interest

	2015	2014
	\$'000	\$'000
Interest	2,334	2,421
Total Interest	2,334	2,421

The interest relates predominantly to the Rail Transport Facilitation, Community Road Safety, Boating Administration Working Account, Facilities (Marine) and Commonwealth Funding Received for Specific Project funds.

Note 19: Commissions Received

	2015	2014
	\$'000	\$'000
Commissions received	37	40
Total Commissions Received	37	40

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 20: Net Gain (Loss) from Disposal of Non-Current Assets

	2015 \$'000	2014 \$'000
Net gain (loss) from the disposal of non current assets received/receivable:		
Land, Buildings and Facilities:		
Proceeds from disposal	4,122	390
Net book value of assets disposed	(2,635)	(617)
Net gain (loss) from disposal of land, buildings and facilities	1,487	(227)
Plant and Equipment:		
Proceeds from disposal	549	798
Net book value of assets disposed	(1,315)	(1,329)
Net gain (loss) from disposal of plant and equipment	(766)	(531)
Network Assets:		
Proceeds from disposal	-	-
Net book value of assets disposed	-	(369)
Net gain (loss) from disposal of network assets	-	(369)
Non-Current Assets Held for Sale:		
Proceeds from disposal	46,929	44,314
Net book value of assets disposed	(43,291)	(49,937)
Costs incurred to facilitate disposal	(168)	(357)
Net gain (loss) from disposal of non-current assets held for sale	3,470	(5,980)
Intangibles:		
Proceeds from disposal	-	-
Net book value of assets disposed	(33)	-
Costs incurred to facilitate disposal	-	-
Net gain (loss) from disposal of non-current assets held for sale	(33)	-
Total Assets:		
Proceeds from disposal	51,600	45,502
Net book value of assets disposed	(47,274)	(52,252)
Costs incurred to facilitate disposal	(168)	(357)
Total net gain (loss) from disposal of non-current assets	4,158	(7,107)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 21: Resources Received Free of Charge

	2015	2014
	\$'000	\$'000
Resources received/receivable free of charge:		
Land, buildings and facilities	7,015	3,332
Plant and equipment	52	10
Total Resources Received Free of Charge	7,067	3,342

This represents assets received by the Department for no consideration and recognised at fair value.

Note 22: Other Income

	2015	2014
	\$'000	\$'000
Other Income		
Recoveries and contributions *	873,768	9,577
Reimbursement works and external project contributions	15,957	24,095
Intra government transfers	22,108	25,384
Sundry income	95	79
Total Other Income	911,928	59,135

* Includes once off transfer from the Motor Accident Commission to the Highways Fund in 2014-15 for future investment in road safety improvements (\$852.9 million).

Note 23: Revenues from (Payments to) SA Government

	2015	2014
	\$'000	\$'000
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	308,408	263,768
Appropriations from the Governor's Appropriation Fund	50,000	50,165
Transfers from contingency provisions	10,827	22,081
Total Revenues from SA Government	369,235	336,014
Payments to SA Government:		
Local government and income tax equivalent payments (Refer Note 3.8)	4,202	410
Other payments to Consolidated Account *	75,775	6,298
Total Payments to SA Government	79,977	6,708

* Includes in 2015 mainly the transfer of proceeds from the sale of 60 Wakefield Street, Netley Commercial Park and 21 Divett and 11 Penny place properties.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 24: Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Deposits at call with the Treasurer	1,422,554	435,919
Deposits with SAFA	1,042	436
Imprest Account	106	101
Other	71	72
Total Cash and Cash Equivalents	1,423,773	436,528

Deposits at call with the Treasurer

Includes once off transfer from the Motor Accident Commission to the Highways Fund in 2014-15 for future investment in road safety improvements (\$852.9 million).

Other

Includes petty cash floats, cashiers' floats and other cash on hand.

Interest Rate Risk

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 25: Receivables

	2015 \$'000	2014 \$'000
Current:		
Receivables	87,761	145,582
Allowance for doubtful debts	(1,334)	(2,680)
Finance lease receivables	737	659
Loan receivables	138	-
GST input tax recoverable	5,196	8,383
Accrued revenues	41,958	38,331
Lease incentives	865	328
Total Current Receivables	135,321	190,603
Non-Current:		
Receivables	2,335	2,305
Finance lease receivables	6,233	6,635
Loan receivables	2,117	2,476
Lease incentives	-	67
Total Non-Current Receivables	10,685	11,483
Total Receivables	146,006	202,086

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for an impairment loss has been recognised in 'Other Expenses' in the Statement of Comprehensive Income for specific debtors where such evidence exists.

Movements in the allowance for doubtful debts (impairment loss):	2015 \$'000	2014 \$'000
Carrying amount at 1 July	2,680	2,573
Increase in the provision	99	528
Amounts written off	(1,445)	(421)
Carrying amount at 30 June	1,334	2,680

Bad and doubtful debts

The Department has recognised a bad and doubtful debts expense of \$0.099 million (\$0.528 million) in the Statement of Comprehensive Income.

Interest Rate and Credit Risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days or from when goods or services have been provided under a contractual agreement. Receivables and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that debtors will fail to discharge their obligations. The carrying amount of receivables approximates their fair value due to being receivable on demand. There is no concentration of credit risk.

- (a) Categorisation and maturity analysis of financial instruments - refer Note 41.
- (b) Ageing analysis of financial assets - refer Note 41.
- (c) Risk exposure information – refer Note 41.

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Note 26: Inventories

	2015	2014
	\$'000	\$'000
Current - held for distribution at no or nominal consideration		
Road making material and stores at cost	4,975	4,735
Rail material and stores at cost	7,051	7,442
Total inventories held for distribution at no or nominal consideration	12,026	12,177
 Current - other than those held for distribution at no or nominal consideration:		
Metrotickets at cost	741	791
Total inventories other than those held for distribution at no or nominal consideration	741	791
Total Current Inventories	12,767	12,968

Note 27: Other Assets

	2015	2014
	\$'000	\$'000
Current:		
Prepayments	21,384	13,476
Lease Incentives	4,713	4,592
Total Current Other Assets	26,097	18,068
 Non Current Assets:		
Lease Incentives	21,067	23,398
Prepayments	653	73
Total Non-Current Other Assets	21,720	23,471
Total Other Assets	47,817	41,539

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Note 28: Non-Current Assets Classified as Held for Sale

	2015 \$'000	2014 \$'000
Non-Current Assets Classified as Held for Sale:		
Land, buildings and facilities	142,298	37,524
Total Non-Current Assets Classified as Held for Sale	142,298	37,524

The Department has identified \$142.298 million (\$37.524 million) of land, buildings and facilities that are surplus to the Department's requirements. The land, buildings and facilities are expected to be sold within 12 months by public tender or auction.

Valuation of Non-current Assets Classified as Held for Sale

Non-currents assets classified as held for sale generally consist of land and buildings that have been declared surplus to the needs of the Department for which a plan of sale has been determined, the sale is highly probable and is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell in accordance with AASB 5 *Non Current Assets Held for Sale and Discontinued Operations*. The assets in this category are re-valued upon reclassification in line with the valuation techniques outlined in notes 29 to 31. They are presented separately from the other assets in the Statement of Financial Position and are not subject to depreciation.

Department of Planning, Transport and Infrastructure
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Note 29: Land, Buildings and Facilities

	2015 \$'000	2014 \$'000
Land:		
Land at fair value	1,212,029	1,246,071
Total Land	1,212,029	1,246,071
Land Under Roads:		
Land under roads at cost	20,451	18,528
Total Land Under Roads	20,451	18,528
Land for Current Projects:		
Land for current projects at cost *	120,157	68,361
Total Land for Current Projects	120,157	68,361
Buildings and Facilities:		
Buildings and facilities at fair value	2,010,888	2,053,536
Accumulated depreciation at 30 June	486,777	441,388
Total Buildings and Facilities	1,524,111	1,612,148
Land, Buildings and Improvements Under Lease:		
Buildings and improvements under lease at fair value	31,849	27,626
Land under lease at fair value	4,250	-
Accumulated amortisation at 30 June	-	901
Total Land, Buildings and Improvements Under Lease	36,099	26,725
Total Land, Buildings and Facilities	2,912,847	2,971,833

* This includes land transferred from other land categories deemed at cost. Land for Current Projects is not revalued.

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RECONCILIATION OF LAND, BUILDINGS AND FACILITIES

The following table shows the movement of Land, Buildings and Facilities during 2014-15

	Land	Land Under Roads	Land for Current Projects	Buildings & Facilities	Land, Buildings & Improvements Under Lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	1,249,894	17,817	69,671	1,610,572	26,725	2,974,679
Prior period - error correction - 2012-13	(2,187)	629	40	18	-	(1,500)
Prior period - error correction - 2013-14	(1,636)	82	(1,350)	1,558	-	(1,346)
Adjusted opening balance	1,246,071	18,528	68,361	1,612,148	26,725	2,971,833
Reclassification to/from assets held for sale	(42,276)	-	-	(105,789)	-	(148,065)
Additions	7,122	-	49,111	15,056	-	71,289
Transfer from works in progress	-	-	-	41,281	337	41,618
Disposals	(2,466)	-	-	(169)	-	(2,635)
Donated assets	(674)	-	-	(503)	-	(1,177)
Resources received free of charge	6,582	-	433	-	-	7,015
Write offs	(512)	-	-	-	-	(512)
Revaluation increment	1,529	-	-	13,319	9,965	24,813
Depreciation and amortisation	-	-	-	(50,061)	(928)	(50,989)
Transfers due to reclassification of assets	(3,347)	1,923	2,252	(828)	-	-
Other movements	-	-	-	(343)	-	(343)
Carrying amount at 30 June	1,212,029	20,451	120,157	1,524,111	36,099	2,912,847

Depreciation of Land, Buildings and Facilities

Total depreciation associated with land, buildings and facilities for the year ended 30 June 2015 was \$50,989 million (\$38,553 million). This amount has been reported within the Statement of Comprehensive Income as operating expenditure of the Department.

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Valuation of Land, Buildings and Facilities

For non specialised land, buildings and facilities the valuers arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land, buildings and facilities in the area and includes adjustment for factors specific to the land, buildings and facilities being valued, such as size and location.

For specialised buildings and facilities the valuers used depreciated replacement cost due to there not being an active market for such buildings and facilities. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

Timing of Land, Buildings and Facilities Revaluations

The following table shows when and by whom land, buildings and facilities were revalued:

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
Land						
Land	Government Employee Housing	30 June 2015	Valuer-General	1	2	Market
	Government Agency Accommodation	30 June 2015	Opteon Property Group / Valuer-General	3	2	Market
	Ex Australian National Railways Land	1 July 2012	Valuer-General	3	2	Market
	Metro Rail Stations, Yards and Corridors **	1 July 2011	Propell National Valuers	3 - 5	2	Market
	Marine Land	1 July 2014	Valuer-General	3	2	Market
	Bus Depot Land	1 July 2014	Maloney Field Services	3	2	Market
	Future Road Construction *	1 July 2014	Valuer-General	3	2	Market
	Recreation and Sport Land	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	2	Market
	Other Departmental Land (Bus Interchanges)	1 July 2014	Valuer-General	3	2	Market
	Land Under Roads	NA	Not applicable	NA	NA	NA

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Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
Land for Current Projects	Land for Current Projects	Not required under policy	Not applicable	NA	NA	NA
Buildings and Facilities						
Buildings and Facilities	Marine Related	1 July 2013	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Metro Rail Stations and Yards**	1 July 2011	Propell National Valuers	3 - 5	3	Cost
	Ex Australian National Railways	1 July 2013	Valuer-General	3	3	Cost
	Bus Depots	1 July 2014	Maloney Field Services	3	3	Cost
	Tram Depot **	1 July 2011	Propell National Valuers	3 - 5	3	Cost
	Recreation and Sport Infrastructure	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Residential Buildings					
Commercial Buildings	Government Employee Housing	30 June 2015	Valuer-General	1	2	Market
	Future Road Construction	1 July 2013	Valuer-General	3	2	Market
	Commercial Buildings					
	Government Agency Accommodation	30 June 2015	Opteon Property Group / Valuer-General	3	2	Market
	Future Road Construction	1 July 2013	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Depots	30 June 2013	Valuer-General	3	2	Market
	Land, Buildings and Improvements Under Lease	30 June 2015	Opteon Property Group / Valuer-General	3	2	Market
Land, Buildings and Improvements Under Lease						

* During the year some parcels of land categorised as Land for Current Projects were transferred to Land for Future Road Construction

** Revaluation of public transport assets has been split to occur between 2014 – 2016 within APF requirements. They will be revalued thereafter on a 3 year rolling basis

Department of Planning, Transport and Infrastructure
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Note 30: Plant and Equipment

	2015 \$'000	2014 \$'000
Plant and Equipment:		
Plant and equipment (at fair value)	1,788,362	1,634,000
Information technology (IT)	20,090	19,244
IT under lease	5,224	5,442
	1,813,676	1,658,686
Accumulated Depreciation:		
Accumulated depreciation - Plant and equipment	1,048,149	897,402
Accumulated depreciation - Information technology (IT)	13,926	12,694
Accumulated depreciation - IT under lease	3,417	3,596
	1,065,492	913,692
Total Plant and Equipment	748,184	744,994

RECONCILIATION OF PLANT AND EQUIPMENT

The following table shows the movement of Plant and Equipment during 2014-15

	Plant and Equipment \$'000	Information Technology \$'000	IT Under Lease \$'000	Total \$'000
Carrying amount at 1 July	737,183	6,825	1,709	745,717
Prior period - error correction - 2012-13	12	(304)	137	(155)
Prior period - error correction - 2013-14	(597)	29	-	(568)
Adjusted opening balance	736,598	6,550	1,846	744,994
Additions	12,991	419	898	14,308
Transfer to/from works in progress	163,338	1,731	-	165,069
Disposals	(1,315)	-	-	(1,315)
Resources received free of charge	52	-	-	52
Write offs	(3)	(335)	-	(338)
Revaluation decrement	(114,463)	-	-	(114,463)
Depreciation and amortisation	(56,873)	(2,200)	(936)	(60,009)
Transfers due to reclassification of assets	(113)	-	-	(113)
Other movements	1	(1)	(1)	(1)
Carrying amount at 30 June	740,213	6,164	1,807	748,184

Depreciation of Plant and Equipment

Total depreciation associated with plant and equipment for the year ended 30 June 2015 was \$60.009 million (\$61.503 million). This amount has been reported within the Statement of Comprehensive Income as operating expenditure of the Department.

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Valuation of Plant and Equipment

For non specialised plant and equipment the valuers arrived at fair value using the market approach. The valuation was based on recent market transactions for similar plant and equipment and includes adjustment for factors specific to the plant and equipment being valued, such as size and location.

For specialised plant and equipment, the valuers used depreciated replacement cost due to there not being an active market for such plant and equipment. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

Timing of Plant and Equipment Revaluations

The following table shows when and by whom plant and equipment was revalued:

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
Plant and Equipment	Buses	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Tram and Train Rolling Stock	1 July 2014	Australian Valuation Solutions	3	3	Cost
	Bus Depots	1 July 2014	Australian Valuation Solutions	3	3	Cost
	Rail	1 July 2014	Australian Valuation Solutions	3	3	Cost
	Tall Ships/Patrol Boats *	1 July 2014	Markwell Risk Mgt Services / Peter McDonalds	3	3	Cost
	Ferries (including Modules)	1 July 2013	Graysasset Services	3	2	Market
	Aids to Navigation	1 July 2013	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Heavy Plant	1 July 2013	Graysasset Services	3	2	Market
	Bus Shelters	1 July 2014	Aon Risk Solutions	3	3	Cost
	Metro-ticket System	NA	First valuation applicable 2015-16	3	3	Cost

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Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
Plant and Equipment	Recreation and Sport	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Other Plant & Equipment	Not required under Policy	Not applicable	NA	NA	NA
Information Technology (IT)	Information Technology	NA	Not applicable	NA	NA	NA
IT Under Lease	IT Under Lease	NA	Not applicable	NA	NA	NA

* Patrol Boats valuation was done by a suitable, qualified and experienced officer of the Department

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Note 31: Network Assets

	2015 \$'000	2014 \$'000
Network Assets:		
Network assets (deemed fair value)	24,349,863	23,317,915
Rail and bus track (deemed fair value)	2,717,017	2,678,760
	<u>27,066,880</u>	<u>25,996,675</u>
Accumulated Depreciation:		
Accumulated depreciation - Network	6,369,542	5,965,581
Accumulated depreciation - Rail and bus track	642,727	598,684
	<u>7,012,269</u>	<u>6,564,265</u>
Total Network Assets	<u>20,054,611</u>	<u>19,432,410</u>

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RECONCILIATION OF NETWORK ASSETS

The following table shows the movement of Network Assets during 2014-15

	Roads	Structures	Rail and Bus	Total
	\$'000	\$'000	Track	\$'000
Carrying amount at 1 July				
Prior period - error correction - 2012-13	15,239,594	2,113,663	2,082,795	19,436,052
Prior period - error correction - 2013-14	(126)	1,554	-	1,428
Adjusted opening balance	(12)	(2,339)	(2,719)	(5,070)
	15,239,456	2,112,878	2,080,076	19,432,410
Transfers from works in progress	516,902	75,083	38,061	630,046
Donated assets	(1,396)	-	-	(1,396)
Revaluation increment	188,625	64,353	-	252,978
Other	-	-	(1)	(1)
Depreciation and amortisation	(174,123)	(41,457)	(43,959)	(259,539)
Transfers due to reclassification of assets	-	-	113	113
Carrying amount at 30 June	15,769,464	2,210,857	2,074,290	20,054,611

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Valuation of Road Network Assets

With the exception of earthworks and the pavement sub-base which are not subject to depreciation, all road network assets are valued at written down replacement cost by senior professional engineers with the knowledge and expertise in that particular area and independent recognised industry experts are engaged to provide input with respect to key areas of the revaluation. As these assets have no active market they are measured at written down replacement cost which is considered to be their fair value.

Road network assets are revalued every three years with indexing applied during intervening years to roads and structures. Indexing is applied using the Australian Bureau of Statistics' Road and Bridge Construction Price Index for South Australia as at 1 July.

Approval has been granted by the Treasurer for a variation to the requirements of Accounting Policy Framework III clause 3.7, which requires an independent valuation appraisal be performed at least every 6 years. The variation enables the Department to value its road network assets using an internally developed revaluation methodology, with inputs for the key areas being provided by independent industry experts.

In the model used for valuation, the road network is segmented into sections that have similar engineering and functional characteristics. Each segment is then characterised by a representative stereotype. Replacement unit rates, useful lives and non-depreciating sub-base percentages are calculated for each of these stereotypes and then applied to the surfacing/pavement area of the segments.

Valuation of Rail and Bus Network Assets

For specialised rail and bus network assets, the valuers used depreciated replacement cost due to there not being an active market for such rail and bus network assets. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

Timing of Network Asset Revaluations

The following table shows when and by whom network assets were revalued:

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Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input Level	Fair Value Approach
Network Assets						
Roads	Road Pavements, Road Surface and Ancillary Items	1 July 2012	Mick Lorenz, BE (Civil)*	3	3	Cost
	Earthworks	1 July 2012	Mick Lorenz, BE (Civil)*	3	3	Cost
Structures	Bridges / Culverts	1 July 2012	Tony Nobbs, BEng (Civil), Meng Sc*	3	3	Cost
	Ferry Landings	1 July 2012	Tony Nobbs, BEng (Civil), Meng Sc*	3	3	Cost
	Drainage	1 July 2014	Xylem Water Solution	3	3	Cost
	Weighbridges and Weigh Slabs	1 July 2014	Aquanta Consulting	3	3	Cost
Rail and Bus Track	Busway Interchanges	1 July 2013	Aquanta Consulting	3	3	Cost
	Busway Track and Structures	1 July 2012	Tony Nobbs, BEng (Civil), Meng Sc*	3	3	Cost
	Metro Tram Line **	1 July 2011	Propell National Valuers	3 - 5	3	Cost
	Metro Rail Lines Track and Structures **	1 July 2011	Propell National Valuers	3 - 5	3	Cost

* Valuation performed by suitably qualified officers of the Department

** Revaluation of public transport assets has been split to occur between 2014- 2016 within APF requirements. They will be revalued thereafter on a 3 year rolling basis

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Note 32: Capital Works in Progress

	2015 \$'000	2014 \$'000
Capital Works in Progress		
Land, buildings and facilities	39,994	31,241
Road network	231,333	636,580
Plant, equipment and intangibles	33,285	124,315
Rail and bus track	35,288	42,631
Total Capital Works in Progress	339,900	834,767

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RECONCILIATION OF CAPITAL WORKS IN PROGRESS

The following table shows the movement of Capital Works in Progress during 2014-15

	Road Network	Plant and Equipment/Intangibles	Land, Buildings & Facilities	Rail and Bus Track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	636,964	126,331	31,241	43,581	838,117
Prior period - error correction - 2012-13	(311)	(1,079)	-	-	(1,390)
Prior period - error correction - 2013-14	(73)	(937)	-	(950)	(1,960)
Adjusted opening balance	636,580	124,315	31,241	42,631	834,767
Additions	187,947	93,122	50,449	30,766	362,284
Transfer to capital	(591,985)	(183,440)	(41,618)	(38,061)	(855,104)
Transfer to operating	(1,209)	(712)	(78)	(48)	(2,047)
Carrying amount at 30 June	231,333	33,285	39,994	35,288	339,900

Valuation of Works in Progress

Capital Works in Progress is not revalued and is recorded at historic cost in accordance with AASB 116 *Property, Plant and Equipment*.

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Note 33: Intangible Assets

	2015 \$'000	2014 \$'000
Software:		
Computer software	84,187	73,410
Accumulated amortisation	46,787	53,043
Total Intangible Assets	37,400	20,367

RECONCILIATION OF INTANGIBLE ASSETS

The following table shows the movement of Intangible Assets during 2014-15

	2015 \$'000
Carrying amount at 1 July	20,371
Prior period - error correction - 2012-13	(4)
Adjusted opening balance	20,367
Additions	4,296
Transfers from works in progress	18,371
Disposals	(33)
Amortisation	(5,601)
Carrying amount at 30 June	37,400

Amortisation of Intangibles

Total amortisation associated with intangibles for the year ended 30 June 2015 was \$5.601 million (\$6.702 million). This amount has been reported within the Statement of Comprehensive Income as operating expenditure of the Department.

Valuation of Intangible Assets

Intangible assets are measured at cost and following initial recognition, are carried at cost less any accumulated amortisation. The acquisition or internal development of software is only capitalised when the expenditure meets the definition criteria and can be reliably measured in accordance with AASB 138 *Intangible Assets* and with the guidance provided in APF III *Asset Accounting Framework* and when the amount of expenditure is greater than or equal to \$10 000. Costs associated with the development or implementation of software applications that do not meet the criteria for asset recognition are expensed.

Intangible assets are not revalued and are recorded at historic cost.

Department of Planning, Transport and Infrastructure
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Note 34: Fair Value Measurement

Fair Value Hierarchy

In accordance with AASB 13 *Fair Value Measurement* the fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Further detail regarding the fair value hierarchy and specific examples are included in Note 3.14 "Fair Value Measurement".

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2015.

The Department had no recurring or non-recurring fair value measurements categorised into Level 1.

Fair Value Measurements

	2015 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurements			
Buildings and facilities (note 29)	1,524,111	209,707	1,314,404
Land, buildings and improvements under lease (note 29)	36,099	36,099	-
Plant and equipment (note 30)	740,213	37,256	702,957
Network assets (note 31)	17,980,321	-	17,980,321
Rail and bus track (note 31)	2,074,290	-	2,074,290
Total Recurring Fair Value Measurements	22,355,034	283,062	22,071,972
Non- Recurring Fair Value Measurements			
Land, buildings and facilities held for sale (note 28)	142,298	142,298	-
Total Non-Recurring Fair Value Measurements	142,298	142,298	-
Total	22,497,332	425,360	22,071,972
	2014 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements			
Buildings and facilities (note 29)	1,612,148	310,039	1,302,109
Land, buildings and improvements under lease (note 29)	26,725	26,725	-
Plant and equipment (note 30)	736,598	33,828	702,770
Network assets (note 31)	17,352,334	-	17,352,334
Rail and bus track (note 31)	2,080,076	-	2,080,076
Total Recurring Fair Value Measurements	21,807,881	370,592	21,437,289
Non- Recurring Fair Value Measurements			
Land, buildings and facilities held for sale (note 28)	37,524	37,524	-
Total Non-Recurring Fair Value Measurements	37,524	37,524	-
Total	21,845,405	408,116	21,437,289

Valuation Techniques and Inputs

Valuation techniques used to derive Level 2 and 3 fair values are detailed in Notes 28 - 33. There were no changes in valuation techniques during 2015.

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Reconciliation of Level 3 Fair Value Measurements as at 30 June 2015

	Buildings and Facilities ⁽¹⁾ \$'000	Plant and Equipment ⁽¹⁾ \$'000	Network Assets \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying Amount at 1 July					
Prior Period Error Correction 2012-13	1,300,533	702,697	17,353,257	2,082,795	21,439,282
Prior Period Error Correction 2013-14	18	12	1,428	-	1,458
	1,558	61	(2,351)	(2,719)	(3,451)
Adjusted opening balance	1,302,109	702,770	17,352,334	2,080,076	21,437,289
Additions	7,288	11,803	-	-	19,091
Transfer from works in progress	41,281	156,745	591,985	38,061	828,072
Disposals ⁽²⁾	(169)	(603)	-	-	(772)
Donated assets	(503)	-	(1,396)	-	(1,899)
Resources received free of charge	-	52	-	-	52
Write offs	-	(3)	-	-	(3)
Revaluation increment (decrement) ⁽³⁾	8,436	(116,213)	252,978	-	145,201
Depreciation and amortisation	(43,412)	(52,443)	(215,580)	(43,959)	(355,394)
Transfers due to reclassification of assets at same Fair Value level	(815)	(34)	-	34	(815)
Transfer into Level 3	204	884	-	79	1,167
Transfer out of Level 3	(13)	-	-	-	(13)
Other Movements	(2)	(1)	-	(1)	(4)
Carrying amount as at 30 June	1,314,404	702,957	17,980,321	2,074,290	22,071,972
Total gains/losses for the period included in profit or loss under Net Gain (Loss) from Disposal of Non-Current Assets					
	(169)	(479)	-	-	(648)

(1) Plant and Equipment & Buildings and Facilities have a combination of Fair Value Level 2 and 3

(2) Net book value of assets disposed. Total gain/loss for period included in profit or loss disclosed separately.

(3) Revaluation increment (decrement) relates only to unrealised gains or losses recognised through Other Comprehensive Income under changes to the revaluation surplus. No unrealised gains or losses were included in profit or loss.

Department of Planning, Transport and Infrastructure
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Reconciliation of Level 3 Fair Value Measurements as at 30 June 2014

	Buildings and Facilities ⁽¹⁾ \$'000	Plant and Equipment ⁽¹⁾ \$'000	Network Assets \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying Amount at 1 July	715,026	668,615	16,362,852	1,205,795	18,952,288
Prior Period Error Correction 2011-12	(384)	-	(46)	(3,444)	(3,874)
Prior Period Error Correction 2012-13	(39)	6,474	360	-	6,795
Adjusted opening balance	714,603	675,089	16,363,166	1,202,351	18,955,209
Additions	28,385	16,778	-	-	45,163
Transfer from works in progress	565,345	65,361	881,114	909,587	2,421,407
Disposals ⁽²⁾	(296)	(1,054)	(369)	-	(1,719)
Donated assets	(13,250)	(66)	(2,748)	-	(16,064)
Resources received free of charge	3,309	10	-	-	3,319
Write offs	-	(36)	-	-	(36)
Revaluation increment (decrement) ⁽³⁾	31,209	754	308,834	3,693	344,490
Depreciation and amortisation	(28,169)	(53,730)	(196,739)	(33,245)	(311,883)
Transfers due to reclassification of assets at same Fair Value level	(603)	(409)	-	409	(603)
Other Movements	-	-	(1)	-	(1)
Carrying amount as at 30 June	1,300,533	702,697	17,353,257	2,082,795	21,439,282
Prior Period Error Correction 2012-13	18	12	1,428	-	1,458
Prior Period Error Correction 2013-14	1,558	61	(2,351)	(2,719)	(3,451)
Adjusted closing balance 30 June	1,302,109	702,770	17,352,334	2,080,076	21,437,289

(1) Plant and Equipment & Buildings have a combination of Fair Value Level 2 and 3

(2) Net book value of assets disposed. Total gain/loss for period included in profit or loss disclosed separately.

(3) Revaluation increment (decrement) relates only to unrealised gains or losses recognised through Other Comprehensive Income under changes to the revaluation surplus. No unrealised gains or losses were included in profit or loss.

Total gains/losses for the period included in profit or loss under Net Gain (Loss) from Disposal of Non-Current Assets	(296)	(838)	(369)	-	(1,503)
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Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Transfers In and Out of Level 3

The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the beginning to the reporting period. Asset transfers in and out of Level 3 are transactional transfers due to changes in the classification of assets.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
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Note 35: Payables

	2015	2014
	\$'000	\$'000
Current:		
Creditors	42,630	23,633
Accrued expenses	73,147	111,502
Rail Commissioner (Federally Awarded Employees)	12,476	12,119
Employment on-costs	4,044	4,284
Lease incentives	1,745	43
Other	14	59
Total Current Payables	134,056	151,640
Non-Current:		
Employment on-costs	5,940	6,637
Rail Commissioner (Federally Awarded Employees)	17,334	17,017
Lease incentives	-	264
Total Non-Current Payables	23,274	23,918
Total Payables	157,330	175,558

Interest Rate and Credit Risk

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

Employment On-costs

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from 2014 (40%) to 2015 (37%) and the average factor for the calculation of employer superannuation cost on-cost has remained at the 2014 rate of 10.3%. These rates are used in the employment on-cost calculation.

The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$237,000. The estimated impact on 2016 and 2017 is not expected to be materially different to the impact in 2015.

- (a) Categorisation of financial instruments and maturity analysis of payables - refer Note 41.
(b) Risk exposure information - refer Note 41.

Department of Planning, Transport and Infrastructure
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For the year ended 30 June 2015

Note 36: Borrowings

	2015 \$'000	2014 \$'000
Current:		
Borrowings (1)		
Balance as at 1 July	483	447
Transfers	38	36
Balance as at 30 June	521	483
Obligations under finance leases and plant hire contracts (2)		
Balance as at 1 July	1,729	1,726
Prior period error	-	57
Adjusted balance as at 1 July	1,729	1,783
Net decrease in lease liabilities due to:		
New leases	322	251
Transfers	1,518	1,497
Repayments	(1,837)	(1,802)
Balance as at 30 June	1,732	1,729
Total Current Borrowings	2,253	2,212
Non Current		
Borrowings (1)		
Balance as at 1 July	1,324	1,806
Transfers	(75)	(36)
Repayments	(446)	(446)
Balance as at 30 June	803	1,324
Obligations under finance leases and plant hire contracts (2)		
Balance as at 1 July	14,659	15,611
Prior period error	-	47
Adjusted balance as at 1 July	14,659	15,658
Net decrease in lease liabilities due to:		
New leases	577	498
Transfers	(1,518)	(1,497)
Balance as at 30 June	13,718	14,659
Total Non Current Borrowings	14,521	15,983
Total Borrowings	16,774	18,195

(1) These borrowings represent loans relating to the Office for Recreation and Sport. The borrowings consist of two loans at fixed interest rates of 7.99% and 7.34% and have maturity dates of 2017 and 2018 respectively.

(2) Secured by the asset leased.

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
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Assets Pledged as Security		2015	2014
		\$'000	\$'000
The carrying amount of non current assets pledged as security are:			
	Note		
Leased land and buildings:			
Buildings and improvements under lease	29	36,099	26,725
Leased plant and equipment:			
Computer and office equipment	30	1,807	1,846
Total Assets Pledged as Security		37,906	28,571

(a) Categorisation of financial instruments and maturity analysis of borrowings - refer Note 41.

(b) Risk exposure information - refer Note 41.

(c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

Department of Planning, Transport and Infrastructure
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Note 37: Employee Benefits

	2015 \$'000	2014 \$'000
Current:		
Annual leave	20,128	21,278
Long service leave	6,637	7,160
Skills and Experience Retention Leave	1,808	1,690
Accrued salaries and wages	9,305	827
Total Current Employee Benefits	37,878	30,955
Non-Current:		
Long service leave	66,376	71,602
Total Non-Current Employee Benefits	66,376	71,602
Total Employee Benefits	104,254	102,557

The total current and non-current employee liability (i.e. aggregate employee benefit plus related on-costs) for 2015 is \$41.930 million (\$35.239 million) and \$72.316 million (\$78.239 million) respectively.

Annual Leave

Annual leave is classified as a current liability as employees are expected to take all annual leave within the year of entitlement.

Long Service Leave

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 3.5% (2014) to 3.0% (2015).

The overall decrease to the reported long service leave liability is due to long service leave payments of \$11.278 million (\$3.337 million) to employees who received a Targeted Voluntary Separation Package, partially offset by an increase in the long service leave liability of \$2.161 million (\$1.352 million) and employee benefit on-cost expense of \$193 000 (\$125 000) as a result of a decrease in the bond yield. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

The net financial effect of the changes in the current financial year is a decrease in the annual leave and skills, experience and retention leave liability of \$213 000 and employee benefit on cost expense by \$34 000. The estimated impact on 2016 and 2017 is \$264 000 and \$282 000 respectively.

Department of Planning, Transport and Infrastructure
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For the year ended 30 June 2015

Note 38: Provisions

	2015 \$'000	2014 \$'000
Current:		
Provision for workers compensation	1,662	1,572
Site remediation	7,840	7,801
Other provisions (SA Government)	56	-
Total Current Provisions	9,558	9,373
Non-Current:		
Site remediation	8,098	8,002
Provision for workers compensation	5,532	6,271
Total Non-Current Provisions	13,630	14,273
Total Provisions	23,188	23,646

Reconciliation of Workers Compensation

The following table shows the movement of the workers compensation provision:

Carrying amount as at 1 July	7,843	6,718
Increase in provision due to revision of estimates	2,169	4,286
Reductions resulting from payments	(2,818)	(3,161)
Carrying Amount at 30 June	7,194	7,843

Reconciliation of Site Remediation

The following table shows the movement of the site remediation provision:

Carrying amount as at 1 July	15,803	6,652
Increase in provision due to revision of estimates	259	9,183
Reductions resulting from payments	(124)	(32)
Carrying Amount at 30 June	15,938	15,803

Reconciliation of Other Provisions

The following table shows the movement of other provisions:

Carrying amount as at 1 July	-	299
Increase in provision due to revision of estimates	56	154
Reductions resulting from payments	-	(453)
Carrying Amount at 30 June	56	-

Department of Planning, Transport and Infrastructure
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For the year ended 30 June 2015

Note 39: Other Liabilities

	2015 \$'000	2014 \$'000
Current:		
Deferred income	22,701	29,176
Other	332	180
Lease Incentives	5,927	5,434
Total Current Other Liabilities	28,960	34,790
Non-Current:		
Lease Incentives	25,821	29,367
Other	23	-
Total Non-Current Other Liabilities	25,844	29,367
Total Other Liabilities	54,804	64,157

Deferred income (SA Government) in 2014-15 primarily consists of revenue received in advance on capital works performed by Building Management on behalf of Government agencies.

Commonwealth funding received for specific projects (formerly AusLink Advance Account for Specific Projects Fund) includes Commonwealth Grants received in relation to the Accelerated Sturt Highway Package and the AusLink Strategic Regional Roads Programme. On 30 June 2006, the Department received a conditional, interest bearing, Commonwealth grant of \$100 million, which has been disclosed as deferred income in accordance with APF V and APS 4.12. As at reporting date, the remaining balance is \$0.477 million (\$0.470 million).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 40: Prior Period Adjustments - Adjustments to Equity

	2015 \$'000	2014 \$'000
Reinstatement of Opening Balances		
Adjustments against Retained Earnings:		
Work in progress adjustment - error correction	(3,350)	(5,176)
Asset recognition - error correction	(10,046)	(16,973)
Other adjustment - error correction	(1,656)	3,452
Total Adjustments against Retained Earnings	(15,052)	(18,697)
Adjustments against Asset Revaluation Surplus:		
Asset revaluation - error correction	2,230	-
Total Adjustments against Asset Revaluation Surplus	2,230	-
Total Adjustments to Equity	(12,822)	(18,697)

The table above represents total adjustments to equity identified in each year. Adjustments totalling \$12.822 million (\$18.697 million) were identified in the year ended 30 June 2015 which affect the year ended 30 June 2014 and prior years.

RESTATEMENT OF OPENING BALANCES

Adjustments against Retained Earnings

Work in progress adjustment – error correction

A review of completed projects by the Department in the year ended 30 June 2015 identified costs of \$3.350 million which were recognised within the capital works in progress asset balance at 30 June 2014 which did not meet the Department's asset recognition criteria. Recognising these costs within the balance of capital works in progress instead of as expenses in the year ended 30 June 2014 or a prior period is an error which was corrected in the current year by an adjustment to retained earnings. The impact on the financial statements for 2013-14 is summarised below:

	2014 \$'000	2013 \$'000	Total \$'000
Work in progress adjustment - error correction			
Network Assets - work in progress	(1,023)	(311)	(1,334)
Plant and equipment - work in progress	(937)	(1,079)	(2,016)
Total work in progress adjustment	(1,960)	(1,390)	(3,350)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
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Asset Recognition – error correction

Asset reconciliation and stock take procedures in 2014-15 identified assets totalling \$10.046 million which were not recognised or incorrectly recognised in prior years. This value is summarised below by asset class:

	2014	2013	Total
	\$'000	\$'000	\$'000
Asset recognition - error correction			
Network Assets	(5,070)	1,427	(3,643)
Land, buildings and facilities	(1,170)	(3,906)	(5,076)
Plant and equipment	(568)	(155)	(723)
Intangible assets	-	(4)	(4)
Non-current assets classified as held for sale	(600)	-	(600)
Total asset recognition - error correction	(7,408)	(2,638)	(10,046)

Other Adjustments – error correction

	2014	2013	Total
	\$'000	\$'000	\$'000
Other adjustments - error correction			
Inventories	(749)	(166)	(915)
Payables	(390)	-	(390)
Borrowings	-	(104)	(104)
Receivables	(139)	(108)	(247)
Total other adjustments error correction	(1,278)	(378)	(1,656)

Adjustments against Asset Revaluation Surplus

Asset Revaluation – error correction

An adjustment was made to the revaluation surplus account in 2014-15 of \$2.230 million. The adjustment is mainly attributed to the revaluation of buildings and facilities.

	2014	2013	Total
	\$'000	\$'000	\$'000
Asset revaluation - error correction			
Land, buildings and facilities	(176)	2,406	2,230
Total asset recognition - error correction	(176)	2,406	2,230

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 41: Financial Instruments

41.1 – Financial risk management

The Department has developed a Risk Management policy and associated Framework in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*. This policy and framework set out the tailored approach to identify and manage risk within the Department.

The Department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting date.

41.2 - Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Refer Note 41.3 for the carrying amounts of each category of financial assets and liabilities. The Department does not recognise any financial assets or financial liabilities at fair value.

The carrying amount of cash and cash equivalents represents fair value. Cash is available at call and is recorded at cost.

The carrying amount less impairment provisions of receivables and payables is a reasonable approximation of fair value due to the short term nature of these.

Finance leases are recorded at amounts equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments using a government borrowing rate. Lease payments are made in accordance with the schedules determined at the inception of each lease.

Borrowings (excluding finance leases) are recognised at cost. The borrowings consist of two loans at fixed interest rates of 7.99% and 7.34% and have maturity dates of 2017 and 2018 respectively.

41.3 – Liquidity risk

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

In relation to this risk, the Department's exposure is considered to be minimal based on past experience and current assessment of risk. The carrying amount recorded in note 41.3 represent the Department's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by the Department including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk). Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Department of Planning, Transport and Infrastructure
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Table 41.3 – Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability			Notes	Carrying amount \$'000	Contractual Maturities		
					Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2015							
Financial assets							
Cash and cash equivalents:	Cash and cash equivalent	24	1,423,773	1,423,773	-	-	
Loans and receivables:	Receivables ^{(1) (2)}	25	132,975	128,523	2,412	2,040	
	Finance lease receivable	25,43	7,685	865	3,186	3,634	
Total financial assets			1,564,433	1,553,161	5,598	5,674	
Financial Liabilities							
Financial liabilities at cost:	Payables ⁽¹⁾	35	145,592	128,258	17,334	-	
	Borrowings	36	1,324	521	803	-	
	Finance lease payable	36,43	20,617	2,629	7,863	10,125	
Total financial liabilities			167,533	131,408	26,000	10,125	
2014							
Financial assets							
Cash and cash equivalents:	Cash and cash equivalent	24	436,528	436,528	-	-	
Loans and receivables:	Receivables ⁽¹⁾	25	186,014	181,233	2,741	2,040	
	Finance lease receivable	25,43	8,401	837	3,101	4,463	
Total financial assets			630,943	618,598	5,842	6,503	
Financial Liabilities							
Financial liabilities at cost:	Payables ⁽¹⁾	35	164,330	147,313	17,017	-	
	Borrowings	36	1,807	483	1,324	-	
	Finance lease payable	36,43	22,490	2,742	7,935	11,813	
Total financial liabilities			188,627	150,538	26,276	11,813	

(1) Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables

(2) Receivables amount disclosed here excludes prepayments

Department of Planning, Transport and Infrastructure
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41.4 Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in a financial loss to the Department. The Department has minimal concentration of credit risk. The Department has credit management policies and procedures in place to ensure business transactions continue to occur with customers with appropriate credit history. Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables there is no evidence to indicate that financial assets are impaired. The carrying amount of financial assets as detailed in note 41.3 represents the Department's maximum exposure to credit risk.

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

Table 41.4 – Ageing analysis of financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2015						
Cash and cash equivalent	1,423,773	1,423,773	-	-	-	-
Receivables ⁽¹⁾	132,975	112,467	6,300	3,204	9,671	1,333
Finance lease receivables	7,685	7,685	-	-	-	-
Total Financial Assets	1,564,433	1,543,925	6,300	3,204	9,671	1,333
2014						
Cash and cash equivalent	436,528	436,528	-	-	-	-
Receivables ⁽¹⁾	186,014	153,858	17,611	1,934	9,931	2,680
Finance lease receivables	8,401	8,401	-	-	-	-
Total Financial Assets	630,943	598,787	17,611	1,934	9,931	2,680

(1) Receivable and payable amounts disclosed exclude amounts relating to statutory receivable and payables

41.5 Market risk

Market risk for the Department is primarily through interest rate risk. The Department's exposure to interest rate risk is measured with reference to the level interest and non-interest bearing assets and liabilities held at reporting date.

Interest revenue from interest bearing assets is calculated using the Common Public Sector Interest Rate (CPSIR) and/or other rates as determined by the Treasurer.

The interest expense implicit in any finance lease payment is fixed at the inception of the lease and is calculated using prevailing government borrowing rates as advised by SAFA. The Department's revenue base is sufficient for the purpose of servicing its interest and loan repayment commitments.

Foreign Currency Risk

The Department enters into business transactions that require the payment of goods or services in a foreign currency. Foreign currency risk associated with significant payments is minimised using a strategy of forward cover contract through SAFA. The forward cover aims to hedge against losses arising from any foreign currency price fluctuations at the date of settlement.

Department of Planning, Transport and Infrastructure
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Sensitivity disclosure analysis

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

Note 42: Transferred Functions

No controlled functions transferred to and from the Department during the year.

Note 43: Unrecognised Contractual Commitments

Capital Commitments	2015	2014
	\$'000	\$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	379,048	474,596
Later than one year but no later than five years	323,466	131,618
Later than five years	-	-
Total Capital Commitments	702,514	606,214

The Department's capital commitments are predominantly for aggregate capital expenditure on construction projects relating to road networks, the purchase of new public transport vehicles and the construction and upgrade of Government buildings and facilities. Where this construction work is being done on behalf of other agencies the cost is recovered accordingly.

Remuneration Commitments	2015	2014
	\$'000	\$'000
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	17,746	24,040
Later than one year but no later than five years	19,735	28,424
Total Remuneration Commitments	37,481	52,464

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	2015	2014
	\$'000	\$'000
Within one year	261,572	286,371
Later than one year but no later than five years	737,024	992,528
Later than five years	20,993	81,035
Total Other Commitments	1,019,589	1,359,934

The Department's other commitments include major service and supply contracts for road maintenance, ferry operations and bus and rail transport services. It also includes the outsourced facilities management contract which it manages on behalf of Government. These costs are reimbursable from other agencies.

Department of Planning, Transport and Infrastructure
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Operating Lease Commitments as Lessee	2015	2014
	\$'000	\$'000
Commitments under operating leases at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	155,369	150,528
Later than one year but no later than five years	405,494	418,262
Later than five years	204,447	270,598
Total Operating Lease Commitments as Lessee	765,310	839,388

Representing:		
Cancellable operating leases	12,032	13,507
Non-cancellable operating leases	753,278	825,881
Total Operating Lease Commitments as Lessee	765,310	839,388

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	148,466	142,804
Later than one year but no later than five years	400,532	412,782
Later than five years	204,280	270,295
Total Non-cancellable Operating Lease Commitments as Lessee	753,278	825,881

The Department's operating lease commitments as lessee are for land, motor vehicles, office equipment, other plant and equipment and commercial and residential accommodation.

Commercial accommodation leases are non cancellable with terms ranging from 1 to 15 years. Rental is payable in advance with no contingent rental provisions. Residential accommodation leases are cancellable with varying terms and have no option to renew.

Motor vehicle leases are cancellable, rentals are paid monthly in arrears and no contingent rental provisions exist within the agreement. Motor vehicle lease terms may be for 3 years (or 60 000 kms whichever comes first) or 5 years (or 100 000 kms whichever comes first).

Operating Lease Commitments as Sub-lessor	2015	2014
	\$'000	\$'000
Commitments under operating subleases at the reporting date but not recognised as receivable in the financial report, are as follows:		
Within one year	131,468	126,999
Later than one year but no later than five years	337,922	356,797
Later than five years	170,814	238,948
Total Operating Lease Commitments as Sub-lessor	640,204	722,744

The Department leases a number of properties from private landlords and sub-lets these properties to various tenants. The Department is therefore a sub-lessor of these properties.

Operating Lease Commitments as Lessor	2015	2014
	\$'000	\$'000
Commitments under operating leases at the reporting date but not recognised as receivable in the financial report, are as follows:		
Within one year	24,140	25,560
Later than one year but no later than five years	24,094	31,669
Later than five years	6,134	3,168
Total Operating Lease Commitments as Lessor	54,368	60,397

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The Department's operating lease commitments as lessor are for commercial and residential properties and access rights to State owned land sites. Commercial accommodation leases are non-cancellable with terms ranging from 1 to 15 years. Rental is receivable in advance.

Leases as lessor from the Office for Recreation and Sport are non-cancellable leases of sporting venues and office accommodation leased to various sporting organisations. The leases have terms ranging from 1 to 25 years with some having a right of renewal.

Finance Lease Commitments as Lessee	2015	2014
	\$'000	\$'000
Future minimum lease payments under finance leases and hire purchase contracts together with the present value of net minimum lease payments are as follows:		
Within one year	2,629	2,742
Later than one year but no longer than five years	7,863	7,935
Later than five years	10,125	11,813
Minimum lease payments	20,617	22,490
Future finance lease charges	(5,167)	(6,102)
Total Finance Lease Commitments as Lessee (Recognised as a Liability)	15,450	16,388
The present value of finance lease payable is as follows:		
Within one year	1,732	1,729
Later than one year but no longer than five years	5,294	5,076
Later than five years	8,424	9,583
Present Value of Finance Lease	15,450	16,388
Representing:		
Current	1,732	1,729
Non-current	13,718	14,659
Total included in Borrowings	15,450	16,388

The Department's finance leases as lessee relate to government accommodation and computer hardware and software.

The Department's computer and network printer equipment leases are non-cancellable with terms of three to four years. Each lease contains three options at the conclusion of the current term being: return equipment, extend the lease at fair market value or purchase the equipment at fair market value. In all cases the Department chooses to exercise its right to return the equipment. The weighted average interest rate implicit in the lease is 10.54% (13.33%).

The lease for Roma Mitchell House is non-cancellable, for a term of 40 years due to expire 2027. At the end of the lease term, the building becomes part of the Department's owned portfolio. Rent is payable monthly, in advance. A contingent rental provision exists, in which an amount is expensed after taking into account the principal reduction and interest expense from the monthly lease payment. This contingent rental expense was \$2.450 million in the year ended 30 June 2015 (\$2.401 million).

The lease payment changes each year in accordance with CPI. The weighted average interest rate implicit in the lease in the year ended 30 June 2015 is 5.52% (5.52%).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Finance Lease Commitments as Lessor	2015	2014
	\$'000	\$'000
Finance lease receivables contracted for at the reporting date are as follows:		
Within one year	865	837
Later than one year but no longer than five years	3,186	3,101
Later than five years	3,634	4,463
Minimum lease payments	7,685	8,401
Unearned finance income	(715)	(1,107)
Total Finance Lease Commitments as Lessor (Recognised as an Asset)	6,970	7,294
The present value of finance lease receivable is as follows:		
Within one year	737	659
Later than one year but no longer than five years	2,810	2,553
Later than five years	3,423	4,082
Present Value of Finance Lease	6,970	7,294
Representing:		
Current	737	659
Non-current	6,233	6,635
Total included in Receivables	6,970	7,294

The Department's finance leases as lessor represents recreational jetties and residential properties (ie government employee housing). As the finance leases for recreational jetties provide no material revenues, amounts associated with these leases have not been recognised (refer note 3.15).

Residential property finance leases where the Department is the lessor are non-cancellable, for a term of 20 years. At the end of the lease term, the asset belongs to the lessee. Rent is paid one month in advance and there are no contingent rental provisions. The interest rate for the June 2015 quarter implicit in the lease is 1.94 percent (2.55 percent).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 44: Contingent Assets and Liabilities

At 30 June 2015, the Department had:

- possible material exposures resulting from litigation (or pending litigation) in respect of claims for property damage or personal injury
- received notification of other cases not yet subject to court action or formal claim, which may result in subsequent litigation or arbitration in the future
- possible material exposure resulting from the ongoing monitoring and treatment of contaminated land assets to bring the land into a position for future use or sale
- a number of in principle agreements with various property owners to purchase their property. If the property owners purchase a replacement investment property within 12 months with the same ownership, the Department is obligated to pay additional compensation.

In addition, the Department is awaiting the outcome of formal and informal proceedings which may result in possible material liabilities.

The Department believes that the extent of these contingent liabilities cannot be reliably measured at balance date.

The Department may be awarded the reimbursements of costs for some cases which are still subject to litigation.

The Department had a possible obligation and entitlement to funds relating to a third party incident involving marine equipment.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 45: Cash Flow Reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of Cash and Cash Equivalents - Cash at 30 June as per:		
Statement of Cash Flows	1,423,773	436,528
Statement of Financial Position	1,423,773	436,528
Reconciliation of Net Cash provided by (used in) operating activities to net revenue (cost of) / from providing services:		
Net cash provided by operating activities	1,226,932	324,863
Revenues from SA Government	(369,235)	(336,014)
Payments to SA Government	79,977	6,708
Add (less): Non-Cash Items:		
Net gain (loss) on sale or disposal of non-current assets	4,158	(7,107)
Depreciation/amortisation expense of non-current assets	(376,138)	(336,228)
Assets written off	(850)	(37)
Assets donated	(2,573)	(16,308)
Resources received free of charge	7,067	3,342
Expensing of works in progress	-	(55,832)
Movements in Assets and Liabilities:		
Increase (Decrease) in receivables	(56,084)	(115,243)
Increase (Decrease) in inventories	(201)	806
Increase (Decrease) in other assets	(2,210)	94
(Increase) Decrease in payables and provisions	888	66,302
(Increase) Decrease in employee benefits	(1,698)	(3,615)
(Increase) Decrease in other liabilities	9,353	(10,115)
Net Revenue (Cost of) / from Providing Services	519,386	(478,384)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 46: Transactions with SA Government

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

Note		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	EXPENSES						
6	Employee benefits expenses	11,357	12,141	234,297	233,983	245,654	246,124
7	Supplies and services						
	Bus service contracts	-	-	195,153	193,381	195,153	193,381
	Rail Commissioner salary reimbursements	55,268	56,310	-	-	55,268	56,310
	Major infrastructure maintenance contracts	-	-	52,124	53,556	52,124	53,556
	Other service contracts	3,258	3,541	80,930	86,037	84,188	89,578
	Consultants	-	-	354	336	354	336
	Operating leases	6,828	5,419	149,116	142,513	155,944	147,932
	Property expenses	456	414	109,425	113,176	109,881	113,590
	Plant, equipment and vehicle expenses	5,633	4,685	5,046	4,488	10,679	9,173
	Information technology	1,910	2,657	5,878	7,533	7,788	10,190
	Materials and other purchases	-	-	25,523	31,065	25,523	31,065
	Utilities	6,647	3,866	25,968	27,029	32,615	30,895
	Insurance	5,341	5,763	264	-	5,605	5,763
	Legal services	2,055	2,067	-	135	2,055	2,202
	Commissions - transaction processing	-	-	2,522	2,545	2,522	2,545
	Auditor's remuneration	1,081	984	-	-	1,081	984
	Administrative costs	-	-	6,966	7,129	6,966	7,129
	Payment to Service SA - registration and licensing collection	31,633	31,677	-	-	31,633	31,677
	Other	16,712	18,518	16,574	21,671	33,286	40,189
8	Depreciation and amortisation expense	-	-	376,138	336,228	376,138	336,228

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
20	Net loss from disposal of non-current assets	-	(527)	-	7,634	-	7,107
9	Grants and subsidies						
	Recurrent Grants						
	Contribution for policing services	38,519	37,580	-	-	38,519	37,580
	Transport Subsidy Scheme	-	-	10,164	10,535	10,164	10,535
	Grants to local councils	-	-	3,484	11,562	3,484	11,562
	Transport concessions	-	-	4,355	4,636	4,355	4,636
	Grants by Office for Recreation and Sport	-	-	21,491	23,485	21,491	23,485
	Other	854	1,117	4,029	3,659	4,883	4,776
	Capital Grants						
	Grants to local councils	-	-	2,049	1,652	2,049	1,652
10	Borrowing costs	1,117	1,290	-	-	1,117	1,290
11	Other Expenses						
	Rates, taxes and levies	5,552	6,992	2,894	3,622	8,446	10,614
	Donated assets	1,395	2,748	1,178	13,560	2,573	16,308
	Bad and doubtful debts expense	-	-	99	528	99	528
	Write-off of an asset	-	-	850	37	850	37
	Indentured Ports	13,036	13,925	-	-	13,036	13,925
	Site remediation	-	-	259	9,183	259	9,183
	Write-off of works in progress	-	-	-	55,832	-	55,832
	Payment to National Heavy Vehicle Regulator – State Contribution	-	-	13,648	-	13,648	-
	Other	-	-	421	580	421	580
23	Payments to SA Government	79,977	6,708	-	-	79,977	6,708
	TOTAL EXPENSES	288,629	217,875	1,351,199	1,407,310	1,639,828	1,625,185

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	INCOME						
13	Fees and charges						
	Drivers licence fees	-	-	46,393	44,553	46,393	44,553
	Metro tickets	-	-	88,012	81,299	88,012	81,299
	Motor registrations	2,809	2,754	399,737	385,638	402,546	388,392
	Marine related fees and charges	-	-	24,085	25,491	24,085	25,491
	Land services fees	8,803	9,187	6,215	5,936	15,018	15,123
	Other fees and charges	265	95	22,141	25,484	22,406	25,579
14	Commonwealth revenues						
	Commonwealth grants received via DTF	130,243	71,936	-	-	130,243	71,936
	National Land Transport Act 2014	-	-	2,893	3,844	2,893	3,844
	Other Commonwealth revenues	-	-	404	1,852	404	1,852
15	Sale of goods and services						
	Maintenance services	101,670	99,687	-	-	101,670	99,687
	Other sale of goods	28	956	8,159	8,334	8,187	9,290
	Other sale of services	11,632	12,873	24,047	23,212	35,679	36,085
16	Rental Income						
	Government accommodation	204,242	203,286	-	-	204,242	203,286
	Property rents and recoveries	-	-	3,952	3,345	3,952	3,345
	Other lease income	318	290	5,382	5,401	5,700	5,691
17	Grants and subsidies income						
	Concessional passenger income	60,482	57,745	-	338	60,482	58,083
	Grants received by Office for Recreation and Sport	-	-	760	572	760	572
	Other	1,041	1,047	-	-	1,041	1,047
18	Interest	2,203	2,319	131	102	2,334	2,421
19	Commissions received	37	40	-	-	37	40
20	Net gain from disposal of non-current assets	6	-	4,152	-	4,158	-

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
21	Resources received free of charge						
	Land, buildings and facilities	6,414	-	601	3,332	7,015	3,332
	Plant and equipment	-	-	52	10	52	10
22	Other income						
	Recoveries and contributions	854,071	1,338	19,697	8,239	873,768	9,577
	Reimbursement works and external project contributions	1,066	12,657	14,891	11,438	15,957	24,095
	Intra government transfers	22,108	25,384	-	-	22,108	25,384
	Sundry income	-	-	95	79	95	79
23	Revenues from SA Government	369,235	336,014	-	-	369,235	336,014
	TOTAL INCOME	1,776,673	837,608	671,799	638,499	2,448,472	1,476,107

25		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	FINANCIAL ASSETS						
	Receivables						
	Receivables	50,692	105,734	39,404	42,153	90,096	147,887
	Allowance for doubtful debts	(93)	(59)	(1,241)	(2,621)	(1,334)	(2,680)
	Finance lease receivables	6,118	6,442	852	852	6,970	7,294
	GST input tax recoverable	-	-	5,196	8,383	5,196	8,383
	Accrued revenues	32,225	29,750	9,733	8,581	41,958	38,331
	Lease incentives	-	-	865	395	865	395
	Loan receivables	151	-	2,104	2,476	2,255	2,476
27	Other Assets						
	Prepayments	369	1,076	21,668	12,473	22,037	13,549
	Lease Incentives	25,780	27,990	-	-	25,780	27,990
	TOTAL FINANCIAL ASSETS	115,242	170,933	78,581	72,692	193,823	243,625

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	FINANCIAL LIABILITIES						
35	Payables						
	Creditors	8,475	650	34,155	22,983	42,630	23,633
	Accrued expenses	39,677	57,575	33,470	53,927	73,147	111,502
	Rail Commissioner (Federally Awarded Employees)	29,810	29,136	-	-	29,810	29,136
	Employment on-costs	9,984	10,921	-	-	9,984	10,921
	Lease incentives	1,745	307	-	-	1,745	307
	Other	-	-	14	59	14	59
36	Borrowings						
	Borrowings	-	-	1,324	1,807	1,324	1,807
	Obligations under finance leases	14,700	14,401	750	1,987	15,450	16,388
39	Other liabilities						
	Deferred income	10,054	18,674	12,647	10,502	22,701	29,176
	Other	10	25	345	155	355	180
	Lease Incentives	-	-	31,748	34,801	31,748	34,801
	TOTAL FINANCIAL LIABILITIES	114,455	131,689	114,453	126,221	228,908	257,910

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 47: Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original Budget (1) 2015 \$'000	Actual 2015 \$'000	Variance \$'000
STATEMENT OF COMPREHENSIVE INCOME				
EXPENSES				
Employee benefit expenses		296,957	245,654	(51,303)
Supplies and services	a	724,189	812,665	88,476
Depreciation and amortisation expense		393,727	376,138	(17,589)
Grants and subsidies		95,300	84,945	(10,355)
Borrowing costs		3,863	1,117	(2,746)
Other expenses		15,915	39,332	23,417
Total Expenses		1,529,951	1,559,851	29,900
INCOME				
Fees and charges		575,809	598,460	22,651
Commonwealth revenues		153,095	133,540	(19,555)
Sale of goods and services		165,342	145,536	(19,806)
Rental income		199,591	213,894	14,303
Grants and subsidies		64,643	62,283	(2,360)
Interest		3,962	2,334	(1,628)
Commissions received		-	37	37
Net gain from the disposal of non-current assets		300	4,158	3,858
Resources received free of charge		735	7,067	6,332
Other income	b	60,142	911,928	851,786
Total Income		1,223,619	2,079,237	855,618
NET REVENUE FROM / (COST OF) PROVIDING SERVICES		(306,332)	519,386	825,718
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenues from SA Government	c	313,824	369,235	55,411
Payments to SA Government	d	(6,111)	(79,977)	(73,866)
Net Revenues from (payments to) SA Government		307,713	289,258	(18,455)
Net Result		1,381	808,644	807,263
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to net result</i>				
Changes in property, network assets and plant and equipment asset revaluation surplus	e	40,761	163,328	122,567
TOTAL COMPREHENSIVE RESULT		42,142	971,972	929,830

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

- (1) The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However these amounts have not been adjusted to reflect revised budgets or administrative restructures, machinery of government changes.
- a) Supplies and Services were higher than original budget largely due to: Rail Commissioner expenses being included in the budget as employee benefits expenses and reported as supplies and services for the Financial Statements due to the accounting treatment of the Rail Commissioner as a separate entity; and utilisation of supplies and services expenditure rather than the budgeted employee benefit expenses to deliver the operations and maintenance of the rail network.
- b) Other income was higher than original budget mainly due to a once-off transfer from the Motor Accident Commission to the Highways Fund in 2014-15 for future investment in road safety improvements (\$852.9 million).
- c) Revenues from SA Government were higher than original budget mainly due to the receipt of additional working capital for the Department's operating account.
- d) Payments to SA Government were higher than original budget due to a transfer of proceeds from sale of Netley Commercial Park, 60 Wakefield St, 21 Divett and 11 Penny place properties.
- e) Changes in property, network assets and plant and equipment asset revaluation surplus is higher than original budget due to revaluation of network, and plant and equipment assets being higher than expected.

INVESTING EXPENDITURE SUMMARY

		Original Budget (1)	Actual	Variance
		2015	2015	
	Note	\$'000	\$'000	\$'000
Investing Expenditure Summary				
Total new projects	f	106,780	46,961	(59,819)
Total existing projects	g	403,869	318,543	(85,326)
Total annual programs		82,525	84,088	1,563
Total investing expenditure		593,174	449,592	(143,582)

- (1) The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures, machinery of government changes.
- f) Total new projects investing expenditure was lower than original budget largely due to reprofiling of budgets caused by complex planning issues, project design, compulsory land acquisitions and subsequent planning approvals, which includes works on the O'Bahn extension, Darlington upgrade and Strategic Route Review projects.
- g) Total existing projects investing expenditure was lower than original budget largely due to delays in the land acquisition process and reprofiling of various project delivery schedules, which includes North-South Corridor Initiatives and Torrens to Torrens South Road Upgrade project.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 48: Indentured Ports

Charges collected for cargo services and harbour services are allocated to the Department and applied to the maintenance of indentured ports. Any remaining funds are returned to the Consolidated Account. Assets associated with these ports include land and facilities at Port Bonython, Ardrossan and Whyalla.

The amount paid to the consolidated account in the year ended 30 June 2015 totalled \$25.937 million. This represents unused cargo and harbour services charges of \$13.925 million collected in the year ended 30 June 2014 but not paid to DTF as at 30 June 2014 and \$12.012 million of unused charges collected during the year ended 30 June 2015.

A further \$1.024 million remains payable to the consolidated account representing outstanding unused cargo and harbour service charges collected during the year ended 30 June 2015 but not paid to DTF as at 30 June 2015.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 49: Rail Transport Facilitation Fund

The *Rail Transport Facilitation Fund Act 2001*, which established the Rail Transport Facilitation Fund was proclaimed in December 2001. Approval was given for the creation of the Rail Transport Facilitation Fund on 20 September 2002. Net income derived from the sale or leasing of railway assets and net income derived by the State from rail facilitation projects is to be paid into the Fund.

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	7,879	6,972
Total Inflows	7,879	6,972
Outflows:		
Payments from the Fund	(3,858)	(3,519)
Total Outflows	(3,858)	(3,519)
Net (Deficit) /Surplus	4,021	3,453
 Fund Balance		
Balance at 1 July	51,170	47,717
Net (deficit) /surplus	4,021	3,453
Balance at 30 June	55,191	51,170

Receipts into the Fund

The receipts into the Fund in the year ended 30 June 2015 result predominantly from \$1.193 million (\$1.173 million) interest, \$0.999 million (\$0.126 million) sale of land, plant and equipment, \$4.980 million (\$4.960 million) rental and property income and \$0.700 million (\$0.700 million) appropriation from DTF for the Port River Expressway - Stage 3 (Rail).

Payments from the Fund

The payments from the Fund in the year ended 30 June 2015 result predominantly from money being spent on non-metropolitan passenger rail services projects.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 50: Community Road Safety Fund

The Community Road Safety Fund has been operative since 1 July 2003, and is currently funded by an appropriation from DTF. These funds are utilised for the purposes of road safety initiatives, including a payment to the South Australia Police of \$38.3 million (\$37.4 million) for safety related policing expenditure. The appropriation for the year ended 30 June 2015 was \$81.021 million (\$81.021 million).

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	81,399	81,339
Total Inflows	81,399	81,339
Outflows:		
Payments from the Fund	(81,772)	(81,555)
Prior period - error correction - 2013-14	-	8,994
Total Outflows	(81,772)	(72,561)
Net (Deficit) /Surplus	(373)	8,778
Fund Balance		
Balance at 1 July	12,386	3,608
Net (deficit) /surplus	(373)	8,778
Balance at 30 June	12,013	12,386

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 51: Commonwealth Funding Received for Specific Projects

The Commonwealth Funding Received for Specific Projects Account includes Commonwealth Grants received in relation to specific projects including the Accelerated Sturt Highway Package.

Receipts into the Account

In 2014-15 the fund includes Sturt Highway interest \$0.008 million, South Road Superway interest \$0.041 million and Gawler modernisation interest \$0.002 million.

Payments from the Account

In 2014-15 \$0.003 million was expended on the Sturt Highway.

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	51	60
Total Inflows	51	60
Outflows:		
Payments from the Fund	(3)	(235)
Total Outflows	(3)	(235)
Net (Deficit) /Surplus	48	(175)
 Fund Balance		
Balance at 1 July	2,385	2,560
Net (deficit) /surplus	48	(175)
Balance at 30 June	2,433	2,385

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
For the year ended 30 June 2015

Note 52: After Balance Date Events

The Department is not aware of any events occurring after balance date.

Department of Planning, Transport and Infrastructure
STATEMENT OF ADMINISTERED COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Note No	2015 \$'000	2014 \$'000
EXPENSES			
Employee benefit expenses	A7	483	913
Supplies and services	A8	6,427	5,955
Grants and subsidies	A9	21,623	28,710
Disbursements on behalf of third parties	A10	917,907	819,804
Borrowing costs		79	95
Payments to Consolidated Account	A11	176,358	155,415
Total Expenses		1,122,877	1,010,892
INCOME			
Revenues from SA Government	A13	10,057	15,578
Fees and charges	A14	202,227	172,923
Collections on behalf of third parties	A15	911,794	808,423
Grants and subsidies	A16	3,612	3,634
Interest revenue	A17	540	597
Other income		234	246
Total Income		1,128,464	1,001,401
Net Result		5,587	(9,491)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net result</i>			
Changes in revaluation surplus		-	-
TOTAL COMPREHENSIVE RESULT		5,587	(9,491)

Department of Planning, Transport and Infrastructure
STATEMENT OF ADMINISTERED FINANCIAL POSITION
as at 30 June 2015

		2015	2014
	Note	\$'000	\$'000
	No		
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	A18	62,931	44,229
Receivables	A19	371	2,915
Total Current Assets		63,302	47,144
NON-CURRENT ASSETS:			
Receivables	A19	665	953
Land	A20	16,398	16,398
Total Non-Current Assets		17,063	17,351
Total Assets		80,365	64,495
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	A22	39,688	29,304
Borrowings	A23	288	271
Provisions	A24	461	-
Other liabilities	A25	2,345	2,636
Total Current Liabilities		42,782	32,211
NON-CURRENT LIABILITIES:			
Borrowings	A23	665	953
Total Non-Current Liabilities		665	953
Total Liabilities		43,447	33,164
NET ASSETS		36,918	31,331
EQUITY:			
Equity	A26	36,918	31,331
Total Equity		36,918	31,331
Contingent assets and liabilities	A36		
Unrecognised contractual commitments	A37		

Department of Planning, Transport and Infrastructure
STATEMENT OF ADMINISTERED CHANGES IN EQUITY
for the year ended 30 June 2015

	Note No	Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2013		3,106	35,296	38,402
Error corrections identified in 2013-14		(30)	80	50
Error corrections identified in 2014-15		-	6,810	6,810
Restated Balance at 30 June 2013		3,076	42,186	45,262
Net result for 2013-14		-	(9,491)	(9,491)
Total comprehensive result for 2013-14		-	(9,491)	(9,491)
Balance at 30 June 2014		3,076	32,695	35,771
Prior Period - error correction		-	(4,440)	(4,440)
Restated Balance at 30 June 2014	A26	3,076	28,255	31,331
Net result for 2014-15		-	5,587	5,587
Total comprehensive result for 2014-15		-	5,587	5,587
Balance at 30 June 2015	A26	3,076	33,842	36,918

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

Department of Planning, Transport and Infrastructure
STATEMENT OF ADMINISTERED CASH FLOWS
as at 30 June 2015

	Notes	2015 \$'000 Inflows (Outflows)	2014 \$'000 Inflows (Outflows)
CASHFLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit costs		(477)	(913)
Supplies and services		(5,787)	(5,922)
Grants and subsidies		(9,932)	(39,394)
Disbursements on behalf of third parties		(919,399)	(868,532)
Payments to Consolidated Account		(176,358)	(155,415)
Total cash outflows		(1,111,953)	(1,070,176)
CASH INFLOWS:			
Receipts from SA Government		10,057	15,578
Receipts from fees and charges		204,496	175,673
Collection on behalf of third parties		911,794	808,419
Grants and subsidies		3,611	3,622
Interest		542	609
Other income		234	246
Total cash inflows		1,130,734	1,004,147
Net cash inflows (outflows) from Operating Activities	A28	18,781	(66,029)
CASHFLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from sale of land		-	80
Total cash inflows		-	80
Net cash inflows (outflows) from Investing Activities		-	80
CASHFLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of loans - SA Government		(350)	(350)
Total cash outflows		(350)	(350)
CASH INFLOWS:			
Repayment of loans - Local Government		271	255
Total cash inflows		271	255
Net cash inflows (outflows) from Financing Activities		(79)	(95)
NET INCREASE (DECREASE) IN CASH HELD		18,702	(66,044)
CASH AT 1 JULY		44,229	110,273
CASH AT 30 JUNE	A18	62,931	44,229

Department of Planning, Transport and Infrastructure
SCHEDULE OF EXPENSES AND INCOME ATTRIBUTABLE TO ADMINISTERED ACTIVITIES
for the year ended 30 June 2015

(Activities - refer to note A5)	Land Use Planning		Infrastructure Planning, Policy and Operations		Transport Operations		Recreation, Sport and Racing		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
EXPENSES:										
Employee benefit expenses	290	-	193	453	-	243	-	217	483	913
Supplies and services	2,893	2,445	3,534	3,494	-	16	-	-	6,427	5,955
Grants and subsidies	15,419	22,505	2,484	2,485	-	-	3,720	3,720	21,623	28,710
Disbursements on behalf of third parties	-	-	-	-	917,907	819,804	-	-	917,907	819,804
Borrowing costs	-	-	79	95	-	-	-	-	79	95
Payments to Consolidated Account	-	-	176,358	155,415	-	-	-	-	176,358	155,415
Total Expenses	18,602	24,950	182,648	161,942	917,907	820,063	3,720	3,937	1,122,877	1,010,892
INCOME:										
Revenues from SA Government	1,120	942	2,824	2,751	6,113	11,646	-	239	10,057	15,578
Fees and charges	23,228	19,060	178,999	153,863	-	-	-	-	202,227	172,923
Collections on behalf of third parties	-	-	-	-	911,794	808,423	-	-	911,794	808,423
Grants and subsidies	-	-	-	-	-	-	3,612	3,634	3,612	3,634
Interest revenue	315	317	225	280	-	-	-	-	540	597
Other income	17	40	217	206	-	-	-	-	234	246
Total Income	24,680	20,359	182,265	157,100	917,907	820,069	3,612	3,873	1,128,464	1,001,401
Net Result	6,078	(4,591)	(383)	(4,842)	-	6	(108)	(64)	5,587	(9,491)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

The Administered Financial Statements include income, expenses, assets and liabilities that the Department of Planning, Transport and Infrastructure (the Department) administers on behalf of the SA Government, but does not control.

A1: Objectives of the Department

The objectives of the Department, outlined in Note 1 for controlled items, apply equally to the Administered Financial Statements.

A2: Department Organisation

The organisational structure of the Department outlined in Note 2 for controlled items, applies to both the Departmental and the Administered Financial Statements.

A3: Summary of Significant Accounting Policies

The policies of the Department outlined in Note 3 for controlled items, apply equally to the Administered Financial Statements.

The amount of GST payable/receivable incurred by the Department in relation to administered functions is recognised in the Statement of Financial Position for controlled items.

A4: Changes in Accounting Policies

The changes in accounting policies outlined in Note 4 for controlled items, apply equally to the Administered Financial Statements. With respect to specific policies no changes have been noted for administered functions.

A5: Activities of the Department

The activities of the Department are outlined in Note 5 for controlled items. Activity 1: Land Use Planning, Activity 3: Recreation, Sport and Racing, Activity 5: Transport Planning and Activity 6: Infrastructure Planning, Policy and Operations apply to the Administered Financial Statements.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A6: Administered Items of the Department

The Administered Items of the Department as at 30 June 2015 comprised the following:

- Asbestos Program
- Contractors Deposits
- Flinders Ports – Land Tax Equivalent
- Heritage Program
- Lincoln Cove Marina
- Metropolitan (Woodville, Henley and Grange) Drainage Scheme
- Passenger Transport Research and Development Fund
- Planning and Development Fund
- Planning fees
- Real Property Act Assurance Fund
- Real Property Act Trust Accounts
- Recreation and Sport Fund
- Registrar-General and Surveyor-General Statutory Act Revenues
- Registration and Licensing collections and disbursements
 - Emergency Services Levy
 - Expiations
 - Hospital Fund
 - Lifetime Support Scheme
 - Motor Accident Commission
 - Stamp duties
- South-Western Suburbs Drainage Scheme
- Special Act Salaries (Minister and Valuer-General)
- Sport and Recreation Fund
- Unclaimed salaries and wages
- Victims of Crime Levies
- West Beach Trust (trading as Adelaide Shores) – Tax Equivalent Regime
- Workers Liens Trust Account

A7: Employee Benefit Expenses

	2015	2014
	\$'000	\$'000
Minister and Valuer-General salaries*	483	913
Total Employee benefit expenses	483	913

*Employee benefit expenses are specific to the Minister and the Valuer-General for 2015. The former Minister for Transport Services and the Minister for Sport and Recreation were also included in 2014.

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 within one year \$160,000 (\$160,000) and later than one year but no later than 5 years \$291,000 (\$476,000).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A8: Supplies and Services

	2015	2014
	\$'000	\$'000
Project Expenditure	3,444	3,414
Professional and Technical Services	913	891
Planning Fees	1,358	1,175
Other ⁽¹⁾	712	475
Total Supplies and Services	6,427	5,955

(1) Includes audit fees paid/payable to the Auditor-General (refer Note A12)

A9: Grants and Subsidies

	2015	2014
	\$'000	\$'000
Office for Recreation and Sport grants	3,720	3,720
Planning and Development Fund grant payments	14,622	21,710
West Beach Trust Tax equivalent reimbursements	797	800
Lincoln Cove Marina (Transfer to DTF)	126	122
Land Tax Equivalent - Flinders Ports (Transfer to DTF)	2,358	2,358
Total Grants and Subsidies	21,623	28,710

A10: Disbursements on Behalf of Third Parties

	2015	2014
	\$'000	\$'000
Stamp Duties - Department of Treasury and Finance	156,046	156,871
Hospital Fund - Department of Treasury and Finance	67,830	67,242
Emergency Services Levy - SA Fire & Emergency Services Commission	47,579	44,412
Expiation Notices - Fines Enforcement Unit	483	309
Compulsory Third Party Insurance - Motor Accident Commission	477,774	523,755
Refunds	16,746	14,847
Federal Registrations	9,291	9,369
Lifetime Support Scheme - Lifetime Support Authority	141,079	2,263
Other	1,079	736
Total Disbursements on Behalf of Third Parties	917,907	819,804

A11: Payments to Consolidated Account

	2015	2014
	\$'000	\$'000
Payments to Consolidated Account *	176,358	155,415
Total Payments to Consolidated Account	176,358	155,415

* Payments made into the Consolidated Account pursuant to the *Real Property Act 1886*

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A12: Auditor's Remuneration

	2015 \$'000	2014 \$'000
Auditor's Remuneration - Planning and Development Fund	24	29
Total Auditor's Remuneration	24	29

Other Services

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

A13: Revenues from SA Government

	2015 \$'000	2014 \$'000
Revenues from SA Government:		
Appropriations from the Consolidated Account pursuant to the <i>Appropriations Act</i> *	9,652	14,671
Special Acts	405	907
Total Revenues from SA Government	10,057	15,578

* Includes \$6.113 million (\$11.381 million) to fund remissions provided on emergency services levy charges.

A14: Fees and Charges

	2015 \$'000	2014 \$'000
Regulatory Fees - Land Services	176,640	151,531
Regulatory Fees - Planning	23,229	19,034
Land Tax Equivalent - Flinders Ports	2,358	2,358
Total Fees and Charges	202,227	172,923

A15: Collections on Behalf of Third Parties

	2015 \$'000	2014 \$'000
Stamp Duties - Department of Treasury and Finance	156,046	156,871
Hospital Fund - Department of Treasury and Finance	67,830	67,242
Emergency Services Levy - SA Fire & Emergency Services Commission	41,467	33,031
Expiation Notices - Fines Enforcement Unit	483	309
Compulsory Third Party Insurance - Motor Accident Commission	477,774	523,755
Refunds	16,746	14,847
Federal Registrations	9,291	9,369
Lifetime Support Scheme - Lifetime Support Authority	141,079	2,263
Other	1,078	736
Total Collections on Behalf of Third Parties	911,794	808,423

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A16: Grants and Subsidies

	2015 \$'000	2014 \$'000
Office for Recreation and Sport grants received	3,612	3,634
Total Grants and Subsidies	3,612	3,634

A17: Interest Revenue

	2015 \$'000	2014 \$'000
Interest Revenue	540	597
Total Interest Revenue	540	597

A18: Cash and Cash Equivalents

	2015 \$'000	2014 \$'000
Deposits at call*	62,931	44,229
Total Cash and Cash Equivalents	62,931	44,229

* The Department of Planning, Transport and Infrastructure Administered cash includes cash collected by DPC on behalf of DPTI through various payment channels managed by DPC including Bizgate and Australia Post.

A19: Receivables

	2015 \$'000	2014 \$'000
Current:		
Receivables	307	2,617
Accrued Revenues	64	298
Total Current Receivables	371	2,915
Non-Current:		
Receivables	665	953
Total Non-Current Receivables	665	953
Total Receivables	1,036	3,868

(a) Maturity analysis of receivables – refer to Note A27

(b) Categorisation of financial instruments and risk exposure information – refer to Note A27

A20: Land

	2015 \$'000	2014 \$'000
Land:		
Land at Fair Value	16,398	16,398
Total Land	16,398	16,398

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

Reconciliation of Land

The following table shows the movement of Land during 2014-15.

	2015 \$'000
Carrying amount at 1 July	11,235
Prior period - error correction - 2012-13	9,630
Prior period - error correction - 2013-14	(4,467)
Adjusted opening balance	16,398
Additions	-
Disposals	-
Revaluations	-
Carrying amount at 30 June	16,398

Land was reviewed and revalued to fair value using the market approach at 1 July 2012. The valuation was performed by the Valuer-General. The valuer arrived at fair value based on recent market transactions for similar land in the area, taking into account size, location, zoning and restricted use.

Prior Period Error Correction

A prior period correction of \$9.630 million has been made to the opening balance of land and equity as at 1 July 2012. Thirty four land parcels have been identified that were not previously recognised in the financial statements.

A prior period correction of \$4.467 million has been made to the opening balance of land and equity as at 1 July 2013. This relates to the transfer of Craighburn Farm open space reserve land to the Minister for Sustainability Environment and Conservation.

A21: Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Administered Financial Position are categorised into the following levels at 30 June 2015.

The Department had no Administered recurring or non-recurring fair value measurements categorised into Level 1 or Level 3.

Fair Value Measurements at 30 June 2015

	Level 2 \$'000	2015 \$'000
Recurring Fair Value Measurements		
Land (Note A20)	16,398	16,398
Total Recurring Fair Value Measurements	16,398	16,398

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

Fair value measurements at 30 June 2014

	Level 2	2014
	\$'000	\$'000
Recurring Fair Value Measurements		
Land (Note A20)	16,398	16,398
Total Recurring Fair Value Measurements	16,398	16,398

Valuation Techniques and Inputs

Valuation techniques used to derive Level 2 fair values are detailed in Note A20. There were no changes in valuation techniques during 2014-2015.

A22: Payables

	2015	2014
	\$'000	\$'000
Current:		
Creditors	9,868	11,221
Accrued Expenses	29,820	18,083
Total Current Payables	39,688	29,304
Total Payables	39,688	29,304

The Department of Planning, Transport and Infrastructure Administered creditors includes \$68,000 (\$62,000) comprising employee benefits \$62,000 (\$56,000) and employment on-costs \$6,000 (\$6,000).

- (a) Categorisation of financial instruments and maturity analysis of payables – refer to Note A27
- (b) Risk exposure information – refer Note A27

A23: Borrowings

	2015	2014
	\$'000	\$'000
Balance as at 1 July	1,224	1,479
Add Increases in debt due to Interest	79	95
Less Repayments:		
Woodville, Henley and Grange Drainage Scheme	(36)	(36)
South West Suburbs Drainage Scheme	(314)	(314)
Balance as at 30 June	953	1,224
Current	288	271
Non-Current	665	953
Total Borrowings	953	1,224

- (a) Categorisation of financial instruments and maturity analysis of borrowings – refer to Note A27
- (b) Risk exposure information – refer Note A27
- (c) Defaults and breaches – there were no defaults or breaches on any of the above liabilities throughout the year.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A24: Provisions

	2015 \$'000	2014 \$'000
Current:		
Survey Plan Royalties	461	-
Total current provisions	461	-
Total non-current provisions	-	-
Total provisions	461	-
Reconciliation of Survey Plan Royalties		
Carrying amount 1 July:	-	-
Addition to the current year	461	-
Carrying amount at 30 June:	461	-

The provision is an estimate of retrospective royalty fees payable on survey plans under the Copyright Act.

A25: Other liabilities

	2015 \$'000	2014 \$'000
Current:		
Deferred income	2,345	2,636
Total current other liabilities	2,345	2,636
Total other liabilities	2,345	2,636

Prior Period Error Correction

Deferred income consists of revenue received in advance for land division fees. A prior period error correction of \$2.793 million has been made to the Opening Balance of Revenue Received in Advance. Land division fees payable by applicants prior to the issue of the Certificate of Approval by the Development Assessment Commission have previously been recognised as revenue upon receipt. Monies received as at 30 June where a Certificate of Approval is yet to be issued are recognised as an unearned revenue liability. Revenue Received in Advance has been recognised in 2014-15 as a prior period error correction.

A26: Equity

	2015 \$'000	2014 \$'000
Equity	36,918	31,331
Total Equity	36,918	31,331
Equity		
Balance at 1 July	31,331	38,452
Prior period error correction 2012-13	-	6,810
Prior period error correction 2013-14	-	(4,440)
Restated balance at 1 July	31,331	40,822
Net Result	5,587	(9,491)
Balance at 30 June	36,918	31,331

Refer to Note A25 Other Liabilities and Note A20 Land for prior period error corrections.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A27: Financial Instruments

A27.1 Categorisation of financial instruments

The financial instruments/financial risk management terms, conditions and accounting policies of the Department, outlined in Note 41 for controlled terms, apply equally to the Administered Financial Statements.

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.

A27.2 Maturity analysis of financial assets and liabilities

	Carrying Amount (\$'000)	Contract Maturities		
		< 1 year (\$'000)	1-5 years (\$'000)	> 5 years (\$'000)
2015				
Financial Assets				
Cash and cash equivalents	62,931	62,931	-	-
Receivables	83	83	-	-
Receivables - Interest Bearing	953	288	665	-
Total Financial Assets	63,967	63,302	665	-
Financial liabilities				
Payables	39,688	39,688	-	-
Borrowings	953	288	665	-
Total Financial Liabilities	40,641	39,976	665	-
2014				
Financial assets				
Cash and cash equivalents	44,229	44,229	-	-
Receivables	2,644	2,644	-	-
Receivables - Interest Bearing	1,224	271	953	-
Total Financial Assets	48,097	47,144	953	-
Financial Liabilities				
Payables	29,304	29,304	-	-
Borrowings	1,224	271	953	-
Total Financial Liabilities	30,528	29,575	953	-

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

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 represents the Department's maximum exposure to liquidity risk.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk will not arise on the administered interest bearing liabilities and interest bearing assets as the interest rate is fixed over the term of the loan.

A28: Cash Flow Reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of Cash - Cash at 30 June:		
Statement of Cash flows	62,931	44,229
Statement of Financial Position	62,931	44,229
Reconciliation of Net Cash Inflows (outflows) from Operating Activities to Net Result:		
Net cash inflows (outflows) from operating activities	18,781	(66,029)
Non-cash items:		
Capitalised Interest	(79)	(95)
Assets donated	-	-
Movements in assets and liabilities:		
Increase / (decrease) in receivables	(2,832)	(3,158)
Increase / (decrease) in payables and borrowings	(10,113)	59,634
(Increase) / decrease in provisions	(461)	-
(Increase) / decrease in other liabilities	291	157
Net Result	5,587	(9,491)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A29: Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as the reporting date, classified according to their nature.

Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	EXPENSES						
A7	Employee benefit expense	-	-	483	913	483	913
A8	Supplies and Services						
	Project Expenditure	826	2,781	2,618	633	3,444	3,414
	Professional and Technical Services	913	891	-	-	913	891
	Planning Fees	-	-	1,358	1,175	1,358	1,175
	Other (excludes Auditor's Remuneration)	623	24	65	422	688	446
A9	Grants and Subsidies						
	Office for Recreation and Sport grants	3,720	3,720	-	-	3,720	3,720
	Planning and Development Fund grant payments	4,116	10,912	10,506	10,798	14,622	21,710
	West Beach Trust Tax equivalent reimbursements	797	800	-	-	797	800
	Lincoln Cove Marina (Transfer to DTF)	126	122	-	-	126	122
	Land Tax Equivalent - Flinders Ports (Transfer to DTF)	2,358	2,358	-	-	2,358	2,358
A10	Disbursements on Behalf of Third Parties						
	Stamp Duties - Department of Treasury and Finance	156,046	156,871	-	-	156,046	156,871
	Hospital Fund - Department of Treasury and Finance	67,830	67,242	-	-	67,830	67,242
	Emergency Services Levy - SA Fire & Emergency Services Commission	47,579	44,412	-	-	47,579	44,412
	Expiation Notices - Fines Enforcement Unit	483	309	-	-	483	309
	Compulsory Third Party Insurance - Motor Accident Commission	477,774	523,755	-	-	477,774	523,755
	Refunds	-	-	16,746	14,847	16,746	14,847
	Federal Registrations	-	-	9,291	9,369	9,291	9,369
	Lifetime Support Scheme Levy - Lifetime Support Authority	141,079	2,263	-	-	141,079	2,263
	Other	1,079	736	-	-	1,079	736
N/A	Borrowing Costs	79	95	-	-	79	95

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

Note	SA Government		Non-SA Government		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
A11	176,358	155,415	-	-	176,358	155,415
A12	24	29	-	-	24	29
N/A	-	-	-	-	-	-
TOTAL EXPENSES	1,081,810	972,735	41,067	38,157	1,122,877	1,010,892
INCOME						
A13	10,057	15,578	-	-	10,057	15,578
A14						
	667	-	175,973	151,531	176,640	151,531
	468	-	22,761	19,034	23,229	19,034
	-	-	2,358	2,358	2,358	2,358
A15						
	156,046	156,871	-	-	156,046	156,871
	67,830	67,242	-	-	67,830	67,242
	41,467	33,031	-	-	41,467	33,031
	483	309	-	-	483	309
	477,774	523,755	-	-	477,774	523,755
	-	-	16,746	14,847	16,746	14,847
	-	-	9,291	9,369	9,291	9,369
	141,079	2,263	-	-	141,079	2,263
	217	736	861	-	1,078	736
A16						
	-	-	3,612	3,634	3,612	3,634
A17	461	502	79	95	540	597
N/A	44	246	190	-	234	246
TOTAL INCOME	896,593	800,533	231,871	200,868	1,128,464	1,001,401

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	FINANCIAL ASSETS						
A19	Receivables						
	Receivables	19	48	953	3,522	972	3,570
	Accrued Revenues	4	262	60	36	64	298
	TOTAL FINANCIAL ASSETS	23	310	1,013	3,558	1,036	3,868
	FINANCIAL LIABILITIES						
A22	Payables						
	Creditors	6,802	8,658	3,066	2,563	9,868	11,221
	Accrued Expenses	-	45	29,820	18,038	29,820	18,083
A23	Borrowings	953	1,224	-	-	953	1,224
A24	Provisions	-	-	461	-	461	-
A25	Other Liabilities	305	131	2,040	2,505	2,345	2,636
	TOTAL FINANCIAL LIABILITIES	8,060	10,058	35,387	23,106	43,447	33,164

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A30: Budgetary Reporting and Explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original Budget ⁽¹⁾ 2015 \$'000	Actual 2015 \$'000	Variance \$'000
STATEMENT OF COMPREHENSIVE INCOME				
EXPENSES				
Employee benefit expenses		425	483	58
Supplies and services		6,265	6,427	162
Grants and subsidies		21,384	21,623	239
Disbursements on behalf of third parties	a	844,263	917,907	73,644
Borrowing costs		121	79	(42)
Payments to Consolidated Account		183,791	176,358	(7,433)
Total Expenses		1,056,249	1,122,877	66,628
INCOME				
Revenues from SA Government		9,389	10,057	668
Fees and charges		206,185	202,227	(3,958)
Collections on behalf of third parties	b	839,023	911,794	72,771
Grants and subsidies		3,720	3,612	(108)
Interest revenue		1,096	540	(556)
Other income		27	234	207
Total Income		1,059,440	1,128,464	69,024
Net Result		3,191	5,587	2,396
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to net result</i>				
Changes in revaluation surplus		-	-	-
TOTAL COMPREHENSIVE RESULT		3,191	5,587	2,396

- (1) The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However these amounts have not been adjusted to reflect revised budgets or administrative restructures, machinery of government changes.
- a) Disbursements on behalf of third parties were higher than original budget predominantly due to the introduction of the Lifetime Support Scheme Levy applied to all South Australian motor vehicle registrations, effective 1 July 2014.
- b) Collections on behalf of third parties were higher than original budget predominantly due to the introduction of the Lifetime Support Scheme Levy applied to all South Australian motor vehicle registrations, effective 1 July 2014.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A31: Victims of Crime Levies

In accordance with the *Expiation of Offences Act 1996*, and on behalf of the Attorney-General's Department, the Department collects victims of crime levies from expiation notices issued.

	2015 \$'000	2014 \$'000
Balance at 1 July	17	17
Levies collected during the year	218	140
Less amount paid to Attorney-General's Department	(218)	(140)
Amount payable to Attorney-General's Department	17	17

A32: Passenger Transport Research and Development Fund

Pursuant to Section 62 of the *Passenger Transport Act 1994*, the Public Transport Division of the Department administers, on behalf of the Minister for Transport and Infrastructure, the Passenger Transport Research and Development Fund (an interest bearing deposit account).

The fund may be applied by the Minister for Transport and Infrastructure for:

- The purpose of carrying out research into the taxi-cab industry;
- The purpose of promoting the taxi-cab industry; and/or
- Any other purpose considered by the Minister to be beneficial to the travelling public, in the interests of the passengers transport industry, and an appropriate application of money standing to the credit of the Fund.

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	-	-
Total Inflows	-	-
Outflows:		
Payments from the Fund	-	2
Total Outflows	-	2
Net Surplus/Deficit	-	(2)
Fund Balance		
Balance at 1 July	11	13
Net Surplus/Deficit	-	(2)
Balance at 30 June	11	11

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A33: West Beach Trust (Tax Equivalent Regime)

Pursuant to the *West Beach Recreation Reserve Act 1987*, the Department reimburses West Beach Trust for payments it makes under the tax equivalent regime in recognition of non-profit making activities undertaken on behalf of the Government. Conversely, the Department receives government appropriation to fund these payments. This fund is administered on behalf of the Minister for Planning.

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	839	656
Total Inflows	839	656
Outflows:		
Payments from the Fund	797	800
Total Outflows	797	800
Net Surplus/Deficit	42	(144)
 Fund Balance		
Balance at 1 July	895	1,039
Net Surplus/Deficit	42	(144)
Balance at 30 June	937	895

A34: Recreation and Sport Fund

The Recreation and Sport Fund was established by section 17 of the *Soccer Football Pools Act 1981*. The Act has since been repealed. The continued existence of the fund is attributable to section 16A of the *State Lotteries Act 1966*. The use of the funds is governed by the above legislation which states that the funds may be used for recreation and sport purposes. This fund is administered on behalf of the Minister for Recreation and Sport.

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	111	134
Total Inflows	111	134
Outflows:		
Payments from the Fund	220	220
Total Outflows	220	220
Net Surplus/Deficit	(109)	(86)
 Fund Balance		
Balance at 1 July	1,548	1,634
Net Surplus/Deficit	(109)	(86)
Balance at 30 June	1,439	1,548

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

A35: Sport and Recreation Fund

The Sport and Recreation Fund was established by section 73A of the *Gaming Machines Act 1992*. The funding is used to fund the Active Club and Move It! grants programs, the State Facilities Fund and grant administration costs. The use of these funds is governed by the above legislation which states that they may be used for recreation and sport purposes. This fund is administered on behalf of the Minister for Recreation and Sport.

	2015 \$'000	2014 \$'000
Inflows:		
Receipts into the Fund	3,500	3,500
Total Inflows	3,500	3,500
Outflows:		
Payments from the Fund	3,500	3,500
Total Outflows	3,500	3,500
Net Deficit	-	-
Fund Balance		
Balance at 1 July	3,322	3,322
Net Deficit	-	-
Balance at 30 June	3,322	3,322

A36: Contingent Asset and Liabilities

The Department is not aware of any administered contingent assets or liabilities.

A37: Unrecognised contractual commitments

	2015 \$'000	2014 \$'000
Grant Commitments:		
Within one year	725	791
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Unrecognised Contractual Commitments	725	791

A38: Transfer payments

	2015 \$'000	2014 \$'000
Transfer payments to SA Government Entities:		
Department of Treasury and Finance	402,718	382,008
South Australian Fire and Emergency Services Commission	47,579	44,412
Fines Enforcement Unit	483	309
Lifetime Support Authority	141,079	2,263
Motor Accident Commission	477,774	523,755
Other	12,098	19,893

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
For the year ended 30 June 2015

Transfer payment to Federal Government Entities:		
Department of Infrastructure and Regional Development	9,291	9,369
Transfer payment to local government:		
Councils	10,569	10,856
Transfer payment to non-SA Government Entities:		
Other	20,724	17,019
Total Transfer Payments	1,122,315	1,009,884

A39: After balance date events

The Department is not aware of any event occurring after balance date.

Department of Planning, Transport and Infrastructure CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Department of Planning, Transport and Infrastructure:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department; and
- presents a true and fair view of the financial position of the Department of Planning, Transport and Infrastructure as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department of Planning, Transport and Infrastructure for the financial year over its financial reporting and its preparation of the general purpose financial statements has been effective throughout the reporting period.

Signed



Julianne TePohe
A/Chief Executive

18 September 2015

Signed



Bill Cagialis
Chief Finance Officer

18 September 2015



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**To the Chief Executive
Department of Planning, Transport and Infrastructure**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of Planning, Transport and Infrastructure for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2015
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2015
- a Statement of Administered Financial Position as at 30 June 2015
- a Statement of Administered Changes in Equity for the year ended 30 June 2015
- a Statement of Administered Cash Flows for the year ended 30 June 2015
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Acting Chief Executive and the Chief Finance Officer.

The Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

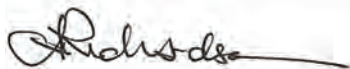
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department of Planning, Transport and Infrastructure as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
21 September 2015

Police Superannuation Scheme

Financial report
for the year ended
30 June 2015

Police Superannuation Scheme

Financial Statements for the year ended 30 June 2015

Statement of Net Assets as at 30 June 2015

	Note	\$'000	\$'000	2015 \$'000	2014 \$'000
INVESTMENTS					
Inflation Linked Securities A		101,630			96,480
Property A		204,338			180,657
Australian Equities A		339,993			305,176
International Equities A		363,595			349,683
Long Term Fixed Interest		27,844			20,354
Short Term Fixed Interest		-			6,892
Diversified Strategies – Growth A		138,085			109,273
Diversified Strategies – Income		195,240			178,258
Cash		46,820			29,704
Total Investments	9		1,417,545		1,276,477
Plus:					
OTHER ASSETS					
Cash and Cash Equivalents		619			640
Contributions Receivable		580			504
Sundry Debtors		8			5
Total Other Assets			1,207		1,149
Total Assets				1,418,752	1,277,626
Less:					
CURRENT LIABILITIES					
Benefits payable		966			729
Sundry Creditors		146			146
Total Liabilities				1,112	875
NET ASSETS AVAILABLE TO PAY BENEFITS				1,417,640	1,276,751

Police Superannuation Scheme

Statement of Changes in Net Assets for the year ended 30 June 2015

	Note	\$'000	\$'000	2015 \$'000	2014 \$'000
NET ASSETS AVAILABLE TO PAY BENEFITS AT 1 JULY				1,276,751	1,090,041
REVENUE					
Investment Revenue			138,772		173,420
Other Income			37		31
CONTRIBUTIONS REVENUE					
Past Service Liability	10	59,900			64,700
Employer Contributions		27,335			28,553
Member Contributions		6,418			6,648
Government Co-Contributions		2			3
Superannuation Guarantee Contributions		1			-
Total Contribution Revenue			93,656		99,904
Total Revenue			232,465		273,355
EXPENSES					
Direct Investment Expense	6		(9,615)		(8,217)
Administrative Expense	6		(616)		(630)
BENEFITS PAID	11				
Pensions		(63,932)			(58,863)
Commutations		(9,726)			(11,054)
Lump Sums		(7,684)			(7,878)
Government Co-Contributions		(2)			(3)
Superannuation Guarantee Contributions		(1)			-
Total Benefits Paid			(81,345)		(77,798)
Total Expenses			(91,576)		(86,645)
NET INCREASE IN FUNDS				140,889	186,710
NET ASSETS AVAILABLE TO PAY BENEFITS AT 30 JUNE				1,417,640	1,276,751

Police Superannuation Scheme

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 Pension Division who are entitled to a pension based benefit. The Pension Division 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 five and six 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 Scheme. The Scheme is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Scheme is made up of one division, being the Pension Division. The Pension Division consists of the Fund Old Scheme Account (the Fund) and the Police Employer Account and contributions paid to each account and the accretions arising from the investment of those contributions.

(b) 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 South Australia Police Department (SAPOL) 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 the investment of the Fund.

Police Superannuation Scheme

(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 Fund and 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.

(d) *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 the Police Employer Account within the Pension Division. The Fund proportion is that amount charged against the contributor's contribution account. The prescribed proportion is determined by the Board, in accordance with section 14(3) of the Act, taking into account the most recent actuarial review.

The Treasurer may also seek reimbursement of the employer portion of the benefit payment from the employer contributions made by SAPOL which are deposited into the Police Employer Account. Employer contributions are based on a percentage of salary at rates based on actuarial valuations. The rate for 2014-2015 was 20.5 percent.

For 2014-2015 the Police Employer Account's and the Fund's prescribed proportions of benefit payments for members of the Scheme were 81 percent and 19 percent respectively in accordance with the recommendations of Mr G Keen, FIAA and Mr L Brett, FIAA of Brett and Watson Pty Ltd in the Actuarial Report as at 30 June 2011.

The most recent actuarial review of the Police Superannuation Fund, based on the state of the Fund as at 30 June 2014, was carried out by Mr G Keen, FIAA and Mr B Watson, FIAA of Brett and Watson Pty Ltd. In line with the recommendations of Mr Keen and Mr Watson the Board determined the Employer and Fund's prescribed proportions of benefit payments for members of the Pension Scheme will change to 78 and 22 percent respectively, effective 11 July 2015. In the same report Mr Keen and Mr Watson recommended the Government contribution for future service liabilities is to remain at 20.5 percent.

For the year ended 30 June 2015 \$27.3 million (\$28.6 million in 2013-2014) was deposited into the Police Employer Account in relation to employer contributions on behalf of members.

Police Superannuation Scheme

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 2015 the Government transferred a further \$59.9 million (\$64.7 million in 2013-2014) to the Police Employer Account to meet liabilities in respect of the Scheme.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report prepared in accordance with relevant Australian Accounting Standards, Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" (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 Australian Accounting Standards 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 2015. AASB 1056 *Superannuation Entities* was recently issued and becomes mandatory for the Board's financial statements in 2016-2017. The Board does not plan to adopt this standard early and the extent of the impact has not yet been determined.

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 A

The Inflation Linked Securities A portfolio comprises two sub-sectors:

Externally Managed Inflation Linked Securities

Externally managed inflation linked securities are 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.

Internally Managed Inflation Linked Securities

Internally managed inflation linked securities, the returns of which are linked to movements in either the Consumer Price Index 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.

(ii) 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 the 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.

(iii) 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.

(iv) 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.

Police Superannuation Scheme

(v) Long Term and Short Term Fixed Interest

The Long Term and Short Term Fixed Interest portfolios are 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.

(vi) 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 (December 2012). 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.

(vii) 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.

(viii) 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 Scheme is a constitutionally protected superannuation fund in terms of Section 295-15 of the Income Tax Assessment Act 1997, Regulation 995-1.04 (Schedule 4) and is exempt from income tax. Therefore no income tax has been brought to account in this financial report.

(d) Revenue

Superannuation contributions and other revenue are brought to account on an accrual basis.

Police Superannuation Scheme

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(e) 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 2015, funds of the Scheme were invested in the Growth option.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to the investment option.

(f) Receivables and Payables

Contributions receivable are contributions relating to the 2014-2015 financial year received by the Scheme after 30 June 2015.

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 2015 but who had not been paid until after 30 June 2015.

(g) Goods and Services Tax

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 inclusive of GST.

(h) Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard 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.

Police Superannuation Scheme

3. Liability for Accrued Benefits

The present value of the accrued benefit liabilities of the Scheme has been determined by Mr G Keen, FIAA of Brett & Watson Pty Ltd and is shown below.

The accrued benefit liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2015 and were based on membership data as at 30 June 2015.

The expected future benefit payments have been determined using the 2014 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 Consumer Price Index (CPI) have been allowed for. In accordance with Australian Accounting Standard AAS25 "Financial Reporting by Superannuation Plans", 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 has been applied.

Accrued Benefits		
	2015 Pension Division	2014 Pension Division
Changes in the liability for accrued benefits:		
Liability for accrued benefits at 1 July	1,980,947	1,903,780
Add: Benefits Expense	105,578	155,595
Less: Benefits Paid	81,345	77,798
Less: Administration Expense	616	630
Liability for accrued benefits at 30 June	2,004,564	1,980,947
Represented by		
Fund Old Scheme Account	442,034	377,610
Police Employer Account	1,562,530	1,603,337
Totals	2,004,564	1,980,947

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 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.

Police Superannuation Scheme

During 2014-2015 the funding proportion for the Fund Old Scheme Account was 19 percent and the Government contribution for future service liabilities for 2014-2015 was 20.5 percent in line with the recommendations made in the Actuarial Report as at 30 June 2011.

The most recent actuarial review as at 30 June 2014 was carried out by Mr G Keen, FIAA and Mr B Watson, FIAA of Brett & Watson Pty Ltd. On 29 June 2015 the Board was provided with the Actuarial Report as at 30 June 2014 and the following recommendations were made in that report:

- a) The funding proportion for the Fund to be increased from 19 percent to 22 percent.
- b) The Government contribution for future service liabilities for the Pension Division remains at the current level of 20.5 percent.

In line with the above recommendations the Board determined the funding proportion for the Fund Old Scheme Account will change to 22 percent, effective 11 July 2015.

The following table illustrates the unfunded liability of the Scheme as at 30 June 2015 and the previous year.

Unfunded Liability		
	2015 Pension Division	2014 Pension Division
Liability for accrued benefits at 30 June	2,004,564	1,980,947
Less net assets available to pay benefits at 30 June	1,417,640	1,276,751
Unfunded liability at 30 June	586,924	704,196
Represented by		
Fund Old Scheme Account	(36,926)	(66,501)
Police Employer Account	623,850	770,697
Totals	586,924	704,196

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.

Police Superannuation 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 have been determined by Mr G Keen, FIAA and Mr L Brett, FIAA of Brett & Watson Pty Ltd based on the assumption 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.

Vested Liabilities		
	2015 Pension Division	2014 Pension Division
Fund Old Scheme Account	472,026	379,188
Police Employer Account	1,668,131	1,607,908
Totals	2,140,157	1,987,096

5. Guaranteed Benefits

The following guaranteed superannuation benefits are payable to contributors of the Scheme and are set out in the Act:

- Age retirement lump sum (age 50 to 55).
- Age retirement pension with commutation lump sum option (age 55 and over).
- Age retirement lump sum (age 55 and over).
- Total and permanent incapacity (under age 60), based on contributors age 60 age retirement pension benefit.
- Death benefit pension payable to a surviving eligible spouse (lawful, de facto or same sex) with commutation lump sum option.
- Death benefit pension payable to an eligible child (under age 16 or aged between 17 and 25).
- Death benefit lump sum payable to deceased contributors' estate if not survived by an eligible spouse or child.

6. Administration and Direct Investment Expenses

Administration expenses incurred by the Board are financed from the Fund Old Scheme Account and the Police Employer Account in the prescribed proportions of 30 and 70 percent respectively, in accordance with section 10(7) of the Act.

Police Superannuation Scheme

Administration expenses incurred by the Scheme for 2014-2015 amounted to \$616,000 (\$630,000 in 2013-2014) of which the Fund's proportion was \$187,000 (\$190,000 in 2013-2014) and the Employer's proportion was \$429,000 (\$440,000 in 2013-2014). Of the \$616,000, \$532,000 (\$553,000 in 2013-2014) 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 2014-2015, along with the period served.

Board member	Period Served during 2014-2015		
Graeme Barton	30/10/2014	to	30/06/2015
Michael Ramm	01/07/2014	to	29/10/2014
Keryl Howie*	01/07/2014	to	30/06/2015
Ferdi Pit	02/03/2015	to	30/06/2015
Kingsley Oakley	01/07/2014	to	22/02/2015
Bernadette Zimmermann*	01/07/2014	to	30/06/2015
Thomas Scheffler*	30/10/2014	to	30/06/2015
David Reynolds*	01/07/2014	to	29/10/2014
Deputy member	Period Served during 2014-2015		
Garry Powell*	01/07/2014	to	30/06/2015
Ferdi Pit	01/07/2014	to	29/10/2014
Julie Thomas*	02/03/2015	to	30/06/2015
Linda Fellows*	01/07/2014	to	22/02/2015
Neil Smith	02/03/2015	to	30/06/2015
Samantha Strange*	30/10/2014	to	30/06/2015
Allan Cannon*	01/07/2014	to	29/10/2014
Trevor Milne*	01/07/2014	to	30/06/2015

Board and Deputy members remuneration is set according to State Government guidelines for Statutory Authorities.

* In accordance with the Department of the Premier and Cabinet Circular No. 16, Board and Deputy members who are government employees do not receive remuneration for their board membership. Board and Deputy members who are contributors of the Scheme contribute on the same terms as other contributors.

Total remuneration received or due and receivable by Board and Deputy members of the Board in 2014-2015 was \$9,000 (\$10,000 in 2013-2014). Total remuneration included superannuation of \$600 (\$600 in 2013-2014).

Police Superannuation Scheme

The number of Board and Deputy members whose remuneration was within the following bands is as follows:

Total Remuneration	Number of Board and Deputy Members	
	2015	2014
\$1 - \$10,000	4	3

8. Remuneration of Auditors

Amounts paid or payable to the Auditor-General's Department for auditing the accounts of the Board in 2014-2015 total \$21,000 (\$20,000 in 2013-2014).

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

9. Summary of Investment Holdings

	Fund Old Scheme Account 2015 \$'000	Police Employer Account 2015 \$'000	Total 2015 \$'000	Total 2014 \$'000
INVESTMENTS				
Inflation Linked Securities A	34,339	67,291	101,630	96,480
Property A	69,043	135,295	204,338	180,657
Australian Equities A	114,879	225,114	339,993	305,176
International Equities A	122,854	240,741	363,595	349,683
Long Term Fixed Interest	9,408	18,436	27,844	20,354
Short Term Fixed Interest	-	-	-	6,892
Diversified Strategies – Growth A	46,657	91,428	138,085	109,273
Diversified Strategies – Income	65,969	129,271	195,240	178,258
Cash	15,820	31,000	46,820	29,704
Total Investments	478,969	938,576	1,417,545	1,276,477

Police Superannuation Scheme

10. Changes in Net Assets

Transactions within each division are summarised below:

	Fund Old Scheme Account 2015 \$'000	Police Employer Account 2015 \$'000	Total 2015 \$'000	Fund Old Scheme Account 2014 \$'000	Police Employer Account 2014 \$'000	Total 2014 \$'000
NET ASSETS AVAILABLE TO PAY BENEFITS AT 1 JULY	444,111	832,640	1,276,751	394,290	695,751	1,090,041
REVENUE						
Investment Revenue	47,354	91,418	138,772	61,003	112,417	173,420
Other Income	7	30	37	6	25	31
CONTRIBUTION REVENUE						
Past Service Liability	-	59,900	59,900	-	64,700	64,700
Employer Contributions	-	27,335	27,335	-	28,553	28,553
Member Contributions	6,418	-	6,418	6,648	-	6,648
Government Co-Contributions	-	2	2	-	3	3
SG Contributions	-	1	1	-	-	-
Total Contribution Revenue	6,418	87,238	93,656	6,648	93,256	99,904
Total Revenue	53,779	178,686	232,465	67,657	205,698	273,355
EXPENSES						
Direct Investment Expense	(3,288)	(6,327)	(9,615)	(2,865)	(5,352)	(8,217)
Administration Expense	(187)	(429)	(616)	(190)	(440)	(630)
BENEFITS PAID						
Pensions	(12,147)	(51,785)	(63,932)	(11,184)	(47,679)	(58,863)
Commutations	(1,848)	(7,878)	(9,726)	(2,100)	(8,954)	(11,054)
Lump Sums	(1,460)	(6,224)	(7,684)	(1,497)	(6,381)	(7,878)
Government Co-Contributions	-	(2)	(2)	-	(3)	(3)
SG Contributions	-	(1)	(1)	-	-	-
Total Benefits Paid	(15,455)	(65,890)	(81,345)	(14,781)	(63,017)	(77,798)
Total Expenses	(18,930)	(72,646)	(91,576)	(17,836)	(68,809)	(86,645)
NET INCREASE IN FUNDS	34,849	106,040	140,889	49,821	136,889	186,710
NET ASSETS AVAILABLE TO PAY BENEFITS AT 30 JUNE	478,960	938,680	1,417,640	444,111	832,640	1,276,751

Police Superannuation Scheme

11. Benefits Paid

All benefit payments were met in the first instance from the 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.

	Pension Division 2015 \$'000	Pension Division 2014 \$'000
PENSIONS		
Funded from:		
Fund Old Scheme Account	12,147	11,184
Police Employer Account	51,785	47,679
Gross Scheme Costs	63,932	58,863
COMMUTATION LUMP SUMS		
Funded from:		
Fund Old Scheme Account	1,848	2,100
Police Employer Account	7,878	8,954
Gross Scheme Costs	9,726	11,054
LUMP SUMS		
Funded from:		
Fund Old Scheme Account	1,460	1,497
Police Employer Account	6,224	6,381
Gross Scheme Costs	7,684	7,878
GOVERNMENT CO-CONTRIBUTIONS		
Funded from:		
Police Employer Account	2	3
Gross Scheme Costs	2	3
SG CONTRIBUTIONS		
Funded from:		
Police Employer Account	1	-
Gross Scheme Costs	1	-
TOTAL BENEFITS PAID		
Funded from:		
Fund Old Scheme Account	15,455	14,781
Police Employer Account	65,890	63,017
Gross Scheme Costs	81,345	77,798

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 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 have invested in assets denominated in foreign currencies.

Police Superannuation Scheme

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) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures in the international equities asset sector are 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. These standard deviations provide the risk variable to be applied to each option in the year ahead. The following table illustrates the effect on change in investment assets from possible changes in market price risk.

Police Superannuation Scheme

2015

Investment Option	Sensitivity variable	Standard Deviation	Change in Investment assets \$'000
Growth	Nominal standard deviation	10%	141,754
Total			141,754

2014

Investment Option	Sensitivity variable	Standard Deviation	
Growth	Nominal standard deviation	9.9%	126,371
Total			126,371

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 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.

30 June 2015	Less than 3 months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	966	966	966
Sundry Creditors	146	146	146
Vested benefits ⁽ⁱ⁾	2,140,157	2,140,157	2,140,157
Total	2,141,269	2,141,269	2,141,269

30 June 2014	Less than 3 months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	729	729	729
Sundry Creditors	146	146	146
Vested benefits ⁽ⁱ⁾	1,987,096	1,987,096	1,987,096
Total	1,987,971	1,987,971	1,987,971

Police Superannuation Scheme

(i) Vested benefits have been included in the less than 3 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 table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss (Level 1 and level 3 are not relevant to the Scheme)

Level 2
\$'000

30 June 2015

Unlisted managed investment schemes

Funds SA

1,417,545

1,417,545

30 June 2014

Unlisted managed investment schemes

Funds SA

1,276,477

1,276,477

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.

Police Superannuation Scheme

Statement by Responsible Officers for 30 June 2015

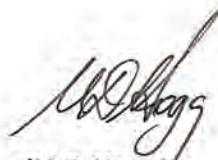
We certify that the:

- financial statements of the Police Superannuation Board:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Police Superannuation Board over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



(G A Barton)
Presiding Member
Police Superannuation Board

10/09/2015



(M D Hogg)
Manager
Police Super

10/09/2015



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**To the Presiding Member
Police Superannuation Board**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Police Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Net Assets as at 30 June 2015
- a Statement of Changes in Net Assets for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Manager, Police Super.

Police Superannuation Board's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Members of the Police Superannuation Board, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Police Superannuation Scheme as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

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

Andrew Richardson

Auditor-General

16 September 2015

Department of the
Premier and Cabinet

Financial report
for the year ended
30 June 2015

Department of the Premier and Cabinet

Statement of Comprehensive Income
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Employee benefits	6	156 744	187 237
Supplies and services	7	120 572	143 566
Grants and subsidies	8	10 119	131 416
Depreciation and amortisation	9	10 246	18 048
Net loss from disposal of non-current assets	17	-	400
Other expenses	10	250	391
Resources provided free of charge	11	41	556
Total expenses		297 972	481 614
Income			
Fees and charges	13	200 741	221 640
Commonwealth revenue	14	-	510
Grants	15	1 996	12 672
Interest		3	23
Resources received free of charge	16	31	1 750
Community Development Fund		-	900
Recoveries from administered items		1 267	1 857
Net gain from disposal of non-current assets	17	705	-
Other income	18	1 059	1 242
Total income		205 802	240 594
Net cost of providing services		92 170	241 020
Revenues from / payments to SA Government			
Revenues from SA Government	19	93 438	257 432
Payments to SA Government	19	(5 500)	-
Net revenues from SA Government		87 938	257 432
Net result		(4 232)	16 412
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		-	5 460
Total other comprehensive income		-	5 460
Total comprehensive result		(4 232)	21 872

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

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

Department of the Premier and Cabinet

Statement of Financial Position

as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	20	55 845	63 349
Receivables	21	25 793	28 752
Inventories		93	92
Non-current assets classified as held for sale	22	-	4 242
Total current assets		81 731	96 435
Non-current assets			
Receivables	21	149	228
Property, plant and equipment	23	31 566	206 402
Works of art	23	27	5 110
Intangible assets	24	6 337	4 542
Total non-current assets		38 079	216 282
Total assets		119 810	312 717
Current liabilities			
Payables	26	15 742	18 324
Employee benefits	27	19 144	21 637
Provisions	28	609	3 505
Other liabilities	29	373	1 815
Total current liabilities		35 868	45 281
Non-current liabilities			
Payables	26	2 428	3 072
Employee benefits	27	27 130	33 128
Provisions	28	1 815	3 474
Other liabilities	29	1 260	1 620
Total non-current liabilities		32 633	41 294
Total liabilities		68 501	86 575
Net assets		51 309	226 142
Equity			
Contributed capital		916	45 221
Asset revaluation surplus		2 339	39 382
Retained earnings		48 054	141 539
Total equity		51 309	226 142
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	31		
Contingent assets and liabilities	32		

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

Department of the Premier and Cabinet

**Statement of Changes in Equity
for the year ended 30 June 2015**

	Contributed capital	Asset revaluation surplus	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2013	45 221	33 922	131 089	210 232
Net result for 2013-14	-	-	16 412	16 412
Gain on revaluation of land and buildings	-	5 460	-	5 460
Total Comprehensive result for 2013-14	-	5 460	16 412	21 872
Transactions with SA Government as owner:				
Net assets transferred in as a result of an administrative restructure	-	-	(3 369)	(3 369)
Prior period adjustment	-	-	(2 593)	(2 593)
Balance at 30 June 2014	45 221	39 382	141 539	226 142
Net result for 2014-15	-	-	(4 232)	(4 232)
Total Comprehensive result for 2014-15	-	-	(4 232)	(4 232)
Transfer between equity components	(45 221)	(37 043)	82 264	-
Transactions with SA Government as owner:				
Net assets transferred out as a result of an administrative restructure	-	-	(171 212)	(171 212)
Correction of error	-	-	(305)	(305)
Equity contribution from the State Government	916	-	-	916
Balance at 30 June 2015	916	2 339	48 054	51 309

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

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

Department of the Premier and Cabinet

**Statement of Cash Flows
for the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits		(155 838)	(189 597)
Supplies and services		(136 847)	(170 698)
Grants and subsidies		(11 138)	(146 656)
GST paid to the Australian Taxation Office		(5 600)	-
Other payments		(250)	(689)
Cash used in operations		(309 673)	(507 640)
Cash inflows			
Fees and charges		218 262	254 992
Commonwealth revenues		-	510
Grants		2 137	12 888
Interest received		3	23
Community Development Fund		-	900
Recoveries from administered items		1 271	1 857
GST recovered from the Australian Taxation Office		-	4 194
Other receipts		1 076	1 620
Cash generated from operations		222 749	276 984
Cash flows from SA Government			
Receipts from SA Government		93 438	257 432
Payments to SA Government		(5 500)	-
Cash generated from SA Government		87 938	257 432
Net cash provided by operating activities	34	1 014	26 776
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(4 275)	(13 777)
Purchase of intangible assets		(3 590)	(848)
Cash used in investing activities		(7 865)	(14 625)
Cash inflows			
Proceeds from sale of property, plant and equipment		5 584	30
Cash generated from investing activities		5 584	30
Net cash used in investing activities		(2 281)	(14 595)
Cash flows from financing activities			
Cash outflows			
Cash transferred as a result of restructuring activities		(7 153)	-
Cash used in financing activities		(7 153)	-
Cash inflows			
Capital contribution from the State Government		916	-
Cash generated from financing activities		916	-
Net cash used in financing activities		(6 237)	-
Net (decrease) increase in cash and cash equivalents held		(7 504)	12 181
Cash and cash equivalents at the beginning of the financial year		63 349	51 168
Cash and cash equivalents at the end of the financial year	20	55 845	63 349

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

Department of the Premier and Cabinet

**DISAGGREGATED DISCLOSURES
EXPENSES AND INCOME**

For the year ended 30 June 2015

	Premier and Cabinet Advice Support		Strategic Engagement and Communications		Business Competitiveness and International Engagement		Agent-General		Support Services and Community Programs		Community Services	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses												
Employee benefits	4 868	5 754	2 720	2 275	3 293	4 905	954	882	30 410	22 441	4 390	5 269
Supplies and services	1 337	1 266	3 669	2 718	743	1 398	995	837	14 018	12 356	3 945	4 816
Grants and subsidies	-	-	1 657	1 427	7 775	435	-	-	557	1 026	-	-
Depreciation and amortisation	48	45	10	8	14	13	45	51	804	391	670	879
Net loss from disposal of non-current assets	-	5	-	-	-	-	-	(2)	-	(2)	-	-
Other expenses	-	15	11	1	5	-	-	106	219	(7)	11	5
Resources provided free of charge	-	-	-	-	-	-	-	-	41	-	-	-
Total expenses	6 253	7 085	8 067	6 429	11 830	6 751	1 994	1 876	46 049	36 205	9 016	10 969
Income												
Fees and charges	14	34	356	168	152	11	116	204	12 118	4 689	1 733	1 882
Commonwealth revenues	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	470	688	100	100	-	-	21	20	-	-
Interest	-	-	-	-	-	-	3	1	-	-	-	-
Resources received free of charge	-	-	-	-	-	-	-	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries from administered items	-	-	1 017	988	250	250	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-	1 258	-	-	-	(318)	-
Other income	3	1	-	303	-	-	206	209	416	106	19	26
Total income	17	35	1 843	2 147	502	361	1 583	414	12 555	4 815	1 434	1 908
Net cost of providing services	6 236	7 050	6 224	4 282	11 328	6 390	411	1 462	33 494	31 390	7 582	9 061
Revenues from/(payments to) SA												
Revenues from SA Government	-	-	-	-	-	-	-	-	81 448	102 925	-	-
Payments to SA Government	-	-	-	-	-	-	(5 500)	-	-	-	-	-
Total revenues from/(payments to) SA	-	-	-	-	-	-	(5 500)	-	81 448	102 925	-	-
Government												
Net result	(6 236)	(7 050)	(6 224)	(4 282)	(11 328)	(6 390)	(5 911)	(1 462)	47 954	71 535	(7 582)	(9 061)

**DISAGGREGATED DISCLOSURES
EXPENSES AND INCOME**

For the year ended 30 June 2015

	Capital City		Industry Participation Advocate		Information and Communication Technology Services		Government Services		Public Sector Performance		Library and Information Services		Access to Art, Museum and Heritage Services and Preservation of State Collections	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses														
Employee benefits	501	484	1 034	939	17 163	16 206	81 695	81 271	9 716	8 698	-	505	-	3 241
Supplies and services	91	90	295	398	49 578	48 951	52 514	66 037	3 808	4 717	-	591	-	1 357
Grants and subsidies	-	-	-	72	130	220	-	-	-	50	-	32 880	-	29 423
Depreciation and amortisation	-	3	29	-	5 755	6 187	2 757	3 172	114	18	-	11	-	208
Net loss from disposal of non-current assets	-	-	-	-	-	122	-	186	-	-	-	-	-	1
Other expenses	-	-	-	-	38	37	234	321	29	56	-	-	-	-
Resources provided free of charge	-	-	-	-	-	-	-	141	-	-	-	71	-	116
Total expenses	592	577	1 358	1 409	72 664	71 723	137 200	151 128	13 667	13 539	-	34 058	-	34 346
Income														
Fees and charges	-	-	-	(1)	59 330	56 373	132 450	145 783	4 778	4 374	-	66	-	859
Commonwealth revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants	288	283	-	-	-	-	136	216	981	5	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	31	-	-	-	-	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	(235)	-	-	-	-	38	-	-	-	-
Other income	-	-	-	-	514	19	-	4	313	144	-	108	-	206
Total income	288	283	-	(1)	59 640	56 392	132 586	146 003	6 072	4 561	-	174	-	1 065
Net cost of providing services	304	294	1 358	1 410	13 024	15 331	4 614	5 125	7 595	8 978	-	33 884	-	33 281
Revenues from/(payments to) SA														
Revenues from SA Government	-	-	-	-	1 870	15 067	10 120	6 471	-	-	-	22 605	-	39 336
Payments to SA Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues from/(payments to) SA	-	-	-	-	1 870	15 067	10 120	6 471	-	-	-	22 605	-	39 336
Government														
Net result	(304)	(294)	(1 358)	(1 410)	(11 154)	(264)	5 506	1 346	(7 595)	(8 978)	-	(11 279)	-	6 055

**DISAGGREGATED DISCLOSURES
EXPENSES AND INCOME**

For the year ended 30 June 2015

	Arts Industry Development and Access to Artistic Product		Safework SA		Aboriginal Affairs and Reconciliation		Office of the Economic Development Board		Invest in South Australia		General/Not attributable		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses														
Employee benefits	-	2 562	-	25 904	-	5 977	-	5	-	6	-	(87)	156 744	187 237
Supplies and services	-	1 875	-	8 832	-	2 549	-	20	-	31	(10 421)	(15 273)	120 572	143 566
Grants and subsidies	-	60 567	-	2 984	-	4 508	-	-	-	-	-	(2 176)	10 119	131 416
Depreciation and amortisation	-	6 035	-	886	-	141	-	-	-	-	-	-	10 246	18 048
Net loss from disposal of non-current assets	-	88	-	-	-	-	-	-	-	-	(297)	(342)	-	400
Other expenses	-	1	-	183	-	15	-	-	-	-	-	-	250	391
Resources provided free of charge	-	228	-	-	-	-	-	-	-	-	-	-	41	556
Total expenses	-	71 356	-	38 789	-	13 190	-	25	-	37	(10 718)	(17 878)	297 972	481 614
Income														
Fees and charges	-	6 453	-	15 874	-	5	-	-	-	-	(10 306)	(15 134)	200 741	221 640
Commonwealth revenues	-	510	-	-	-	-	-	-	-	-	-	-	-	510
Grants	-	-	-	11 396	-	180	-	-	-	-	-	(216)	1 996	12 672
Interest	-	-	-	-	-	22	-	-	-	-	-	-	3	23
Resources received free of charge	-	1 750	-	-	-	-	-	-	-	-	-	-	31	1 750
Community Development Fund	-	900	-	-	-	-	-	-	-	-	-	-	-	900
Recoveries from administered items	-	-	-	53	-	779	-	-	-	-	-	(251)	1 267	1 857
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	705	-
Other income	-	263	-	-	-	25	-	-	-	-	(412)	(172)	1 059	1 242
Total income	-	9 876	-	27 323	-	1 011	-	-	-	-	(10 718)	(15 773)	205 802	240 594
Net cost of providing services	-	61 480	-	11 466	-	12 179	-	25	-	37	-	(2 105)	92 170	241 020
Revenues from/(payments to) SA														
Revenues from SA Government	-	73 133	-	-	-	-	-	-	-	-	-	(2 105)	93 438	257 432
Payments to SA Government	-	-	-	-	-	-	-	-	-	-	-	-	(5 500)	-
Total revenues from/(payments to) SA	-	73 133	-	-	-	-	-	-	-	-	-	(2 105)	87 938	257 432
Government														
Net result	-	11 653	-	(11 466)	-	(12 179)	-	(25)	-	(37)	-	-	(4 232)	16 412

**DISAGGREGATED DISCLOSURES
ASSETS AND LIABILITIES**

For the year ended 30 June 2015

	Premier and Cabinet Advice Support		Strategic Engagement and Communications		Business Competitiveness and International Engagement		Agent-General		Support Services and Community Programs		Community Services		Capital City	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets														
Cash and cash equivalents	-	-	-	-	-	-	332	416	52 415	52 679	-	-	-	-
Receivables	-	29	-	-	-	10	109	7	7 826	5 710	29	11	-	6
Inventories	-	-	-	-	-	-	-	-	22	24	7	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	4 242	-	-	-	-	-	-
Property, plant and equipment	17	37	17	-	29	25	528	545	388	1 522	2 678	3 260	-	4
Works of art	-	-	-	-	-	-	27	27	-	-	-	-	-	-
Intangible assets	44	62	195	7	-	-	-	-	-	44	83	147	-	-
Total assets	61	128	212	7	29	35	996	5 237	60 651	59 979	2 797	3 419	-	10
Liabilities														
Payables	-	-	-	-	-	59	72	9	8 652	8 140	217	-	-	-
Employee benefits	-	-	-	-	-	209	30	25	18 927	16 049	945	-	65	-
Provisions	-	-	-	-	-	2	-	-	1 438	5 742	6	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	13	28	-	-
Total liabilities	-	-	-	-	-	270	102	34	29 017	29 931	1 181	28	65	-

**DISAGGREGATED DISCLOSURES
ASSETS AND LIABILITIES**

For the year ended 30 June 2015

	Industry Participation Advocate		Information and Communication Technology Services		Government Services		Public Sector Performance		Library and Information Services		Access to Art, Museum and Heritage Services and Preservation of State Collections		Arts Industry Development and Access to Artistic Product	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets														
Cash and cash equivalents	-	-	-	-	3 098	3 099	-	1	-	994	-	1 866	-	3 217
Receivables	4	-	5 585	6 337	13 206	13 749	-	16	-	802	-	1 459	-	2 190
Inventories	-	-	49	53	15	15	-	-	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	159	-	23 710	26 213	3 832	4 523	208	24	-	3 494	-	7 247	-	144 497
Works of art	-	-	-	-	-	-	-	-	-	7	-	33	-	5 043
Intangible assets	-	-	3 853	1 974	1 968	1 938	194	-	-	-	-	-	-	370
Total assets	163	-	33 197	34 577	22 119	23 324	402	41	-	5 297	-	10 605	-	155 317
Liabilities														
Payables	35	-	3 736	3 415	6 275	6 278	-	-	-	554	-	994	-	1 166
Employee benefits	324	-	827	4 577	25 156	24 256	-	-	-	191	-	965	-	619
Provisions	1	-	-	232	979	827	-	-	-	8	-	86	-	27
Other liabilities	-	-	-	-	1 620	1 980	-	-	-	-	-	17	-	1 410
Total liabilities	360	-	4 563	8 224	34 030	33 341	-	-	-	753	-	2 062	-	3 222

**DISAGGREGATED DISCLOSURES
ASSETS AND LIABILITIES**

For the year ended 30 June 2015

	Safework SA		Aboriginal Affairs and Reconciliation		Office of the Economic Development Board		Invest in South Australia		General/Not attributable		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets												
Cash and cash equivalents	-	36	-	1 040	-	-	-	-	-	-	55 845	63 349
Receivables	-	194	-	126	-	-	-	10	(817)	(1 676)	25 942	28 980
Inventories	-	-	-	-	-	-	-	-	-	-	93	92
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	4 242
Property, plant and equipment	-	12 949	-	2 062	-	-	-	-	-	-	31 566	206 402
Works of art	-	-	-	-	-	-	-	-	-	-	27	5 110
Intangible assets	-	-	-	-	-	-	-	-	-	-	6 337	4 542
Total assets	-	13 179	-	3 228	-	-	-	10	(817)	(1 676)	119 810	312 717
Liabilities												
Payables	-	1 205	-	1 194	-	31	-	27	(817)	(1 676)	18 170	21 396
Employee benefits	-	6 064	-	1 603	-	98	-	109	-	-	46 274	54 765
Provisions	-	43	-	10	-	1	-	1	-	-	2 424	6 979
Other liabilities	-	-	-	-	-	-	-	-	-	-	1 633	3 435
Total liabilities	-	7 312	-	2 807	-	130	-	137	(817)	(1 676)	68 501	86 575

Department of the Premier and Cabinet

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Department of the Premier and Cabinet

1. Objectives of the Department of the Premier and Cabinet

The Department of the Premier and Cabinet (the department) delivers specialist policy advice to the Premier and Ministers and supports the Cabinet process. The department provides direction and leadership to the South Australian public sector, with a particular focus on the government's policy commitments in the areas of economic development, increasing community engagement with government and working with regional South Australia.

The department leads the implementation of South Australia's Strategic Plan and the Government's strategic priorities, has overarching responsibility for Commonwealth-State relations and drives key government initiatives across a range of services benefitting other government agencies and the community. The department works with these groups to develop policies and to deliver programs in areas including industry participation, international engagement, shared services, service to the community through information communication technologies, public sector performance and government records access and preservation.

2. Summary of significant accounting policies

2.1. Statement of compliance

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

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

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

Except for AASB 2015-7 which the department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the department for the reporting period ended 30 June 2015. Refer to Note 4.

2.2. Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- the selection and application of accounting policies in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and

Department of the Premier and Cabinet

- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - a) revenue, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and comparative information presented for the year ended 30 June 2014.

2.3. Reporting entity

The department is a government department of the State of South Australia established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown. The financial statements and accompanying notes encompass all the controlled activities of the department (refer to the disaggregated schedule for details of the department's controlled activities).

The department does not control any other entity and has no interests in unconsolidated structured entities. In forming this view, the department considered its involvement with the Anzac Day Commemoration Council (ADCC) and determined that it does not control ADCC.

In making this assessment, the department considered its power over the entity, its exposure or rights to variable returns from its involvement with the entity and the ability to use its power to affect return amounts.

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

Department of the Premier and Cabinet

Administered resources

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

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

2.4. Transferred functions

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

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

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

2.5. Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budget or administrative restructures/machinery of government changes. The budget process is not subject to audit.

2.6. Comparative information

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

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

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

Department of the Premier and Cabinet

2.7. Rounding

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

2.8. Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, land tax equivalents and local government rate equivalents.

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

- the amount of GST incurred by the department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

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

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

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

2.9. Events after the reporting period

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

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

Events after 30 June 2015 are outlined in note 38 Events after the reporting period.

2.10 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.

Department of the Premier and Cabinet

The following are specific recognition criteria:

Fees and Charges

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

Grants

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

Community Development Fund

Income is received on an annual basis from the State Government's Community Development Fund. The Community Development Fund was established under the *Gaming Machines Act 1992*. Money paid into this Fund is to be applied towards financial assistance for community development and the provision of government health, welfare or education services.

Resources received free of charge

Resources received free of charge from external parties are recognised in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when the fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

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

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

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

Other income

Other income consists of refunds and other recoveries.

2.11 Expenses

Expenses are recognised when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

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

Employee benefits expense

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

Department of the Premier and Cabinet

Superannuation

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

Grants and subsidies

Grants and subsidies that the department pays to other entities for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant or subsidy. These entities may be other SA Government agencies, non-government organisations or the public. The grants and subsidies given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the department has a present obligation to pay the contribution.

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

Depreciation and amortisation of non-current assets

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

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

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

Land is not depreciated.

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

Class of Asset	Useful Life (Years)
Buildings and Improvements	5 to 100
Transportable accommodation	10 to 20
Furniture and Fittings	5 to 10
Plant and Equipment	3 to 20
Office Equipment	3 to 30
IT Equipment	3 to 10
PABX Equipment	3 to 7
Transmission Equipment	5 to 40
StateNet Core	5
Motor vehicles	4
Intangibles - Computer Software	1 to 15

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

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

A gain (loss) from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When re-valued assets are sold, the revaluation increments are transferred to retained earnings.

Resources provided free of charge

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

Payments to SA Government

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

2.12 Current and non-current classification

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

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

2.13 Assets

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

Cash and cash equivalents

Cash and cash equivalents as reported in the Statement of Financial Position 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.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

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

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

The department determines the allowance for doubtful debts based on a review of balances within receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Department of the Premier and Cabinet

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 after allowing for accumulated depreciation.

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

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

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

Revaluation of non-current assets

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

Every 5 years, the department revalues its land, buildings and artwork via a Certified Practising Valuer. If at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are re-valued to fair value.

An independent valuation of the land, buildings and artwork was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

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

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

Impairment of assets

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

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

Intangible assets

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

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised.

Fair value measurement

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

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

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

Non-financial assets

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

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

Refer to Notes 23, 24 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

The department does not recognise any financial assets at fair value.

2.14 Liabilities

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

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

Payables

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

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

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

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The Paid Parental Leave Scheme payable represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

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

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

Employee benefits

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

(i) *Salaries and wages*

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

(ii) *Annual Leave*

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

(iii) *Employment on-costs*

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

Department of the Premier and Cabinet

(iv) *Long service leave*

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

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

(v) *Skills and experience retention leave*

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

(vi) *Sick leave*

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

Workers compensation provision

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

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an annual actuarial assessment as at 30 June 2015 performed by the consulting actuaries to the Office of the Public Sector division of the department.

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

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the Payment Per Claim Incurred valuation method. The assessment has been conducted in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the Work Cover Guidelines for Actuarial Assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

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Copyright Provision

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

2.15 Contributed/distributed capital

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

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

2.16 Leases

The department as lessee

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

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

The department as lessor

As at 30 June 2014, the department leased the Adelaide Festival Centre and Her Majesty's Theatre to the Adelaide Festival Centre Trust through an operating lease. This lease transferred to the Department of State Development effective 1 July 2014.

Income from operating leases was recognised as rental income in the period incurred, and was representative of the pattern of benefits derived from the leased assets.

Lease incentives

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

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

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2.17 Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. Hedging arrangements

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

The department did not have any outstanding hedges at 30 June 2015.

4. New and revised accounting standards

Except for AASB 2015-7 which the department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the department for the period ending 30 June 2015. 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.

In accordance with the new Australian Accounting Standard AASB 1055 *Budgetary Reporting*, which comes into effect for the first time for the year ending 30 June 2015, the department has:

- included a comprehensive new note "Budgetary reporting and explanations of major variances" (note 33). This note discloses, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for both controlled and administered amounts:
 - the department's original budget as published in Budget Paper 4
 - a comparison of the original budget information to actual results
 - explanations of major variances.

In accordance with the new AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, which became effective for the first time in 2014-15, the department has reviewed its control assessments (i.e. the department's involvement with the entity, protective and substantive rights; ability to direct major relevant activities etc.) in accordance with AASB 10 and its classification assessments in accordance to AASB 11 and has concluded that there is no impact. The department does not currently control another entity and does not have any joint arrangements within the scope of AASB 11.

The department will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

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5. Activities of the department

The department has identified eleven major classes of activities that it delivers to the community and the Premier. These are listed as activities 1 to 11. Activities 12 to 16 were part of the department during 2013-14 but have transferred to other departments as a result of machinery of government changes and have been disclosed for comparative purposes. The identity and description of each major activity class for the department during the year ended 30 June 2015 are summarised below (refer to the department's Disaggregated Disclosures).

Activity 1 – Premier and Cabinet Advice and Support

Coordination and leadership of across government policy proposals for the consideration of the Premier and Cabinet; leadership in relation to South Australia's Strategic Plan and Strategic Priorities in government and the wider community; support to the Premier in intergovernmental relations; and provision of support to Cabinet and Cabinet committees.

Activity 2- Strategic Engagement and Communications

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

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished responsibility for Invest in SA and the Office of the Economic Development Board. Assets and liabilities relating to these business units were transferred to the Department of State Development effective 1 July 2014. Refer to note 30. These divisions are disclosed separately for comparative purposes in the Disaggregated Disclosures.

Activity 3 – Business Competitiveness and International Engagement

Central Agency focus on providing analysis and advice on opportunities to enhance business competitiveness, economic growth and development, provide strategic legal and commercial advice on major development projects, lead and direct implementation of new business deregulation agenda across government, and lead an integrated approach to the state's strategic international engagement.

Activity 4 - Agent-General

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

Activity 5 – Support Services and Community Programs

Ministerial and support services and the management and monitoring of corporately administered grant programs.

Activity 6 – 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.

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As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, the department relinquished responsibility for State Records SA. Assets and liabilities relating to this business unit will be transferred to the Attorney-General's Department effective 1 July 2015. Refer to note 38.

Activity 7 - Capital City

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

Activity 8 - Industry Participation Advocate

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

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, the department relinquished responsibility for the Industry Participation Advocate. Assets and liabilities relating to this business unit will be transferred to Department of State Development effective 1 July 2015. Refer to note 38.

Activity 9 - Information and Communication Technology Services

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

Activity 10 - Government Services

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

Activity 11 - Public Sector Performance

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

Activity 12 - 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.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished responsibility for Arts SA. Assets and liabilities relating to this business unit were transferred to the Department of State Development effective 1 July 2014. Refer to note 30.

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Activity 13 - 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.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished responsibility for Arts SA. Assets and liabilities relating to this business unit were transferred to the Department of State Development effective 1 July 2014. Refer to note 30.

Activity 14 - 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.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished responsibility for Arts SA. Assets and liabilities relating to this business unit were transferred to the Department of State Development effective 1 July 2014. Refer to note 30.

Activity 15 – Safework SA

Provision of industrial relations and work health safety services including information, education, assistance, compliance and enforcement activities through Safework SA to promote safe, fair, productive working lives and high standards of public safety for all South Australians.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished responsibility for SafeWork SA. Assets and liabilities relating to this business unit were transferred to the Attorney-General's Department effective 1 July 2014. Refer to note 30.

Activity 16 – Aboriginal Affairs and Reconciliation

The Aboriginal Affairs and Reconciliation division provides leadership in Aboriginal policy and program development, drives coordination and implementation of policies for Aboriginal affairs across government; develops strategies to improve service outcomes for Aboriginal people in urban, regional and remote areas of South Australia; facilitates the protection and preservation of Aboriginal heritage and culture; and supports the state's Aboriginal land holding authorities.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished responsibility for Aboriginal Affairs and Reconciliation Division. Assets and liabilities relating to this business unit were transferred to the Department of State Development effective 1 July 2014. Refer to note 30.

Activity 17 – General / Not Attributable

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

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6. Employee benefits

	2015	2014
	\$'000	\$'000
Salaries and wages	113 424	130 191
Long service leave	5 889	4 999
Annual leave	10 356	11 848
Skills and experience retention leave	586	576
Employment on-costs - superannuation	14 413	16 417
Employment on-costs - other	7 192	8 307
Targeted voluntary separation packages (refer below)	4 240	10 546
Board and committees fees	102	859
Other employment related expenses	542	3 494
Total employee benefits	156 744	187 237

Targeted voluntary separation packages (TVSPs)	2015	2014
	\$'000	\$'000
Amount paid/payable to these employees:		
TVSPs	4 240	10 546
Annual leave, skills and experience retention leave, and long service leave paid during the reporting period	2 871	3 643
	7 111	14 189
Recovery from the Department of Treasury and Finance	1 303	9 460
Net cost to the department	5 808	4 729

Number of employees who received a TVSP during the reporting period	57	88
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Remuneration of employees

All employees who received normal remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration for 2014-15 is the same as the 2013-14 rate (i.e. there has been no increase in executive remuneration since 1 July 2013).

Normal remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, leave paid on termination, superannuation contributions, salary sacrifice and fringe benefits, and any Fringe Benefits Tax paid or payable in respect of those benefits.

Contract termination payments are included where employee normal remuneration exceeds \$141 500.

The total remuneration received by employees for the year, listed in the table below, was \$21.5 million (\$20.7 million).

Department of the Premier and Cabinet

The number of employees who received remuneration of \$141 500 or more during the year, falls within the following bands:

	2015	2014
\$141 500 - \$151 499	6	9
\$151 500 - \$161 499	8	9
\$161 500 - \$171 499	5	11
\$171 500 - \$181 499	8	2
\$181 500 - \$191 499	5	11
\$191 500 - \$201 499	2	9
\$201 500 - \$211 499*	4	2
\$211 500 - \$221 499	-	4
\$221 500 - \$231 499*	3	3
\$231 500 - \$241 499*	4	2
\$241 500 - \$251 499	1	1
\$251 500 - \$261 499*	1	4
\$261 500 - \$271 499	1	3
\$271 500 - \$281 499	1	2
\$281 500 - \$291 499*	3	1
\$291 500 - \$301 499*	3	3
\$301 500 - \$311 499*	4	2
\$311 500 - \$321 499*	5	-
\$321 500 - \$331 499	2	1
\$331 500 - \$341 499	-	4
\$341 500 - \$351 499*	1	1
\$351 500 - \$361 499	1	-
\$361 500 - \$371 499	-	1
\$381 500 - \$391 499	1	1
\$391 500 - \$401 499*	2	1
\$401 500 - \$411 499	1	-
\$431 500 - \$441 499	1	1
\$451 500 - \$461 499	1	1
\$481 500 - \$491 499	1	-
\$501 500 - \$511 499	1	-
\$511 500 - \$521 499	-	1
\$531 500 - \$541 499	-	1
\$641 500 - \$651 499	1	-
\$731 500 - \$741 499	1	-
\$761 500 - \$771 499	1	-
\$781 500 - \$791 499	1	-
Total	80	91

The table above includes the TVSP component paid where the employee meets the \$141 500 threshold on normal remuneration. This is indicated as * on the relevant banding.

Department of the Premier and Cabinet

7. Supplies and services

	2015	2014
	\$'000	\$'000
Accommodation	21 527	26 210
Telecommunication	5 820	5 945
Staff development and recruitment	2 449	2 046
General administration and consumables	10 292	11 891
Promotion and marketing	3 115	3 655
Sponsorships	103	567
External contributions	205	379
Repairs, maintenance and minor equipment purchases	1 758	2 178
IT and computing charges	29 610	27 163
Microsoft licence & support	16 496	17 229
Managed network services	4 803	5 967
Outsourced contracts	2 322	2 719
Contractors and temporary staff	15 878	17 749
Consultants	1 646	1 550
Cost of goods sold	254	309
Community infrastructure	2	314
Projects	-	328
Intra government transfers	1 510	13 609
Other supplies and services	2 782	3 758
Total supplies and services	120 572	143 566

Payments to consultants

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

	2015	2015	2014	2014
	No	\$'000	No	\$'000
Below \$10,000	15	80	17	74
Above \$10,000	29	1 566	26	1 476
Total	44	1 646	43	1 550

Department of the Premier and Cabinet

8. Grants and subsidies

	2015	2014
	\$'000	\$'000
Grants and subsidies	10 119	131 416
Total grants and subsidies	10 119	131 416
Grants and subsidies consists of the following:	2015	2014
	\$'000	\$'000
Libraries Board of South Australia	-	32 600
Adelaide Festival Centre Trust	-	16 836
Museum Board	-	11 156
Art Gallery Board	-	9 644
Adelaide Festival Corporation	-	8 298
History Trust of South Australia	-	5 722
Country Arts SA	-	5 310
South Australian Film Corporation	-	5 179
Arts Project assistance	-	4 151
Arts industry assistance	-	4 110
Aboriginal Land Rights	-	3 788
State Theatre Company of South Australia	-	2 448
South Australian Youth Arts Board	-	2 387
Adelaide Symphony Orchestra	-	2 396
Adelaide Fringe	-	1 597
State Opera of South Australia	-	1 551
Brand South Australia	1 457	1 427
Australian Dance Theatre	-	1 178
Adelaide Film Festival	-	1 205
Tandanya	-	1 040
The Australian Children's Performing Arts Company	-	1 035
Jam Factory of Contemporary Craft and Design	-	1 019
Carrick Hill Trust	-	912
Aboriginal Community assistance	-	708
Premier's Community Initiatives	33	248
Safe Work Australia	-	710
Work Health and Safety Grants	-	1 103
WorkCoverSA in kind funding support	-	683
Flinders University	75	227
Working Women's Centre SA Inc	-	331
Aust Festival For Young People	-	88
Playford Memorial Trust	77	75
Building the State of Wellbeing	200	-
Engine Room SA	200	-
Connecting Up Australia	120	120
Special Appeals and Minor Grants	349	571
Tailem Bend Motorsport Park	7 500	-
D3 Digital Challenge	10	-
Intercultural Adelaide	98	-
University of South Australia	-	147
AARC Operating Contributions	-	100
Disability Information & Resource Centre	-	195
Other grants and subsidies	-	1 121
Total grants and subsidies	10 119	131 416

Department of the Premier and Cabinet

8. Grants and subsidies (continued)

Grants and subsidies paid during 2013-14 included payments of \$128.2 million made by Arts SA, the Aboriginal Affairs and Reconciliation Division and Safework SA who transferred from the department on 1 July 2014, with grants and subsidies payments made by these divisions in 2014-15 reported by the Department of State Development and the Attorney-General's Department.

9. Depreciation and amortisation

	2015 \$'000	2014 \$'000
Depreciation		
Buildings and improvements	2 515	8 478
Plant and equipment	5 841	7 090
Total depreciation	8 356	15 568
Amortisation		
Intangible assets	1 890	2 480
Total amortisation	1 890	2 480
Total depreciation and amortisation	10 246	18 048

10. Other expenses

	2015 \$'000	2014 \$'000
Other expenses		
Doubtful debts (refer to note 21)	(12)	(251)
Derecognition of assets (refer to note 23)	125	340
Other	137	302
Total other expenses	250	391

11. Resources provided free of charge

	2015 \$'000	2014 \$'000
Donated assets	41	556
Total resources provided free of charge	41	556

12. Auditor's remuneration

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor-General's Department	657	707
Total audit fees	657	707

Other services

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

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13. Fees and charges

	2015	2014
Fees and charges	\$'000	\$'000
Shared Services SA	88 772	85 318
Service SA	32 122	43 426
Regulatory fees	101	15 461
Fees for services	38 797	31 632
Microsoft licence and support	15 135	15 195
Rental income	14	6 316
Service provision	15 818	14 507
Arts industry related fees	-	650
Sale of goods	1 749	1 910
Other	8 233	7 225
Total fees and charges	200 741	221 640

14. Commonwealth revenue

	2015	2014
	\$'000	\$'000
Commonwealth revenue	-	510
Total Commonwealth revenue	-	510

15. Grants

	2015	2014
Grants	\$'000	\$'000
Recurrent grant	1 996	11 989
In-kind revenue	-	683
Total grants	1 996	12 672

16. Resources received free of charge

	2015	2014
	\$'000	\$'000
Donated assets	31	1 750
Total resources received free of charge	31	1 750

The department received Government Radio Network assets from the Attorney-General's Department during 2014-15. In 2013-14, Arts SA received the fitout of the Adelaide Festival Centre Riverside Restaurant, free of charge, from the Department of Transport, Planning and Infrastructure.

Department of the Premier and Cabinet

17. Net gain from disposal of non-current assets

	2015	2014
	\$'000	\$'000
Assets held for sale		
Proceeds from disposal	5 584	-
Selling costs	(84)	-
Net book value of assets disposed	(4 242)	-
Gain from disposal of assets held for sale	1 258	-
Buildings and improvements		
Net book value of assets disposed	(92)	(90)
Loss from disposal of buildings and improvements	(92)	(90)
Plant and equipment		
Net book value of assets disposed	(332)	(165)
Loss from disposal of plant and equipment	(332)	(165)
ICT infrastructure		
Net book value of assets disposed	(129)	(20)
Loss from disposal of ICT infrastructure	(129)	(20)
Intangible assets		
Net book value of assets disposed	-	(55)
Loss from disposal of intangible assets	-	(55)
Works of art		
Net book value of assets disposed	-	(70)
Loss from disposal of works of art	-	(70)
Total net gain (loss) from disposal of non-current assets	705	(400)

No proceeds were received on the disposal of buildings and improvements, plant and equipment and ICT infrastructure during 2014-15.

18. Other income

	2015	2014
	\$'000	\$'000
Other income		
Refunds	309	305
Sponsorship	52	366
Pre-tax employee contributions	426	92
Other	272	479
Total other income	1 059	1 242

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19. Revenues from / payments to SA Government

	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	86 974	247 129
Transfers from contingency provisions	6 464	10 303
Total revenues from SA Government	93 438	257 432

Payments to SA Government

Return of proceeds of sale of Agent-General's residence (refer notes 22 and 23)	5 500	-
Total payments to SA Government	5 500	-

The original amount appropriated to the department under the annual *Appropriation Act* was varied due to a reduction of \$3.9 million. In 2013-14, an additional advance of \$18.7 million was received from the Treasurer via the Governor's Appropriation Fund.

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

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

20. Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Deposits at call	43 745	49 214
Deposits with the Treasurer	8 667	10 577
Other short-term deposits	3 433	3 558
Total cash and cash equivalents	55 845	63 349

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, i.e. funds can only be used once the Treasurer's/ Under Treasurer's approval is received.

Interest rate risk

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

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21. Receivables

	2015	2014
	\$'000	\$'000
Current		
Receivables	22 250	26 498
Less: allowance for doubtful debts	-	(17)
Prepayments	2 367	1 925
Accrued income	740	76
GST receivable	436	270
Total current receivables	25 793	28 752
Non-current		
Receivables	64	103
Prepayments	85	125
Total non-current receivables	149	228
Total receivables	25 942	28 980

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Receivables, prepayments and accrued income are non-interest bearing. Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Note 36 contains information regarding:

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

Allowance for doubtful debts

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

Movements in the allowance for doubtful debts are as follows:

	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	17	317
Decrease in allowance	(12)	(251)
Amounts written off	(5)	(49)
Carrying amount at the end of the period	-	17

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22. Non-current assets classified as held for sale

	2015	2014
	\$'000	\$'000
Buildings and improvements	-	4 242
Total non-current assets classified as held for sale	-	4 242

Non-current assets classified as held for sale

The Agent-General's Residence in London, United Kingdom was sold during 2014-15.

23. Property, plant and equipment

Valuations of land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Fair value of unrestricted land was determined using a market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location. Fair value of land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost for buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

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

Impairment

There were no indications of impairment of property, plant and equipment, and intangible assets held at 30 June 2015.

	2015	2014
	\$'000	\$'000
Land, buildings and improvements		
Land at fair value	-	36 418
Buildings & improvements at fair value	40 419	392 524
Accumulated depreciation	(31 696)	(256 258)
Total land, buildings and improvements	8 723	172 684
Plant and equipment	\$'000	\$'000
Plant and equipment at cost (deemed fair value)	61 787	69 356
Accumulated depreciation	(41 732)	(45 606)
Total plant and equipment	20 055	23 750
Work in progress	\$'000	\$'000
Work in progress at cost	2 788	9 968
Total work in progress	2 788	9 968
Total property, plant and equipment	31 566	206 402
Works of art	\$'000	\$'000
Works of art at fair value	27	5 110
Total works of art	27	5 110

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24. Intangible assets

	2015	2014
	\$'000	\$'000
Computer software	8 521	9 967
Accumulated amortisation	(7 330)	(8 778)
Other intangibles	6 118	5 903
Accumulated amortisation	(2 733)	(2 935)
Total intangibles	4 576	4 157
Work in progress		
Work in progress at cost	1 761	385
Total work in progress	1 761	385
Total intangible assets	6 337	4 542

25. Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement for disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels as at 30 June 2015:

Fair value measurements as at 30 June 2015

	Level 2	Level 3	2015
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings (note 23)	-	2 393	2 393
Leasehold improvements (note 23)	-	6 330	6 330
Plant and equipment (note 23)	-	20 055	20 055
Works of art (note 23)	27	-	27
Total recurring fair value measurements	27	28 778	28 805
Total fair value measurements	27	28 778	28 805

Fair value measurements as at 30 June 2014

	Level 2	Level 3	2014
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 23)	25 700	10 718	36 418
Buildings (note 23)	1 670	123 579	125 249
Leasehold improvements (note 23)	-	11 017	11 017
Plant and equipment (note 23)	-	23 750	23 750
Works of art (note 23)	5 110	-	5 110
Total recurring fair value measurements	32 480	169 064	201 544
Non-recurring fair value measurements			
Buildings classified as held for sale (note 22)	4 242	-	4 242
Total non-recurring fair value measurements	4 242	-	4 242
Total fair value measurements	36 722	169 064	205 786

The department had no valuations categorised into level 1.

There were no transfers of assets between level 1 and level 2 fair value hierarchy levels during 2014-15. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at end of the reporting period.

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Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 23 and below. There were no changes in valuation techniques during 2014-15.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

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

	Land	Buildings	Leasehold Improvmts	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	10 718	123 579	11 017	23 750	169 064
Additions	-	-	-	157	157
Transfers from WIP	-	46	437	3 662	4 145
Resources received free of charge	-	-	-	31	31
Resources provided free of charge	-	-	-	(14)	(14)
Reclassification of assets	-	(35)	-	(5)	(40)
Disposals & adjustments	-	(93)	-	(464)	(557)
Transfer out as a result of administrative restructure	(10 718)	(120 894)	(2 819)	(1 221)	(135 652)
Total movement recognised in statement of financial position	-	2 603	8 635	25 896	37 134
Losses recognised in net result					
Depreciation	-	(210)	(2 305)	(5 841)	(8 356)
Total losses recognised in net result	-	(210)	(2 305)	(5 841)	(8 356)
Balance at 30 June 2015	-	2 393	6 330	20 055	28 778

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Reconciliation of Level 3 recurring fair value measurements at 30 June 2014

	Land	Buildings	Leasehold Improvmts	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	9 818	126 625	7 676	26 856	170 975
Additions	-	252	26	298	576
Transfers to (from) WIP	-	240	2 485	5 857	8 582
Resources received free of charge	-	1 750	-	-	1 750
Resources provided free of charge	-	-	-	(141)	(141)
Prior period adjustments	-	69	-	20	89
Reclassification of assets	-	-	1 804	(1 804)	-
Other	-	50	-	28	78
Disposals	-	(90)	-	(214)	(304)
Total movement recognised in statement of financial position	9 818	128 896	11 991	30 900	181 605
Losses for the period recognised in net result					
Depreciation	-	(6 521)	(1 955)	(7 090)	(15 566)
Total losses recognised in net result	-	(6 521)	(1 955)	(7 090)	(15 566)
Gains for the period recognised in other comprehensive income					
Revaluation increment	900	1 204	981	(60)	3 025
Total gains recognised in other comprehensive income	900	1 204	981	(60)	3 025
Balance at 30 June 2014	10 718	123 579	11 017	23 750	169 064

Department of the Premier and Cabinet
RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of non-current assets during 2014-15

	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	Total tangible assets	Computer software	Other intangibles	Work in progress intangible assets	Total intangible assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Book value at 1 July 2014	428 942	69 356	9 968	5 110	513 376	9 967	5 903	385	16 255
Additions	-	157	4 251	-	4 408	1 422	-	2 682	4 104
Transfers to (from) WIP	483	3 662	(4 145)	-	-	59	1 110	(1 169)	-
Disposals	(2 627)	(4 512)	-	-	(7 139)	(2 979)	(502)	-	(3 481)
Transfer out as a result of administrative restructure	(386 291)	(6 827)	(7 227)	(5 083)	(405 428)	(26)	(414)	(46)	(486)
Resources provided free of charge	-	(72)	(27)	-	(99)	-	-	-	-
Resources received free of charge	-	34	-	-	34	-	-	-	-
Other changes	(88)	(11)	(32)	-	(131)	78	21	(91)	8
Balance at 30 June 2015	40 419	61 787	2 788	27	105 021	8 521	6 118	1 761	16 400
Accumulated depreciation/ amortisation balance as at									
1 July 2014	(256 258)	(45 606)	-	-	(301 864)	(8 778)	(2 935)	-	(11 713)
Disposals	2 534	4 048	-	-	6 582	2 979	502	-	3 481
Depreciation/ amortisation	(2 515)	(5 841)	-	-	(8 356)	(1 555)	(335)	-	(1 890)
Transfer out as a result of administrative restructure	224 490	5 606	-	-	230 096	26	90	-	116
Resources provided free of charge	-	58	-	-	58	-	-	-	-
Resources received free of charge	-	(3)	-	-	(3)	-	-	-	-
Other changes	53	6	-	-	59	(2)	(55)	-	(57)
Balance at 30 June 2015	(31 696)	(41 732)	-	-	(73 428)	(7 330)	(2 733)	-	(10 063)
Book value at 30 June 2015	8 723	20 055	2 788	27	31 593	1 191	3 385	1 761	6 337

Department of the Premier and Cabinet
RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of non-current assets during 2013-14

	Land, buildings and improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Works of art \$'000	Total tangible assets \$'000	Computer software \$'000	Other intangibles \$'000	Work in progress intangible asset \$'000	Total intangible assets \$'000
Book value at 1 July 2013	393 730	73 709	9 389	5 180	482 008	10 980	7 355	98	18 433
Additions	278	298	13 399	-	13 975	79	-	769	848
Transfers to (from) WIP	2 725	5 857	(8 535)	-	47	421	214	(682)	(47)
Other (includes disposals, reclassifications & retirements)	5 791	(9 000)	-	(70)	(3 279)	(1 540)	(1 666)	-	(3 206)
Revaluation increment/ (decrement)	28 406	(60)	-	-	28 346	-	-	-	-
Resources provided free of charge	-	(1 426)	(414)	-	(1 840)	-	-	-	-
Resources received free of charge	1 750	-	-	-	1 750	-	-	-	-
Transfers to held for sale	(4 242)	-	-	-	(4 242)	-	-	-	-
Prior period adjustments	482	-	(3 373)	-	(2 891)	-	-	-	-
Other changes	22	(22)	(498)	-	(498)	27	-	200	227
Balance at 30 June 2014	428 942	69 356	9 968	5 110	513 376	9 967	5 903	385	16 255
Accumulated depreciation/ amortisation balance as at 1 July 2013	(220 433)	(46 853)	-	-	(267 286)	(8 236)	(4 146)	-	(12 382)
Other (includes disposals & reclassifications)	(4 077)	6 981	-	-	2 904	1 483	1 666	-	3 149
Revaluation increment/ (decrement)	(22 886)	-	-	-	(22 886)	-	-	-	-
Depreciation/ amortisation	(8 478)	(7 090)	-	-	(15 568)	(2 025)	(455)	-	(2 480)
Resources provided free of charge	-	1 284	-	-	1 284	-	-	-	-
Prior period adjustments	(413)	23	-	-	(390)	-	-	-	-
Other changes	29	49	-	-	78	-	-	-	-
Balance at 30 June 2014	(256 258)	(45 606)	-	-	(301 864)	(8 778)	(2 935)	-	(11 713)
Book value at 30 June 2014	172 684	23 750	9 968	5 110	211 512	1 189	2 968	385	4 542

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26. Payables

	2015 \$'000	2014 \$'000
Current		
Creditors	10 691	14 776
Accrued expenses	2 507	649
Employment on-costs	2 544	2 899
Total current payables	15 742	18 324
Non-current		
Employment on-costs	2 428	3 072
Total non-current payables	2 428	3 072
Total payables	18 170	21 396

Employment on-costs

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has decreased to 37% (40%). The average factor for the calculation of employer superannuation on-cost has remained unchanged from 2014 at 10.3%.

These rates are used in the employment on-cost calculation. The net financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

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

Note 36 contains information regarding:

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

27. Employee benefits

	2015 \$'000	2014 \$'000
Current		
Accrued salaries and wages	855	566
Annual leave	10 369	12 316
Long service leave	7 207	7 948
Skills and experience retention leave	713	807
Total current employee benefits	19 144	21 637
Non-current		
Long service leave	27 130	33 128
Total non-current employee benefits	27 130	33 128
Total employee benefits	46 274	54 765

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27. Employee benefits (continued)

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

AASB 119 requires the use of the yield on long term Commonwealth bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased in 2015 to 3.0% (3.5%), the resulting effect is immaterial.

The salary inflation rate remained unchanged at 4.0% for long service leave. The salary inflation rate applied to annual leave and skills and experience retention leave has decreased to 3.0% (4.0%). The resulting financial effect of the change is immaterial.

28. Provisions

	2015	2014
	\$'000	\$'000
Current		
Provision for workers compensation	609	903
Provision for copyright	-	2 602
Total current provisions	609	3 505
Non-current		
Provision for workers compensation	1 815	3 474
Total non-current provisions	1 815	3 474
Total provisions	2 424	6 979
Provision for workers compensation movement:		
Carrying amount at the beginning of the period	4 377	4 173
(Decrease) increase in provision recognised	(1 953)	204
Carrying amount at the end of the period	2 424	4 377
Provision for copyright movement:		
Carrying amount at the beginning of the period	2 602	1 944
Reduction due to copyright payments	(2 595)	-
(Decrease) increase in provision recognised	(7)	658
Carrying amount at the end of the period	-	2 602
Total carrying amount at the end of the period	2 424	6 979

29. Other liabilities

	2015	2014
	\$'000	\$'000
Current		
Unearned income	13	1 455
Lease incentive	360	360
Total current other liabilities	373	1 815
Non-current		
Lease incentive	1 260	1 620
Total non-current other liabilities	1 260	1 620
Total other liabilities	1 633	3 435

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30. Transferred functions

2014-15 Transferred Out

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

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

Net assets transferred out

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

Department of the Premier and Cabinet

Safework SA

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

Net assets transferred out

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

Department of the Premier and Cabinet

2013-14 Transferred Out

Population and Migration Policy

As a result of administrative arrangements outlined in the Government Gazette on 21 November 2013, the department relinquished responsibility for Population and Migration Policy, a business unit of the department. Assets and liabilities relating to this business unit were transferred to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) effective 1 December 2013.

Net assets transferred out

	Population and Migration Policy	Total
	30.11.2013	
	\$'000	\$'000
Current assets		
Cash and cash	-	-
Receivables	-	-
Non-current assets		
Receivables	-	-
Property, plant and equipment	-	-
Total assets	-	-
Current liabilities		
Payables	5	5
Employee benefits	43	43
Non-current liabilities		
Payables	5	5
Employee benefits	51	51
Total liabilities	104	104
Net assets transferred out	(104)	(104)

2013-14 Transferred In

Invest in South Australia

As a result of administrative arrangements outlined in the Government Gazette on 5 September 2013, the department took on responsibility for Invest in South Australia, a business unit of the department. Assets and liabilities relating to this business unit were transferred from DMITRE effective 5 September 2013.

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Net Result for the year ending 30 June 2014

	DMITRE 1.7.2013 to 4.9.2013 \$'000	DPC 5.9.2013 to 30.6.2014 \$'000	Total 2014 \$'000
Expenses			
Employee benefits	251	721	972
Supplies and services	32	175	207
Total expenses	283	896	1 179
Revenue			
Fees and charges	-	6	6
Total income	-	6	6
Net result	(283)	(890)	(1 173)

Department of Treasury and Finance Corporate Services, Ministerial Chauffeurs and Members of Parliament Fleet

As a result of an inter-departmental Chief Executive agreement and pursuant to Section 9(3) of the *Public Sector Act 2009* the assets and liabilities of two business units of the Department of Treasury and Finance (DTF) transferred to the department in two tranches.

DTF Corporate Services transferred to the department effective 10 February 2014. The second tranche resulted in the transfer of the management responsibility for the Ministerial Chauffeurs and the Members of Parliament Fleet (MP Fleet) to the department effective 1 April 2014.

Net Result for the year ending 30 June 2014

	DTF Corporate Services 1.7.2013 to 9.2.2014 \$'000	DTF Ministerial Chauffeurs and MP Fleet 1.7.2013 to 31.3.2014 \$'000	DPC Corporate Services 10.2.2014 to 30.6.2014 \$'000	DPC Ministerial Chauffeurs and MP Fleet 1.4.2014 to 30.6.2014 \$'000	Total 2014 \$'000
Expenses					
Employee benefits	5 439	2 316	3 129	626	11 510
Supplies and services	-	-	261	641	902
Total expenses	5 439	2 316	3 390	1 267	12 412
Revenue					
Fees and charges	-	-	3 157	-	3 157
Other income	-	-	-	92	92
Total income	-	-	3 157	92	3 249
Net result	(5 439)	(2 316)	(233)	(1 175)	(9 163)

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Net assets transferred in

	DMITRE	DTF	DTF Ministerial Chauffeurs and MP	
	Invest in SA	Corporate	Fleet	Total
	5.9.2013	10.2.2014	1.4.2014	
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash	-	-	-	-
Receivables	-	-	-	-
Non-current assets				
Receivables	-	-	-	-
Property, plant and equipment	-	-	-	-
Total assets	-	-	-	-
Current liabilities				
Payables	10	123	18	151
Employee benefits	72	953	227	1 252
Non-current liabilities				
Payables	4	140	15	159
Employee benefits	45	1 512	354	1 911
Total liabilities	131	2 728	614	3 473
Net assets transferred in	(131)	(2 728)	(614)	(3 473)

31. 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:

	2015	2014
	\$'000	\$'000
Within one year	9 132	12 341
Later than one year but not longer than five years	26 318	17 714
Total remuneration commitments	35 450	30 055

Amounts disclosed include commitments arising from executive and other service contracts. The department does not offer remuneration contracts greater than 5 years.

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Operating lease commitments

The department as lessee

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

	2015	2014
	\$'000	\$'000
Within one year	11 386	19 502
Later than one year but not longer than five years	32 548	45 987
Later than five years	1 951	9 856
Total operating lease commitments	45 885	75 345

Representing:

Non-cancellable operating leases	45 885	75 345
Total operating lease commitments	45 885	75 345

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

- Office accommodation is leased from the Building Management Accommodation and Building Services, a business unit of the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging from 1 to 15 years, with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in advance.
- Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was \$16.6 million (\$20.5 million).

The department as lessor

Lease receivable contracted for at the reporting date but not recognised as assets:

	2015	2014
	\$'000	\$'000
Within one year	-	5 645
Later than one year but not longer than five years	-	24 027
Later than five years	-	63 577
Total operating lease commitments due as lessor	-	93 249

Representing:

Non-cancellable operating leases	-	93 249
Total operating lease commitments	-	93 249

In 2013-14, the department's lease as lessor related to the Adelaide Festival Centre and Her Majesty's Theatre leased to the Adelaide Festival Centre Trust. The lease was non-cancellable for 20 years with the right of renewal. The lease transferred to the Department of State Development effective 1 July 2014.

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Capital commitments	2015	2014
	\$'000	\$'000
Within one year	1 526	1 578
Total capital commitments	1 526	1 578

Other commitments	2015	2014
	\$'000	\$'000
Within one year	20 505	27 757
Later than one year but not longer than five years	150	20 657
Total other commitments	20 655	48 414

The department's other commitments include:

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

32. Contingent assets and liabilities

Contingent assets

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

In 2012, the Government entered into a salary sacrificing agreement with Maxxia Pty Ltd. The agreement allows the Minister or his delegate to withdraw up to a total of \$10 million when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees. The financial undertaking is in place until 30 June 2019.

Telecommunications Charges (Office of Digital Government)

A review of telecommunications invoicing has identified a number of over-charges relating to prior periods. ODG and the vendor are currently involved in negotiations and therefore the amount receivable cannot be measured as at 30 June 2015.

Contingent liabilities

Software Licences (Shared Services SA)

A review of software licences has identified a possible liability for a shortfall in allocated licences for a particular software. SSSA and the vendor are currently involved in negotiations and therefore the amount payable cannot be measured as at 30 June 2015.

Glenthorne Farm (Commercial Advice)

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

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

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33. Budgetary reporting and explanations of major variances

The following is a brief explanation of the major variance between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income	Note	Original budget ¹ 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Expenses				
Employee benefits	(a)	142 375	156 744	14 369
Supplies and services		121 762	120 572	(1 190)
Grants and subsidies		16 500	10 119	(6 381)
Depreciation and amortisation		11 070	10 246	(824)
Other expenses		12	250	238
Resources provided free of charge		-	41	41
Total expenses		291 719	297 972	6 253
Income				
Fees and charges		202 754	200 741	(2 013)
Grants		1 754	1 996	242
Interest revenue		-	3	3
Resources received free of charge		-	31	31
Recoveries from administered items		1 267	1 267	-
Net gain from disposal of non-current assets		-	705	705
Other income		59	1 059	1 000
Total income		205 834	205 802	(32)
Net cost of providing services		85 885	92 170	6 285
Revenues from / payment to SA Government				
Revenues from SA Government		90 891	93 438	2 547
Payments to SA Government		(3 994)	(5 500)	(1 506)
Net revenues from SA Government		86 897	87 938	1 041
Net result		1 012	(4 232)	5 244
Total comprehensive result		1 012	(4 232)	5 244

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Major variance explanation:

(a) The higher than originally budgeted employee benefits primarily reflect expenditure associated with employee separations and the provision of corporate services to the Department of Treasury and Finance.

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Investing expenditure summary	Note	Original budget ¹ 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Total new projects		-	194	194
Total existing projects	(b)	7 219	5 905	(1 314)
Total annual programs	(c)	3 525	2 413	(1 112)
Total investing expenditure		10 744	8 512	(2 232)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Variance explanations:

(b) The variance is due to delays associated with transmission costs, voicemail upgrades, hosting facilities and other Central Data Network projects.

(c) Lower than budgeted capital acquisitions.

34. Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents		
Cash and cash equivalents disclosed in the Statement of Financial Position	55 845	63 349
Cash and cash equivalents disclosed in the Statement of Cash Flows	55 845	63 349
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	1 014	26 776
Less revenues from SA Government	(93 438)	(257 432)
Add payments to SA Government	5 500	-
Add/(less) non-cash items		
Depreciation and amortisation of property, plant and equipment and intangibles	(10 246)	(18 048)
Resources provided free of charge	(41)	(556)
Resources received free of charge	31	1 750
Bad and doubtful debts expense	17	300
Net gain/(loss) on disposal of assets	705	(400)
Prior period adjustments	(305)	(686)
Derecognition of assets	(125)	-
Net transfers from administrative restructures	(11 643)	3 369
Other non-cash items	-	(300)
Change in assets and liabilities		
Decrease in receivables	(3 038)	(2 415)
Increase in inventories	1	57
Decrease in payables	4 550	10 358
Decrease (increase) in employee benefits	8 491	(1 856)
Decrease (increase) in provisions	4 555	(861)
Decrease (increase) in other liabilities	1 802	(1 076)
Net cost of providing services	(92 170)	(241 020)

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35. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

		SA Government	Non-SA Government	Total
		2015 \$'000	2015 \$'000	2015 \$'000
Expenses	Note			
Employee benefits	6	7 859	148 885	156 744
Supplies and services	7			
Accommodation		21 168	359	21 527
Telecommunication		-	5 820	5 820
Staff development and recruitment		360	2 089	2 449
General administration and consumables		2 303	7 989	10 292
Promotion and marketing		86	3 029	3 115
Sponsorships		2	101	103
External contributions		53	152	205
Repairs, maintenance & minor equip.		1 063	695	1 758
IT and computing charges		2 389	27 221	29 610
Microsoft licence & support		-	16 496	16 496
Managed network services		184	4 619	4 803
Outsourced contracts		-	2 322	2 322
Contractors and temporary staff		-	15 878	15 878
Consultants		-	1 646	1 646
Cost of goods sold		-	254	254
Community infrastructure		-	2	2
Intra government transfers		1 510	-	1 510
Other supplies and services		910	1 872	2 782
Grants and subsidies	8	80	10 039	10 119
Depreciation and amortisation	9	-	10 246	10 246
Other expenses	10			
Bad and doubtful debts		-	(12)	(12)
Bad debts written off		-	-	-
Derecognition of assets		-	125	125
Other		-	137	137
Resources provided free of charge	11	41	-	41
Auditor's remuneration	12	657	-	657
Payments to SA Government	19	5 500	-	5 500
Total expenses		44 165	259 964	304 129

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		SA Government	Non-SA Government	Total
	Note	2015 \$'000	2015 \$'000	2015 \$'000
Income				
Fees and charges	13			
Shared Services SA		88 772	-	88 772
Service SA		32 122	-	32 122
Regulatory fees		60	41	101
Fees for services		37 578	1 219	38 797
Microsoft licence and support		15 135	-	15 135
Rental income		-	14	14
Service provision		9 111	6 707	15 818
Sale of goods		516	1 233	1 749
Other		6 675	1 558	8 233
Grants	15			
Recurrent grant		1 600	396	1 996
Resources received free of charge	16	31	-	31
Net gain from disposal of non-current assets	17	-	705	705
Recoveries from administered items		1 267	-	1 267
Interest revenue		-	3	3
Other income	18	32	1 027	1 059
Revenues from SA Government	19	93 438	-	93 438
Total income		286 337	12 903	299 240
Financial assets				
Receivables	21			
Receivables		21 030	1 284	22 314
Prepayments		-	2 452	2 452
Accrued income		85	655	740
ATO receivable		-	436	436
Total financial assets		21 115	4 827	25 942
Financial liabilities				
Payables	26			
Creditors		1 539	9 152	10 691
Accrued expenses		1 336	1 171	2 507
Employment on-costs		2 417	2 555	4 972
Other liabilities	29			
Unearned income		-	13	13
Lease incentive		-	1 620	1 620
Total financial liabilities		5 292	14 511	19 803

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		SA Government	Non-SA Government	
		2014	2014	2014
	Note	\$'000	\$'000	\$'000
Expenses				
Employee benefits	6	9 209	178 028	187 237
Supplies and services	7			
Accommodation		23 272	2 938	26 210
Telecommunication		78	5 867	5 945
Staff development and recruitment		95	1 951	2 046
General administration and consumables		2 754	9 137	11 891
Promotion and marketing		129	3 526	3 655
Sponsorships		-	567	567
External contributions		80	299	379
Repairs, maintenance & minor equip.		1 447	731	2 178
IT and computing charges		1 130	26 033	27 163
Microsoft licence & support		-	17 229	17 229
Managed network services		-	5 967	5 967
Outsourced contracts		-	2 719	2 719
Contractors and temporary staff		-	17 749	17 749
Consultants		-	1 550	1 550
Cost of goods sold		-	309	309
Community infrastructure		184	130	314
Projects		-	328	328
Intra government transfers		13 336	273	13 609
Other supplies and services		1 705	2 053	3 758
Grants and subsidies	8	101 349	30 067	131 416
Depreciation and amortisation	9	-	18 048	18 048
Net loss from disposal of non-current asse	17	-	400	400
Other expenses	10			
Bad and doubtful debts		-	(251)	(251)
Derecognition of assets		-	340	340
Other		-	302	302
Resources provided free of charge	11	556	-	556
Auditor's remuneration	12	707	-	707
Total expenses		156 031	326 290	482 321

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		SA Government	Non-SA Government	
	Note	2014 \$'000	2014 \$'000	2014 \$'000
Income				
Fees and charges	13			
Shared Services SA		85 318	-	85 318
Service SA		43 426	-	43 426
Regulatory fees		7 357	8 104	15 461
Fees for services		25 027	6 605	31 632
Microsoft licence and support		15 195	-	15 195
Rental income		6 074	242	6 316
Service provision		15	14 492	14 507
Arts industry related fees		49	601	650
Sale of goods		-	1 910	1 910
Other		5 925	1 300	7 225
Commonwealth revenue	14	-	510	510
Grants	15			
Recurrent grant		11 571	418	11 989
In-kind revenue		683	-	683
Resources received free of charge	16	1 750	-	1 750
Community Development Fund		900	-	900
Recoveries from administered items		1 857	-	1 857
Interest revenue		23	-	23
Other income	18	94	1 148	1 242
Revenues from SA Government	19	257 432	-	257 432
Total income		462 696	35 330	498 026
Financial assets				
Receivables	21			
Receivables		21 770	4 814	26 584
Prepayments		24	2 026	2 050
Accrued income		69	7	76
ATO receivable		-	270	270
Total financial assets		21 863	7 117	28 980
Financial liabilities				
Payables	26			
Creditors		6 591	8 185	14 776
Accrued expenses		649	-	649
Employment on-costs		2 864	3 107	5 971
Other liabilities	29			
Unearned income		1 455	-	1 455
Lease incentive		-	1 980	1 980
Total financial liabilities		11 559	13 272	24 831

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36. Financial instruments

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

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

(a) Categorisation of financial instruments

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

Category of financial assets and financial liabilities	Statement of Financial Position line item	Note	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000	Carrying Amount 2014 \$'000	Fair Value 2014 \$'000
Financial assets						
Cash and cash equivalents	Cash and cash	20	55 845	55 845	63 349	63 349
Receivables	Receivables ⁽¹⁾	21	22 960	22 960	26 766	26 766
Financial liabilities						
Financial liabilities - at cost	Payables ⁽¹⁾ Other liabilities	26 29	9 950 1 633	9 950 1 633	11 823 3 435	11 823 3 435

⁽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).

Credit risk

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

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

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

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

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(b) Ageing analysis of financial assets

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

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30 – 60 days \$'000	Overdue for more than 60 days \$'000	
2015				
Receivables	603	438	296	1 337
2014				
Receivables	1 276	742	890	2 908

(c) Maturity analysis of financial assets and liabilities

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

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

	Carrying amount \$'000	Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2014				
Financial assets				
Cash and cash equivalents	63 349	63 349	-	-
Receivables	26 690	26 690	-	-
Accrued income	76	76	-	-
Total financial assets	90 115	90 115	-	-
Financial liabilities				
Creditors	11 823	11 823	-	-
Unearned income	1 455	1 455	-	-
Other financial liabilities	1 980	360	1 620	-
Total financial liabilities	15 258	13 638	1 620	-

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Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they are due to be settled. The department is funded principally from appropriations by the SA Government.

The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

Market risk

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

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

37. Remuneration of board and committee members

The department administers a number of boards and committees where members receive or are entitled to receive remuneration for their membership. Members during the year that were entitled to receive remuneration for membership during the 2014-15 financial year were:

State Records Council

M Anderson*
S Marsden
J Fetherstonhaugh
J Browne
J Burgess*
H Onopko
I Sutherland
K Nicholas*

Privacy Committee of South Australia

B Quirke* (retired 05/12/2014)
T Ryan* (retired 05/12/2014)
A Stanley* (retired 05/12/2014)
D Billich (re-appointed 01/10/2014)
P Fowler*
K Slowinski*
K Ahwan* (appointed 12/01/2015)
S Froude* (appointed 12/01/2015)
T Simpson* (appointed 23/02/2015)

Remuneration Tribunal

D Prior (retired 21/09/2014)
D Smythe (retired 21/09/2014)
P Alexander (appointed 27/11/2014)
J Lewin (appointed 2/10/2014)
N Vincent (appointed 2/10/2014)

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

	2015 No of members	2014 No of members
\$0 - \$9 999	17	200
\$10 000 - \$19 999	3	9
\$20 000 - \$29 999	1	1
\$30 000 - \$39 999	-	1
\$40 000 - \$49 999	1	10
\$80 000 - \$89 999	-	2
Total number of members	22	223

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37. Remuneration of board and committee members (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$112 000 (\$955 000).

For the year ending 30 June 2015, the department's disclosure regarding boards and committee's remuneration only applies to those boards and committees who were paid by the department. Boards and committees that did not receive remuneration from the department have been excluded from the note disclosure and comparatives adjusted where applicable.

Amounts paid to a superannuation plan for board/committee members was \$10 000 (\$80 000).

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

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.

38. Events after the reporting period

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 21 May 2015, the department relinquished administrative responsibility of State Records SA to the Attorney-General's Department and the Industry Participation Advocate (from 1 July 2014, known as the Office of the Industry Advocate) to the Department of State Development, both effective 1 July 2015.

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Statement of Administered Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Administered expenses			
Employee benefits	A2	453	501
Grants and subsidies	A3	-	557
Intra government transfers	A4	-	7 093
Supplies and services	A5	2 157	2 336
Disbursements on behalf of third parties	A6	434 063	436 460
Depreciation	A7	-	37
Net loss on disposal of assets	A8	-	4
Total administered expenses		436 673	446 988
Administered income			
Advances and grants	A9	-	254
Collections on behalf of third parties	A10	434 063	436 460
Revenues from SA Government	A11	2 511	8 494
Interest		7	887
Fees and charges		102	317
Total administered income		436 683	446 412
Net result		10	(576)
Total comprehensive result		10	(576)

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

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

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Statement of Administered Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Administered current assets			
Cash and cash equivalents	A12	8 350	45 276
Receivables	A13	12	136
Total current assets		8 362	45 412
Total assets		8 362	45 412
Administered current liabilities			
Payables	A14	1 845	4 564
Employee benefits	A15	3	1
Total current liabilities		1 848	4 565
Total liabilities		1 848	4 565
Net assets		6 514	40 847
Administered equity			
Retained earnings		6 514	40 847
Total equity		6 514	40 847
Unrecognised contractual commitments	A17		
Contingent assets and liabilities	A18		

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

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

Department of the Premier and Cabinet

Statement of Administered Changes in Equity

For the year ended 30 June 2015

	Retained earnings	Asset revaluation surplus	Total
	\$'000	\$'000	\$'000
Balance at 30 June 2013	46 160	2 927	49 087
Net result for 2013-14	(576)	-	(576)
Total comprehensive result for 2013-14	(576)	-	(576)
Prior period correction	337	-	337
Net assets transferred out as a result of administrative restructures	(5 074)	(2 927)	(8 001)
Balance at 30 June 2014	40 847	-	40 847
Net result for 2014-15	10	-	10
Total comprehensive result for 2014-15	10	-	10
Net assets transferred out as a result of administrative restructures	(34 343)	-	(34 343)
Balance at 30 June 2015	6 514	-	6 514

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

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

Department of the Premier and Cabinet

Statement of Administered Cash Flows

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits		(451)	(523)
Grants and subsidies		-	(557)
Intra government transfers		-	(7 093)
Supplies and services		(2 143)	(7 658)
Disbursements on behalf of third parties		(434 528)	(433 354)
Cash used in operations		(437 122)	(449 185)
Cash inflows			
SA Government		2 511	8 494
Fees and charges		155	1 928
Advances and grants		-	254
Collections on behalf of third parties		434 063	435 647
Interest		7	887
Other receipts		-	1
Cash generated from operations		436 736	447 211
Net cash used in operations	A19	(386)	(1 974)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		-	(120)
Cash used in investing activities		-	(120)
Cash inflows			
Proceeds from sale of property, plant and equipment		-	102
Cash generated from investing activities	A8	-	102
Net cash used in investing activities		-	(18)
Cash flows from financing activities			
Cash outflows			
Cash paid on restructuring activities		(36 540)	(1 628)
Cash used in financing activities		(36 540)	(1 628)
Net decrease in cash and cash equivalents		(36 926)	(3 620)
Cash and cash equivalents at the beginning of the financial year		45 276	48 896
Cash and cash equivalents at the end of the financial year	A12	8 350	45 276

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

Department of the Premier and Cabinet

**DISAGGREGATED DISCLOSURES
ADMINISTERED EXPENSES AND
INCOME**

For the year ended 30 June 2015

	Special Act Salary and Allowances		Bank of Tokyo Cultural and Social Exchange		SA Okayama Account		Promotion of the State		APY Lands		Aboriginal Affairs Administered	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses												
Employee benefits expenses	453	427	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	12	-	-	-	-	-	532	-	-
Infra-government transfers	-	-	-	-	-	-	-	-	-	6 839	-	254
Supplies and services	-	-	-	-	-	-	1 959	1 811	-	1	-	173
Disbursements on behalf of third parties	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-	-	-	-	-	-	-
Net loss on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	453	427	-	12	-	-	1 959	1 811	-	7 372	-	427
Income												
Advances and grants	-	-	-	-	-	-	-	-	-	-	-	254
Collections on behalf of third parties	-	-	-	-	-	-	-	-	-	-	-	-
Revenues from SA Government	432	442	-	-	-	-	2 079	2 029	-	6 023	-	-
Interest revenue	-	-	7	2	-	-	-	-	-	499	-	388
Fees and charges	-	-	-	-	-	-	3	39	-	83	-	-
Total income	432	442	7	2	-	-	2 082	2 068	-	6 605	-	642
Net result	(21)	15	7	(10)	-	-	123	257	-	(767)	-	215

Department of the Premier and Cabinet

**DISAGGREGATED DISCLOSURES
ADMINISTERED EXPENSES AND
INCOME**

For the year ended 30 June 2015

	Government Workers Compensation		Service SA		Outback Communities Authority		South Australian Local Government Grants Commission		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses										
Employee benefits expenses	-	-	-	-	-	66	-	8	453	501
Grants and subsidies	-	-	-	-	-	13	-	-	-	557
Intra-government transfers	-	-	-	-	-	-	-	-	-	7 093
Supplies and services	-	-	198	159	-	183	-	9	2 157	2 336
Disbursements on behalf of third parties	-	-	434 063	436 460	-	-	-	-	434 063	436 460
Depreciation and amortisation expense	-	-	-	-	-	37	-	-	-	37
Net loss on disposal of assets	-	-	-	-	-	4	-	-	-	4
Total expenses	-	-	434 261	436 619	-	303	-	17	436 673	446 988
Income										
Advances and grants	-	-	-	-	-	-	-	-	-	254
Collections on behalf of third parties	-	-	-	-	-	-	-	-	434 063	436 460
Revenues from SA Government	-	-	434 063	436 460	-	-	-	-	2 511	8 494
Interest revenue	-	-	-	-	-	(4)	-	-	7	887
Fees and charges	-	-	99	192	-	3	-	2	102	317
Total income	-	-	434 162	436 652	-	(1)	-	2	436 683	446 412
Net result	-	-	(99)	33	-	(304)	-	(15)	10	(576)

Department of the Premier and Cabinet

**DISAGGREGATED
DISCLOSURES
ADMINISTERED ASSETS AND
LIABILITIES**

As At 30 June 2015

	Special Act Salary and Allowances		Bank of Tokyo Cultural and Social Exchange		SA Okayama Account		Promotion of the State		APY Lands	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets										
Cash and cash equivalents	978	997	88	80	48	48	2 672	2 549	-	19 972
Receivables	-	-	-	-	-	-	-	-	-	39
Total assets	978	997	88	80	48	48	2 672	2 549	-	20 011
Liabilities										
Payables	-	-	-	-	-	-	-	-	-	2 125
Employee benefits	3	1	-	-	-	-	-	-	-	-
Total liabilities	3	1	-	-	-	-	-	-	-	2 125

Department of the Premier and Cabinet

**DISAGGREGATED
DISCLOSURES
ADMINISTERED ASSETS AND
LIABILITIES
As At 30 June 2015**

	Aboriginal Affairs Administered		Government Workers Compensation		Service SA	Outback Communities Authority	South Australian Local Government Grants Commission	Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000
Assets									
Cash and cash equivalents	-	16 568	2 527	2 527	2 037	2 535	-	-	8 350
Receivables	-	32	-	-	12	65	-	-	12
Total assets	-	16 600	2 527	2 527	2 049	2 600	-	-	8 362
Liabilities									
Payables	-	143	-	-	1 845	2 296	-	-	1 845
Employee benefits	-	-	-	-	-	-	-	-	3
Total liabilities	-	143	-	-	1 845	2 296	-	-	1 848
									4 565

Department of the Premier and Cabinet

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Department of the Premier and Cabinet

A1. Summary of significant accounting policies

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

Administered items

The following funds and financial transactions were administered by the department as at 30 June 2015. 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
- Government Workers Compensation Fund
- Service SA collections and disbursements

As a result of machinery of government changes the following funds are no longer administered by the department but have been included in disaggregated disclosures for comparative purposes:

- APY Lands
- Aboriginal Affairs Administered
- Outback Communities Authority
- South Australian Local Government Grants Commission

Refer to note A16 for additional information.

Department of the Premier and Cabinet

A2. Employee benefits

	2015 \$'000	2014 \$'000
Salaries and wages	440	481
Long service leave	-	(10)
Annual leave	-	5
Employment on-costs - superannuation	-	5
Employment on-costs - other	-	3
Board and committee fees	-	4
Other employment related expenses	13	13
Total employee benefits	453	501

	2015 No.	2014 No.
Remuneration of employees		
The number of employees whose remuneration received falls within the following bands:		
\$471 500 - \$481 499 *	1	-
\$481 500 - \$491 499 *	-	1
Total number of employees	1	1

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and other salary sacrifice benefits. The total remuneration received by the staff member for the year was \$472 000 (\$491 000).

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

A3. Grants and subsidies

	2015 \$'000	2014 \$'000
Grants and subsidies	-	557
Total grants and subsidies	-	557

	2015 \$'000	2014 \$'000
Grants and subsidies consists of the following:		
Outback Communities Authority	-	12
Other grants and subsidies	-	545
Total grants and subsidies	-	557

Department of the Premier and Cabinet

A4. Intra-government transfers

	2015 \$'000	2014 \$'000
Other intra-government transfers	-	7 093
Total intra-government transfers	-	7 093

A5. Supplies and services

	2015 \$'000	2014 \$'000
Accommodation	-	38
Marketing	1 959	1 820
Administration	-	8
IT services and computing charges	10	5
Repairs and maintenance	-	41
Community infrastructure	-	81
Contractors	188	185
Other supplies and services	-	158
Total supplies and services	2 157	2 336

A6. Disbursements on behalf of third parties

	2015 \$'000	2014 \$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	369 772	376 461
Expiation notices - South Australia Police	57 982	53 235
Firearms licences - South Australia Police	2 442	2 533
Office of Business and Consumer Affairs	1 086	1 261
South Australian Water Corporation	1 088	1 223
Emergency Services Levy - South Australian Fire and Emergency Services Commission	384	227
Other	1 309	1 520
Total disbursements on behalf of third parties	434 063	436 460

A7. Depreciation

	2015 \$'000	2014 \$'000
Plant and equipment	-	5
Buildings and infrastructure	-	27
Water, sewerage and drainage	-	5
Total depreciation expense	-	37

Department of the Premier and Cabinet

A8. Net loss from disposal of assets

	2015 \$'000	2014 \$'000
Plant and equipment		
Proceeds from disposal	-	102
Less: net book value of assets disposed	-	(106)
Net loss from disposal of plant and equipment	-	(4)
Total net loss from disposal of assets	-	(4)

A9. Advances and grants

	2015 \$'000	2014 \$'000
Other grants	-	254
Total advances and grants	-	254

A10. Collections on behalf of third parties

	2015 \$'000	2014 \$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	369 772	376 461
Expiation notices - South Australia Police	57 982	53 235
Firearms licences - South Australia Police	2 442	2 533
Office of Business and Consumer Affairs	1 086	1 261
South Australian Water Corporation	1 088	1 223
Emergency Services Levy - South Australian Fire and Emergency Services Commission	384	227
Other	1 309	1 520
Total collections on behalf of third parties	434 063	436 460

A11. Revenues from SA Government

	2015 \$'000	2014 \$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	2 079	8 052
Special Acts	432	442
Total revenues from SA Government	2 511	8 494

The original amount appropriated to the Department under the annual *Appropriation Act* was not varied. In 2013-14 an additional advance of \$1,159m was received from the Treasurer via the Governor's Appropriation Fund.

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

Department of the Premier and Cabinet

A12. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Deposits with the Treasurer	6 521	42 983
Cash on hand and at call	1 829	2 293
Total cash and cash equivalents	8 350	45 276

A13. Receivables

	2015 \$'000	2014 \$'000
Current		
Receivables	12	65
Accrued revenue	-	71
Total current receivables	12	136
Total receivables	12	136

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

A14. Payables

	2015 \$'000	2014 \$'000
Current		
Creditors	17	2 271
Registration & licensing creditors	1 828	2 293
Total current payables	1 845	4 564
Total payables	1 845	4 564

A15. Employee benefits

	2015 \$'000	2014 \$'000
Current		
Accrued salaries and wages	3	1
Total current employee benefits	3	1
Total employee benefits	3	1

Department of the Premier and Cabinet

A16. Transferred functions

Transferred Out 2014-15

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the department relinquished administrative responsibility for the Aboriginal Affairs and Reconciliation business unit which had administrative responsibility for Administered Commonwealth funding known as Aboriginal Affairs Administered and APY Lands. Assets and liabilities relating to this business units transferred to the Department of State Development on 1 July 2014.

On transfer the Department of the Premier and Cabinet recognised the following assets and liabilities:

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

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

Department of the Premier and Cabinet

Transferred Out 2013-14

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 1 August 2013, the department relinquished administrative responsibility for the Outback Communities Authority and the Local Government Grants Commission. Assets and liabilities relating to these business units transferred to the Department of Primary Industries and Regions SA on 1 August 2013.

DPC 1 July to 31 July 2013				
	Local Government Tax Equivalents fund \$'000	Outback Communities Authority \$'000	SA Local Government Grants Commission \$'000	Total \$'000
Other income	-	(1)	2	1
Total income	-	(1)	2	1
Employee benefits	-	65	8	73
Supplies and services	-	183	9	192
Grants and subsidies	-	13	-	13
Depreciation and amortisation	-	37	-	37
Other expenses	-	4	-	4
Total expenses	-	302	17	319
Net result	-	(303)	(15)	(318)

On transfer the Department of the Premier and Cabinet recognised the following assets and liabilities:

	Local Government Tax Equivalents fund \$'000	Outback Communities Authority \$'000	SA Local Government Grants Commission \$'000	Total \$'000
Assets				
Cash	6	894	728	1 628
Receivables	1	6	4	11
Property, plant and equipment	-	6 880	-	6 880
Total assets	7	7 780	732	8 519
Liabilities				
Payables	-	78	30	108
Employee benefits	-	316	93	409
Provisions	-	1	-	1
Total liabilities	-	395	123	518
Net assets transferred	7	7 385	609	8 001

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

Department of the Premier and Cabinet

A17. Unrecognised contractual commitments

There are no unrecognised contractual commitments as at 30 June 2015.

A18. Contingent assets and liabilities

The department is not aware of any contingent assets or liabilities affecting the administered activities of the department as at 30 June 2015.

A19. Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents		
Cash and cash equivalents disclosed in the Statement of Financial Position	8 350	45 276
Cash and cash equivalents disclosed in the Statement of Cash Flows	8 350	45 276
Reconciliation of net cash provided by operating activities to net result of administered items		
Net cash provided by operating activities	(386)	(1 974)
Add/(less) non-cash items		
Depreciation and amortisation of property, plant and equipment and intangibles	-	(37)
Net loss on disposal of assets	-	(4)
Net transfers from administrative restructures	-	(507)
Other non-cash items	-	(779)
Change in assets and liabilities		
Decrease in receivables	(53)	(1 622)
Decrease in payables	451	3 182
(Increase) decrease in employee benefits	(2)	423
Decrease in provisions	-	1
Decrease in other liabilities	-	741
Net result of administered items	10	(576)

A20. Events after the reporting date

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

Department of the Premier and Cabinet

A21. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

		SA Government	Non-SA Government	Total
		2015 \$'000	2015 \$'000	2015 \$'000
Expenses	Note			
Employee benefits	A2	-	453	453
Supplies and services	A5			
Marketing		1 612	347	1 959
IT services and computing charges		-	10	10
Contractors and consultants		-	188	188
Disbursements on behalf of third parties	A6			
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure		369 772	-	369 772
Expiation notices - South Australia Police		57 982	-	57 982
Firearms licences - South Australia Police		2 442	-	2 442
Office of Business and Consumer Affairs		1 086	-	1 086
South Australian Water Corporation		1 088	-	1 088
Emergency Services Levy - South Australian Fire and Emergency Services		384	-	384
Other		1 309	-	1 309
Total expenses		435 675	998	436 673

Department of the Premier and Cabinet

A21. Transactions with SA Government (continued)

		SA Government	Non-SA Government	Total
		2015 \$'000	2015 \$'000	2015 \$'000
Income				
Collections on behalf of third parties	A10			
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure		369 772	-	369 772
Expiation notices - South Australia Police		57 982	-	57 982
Firearms licences - South Australia Police		2 442	-	2 442
Office of Business and Consumer Affairs		1 086	-	1 086
South Australian Water Corporation Emergency Services Levy - South Australian Fire and Emergency Services		1 088	-	1 088
		384	-	384
Other		1 309	-	1 309
Revenues from SA Government	A11	2 511	-	2 511
Interest		7	-	7
Fees and charges		3	99	102
Total income		436 584	99	436 683
Financial Assets				
Receivables	A13			
Receivables		-	12	12
Total financial assets		-	12	12
Financial Liabilities				
Payables	A14			
Creditors		-	17	17
Registration & Licensing creditors		1 828	-	1 828
Employee Benefits	A15			
Accrued salaries and wages		-	3	3
Total financial liabilities		1 828	20	1 848

Department of the Premier and Cabinet

A21. Transactions with SA Government (continued)

		SA	Non-SA	Total
		Government	Government	
		2014	2014	2014
		\$'000	\$'000	\$'000
Expenses	Note			
Employee benefits	A2	3	498	501
Grants and subsidies	A3	-	557	557
Intra-government transfers	A4	-	7 093	7 093
Supplies and services	A5			
Accommodation		7	31	38
Marketing		1 387	433	1 820
Administration		4	4	8
IT services and computing charges		-	5	5
Repairs and maintenance		-	41	41
Community infrastructure		-	81	81
Contractors and consultants		2	183	185
Other supplies and services		-	158	158
Disbursements on behalf of third parties	A6			
Registrations, licences and other fees -				
Department of Planning, Transport and				
Infrastructure		376 461	-	376 461
Expiation notices - South Australia				
Police		53 235	-	53 235
Firearms licences - South Australia				
Police		2 533	-	2 533
Office of Business and Consumer				
Affairs		1 261	-	1 261
South Australian Water Corporation		1 223	-	1 223
Emergency Services Levy - South				
Australian Fire and Emergency				
Services		227	-	227
Other		1 375	145	1 520
Depreciation	A7	-	37	37
Net loss from disposal of assets	A8	-	4	4
Total expenses		437 718	9 270	446 988

Department of the Premier and Cabinet

A21. Transactions with SA Government (continued)

		SA Government	Non-SA Government	Total
		2014 \$'000	2014 \$'000	2014 \$'000
Income				
Advances and grants	A9	254	-	254
Collections on behalf of third parties	A10			
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure		376 461	-	376 461
Expiation notices - South Australia Police		53 235	-	53 235
Firearms licences - South Australia Police		2 533	-	2 533
Office of Business and Consumer Affairs		1 261	-	1 261
South Australian Water Corporation		1 223	-	1 223
Emergency Services Levy - South Australian Fire and Emergency		227	-	227
Other		1 375	145	1 520
Revenues from SA Government	A11	8 494	-	8 494
Interest		887	-	887
Fees and charges		39	278	317
Total income		445 989	423	446 412
Financial Assets				
Receivables	A13			
Receivables		-	65	65
Accrued revenue		71	-	71
Total financial assets		71	65	136
Financial Liabilities				
Payables	A14			
Creditors		2 025	246	2 271
Registration & Licensing creditors		2 293	-	2 293
Employee Benefits				
Accrued salaries and wages	A15	-	1	1
Total financial liabilities		4 318	247	4 565

Department of the Premier and Cabinet

A22. Budgetary reporting and explanations of major variances

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget ¹	Actual	Variance
Statement of Comprehensive Income	Note	2015 \$'000	2015 \$'000	\$'000
Expenses				
Employee benefits		431	453	22
Supplies and services		2 582	2 157	(425)
Disbursements on behalf of third parties	(a)	1 385 232	434 063	(951 169)
Depreciation and amortisation		219	-	(219)
Total expenses		1 388 464	436 673	(951 791)
Income				
Collections on behalf of third parties	(b)	1 385 235	434 063	(951 172)
Revenues from SA Government		2 510	2 511	1
Fees and charges		235	102	(133)
Interest		4	7	3
Total income		1 387 984	436 683	(951 301)
Net result		(480)	10	(490)
Total comprehensive result		(480)	10	(490)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Major variance explanations:

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

Department of the Premier and Cabinet

Certification of the Financial Statements

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

- are in accordance with the accounts and records of the department;
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards; and
- present a true and fair view of the financial position of the Department of the Premier and Cabinet as at 30 June 2015 and the results of its operations and cash flows for the financial year.

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



Kym Winter-Dewhirst
Chief Executive

16 September 2015



Steven Woolhouse FCPA
Chief Finance Officer

16 September 2015

Department of the Premier and Cabinet

Certification of the Administered Financial Statements

We certify that the Administered Financial Statements for the Department of the Premier and Cabinet:

- are in accordance with the accounts and records of the Department of the Premier and Cabinet;
- comply with relevant Treasurer's Instructions;
- comply with relevant accounting standards; and
- present a true and fair view of the financial position of the Department of the Premier and Cabinet at the end of the financial year and the results of its operations and cash flows for the financial year.

Internal controls employed by the Department of the Premier and Cabinet over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Kym Winter-Dewhirst
Chief Executive

16 September 2015



Steven Woolhouse FCPA
Chief Finance Officer

16 September 2015

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chief Executive Department of the Premier and Cabinet

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of the Premier and Cabinet for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2015
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2015
- a Statement of Administered Financial Position as at 30 June 2015
- a Statement of Administered Changes in Equity for the year ended 30 June 2015
- a Statement of Administered Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Finance Officer.

The Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

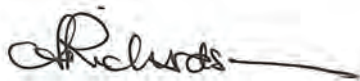
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department of the Premier and Cabinet as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in black ink, appearing to read 'A Richardson', followed by a horizontal line.

Andrew Richardson
Auditor-General
18 September 2015

Department of Primary Industries and Regions

Financial report
for the year ended
30 June 2015

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
Expenses			
Employee benefit expenses	5	89,288	89,047
Supplies and services	6	51,534	50,638
Depreciation and amortisation expense	7	5,845	5,766
Grants and subsidies	8	65,997	31,172
Borrowing costs	9	831	652
Net loss from disposal of non-current assets	10	-	43
Net loss from disposal of other assets	11	2	15
Other expenses	12	672	954
Total expenses		214,169	178,287
Income			
Revenues from fees and charges	14	16,486	18,200
Advances and grants	15	53,672	55,215
Commonwealth revenues (National Partnership Payments)	16	48,885	23,725
Interest revenues	17	2,745	2,218
Sale of goods	18	2,907	2,963
Net gain from disposal of non-current assets	10	166	-
Other income	19	3,623	4,951
Resources received free of charge	20	12	-
Total income		128,496	107,272
Net cost of providing services		85,673	71,015
Revenues from / payments to SA Government			
Revenues from SA Government	21	93,771	97,582
Payments to SA Government	21	(1,019)	-
Net revenues from SA Government		92,752	97,582
Net result		7,079	26,567
Other comprehensive income			
Items that will not be reclassified to the net result:			
Changes in property, plant and equipment asset revaluation surplus		1,387	-
Total other comprehensive income		1,387	-
Total comprehensive result		8,466	26,567

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
Current assets			
Cash	22	147,660	114,537
Receivables	23	19,909	26,793
Inventories	24	1,758	1,938
Non-current assets classified as held for sale	26	3,919	-
Total current assets		173,246	143,268
Non-current assets			
Receivables	23	3,448	9,394
Inventories	24	161	161
Other financial assets	25	4,518	4,501
Property, plant and equipment	27	97,806	103,362
Intangible assets	28	4,326	3,538
Total non-current assets		110,259	120,956
Total assets		283,505	264,224
Current liabilities			
Payables	30	10,497	8,777
Borrowings/Financial liabilities	31	25,600	14,156
Employee benefits	32	9,071	7,793
Provisions	33	404	495
Other liabilities	34	15,453	14,863
Total current liabilities		61,025	46,084
Non-current liabilities			
Payables	30	2,040	1,875
Borrowings/Financial liabilities	31	3,403	9,303
Employee benefits	32	22,029	19,811
Provisions	33	1,317	1,781
Other liabilities	34	15	160
Total non-current liabilities		28,804	32,930
Total liabilities		89,829	79,014
Net assets		193,676	185,210
Equity			
Retained earnings	35	154,522	147,443
Asset revaluation surplus	35	39,154	37,767
Total equity		193,676	185,210

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

Unrecognised contractual commitments	36
Contingent assets and contingent liabilities	37

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

	Note	Asset revaluation surplus \$' 000	Retained earnings \$' 000	Total \$' 000
Balance at 30 June 2013		39,640	121,239	160,879
Prior period adjustment - transfer from reserves		(1,860)	1,860	-
Prior period adjustment		175	(1,878)	(1,703)
Restated balance at 30 June 2013		37,955	121,221	159,176
Net result for 2013-14		-	23,692	23,692
Prior period adjustment relating to net result	3a	-	2,875	2,875
Restated net result for 2013-14		-	26,567	26,567
Total comprehensive result for 2013-14		-	26,567	26,567
Balance at 30 June 2014		37,955	147,788	185,743
Prior period adjustment	3a	(188)	(345)	(533)
Restated balance at 30 June 2014	35	37,767	147,443	185,210
Net result for 2014-15		-	7,079	7,079
Gain on revaluation of land during 2014-15	27	1,387	-	1,387
Total comprehensive result for 2014-15		1,387	7,079	8,466
Balance at 30 June 2015	35	39,154	154,522	193,676

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(84,824)	(89,495)
Supplies and services		(49,794)	(51,203)
Grants and subsidies		(66,291)	(29,643)
Interest paid		(848)	(651)
GST payments to the ATO		-	(259)
GST paid to Suppliers		(9,402)	(9,491)
Payments for paid parental leave scheme		(139)	(262)
Other payments		(340)	(418)
Cash used in operations		(211,638)	(181,422)
Cash inflows			
Fees and charges		17,918	19,299
Sale of goods		925	2,452
Commonwealth revenues (National Partnership Payments)		58,135	15,510
Advances and grants		52,694	55,356
Interest received		2,070	1,479
GST receipts from customers		4,540	6,028
GST recovered from the ATO		4,060	3,029
Receipts for paid parental leave scheme		123	269
Other receipts		3,311	3,301
Cash generated from operations		143,776	106,723
Cash flows from SA Government			
Receipts from SA Government		93,771	97,582
Payments to SA Government		(1,019)	-
Cash generated from SA Government		92,752	97,582
Net cash (used in) / provided by operating activities	41	24,890	22,883
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(4,074)	(3,790)
Loans advanced to rural sector and industry		(450)	(2,147)
Purchase of inventories		(357)	(305)
Purchase of intangibles		(1,422)	(1,487)
Purchase of investments		(17)	-
Cash used in investing activities		(6,320)	(7,729)

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
		Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Loans repaid by the rural sector and industry		5,712	6,642
Proceeds from the sale of property, plant and equipment		1,858	214
Sale of inventories		1,437	1,408
Lease incentive received		2	2
Cash generated from investing activities		9,009	8,266
Net cash provided by/(used in) investing activities		2,689	537
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings	31	(14,456)	(5,790)
Cash used in financing activities		(14,456)	(5,790)
Cash inflows			
Proceeds from borrowings	31	20,000	12,146
Cash generated from financing activities		20,000	12,146
Net cash provided by/(used in) financing activities		5,544	6,356
Net increase/(decrease) in cash		33,123	29,776
Cash at 1 July		114,537	84,761
Cash at 30 June	22	147,660	114,537

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2015

Activities - refer note 4	1		2		3		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses								
Employee benefit expenses	85,078	86,786	831	501	3,379	1,760	89,288	89,047
Supplies and services	50,069	50,018	350	159	1,115	461	51,534	50,638
Depreciation and amortisation expense	5,845	5,766	-	-	-	-	5,845	5,766
Grants and subsidies	56,713	25,430	-	-	9,284	5,742	65,997	31,172
Borrowing costs	831	652	-	-	-	-	831	652
Net loss from disposal of non current assets	2	58	-	-	-	-	2	58
Other expenses	672	954	-	-	-	-	672	954
Total Expenses	199,210	169,664	1,181	660	13,778	7,963	214,169	178,287
Income								
Revenues from fees and charges	16,484	18,200	2	-	-	-	16,486	18,200
Advances and grants	51,672	55,215	-	-	2,000	-	53,672	55,215
Commonwealth Revenues	48,885	23,725	-	-	-	-	48,885	23,725
Interest revenues	2,745	2,218	-	-	-	-	2,745	2,218
Resources received free of charge	12	-	-	-	-	-	12	-
Sales of goods	2,907	2,963	-	-	-	-	2,907	2,963
Net gain from disposal of other assets	166	-	-	-	-	-	166	-
Other income	3,603	4,951	18	-	2	-	3,623	4,951
Total Income	126,474	107,272	20	-	2,002	-	128,496	107,272
Net cost of providing services	72,736	62,392	1,161	660	11,776	7,963	85,673	71,015
Revenues from/payments to SA Government								
Revenue from SA Government	80,834	88,959	1,161	660	11,776	7,963	93,771	97,582
Payments to SA Government	(1,019)	-	-	-	-	-	(1,019)	-
Net Revenues from SA Government	79,815	88,959	1,161	660	11,776	7,963	92,752	97,582
Net Result	7,079	26,567	-	-	-	-	7,079	26,567

The 2014 comparatives have been restated for prior period adjustments.

Disaggregated Disclosure of Assets and Liabilities for the year ended 30 June 2015

	Activity 1		Activity 2		Activity 3		General / not attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets										
Cash	117,640	96,296	-	-	-	-	30,020	18,241	147,660	114,537
Receivables	18,501	26,125	-	-	222	4	1,186	664	19,909	26,793
Inventories	1,758	1,938	-	-	-	-	-	-	1,758	1,938
Non-current assets classified as held for sale	-	-	-	-	-	-	3,919	-	3,919	-
Total current assets	137,899	124,359	-	-	222	4	35,125	18,905	173,246	143,268
Non-current assets										
Receivables	3,444	9,383	-	-	-	-	4	11	3,448	9,394
Inventories	161	161	-	-	-	-	-	-	161	161
Other financial assets	4,518	4,501	-	-	-	-	-	-	4,518	4,501
Property, plant and equipment	86,184	84,174	-	-	-	-	11,622	19,188	97,806	103,362
Intangible assets	260	218	-	-	-	-	4,066	3,320	4,326	3,538
Total non-current assets	94,567	98,437	-	-	-	-	15,692	22,519	110,259	120,956
Total assets	232,466	222,796	-	-	222	4	50,817	41,424	283,505	264,224
Current liabilities										
Payables	6,205	6,507	1,813	50	54	36	2,425	2,184	10,497	8,777
Borrowings/Financial liabilities	25,600	14,156	-	-	-	-	-	-	25,600	14,156
Employee benefits	6,128	5,993	82	85	262	152	2,599	1,563	9,071	7,793
Provisions	323	406	-	-	1	-	80	89	404	495
Other liabilities	15,320	14,741	-	-	-	-	133	122	15,453	14,863
Total current liabilities	53,576	41,803	1,895	135	317	188	5,237	3,958	61,025	46,084
Non-current liabilities										
Payables	1,458	1,413	29	27	54	38	499	397	2,040	1,875
Borrowings/Financial liabilities	3,403	9,303	-	-	-	-	-	-	3,403	9,303
Employee benefits	15,746	14,928	313	283	582	402	5,388	4,198	22,029	19,811
Provisions	1,083	1,460	1	-	3	-	230	321	1,317	1,781
Other liabilities	-	-	-	-	-	-	15	160	15	160
Total non-current liabilities	21,690	27,104	343	310	639	440	6,132	5,076	28,804	32,930
Total Liabilities	75,266	68,907	2,238	445	956	628	11,369	9,034	89,829	79,014
Net assets	157,200	153,889	(2,238)	(445)	(734)	(624)	39,448	32,390	193,676	185,210

The 2014 comparatives have been restated for prior year adjustments.

Note:

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

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

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Notes to the Financial Statements

1 Objectives of the Department of Primary Industries and Regions

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

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

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

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

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

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

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

2 Summary of significant accounting policies

a) Statement of compliance

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

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

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

Except for AASB 2015-7 which the department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the department for the reporting period ended 30 June 2015 (refer note 3).

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package (TVSP) information;
 - d) employees whose normal remuneration, inclusive of any TVSP's paid, is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

c) Reporting entity

The department is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

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

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

d) Transferred functions

In 2014-15:

- The *Public Sector (Reorganisation of Public Sector Operations) Notice 2014* (dated 26 June 2014) declared that effective from 1 July 2014 some local government functions would transfer from PIRSA to the Department for Planning, Transport and Infrastructure (DPTI) - refer note 38.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Administered transfers

- The *Public Sector (Reorganisation of Public Sector Operations) Notice 2014* (dated 26 June 2014) declared that effective from 1 July 2014 the Outback Communities Authority and the South Australian Local Government Grants Commission would transfer from PIRSA's Administered items to DPTI - refer note A2.

e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

f) Comparative information

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

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

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

g) Rounding

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

h) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

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

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

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

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

i) Events after the reporting period

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

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

j) Income and expenses

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

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

The following are specific recognition criteria:

Revenues from/Payments to SA Government

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

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

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

Fees and charges

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

Contributions received/paid

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable, i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

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

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

Resources received/provided free of charge

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

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

Administered - Contributions received from industry

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

Administered - Licence fee revenue

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

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Net gain / (loss) on non-current assets

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

Employee benefit expenses

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

Superannuation

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

Depreciation and amortisation of non-current assets

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

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

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

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

Land and assets held for sale are not depreciated.

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

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

Borrowing costs

All borrowing costs are recognised as expenses.

k) Current and non-current classification

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

l) Assets

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

Cash and cash equivalents

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

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

Cash is measured at nominal value.

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Receivables

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

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

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

Other financial assets

The department measures financial assets at historical cost.

Inventories

Biological assets and agricultural produce

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

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

Other inventories

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

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

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

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

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

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

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

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

Non-current asset acquisition and recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recognised at book value, i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

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

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

Revaluation of non-current assets

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

Every five years the department revalues its land, buildings, and leasehold improvements via a valuation appraisal by an independent Certified Practising Valuer.

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

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

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

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

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

(i) Land and buildings

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

(ii) Leasehold improvements

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

(iii) Plant and equipment

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

Impairment

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

For revalued assets an impairment loss is offset against the respective revaluation surplus for that class of asset.

Constructions and works in progress

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

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

Fair value measurement

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

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

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

The valuation processes and fair value changes are reviewed by the department at each reporting date.

Non-financial assets

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

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

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

Refer to notes 27 and 29 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The department does not recognise any financial assets or financial liabilities at fair value.

m) Liabilities

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

Payables

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

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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.

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

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

Paid Parental Leave Scheme payables represent amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

Borrowings / Financial liabilities

The department measures debt at historical cost.

Leases

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

Operating leases

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

Lease incentives

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

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

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

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

Financial guarantees

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

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

Employee benefits

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

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

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

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

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

Long service leave

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

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

The current portion of long service leave reflects the amount of long service leave expected to be taken in the next 12 months, based on historical data.

Employee benefits on-costs

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

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

n) Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value (refer note 37).

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

o) Trust funds

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

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

3 New and revised accounting standards and policies**Accounting Policy Framework**

In accordance with amendments to Accounting Policy Framework II *General Purpose Financial Statements Framework*, effective for the year ended 30 June 2015, the Dog Fence Board is no longer considered an administered item of PIRSA. Accordingly, the department will no longer aggregate the Dog Fence Board in its administered financial statements, schedules or explanatory notes. Previously the department included the Dog Fence Board within its aggregated administered financial statements. This change has been applied retrospectively for both the current and comparative years and also applied to the administered functions transferred to DPTI effective from 1 July 2014. The financial impact of the change is reflected in note A2.

Accounting Standards

In accordance with the new AASB 1055 *Budgetary Reporting*, which became effective for the first time in 2014-15, the department has:

- included a new note 'Budgetary reporting and explanations of major variances' (notes 43 and A25). These notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for both controlled and administered amounts:
 - the department's original budget as published in Budget Paper 4
 - a comparison of the original budget information to actual results
 - explanations of major variances.

In accordance with the new AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements* which became effective for the first time in 2014-15, the department has reviewed its control assessments over other entities in accordance with AASB 10 and its classification assessment in accordance with AASB 11 and has concluded that there is no impact. The department does not currently control another entity and does not have any joint arrangements within the scope of AASB 11.

The department will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

Except for AASB 2015-7 which the department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the department for the reporting period ending 30 June 2015. 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.

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3a. Prior period adjustments

During the financial year adjustments were made to prior year balances. The nature and impact of these adjustments are detailed in the tables below:

Statement of Comprehensive Income

Description	Note	2014 Original balance \$'000	2014 Restated balance \$'000	Change \$'000
Fixed asset system adjustments ⁽¹⁾				
Supplies and services	6	50,689	50,638	51
Depreciation and amortisation expense	7	5,740	5,766	(26)
SARDI external research projects ⁽²⁾				
Advances and grants	15	(52,369)	(55,215)	2,846
Other income	19	(4,947)	(4,951)	4
Prior period adjustments relating to net result				<u>2,875</u>

Statement of Financial Position

Description	Note	2014 Original closing balance \$'000	2014 Restated closing balance \$'000	Change \$'000
Fixed asset system adjustments ⁽¹⁾				
Equity - revaluation reserve	35	(37,955)	(37,767)	188
Property, Plant and Equipment	27	103,865	103,362	(503)
Intangible assets	28	3,544	3,538	(6)
SARDI external research projects ⁽²⁾				
Accrued revenue	23	1,248	4,239	2,991
Unearned revenue	34	(14,601)	(14,741)	(140)
Total prior period adjustments				<u>2,530</u>
Net prior period adjustments reflected in equity				<u>(345)</u>

⁽¹⁾ Adjustments to reflect changes in the classification of expenditure in previous years between investing and operating activities based on a review of the nature of the completed activities. These minor adjustments have been made as part of the reconciliation control process between the fixed assets register and the general ledger.

⁽²⁾ Adjustments to reflect changes in the accounting treatment of the threshold applied to revenue and expenditure accrual recognition of externally funded projects within SARDI. Prior to the current year a threshold was applied to projects for the recognition of revenue and expenditure accruals for administrative convenience. The prior period adjustments recognise the removal of this threshold and amendments required to appropriately reflect project accruals on an actuals basis.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

4 Activities of the department

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

Activity 1: Agriculture, Food and Fisheries

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

Activity 2: Forestry Policy

Support the sustainable development of an internationally competitive forest industry, regional development and the provision of services to the state government's forest estate.

Activity 3: Regional Development

Grow sustainable, competitive regions and work with South Australia's regional communities, industries and the three levels of government to enhance economic outcomes. Facilitate economic activity, job creation, infrastructure investment, regional capacity building and identify, promote and support economic development initiatives throughout regional South Australia.

The Regional Development program's key outcome is to facilitate strong, vibrant and sustainable regional industries and communities. It supports regional economic development by facilitating the creation of new regional employment and the attraction of new investment, facilitating cross-sector and cross government activities that are strategically important for the state, our regions, and major industry sectors, facilitating activities that directly support the government in delivering its economic priorities in regional South Australia.

The disaggregated disclosure schedule presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2014 and 30 June 2015.

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

5 Employee benefit expenses

	2015 \$' 000	2014 \$' 000
Salaries and wages	65,849	63,145
Targeted voluntary separation packages	125	5,359
Annual leave	6,068	5,676
Long service leave	3,920	2,360
Skills and experience retention leave	437	292
Employment on-costs - superannuation	7,801	7,229
Employment on-costs - other	4,203	3,988
Board and committee fees	199	247
Workers compensation	266	282
Other employee related expenses	420	469
Total employee benefit expenses	89,288	89,047
Targeted voluntary separation packages (TVSP's)		
Amount paid during the reporting period to separated employees:		
TVSP's	125	5,359
Leave paid to those employees	48	1,596
Total amount paid	173	6,955
Recovery from the Department of Treasury and Finance ⁽¹⁾	(1,893)	(3,930)
Net cost to the department	(1,720)	3,025

The number of employees who received a TVSP during the reporting period was 2 (40).

(1) Reimbursement for expenditure incurred by government agencies for payment of TVSP's is paid in arrears on an acquittal basis, and is recognised as revenue when received. The department has no funds receivable from the Department of Treasury and Finance at 30 June 2015.

Remuneration of employees

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

	2015 Number of employees	2014 Number of employees
\$141 500 - \$151 499	7	6
\$151 500 - \$161 499	8	12
\$161 500 - \$171 499	5	3
\$171 500 - \$181 499	1	2
\$181 500 - \$191 499	3	1
\$191 500 - \$201 499	4	3
\$201 500 - \$211 499	5	2
\$211 500 - \$221 499	-	1
\$221 500 - \$231 499	-	1
\$231 500 - \$241 499	2	2
\$251 500 - \$261 499	2	3
\$261 500 - \$271 499	1	2
\$271 500 - \$281 499	2	-
\$291 500 - \$301 499	-	1
\$331 500 - \$341 499	-	1
\$341 500 - \$351 499	-	1
\$351 500 - \$361 499	1	-
\$381 500 - \$391 499	-	1
\$401 500 - \$411 499	-	1
Total	41	43

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (i.e. there has been no increase in executive remuneration since 1 July 2013). Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$7.8 million (\$8.8 million).

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

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:

	2015	2014
Executives	22	24
Non-executives	19	19
Total number of employees	41	43

6 Supplies and services

	2015 \$' 000	2014 \$' 000
Professional and technical services ⁽¹⁾	15,107	14,033
Administrative and operating costs	8,180	8,633
Utility and property costs	8,770	7,635
Computing and communication costs	6,133	6,878
Travel	2,946	3,192
Shared Services costs	2,070	2,267
Staff development and safety	1,079	985
Operating lease costs - accommodation costs	3,325	3,177
Operating lease costs	122	106
Vehicle lease and operating costs ⁽²⁾	2,383	2,322
Other vehicle and equipment operating costs	992	988
Property and risk insurance	427	422
Total supplies and services	51,534	50,638

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

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

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

	2015 Number	2015 \$' 000	2014 Number	2014 \$' 000
Below \$10 000	2	11	-	-
Above \$10 000	7	165	-	-
Total paid/payable to the consultants engaged	9	176	-	-

7 Depreciation and amortisation expense

	2015 \$' 000	2014 \$' 000
Depreciation		
Plant and equipment	2,257	2,462
Buildings and infrastructure	2,512	2,424
Total depreciation	4,769	4,886
Amortisation		
Leasehold improvements	447	449
Intangibles	629	431
Total amortisation	1,076	880
Total depreciation and amortisation expense	5,845	5,766

8 Grants and subsidies

	2015 \$' 000	2014 \$' 000
Recurrent grants	61,899	30,424
Intra government transfers	4,098	748
Total grants and subsidies	65,997	31,172

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Grants and subsidies (continued)

	2015 \$' 000	2014 \$' 000
Major grant program expenditure during the year includes:		
South Australian River Murray Sustainability Program	41,447	50
Regional Development Australia	2,768	-
Regional Development Fund	2,232	-
Job Accelerator Fund	200	-
Riverland Sustainable Futures Fund	1,881	4,653
Upper Spencer Gulf and Outback Enterprise Zone Fund	170	980
Save The River Murray Fund	1,798	-
Major recurrent contributions and assistance payments greater than \$500 000 made during the year were:		
South Australia's contribution to national eradication programs	855	628
Dog Fence State contribution	510	507
Cooperative Research projects ⁽¹⁾	3,851	3,612
Industry development and restructuring initiatives greater than \$500 000 made during the year were:		
Marine Parks Commercial Fisheries Voluntary Catch/Effort Reduction Program	3,303	15,659
Food Innovation Programs	1,182	285
FoodSA program support	711	550
Aggregate of all other individually low value payments less than \$500 000 made during the year	5,089	4,248
Total grants and subsidies	65,997	31,172

⁽¹⁾ Research expenditure incurred by the South Australian Research and Development Institute working with state, national and international collaborators. This includes funding of an operating nature assisting with the engagement of research staff or resources, or support with infrastructure development and renewal to improve research capability.

9 Borrowing costs

	2015 \$' 000	2014 \$' 000
Interest paid/payable on borrowings	772	585
Guarantee fees	59	67
Total borrowing costs	831	652

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

	2015 \$' 000	2014 \$' 000
Land and buildings held for sale:		
Proceeds from disposal	1,435	-
Disposal cost	(30)	-
Less net book value of assets disposed	(1,405)	-
Net gain/(loss) from disposal of land and buildings held for sale	-	-
Land and buildings:		
Proceeds from disposal	-	12
Less net book value of assets disposed	-	(150)
Net gain/(loss) from disposal of land and buildings	-	(138)
Plant and equipment:		
Proceeds from disposal	423	204
Less net book value of assets disposed	(257)	(109)
Net gain/(loss) from disposal of plant and equipment	166	95
Total assets:		
Total proceeds from disposal	1,858	216
Disposal costs	(30)	-
Less total value of assets disposed	(1,662)	(259)
Total net gain/(loss) from the disposal of non-current assets	166	(43)

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

	2015 \$' 000	2014 \$' 000
Less net book value of assets disposed	(2)	(15)
Total net gain/(loss) from the disposal of other assets	(2)	(15)

12 Other expenses

	2015 \$' 000	2014 \$' 000
Publications, seed and miscellaneous stocks - cost of sales	96	103
Revaluation of assets to realisable value	267	-
Deemed cost of produce consumed ⁽¹⁾	555	524
Property, plant and equipment derecognised	-	56
Bad debts and allowances for doubtful debts	-	216
Royalty payments	274	170
Workers compensation provision movement	6	368
Workers compensation liability revaluation	(561)	(538)
Assumption of liabilities (recognition) ⁽²⁾	-	35
Other	35	20
Total other expenses	672	954

(1) 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 expenses' and 'supplies and services'.

(2) Pursuant to the *Public Sector Act 2009* a public sector agency may by agreement with another public sector agency, under Section 9 (3) transfer an employee or groups of employees of the agency to other employment within the public sector on conditions that maintain the substantive remuneration level of the employee or are agreed to by the employee. This may result in the recognition/de-recognition of employee leave entitlements between respective agencies and can occur as a cash settlement or as an assumption of liabilities. Where the transfer is within the same Government sector adjustment of employee entitlements generally occurs as an assumption of liabilities. These transactions fall outside of Machinery of Government transfers.

13 Auditor's remuneration

	2015 \$' 000	2014 \$' 000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	315	311
Total auditor's remuneration	315	311

Other services

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

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

14 Revenues from fees and charges

	2015 \$' 000	2014 \$' 000
Agriculture and Fisheries, consultancies and services	3,134	3,490
Rural Solutions, consultancies and services	6,191	6,980
South Australian Research and Development Institute, consultancies and services	4,562	4,959
Other	2,599	2,771
Total revenues from fees and charges	16,486	18,200

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

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15 Advances and grants

	2015	2014
	\$' 000	\$' 000
State grants - received from SA Government entities	4,104	3,311
State grants - received from Administered Industry Funds ⁽¹⁾	16,977	17,128
Commonwealth grants - Concessional Loans Schemes ⁽²⁾	1,250	1,250
Commonwealth grants - other	3,498	3,451
Industry grants	27,843	30,075
Total advances and grants revenue	53,672	55,215

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

Advances and grants were applied to the following business sectors:	2015	2014
	\$' 000	\$' 000
South Australian Research and Development Institute ⁽³⁾	36,964	39,349
Fisheries ⁽³⁾	7,250	7,317
Biosecurity	4,737	5,175
Aquaculture ⁽³⁾	1,335	1,717
Prudential and Rural Financial Services ⁽²⁾	1,250	1,250
Agribusiness and Regions ⁽⁴⁾	2,000	167
Rural Solutions	108	195
Other	28	45
Total advances and grants revenue	53,672	55,215

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

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

⁽³⁾ Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences and registration are applied to the delivery of projects in compliance, research and fishing industry development in the Divisions of Fisheries, South Australian Research and Development Institute and Aquaculture. In 2014-15 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was \$13.0 million (\$13.3 million).

⁽⁴⁾ Includes in 2014-15, \$2.0 million in funding transferred from the Department for Environment, Water and Natural Resources for projects deliverable from the 'Save The River Murray Fund'.

16 Commonwealth revenues (National Partnership Payments)

	2015	2014
	\$' 000	\$' 000
Commonwealth revenue		
South Australian River Murray Sustainability Program (SARMS) ⁽¹⁾	48,500	23,500
Branched Broomrape Eradication Program	-	225
Water Infrastructure and Pest Management in drought affected areas	375	-
Exotic Pest Diseases Preparedness	10	-
Total commonwealth revenues ⁽²⁾	48,885	23,725

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

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

17 Interest revenues

	2015	2014
	\$' 000	\$' 000
Interest	2,087	1,493
Loans to the rural sector	658	723
Other	-	2
Total interest revenues	2,745	2,218

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18 Sale of goods

	2015 \$' 000	2014 \$' 000
Publications, books, maps and compact discs	37	4
Livestock	1,437	1,407
Agricultural produce	1,100	1,059
Other	333	493
Total sale of goods	2,907	2,963

19 Other income

	2015 \$' 000	2014 \$' 000
Reimbursements/recoveries	1,749	2,710
Seed and other royalties	1,591	1,130
Gain/(loss) from changes in fair value of biological assets ⁽¹⁾	116	344
Assumption of liabilities (de-recognition) ⁽²⁾	-	249
Diesel fuel rebates	91	82
Sponsorship contributions	1	80
Reduction in allowance for doubtful debts	15	-
Other	60	356
Total other income	3,623	4,951

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

⁽²⁾ Pursuant to the *Public Sector Act 2009* a public sector agency may by agreement with another public sector agency, under Section 9 (3) transfer an employee or groups of employees of the agency to other employment within the public sector on conditions that maintain the substantive remuneration level of the employee or are agreed to by the employee. This may result in the recognition/de-recognition of employee leave entitlements between respective agencies and can occur as a cash settlement or as an assumption of liabilities. Where the transfer is within the same Government sector adjustment of employee entitlements generally occurs as an assumption of liabilities. These transactions fall outside of Machinery of Government transfers.

20 Resources received free of charge

	2015 \$' 000	2014 \$' 000
Fair value of assets received free of charge	12	-
Total resources received free of charge	12	-

21 Revenues from / payments to SA Government

	2015 \$' 000	2014 \$' 000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	90,746	77,136
Appropriation received from the Treasurer's Contingency Fund (TVSP's) ⁽¹⁾	1,893	3,930
Appropriation received from the Treasurer's Contingency Fund (other)	1,132	16,516
Total revenues from SA Government	93,771	97,582
Payments to SA Government		
Other payments to the Consolidated Account	(1,019)	-
Total payments to SA Government	(1,019)	-
Net revenues from SA Government	92,752	97,582

Total revenue from Government for operational and capital funding consisted of \$90.7 million (\$77.1 million) appropriated to the department under the annual *Appropriation Act*. In 2014-15, the original amount appropriated to the department under the annual *Appropriation Act* of \$106.2 million was reduced by \$15.5 million primarily for programs carried over and revised levels of funding for initiatives. Additional amounts were also received during the year from the Treasurer's Contingency Fund and a repayment to the Consolidated Account of land sale proceeds was also made.

⁽¹⁾ Reimbursement for expenditure incurred by government agencies for payment of TVSP's is paid in arrears on an acquittal basis and is recognised as revenue when received. The department has no funds receivable from the Department of Treasury and Finance at 30 June 2015.

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22 Cash

	2015 \$' 000	2014 \$' 000
Deposits with the Treasurer	147,652	114,526
Imprest account and cash on hand	8	11
Total cash	147,660	114,537

Deposits with the Treasurer include the following fund balances that have restricted conditions -

Funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use (i.e. the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)	9,019	10,879
Funds held pursuant to the <i>Rural Industry Adjustment and Development Act 1985</i> and other State and Commonwealth Schemes for rural financial assistance	59,023	57,430
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	16,650	16,400
Commonwealth funds held for the SARMS Program	21,935	12,446
Commonwealth funds held pursuant to the Farm Finance Concessional Loan Scheme	10,016	10,020
Commonwealth funds held pursuant to the Drought Concessional Loan	10,016	-
Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies	20,993	7,351
Total deposits with the Treasurer	147,652	114,526

Interest rate risk

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

23 Receivables

	2015 \$' 000	2014 \$' 000
Current		
Receivables	5,947	17,055
Less: allowance for doubtful debts	(197)	(223)
	5,750	16,832
Loans receivable	5,606	4,205
	5,606	4,205
Worker's compensation recoveries	15	18
Accrued interest on loans and deposits	335	390
Other accrued revenue	6,617	4,239
GST receivable	1,392	936
Prepayments	194	173
	8,553	5,756
Total current receivables	19,909	26,793
Expected to be recovered more than 12 months after reporting date		
Loans receivable	3,403	9,336
Worker's compensation recoveries	45	58
Total expected to be recovered more than 12 months after reporting date	3,448	9,394
Total receivables	23,357	36,187

Interest rate and credit risk

Receivables are raised for all goods and services provided for, for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

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

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Loans receivable

Loans receivable consist of loans to Cooperatives, loans under the Farm Finance Concessional Loans Scheme (closed to new applicants), loans under the Drought Concessional Loans Scheme and loans in relation to the South East Confined Aquifer Well Rehabilitation Scheme (closed to new applicants).

Loans to Cooperatives are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 31 Borrowings/Financial liabilities). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 7 years subject to agreement through SAFA. A lending margin is added to the interest rate incurred by Cooperatives to cover guarantee fees and administrative costs.

Loans under the Farm Finance Concessional Loans Scheme are made by PIRSA to commercial lenders for the direct reduction of a loan recipients approved eligible debt as specified in the Concessional Loan Agreement. For approved loan recipients, a variable concessional interest rate applies for the first 5 years of each concessional loan. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. A default rate may apply in certain circumstances. At the end of the loan term the loan must be repaid or refinanced by another financier. The Farm Finance Concessional Loans Scheme was closed to new applicants on 30 June 2015.

Loans under the Drought Concessional Loans Scheme are made by PIRSA to eligible loan applicants where primarily their farm business has been financially impacted by drought, causing a financial need for the assistance, and the financial impact being experienced by their farm business is a result of the effects of drought (which is considered to be a rainfall deficiency equivalent to, or worse than, either a 1 in 10 year or a 1 in 20 year rainfall event), and they meet the other business viability and lending criteria as specified in the Concessional Loan Agreement. Drought Concessional Loans have a loan term of five years, with a concessional interest rate period of five years. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. The interest rate is revised in accordance with changes to the Farm Finance Concessional Loans Scheme and the Drought Concessional Loans Scheme's interest rate is set at 0.5 per cent below that rate. At the end of the loan term the loan must be repaid or refinanced by another financier.

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

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

Movement in the allowance for doubtful debts

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

	2015	2014
	\$' 000	\$' 000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	223	42
Increase/(decrease) in the allowance	(15)	216
Amounts written off	(11)	(35)
Carrying amount at the end of the period	197	223

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24 Inventories

	2015 \$' 000	2014 \$' 000
Current inventories		
Biological assets		
Livestock (at fair value less estimated costs to sell)	1,404	1,533
Agricultural produce (at fair value less estimated costs to sell)	242	224
Total biological assets	1,646	1,757
Other inventories		
Chemicals and other (at the lower of cost and realisable value)	81	101
Fuel and related items (at the lower of cost and realisable value)	25	42
Wool (at the lower of cost and realisable value)	6	38
Total other inventories	112	181
Total current inventories	1,758	1,938
Non-current inventories		
Orchards and vineyards (at fair value less estimated costs to sell)	161	161
Total non-current inventories	161	161
Total inventories	1,919	2,099

	Orchards, vineyards and agricultural produce \$' 000	Livestock \$' 000
Balance at 1 July 2014	385	1,533
Increase due to acquisitions	196	357
Decrease due to sales	(1,061)	(1,117)
Used as feed stock	(267)	-
Harvests transferred to inventories	1,150	-
Increase/(decrease) due to natural accretion	-	517
Inventory changes (Biological growth)	-	(2)
Change in fair value less estimated costs to sell	-	116
Balance at 30 June 2015	403	1,404
Current	242	1,404
Non-current	161	-
	403	1,404

Agricultural activities are carried on to assist with research, but are conducted on a commercial basis. At 30 June 2015 inventory included 8 506 sheep, 1 187 cattle, 936 tonnes of crops and grain and 41.04 hectares of vines and fruit trees.

Production for the year included 663 tonnes of grapes and fruit, 5 468 lambs, 212 calves, 40 tonnes of wool and 3 670 tonnes of other grain crops.

25 Other financial assets

	2015 \$' 000	2014 \$' 000
Non-current		
Investments in shares	4,518	4,501
Total other financial assets	4,518	4,501

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

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

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Other financial assets (continued)

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

	2015	2014
	\$' 000	\$' 000
Movement in financial assets		
Carrying amount at 1 July	4,501	4,501
Investments acquisitions	17	-
Carrying amount at 30 June	4,518	4,501

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

(b) Risk exposure information - refer note 44.

26 Non-current assets classified as held for sale

	2015	2014
	\$' 000	\$' 000
Land	3,919	-
Total non-current assets classified as held for sale	3,919	-

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

Reconciliation of non-current assets classified as held for sale

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

	2015	2014
	\$' 000	\$' 000
Carrying amount at the beginning of the period	-	-
Assets reclassified from property, plant and equipment	5,324	-
Disposals	(1,405)	-
Carrying amount at the end of the period	3,919	-

27 Property, plant and equipment

	2015	2014
	\$' 000	\$' 000
Land and buildings		
Land at cost	40	40
Land at fair value	21,480	25,889
Land declared surplus	1,520	-
Buildings and infrastructure at cost	2,752	2,741
Buildings and infrastructure at fair value	61,494	63,121
Accumulated depreciation	(4,902)	(2,584)
Buildings declared surplus	1,430	-
Accumulated depreciation	(105)	-
Constructions and works in progress at cost	404	-
Total land and buildings	84,113	89,207
Leasehold improvements		
Leasehold improvements at cost (deemed at fair value)	4,323	4,323
Accumulated amortisation	(2,680)	(2,233)
Total leasehold improvements	1,643	2,090
Plant and equipment		
Plant and equipment at cost (deemed fair value)	33,568	35,272
Accumulated depreciation - plant and equipment	(22,826)	(23,511)
Constructions and works in progress at cost	308	304
Total plant and equipment	11,050	12,065
Large vessels		
Large vessels at fair value	1,000	-
Total large vessels	1,000	-
Total property, plant and equipment	97,806	103,362

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Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2014-15

	Land \$' 000	Surplus land \$' 000	Buildings and infrastructure \$' 000	Surplus buildings \$' 000	Leasehold improvements \$' 000
Carrying amount at the beginning of the period	25,929	-	63,343	-	2,090
Prior period adjustment ⁽¹⁾	-	-	(65)	-	-
Carrying amount after prior period adjustment	25,929	-	63,278	-	2,090
Acquisitions	851	-	10	-	-
Assets reclassified to assets held for sale	-	(5,127)	-	(197)	-
Disposals	-	-	-	-	-
Depreciation/ amortisation expense	-	-	(2,512)	-	(447)
Revaluation increment ⁽²⁾ / decrement	-	1,387	-	-	-
Transfer between asset classes ⁽³⁾	(5,260)	5,260	(1,432)	1,522	-
Assets received free of charge	-	-	-	-	-
Carrying amount at the end of the period	21,520	1,520	59,344	1,325	1,643

	Plant and equipment \$' 000	Large vessels \$' 000	Constructions and works in progress \$' 000	Total \$' 000
Carrying amount at the beginning of the period	12,199	-	304	103,865
Prior period adjustment ⁽¹⁾	(438)	-	-	(503)
Carrying amount after prior period adjustment	11,761	-	304	103,362
Acquisitions	2,203	-	1,045	4,109
Assets reclassified to assets held for sale	-	-	-	(5,324)
Disposals	(257)	-	-	(257)
Depreciation/ amortisation expense	(2,257)	-	-	(5,216)
Revaluation increment ⁽²⁾ / decrement	-	(267)	-	1,120
Transfer between asset classes ⁽³⁾	(720)	1,267	(637)	-
Assets received free of charge	12	-	-	12
Carrying amount at the end of the period	10,742	1,000	712	97,806

⁽¹⁾ A prior period adjustment has been applied to ensure categorisation of assets into correct classes and to correct former revaluation adjustments.

⁽²⁾ Revaluation of surplus land immediately preceding reclassification to held for sale.

⁽³⁾ During the 2014-15 year, land and buildings declared surplus by the agency were transferred to 'surplus' categories at their carrying amount. Surplus land and building assets undergo assessment to maximise the potential return from their disposal. Surplus assets for a particular site are held as a disposal group and are revalued separately to estimated recoverable value less costs to sell immediately prior to transfer to Held for Sale asset categories and commencement of their offer for sale on the market.

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Valuation of land, buildings and infrastructure

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

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services, specialised nature of the assets, including the restricted use of the assets; the size, condition, location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

A desktop review of the movement in property, building and infrastructure values was also undertaken by Liquid Pacific Pty Ltd as at 30 June 2015. Land and Building and Improvement values were estimated to have changed by +2.68% and -1.74% respectively on aggregate 2013-14 values. The movement from the last formal valuation appraisal is not considered material and has not been reflected in the financial statements.

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

Valuation of large vessels

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

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2015.

28 Intangible assets

	2015 \$' 000	2014 \$' 000
Software		
Computer software	13,312	11,935
Accumulated amortisation	(9,479)	(8,862)
Total software	3,833	3,073
Computer software development (works in progress)	384	378
Water and convertible accommodation lease rights at fair value ⁽¹⁾	109	87
Total water and convertible accommodation lease rights at fair value	109	87
Total intangible assets	4,326	3,538

Reconciliation of intangibles

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

	Computer software \$' 000	Computer software development \$' 000	Water and convertible accomm lease rights \$' 000	Total \$' 000
Carrying amount at the beginning of the period	3,079	378	87	3,544
Prior period adjustment ⁽²⁾	(6)	-	-	(6)
Carrying amount after prior period adjustment	3,073	378	87	3,538
Additions	30	1,367	24	1,421
Disposals	(2)	-	-	(2)
Reduction of lease rights	-	-	(2)	(2)
Transfers between asset classes	1,361	(1,361)	-	-
Amortisation expense	(629)	-	-	(629)
Carrying amount at the end of the period	3,833	384	109	4,326

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Intangible assets (continued)

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

(2) Prior period adjustments have been applied to computer software. Refer note 3(a) footnote ⁽¹⁾.

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

29 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement. The most relevant observable inputs are classified as 'level 1 inputs' and the least relevant as 'level 3 inputs'. Input levels reflect the dependence on market based evidence used to establish the fair value.

Fair value measurements recognised in the statement of financial position were categorised into the following levels at 30 June 2015.

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

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

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

The department had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

		2015 \$' 000	Level 2 \$' 000	Level 3 \$' 000
Recurring fair value measurements	Note			
Land	27	21,520	21,520	-
Surplus land		1,520	1,520	-
Buildings and infrastructure/deemed at fair value		57,195	-	57,195
Buildings non-specialised		2,149	2,149	-
Surplus buildings		1,325	-	1,325
Leasehold improvements		1,643	-	1,643
Plant and equipment		10,742	-	10,742
Large vessels		1,000	-	1,000
Constructions and works in progress		712	-	712
Total recurring fair value measurements		97,806	25,189	72,617
Non-recurring fair value measurements				
Land held for sale	26	3,919	3,919	-
Total non-recurring fair value measurements ⁽¹⁾		3,919	3,919	-
Total		101,725	29,108	72,617

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

Fair value measurements at 30 June 2014

		2014 \$' 000	Level 2 \$' 000	Level 3 \$' 000
Recurring fair value measurements	Note			
Land	27	25,929	25,929	-
Buildings and infrastructure/deemed at fair value		60,628	-	60,628
Buildings non-specialised		2,715	2,715	-
Leasehold improvements		2,090	-	2,090
Plant and equipment		12,199	-	12,199
Constructions and works in progress		304	-	304
Total recurring fair value measurements		103,865	28,644	75,221

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014-15. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 27. There were no changes in valuation techniques during 2014-15.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

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

	Buildings and infrastructure \$' 000	Surplus buildings \$' 000	Plant and equipment \$' 000	Large vessels \$' 000	Leasehold improvements \$' 000	Constructions and works in progress \$' 000
Opening balance at the beginning of the period	60,628	-	12,199	-	2,090	304
Acquisitions	10	-	2,203	-	-	1,045
Transfer between asset classes	(1,236)	1,325	(720)	1,267	-	(637)
Disposal	-	-	(257)	-	-	-
Prior period adjustment	(65)	-	(438)	-	-	-
Assets received free of charge	-	-	12	-	-	-
Subtotal	59,337	1,325	12,999	1,267	2,090	712
Depreciation	(2,142)	-	(2,257)	-	(447)	-
Revaluation decrement	-	-	-	(267)	-	-
Subtotal	(2,142)	-	(2,257)	(267)	(447)	-
Closing balance at the end of period	57,195	1,325	10,742	1,000	1,643	712

Reconciliation of Level 3 recurring fair value measurements at 30 June 2014

	Buildings and infrastructure \$' 000	Plant and equipment \$' 000	Leasehold improvements \$' 000	Constructions and works in progress \$' 000
Opening balance at the beginning of the period	60,327	14,517	2,556	1,010
Acquisitions	646	1,446	-	1,337
Transfer between asset classes	1,737	315	-	(2,052)
Transfers out	-	(7)	-	-
Disposal	(150)	(109)	-	-
Other movements	-	(66)	-	-
Prior period adjustment	240	(1,425)	(17)	9
Subtotal	62,800	14,671	2,539	304
Depreciation	(2,172)	(2,472)	(449)	-
Subtotal	(2,172)	(2,472)	(449)	-
Closing balance at the end of period	60,628	12,199	2,090	304

30 Payables

	2015 \$' 000	2014 \$' 000
Current		
Creditors	4	6
Accrued expenses	8,634	7,395
Accrued interest on borrowings	176	194
Paid parental leave scheme	5	21
Employment on-costs	1,678	1,161
Total current payables	10,497	8,777
Expected to be settled more than 12 months after reporting date		
Employment on-costs	2,040	1,875
Total expected to be settled more than 12 months after reporting date	2,040	1,875
Total payables	12,537	10,652

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

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Payables (continued)

The employer superannuation on-cost rate has increased from the 2014 rate of 10.75% to 11.1%, reflecting the superannuation mix of the department's employee profile at 30 June 2015.

Interest rate risk

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

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

(b) Risk exposure information - refer note 44.

31 Borrowings/Financial liabilities

	2015 \$' 000	2014 \$' 000
Current		
Indebtedness to the Treasurer	25,600	14,156
Total current borrowings	25,600	14,156
Non-current		
Indebtedness to the Treasurer	3,403	9,303
Total non-current borrowings	3,403	9,303
Total borrowings	29,003	23,459

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

Borrowings for Loans to Cooperatives are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the loan principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 23, receivables – loans receivable). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA. Borrowings incurred on behalf of Cooperatives are recognised at cost. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 7 years subject to agreement through SAFA.

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

Borrowings by PIRSA under the Drought Concessional Loans Scheme are receivable from the Commonwealth where applicants for financial assistance meet the eligibility criteria of the scheme. The Commonwealth pays the funds in advance in agreed tranches, which are held in a special deposit account pending drawdown (refer note 22). Concessional loan payments are made by PIRSA to eligible applicants and are available for debt refinance, operating expenses, drought recovery and preparedness activities. Applications for the 2014-15 Drought Concessional Loans Scheme closed on 30 June 2015 and applications are presently under consideration. On 9 May 2015, the Commonwealth Government announced a further commitment in 2015-16 to continue access to the existing Drought Scheme and a new Drought Recovery Concessional Loans scheme. Additional loan funding will be allocated to the Drought Concessional Loans Scheme with applications to open again in 2015-16.

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

(b) Risk exposure information - refer note 44.

(c) Defaults and breaches - there were no defaults or breaches of the above liabilities throughout the year.

	2015 \$' 000	2014 \$' 000
Movement in financial liabilities/borrowings		
Carrying amount at the beginning of the period	23,459	17,103
Additional borrowing during the year	20,000	12,146
Repayments of borrowings	(14,456)	(5,790)
Carrying amount at the end of the period	29,003	23,459

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32 Employee benefits

	2015	2014
	\$' 000	\$' 000
Current		
Annual leave	5,583	5,236
Long service leave	2,237	1,782
Accrued salaries and wages	534	290
Skills and experience retention leave	717	485
Total current employee benefits	9,071	7,793
Non-current		
Long service leave	22,029	19,811
Total non-current employee benefits	22,029	19,811
Total employee benefits	31,100	27,604

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2014 (3.5%) to 2015 (3.0%).

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

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$782 000 and employee benefit expense of \$782 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

The net effect of the changes in the current financial year is a decrease in annual leave and skills, experience and retention leave liability of \$56 000 and employee benefit expense by \$56 000.

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

33 Provisions

	2015	2014
	\$' 000	\$' 000
Current		
Provision for workers compensation	404	495
Total current provisions	404	495
Non-current		
Provision for workers compensation	1,317	1,781
Total non-current provisions	1,317	1,781
Total provisions	1,721	2,276
Carrying amount at the beginning of the period	2,276	2,441
Reductions arising from payments	(325)	(335)
Revaluation of liability	561	538
Additional provisions recognised	(791)	(368)
Carrying amount at the end of the period	1,721	2,276

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

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34 Other liabilities

	2015 \$' 000	2014 \$' 000
Current		
Lease incentive	72	122
Unearned revenue	15,381	14,741
Total current other liabilities	15,453	14,863
Non-current		
Lease incentive	5	77
Other liabilities	10	83
Total non-current other liabilities	15	160
Total other liabilities	15,468	15,023

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

35 Equity

	2015 \$' 000	2014 \$' 000
Retained earnings	154,522	147,443
Asset revaluation surplus	39,154	37,767
Total equity	193,676	185,210

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

36 Unrecognised contractual commitments

	2015 \$' 000	2014 \$' 000
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	3,285	-
Later than one year but not longer than five years	2,223	-
Total capital commitments	5,508	-

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

	2015 \$' 000	2014 \$' 000
Expenditure commitments - remuneration		
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence and TVSP contracts signed at the reporting date, but not recognised as liabilities:		
Within one year	4,097	4,827
Later than one year but not longer than five years	6,434	9,464
Total remuneration commitments	10,531	14,291

Amounts disclosed include commitments arising from executive and other service contracts. The department does not offer fixed-term remuneration contracts greater than five years.

	2015 \$' 000	2014 \$' 000
Expenditure commitments - other		
Within one year	1,548	1,380
Later than one year but not longer than five years	1,271	816
Later than five years	10	-
Total other commitments	2,829	2,196

The department's other commitments include agreements with LeasePlan for long term hire of light vehicles and other amounts owing under fixed price contracts outstanding at the end of the reporting period.

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Unrecognised contractual commitments (continued)

	2015 \$' 000	2014 \$' 000
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	2,484	3,192
Later than one year and not later than five years	2,784	3,859
Later than five years	890	592
Total operating lease commitments ⁽¹⁾	6,158	7,643
Representing:		
Non-cancellable operating leases	6,158	7,643
Total operating lease commitments	6,158	7,643

⁽¹⁾ PIRSA is proposing to enter into a new eight year lease over 25 Grenfell Street commencing in February 2016.

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

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

37 Contingent assets and contingent liabilities

Contingent Assets

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

The department may also accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced. Bank guarantees held at 30 June 2015, have a potential realisable value of \$8.6 million (\$13.5 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 matters, which the department may be required to remedy in the future.

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

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

38 Transferred functions

Transfer out

In 2014-15:

Local government functions - 2 employees

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2014* (dated 26 June 2014) proclaimed that effective from 1 July 2014 two employees assigned to work in local government functions would transfer from PIRSA to the Department for Planning, Transport and Infrastructure.

Transfer in

In 2013-14:

Office for the State and Local Government Relations - 2 employees - Boundary adjustment facilitation panel.

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2013* (dated 30 July 2013) proclaimed that effective from 1 August 2013 employees of the Boundary adjustment facilitation panel transferred from the Department of the Premier and Cabinet to PIRSA.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

39 Trust funds

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.

	2015 \$' 000	2014 \$' 000
Operations		
Revenue	2	2
Net operating surplus	2	2
Net assets		
Cash at bank	97	95
Net assets	97	95
Funds		
Balance of funds at beginning of period	95	93
Add: net receipts	2	2
Fund balance at end of period	97	95

40 Remuneration of board and committee members

Members of boards/committees relating to the ongoing activities of PIRSA who were entitled to receive remuneration during the 2014-15 financial year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	2015	2014
\$Nil	115	86
\$1 - \$9 999	49	74
\$10 000 - \$19 999	2	4
\$20 000 - \$29 999	1	-
\$30 000 - \$39 999	1	-
\$50 000 - \$59 999	-	1
Total number of members	168	165

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$213 938 (\$256 423).

Amounts paid to a superannuation plan for members was \$16 614 (\$17 025).

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

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.

* Government employees DM Deputy member

Members during the 2014-15 financial year were:

Aquaculture Advisory Committee

Abbott K A	Jeffriess B C (retired 30/06/2015)
Coates J L	Lawrie R A (DM)
Cooper C S	Luckens T (DM)
* Dolan P	Payne S G
* Doroudi M (retired 30/06/2015)	Rosenberg L F (DM)
Dyer A M	* Rusby T C
Ellis D (DM) (retired 30/06/2015)	* Sloan E (DM) (retired 30/06/2015)
Fulcher H M (DM) (retired 30/06/2015)	Stehr H H (retired 30/06/2015)
Grady M A (retired 30/06/2015)	Stehr M A (DM) (retired 30/06/2015)
Healy R (DM)	* Walters A (DM)
* Ingerson T (DM)	

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Aquaculture Tenure Allocation Board

Braxton-Smith P A (retired 06/07/2014)
 Cooper C S
 Davis G S
 Day B M (retired 16/05/2015)
 Ellis D C

Healy R C
 Rigg C L
 Rudd W L
 Trezise M G (DM) (retired 16/05/2015)
 White M (DM) (retired 06/07/2014)

Eyre Peninsula Farming System Board

Bates A
 Dunn M (retired 17/12/2014)
 Fitzgerald M (retired 17/12/2014)
 Guerin S
 James C R
 Mayfield S

McDonald G
 Scholz G
 Smith B
 Stanley M
 * Tilbrook A
 Trezona D

Fisheries Council of South Australia

Barnett C J
 Brooks K J
 * Doroudi M
 * Dyson M F N
 Ferguson D L
 Grady M A
 McEwen R J

Schahinger B M
 Schnierer S B
 Sen S
 * Sloan S
 Smith A D M
 Stevens R A
 Tapley A E

Genetically Modified Crops Advisory Committee

Ankeny R A
 Annison G
 * Baldock H L
 Bowden M S
 Hannon A M

Hughes J E
 Levy J A W
 * Ophel Keller K M
 Pontifex N C
 Way R J

Meat Food Safety Advisory Committee

Ackland T M
 Bourne S L
 Dunn E T
 Fell L A
 Hindson L D (DM)
 * Jenkins F
 Knoll F P
 Koumi S
 Lloyd B R (DM)
 * Martin G (DM)

Martin G L
 Nirmalaraja B (DM)
 Penhall M K
 * Raven G D
 Rock M S
 Sandercock P
 * Sexton M E (DM)
 Smith G R
 Wedd R
 Zammit L O

PIRSA Animal Ethics Committee

Anderson C M
 Baird S L
 Cooper J G
 * Drake K
 * Glatz P
 * Hocking-Edwards J
 Jones D W
 Kennedy E J (retired 16/04/2015)

McGrath K
 Mitchell A B
 McNicholl J E (retired 11/03/2015)
 * Rayner J
 * Rudiger S
 * Tillbrook A
 * van der Moer H

PIRSA Audit and Risk Management Committee

* Casement D
 * Ciui C
 * Dietman P
 * Frater D
 Harvey A E

* Mader T (retired 15/04/2015)
 * Mooney P
 * Payne B
 Sneddon Y

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Regional Communities Consultative Council

Agnew D J (retired 30/11/2014)	Duffy K L (retired 30/11/2014)
Beltchev G (retired 30/11/2014)	Herraman A J (retired 30/11/2014)
Blacker P D (retired 30/11/2014)	Matthias K (retired 30/11/2014)
Boehm W J (retired 30/11/2014)	Woodberry M M (retired 30/11/2014)

Rural Assistance Appeals Committee

Hollands D J	Long J A
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SA Forest Industry Advisory Board

Calvert J (retired 06/02/2015)	McDonnell I (retired 06/02/2015)
Carmichael A W (retired 06/02/2015)	Pidcock C (retired 06/02/2015)
Dunstone A S (retired 03/02/2015)	Smith R P (retired 06/02/2015)
Fargher J D (retired 06/02/2015)	Smith T W (retired 06/02/2015)
Lloyd P G (retired 06/02/2015)	

SA River Murray Sustainability Program Expert Assessment Panel

Chessell I	Davidson D
Cole P	Jachmann N
* Cutting M	Mutton D

SA River Murray Sustainability Program Steering Committee

Akeroyd M	McHugh B K
* Grant J	Parish J W
* Johnson A	* Sincock N
Kerin R G	Starick S R
Martinson N T	Stefanovic T

South Australian Alpaca Advisory Group

Crocker R (retired 15/04/2015)	Sadler L J (retired 15/04/2015)
Duncker B M (retired 15/04/2015)	Schmaal B (retired 15/04/2015)
* Mossop J W (retired 15/04/2015)	Wheeler J (retired 15/04/2015)

South Australian Goat Advisory Group

Crawford P M (retired 15/04/2015)	* Gillen A J (nee Bartlett) (retired 15/04/2015)
Evans C L (retired 15/04/2015)	Kuhl G A (retired 15/04/2015)
Falkenhagen J T (retired 15/04/2015)	Lauterbach P C (retired 15/04/2015)

South Australian Horse Industry Advisory Group

* Carr M R (retired 15/04/2015)	Horridge P S (retired 15/04/2015)
Cavanagh D R (retired 15/04/2015)	Hunt W A (retired 15/04/2015)
Fiedler J (DM) (retired 15/04/2015)	Lewis H A (retired 15/04/2015)
Hale S G (retired 15/04/2015)	* Miller D (DM) (retired 15/04/2015)
Holland-Clarke E A (retired 15/04/2015)	Milton J K (retired 15/04/2015)

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

41 Cash flow reconciliation

	2015 \$' 000	2014 \$' 000
Reconciliation of Cash – Cash at year end as per:		
Statement of Cash Flow	147,660	114,537
Statement of Financial Position	147,660	114,537
Reconciliation of Net Cash (used in) / provided by Operating Activities to Net Cost of providing services:		
Net cash provided by/(used in) operating activities	24,890	22,883
Less: Revenue from SA Government	(93,771)	(97,582)
Add: Return to Consolidated Account	1,019	-
Add / (less) non-cash items:		
Depreciation and amortisation	(5,845)	(5,766)
Gain/(loss) on disposal of assets	164	(58)
Gain/(loss) on inventories	320	405
Recognition and derecognition of assets	-	(4)
Lease incentives	122	122
Doubtful debts recognised	15	(216)
Revaluation of assets to realisable value	(267)	-
Other non-cash items	(560)	983
Changes in assets/liabilities (net of restructuring transfer)		
Increase/(decrease) in receivables	(5,038)	9,661
Increase/(decrease) in inventories	(1,168)	(220)
(Increase)/decrease in payables and provisions	(1,490)	(2,147)
(Increase)/decrease in employee benefits	(3,473)	1,074
(Increase)/decrease in other liabilities	(591)	(150)
Net cost of providing services	(85,673)	(71,015)

42 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
Expenses						
5	Employee benefit expenses	12,270	11,499	77,018	77,548	89,288
6	Supplies and services					
	Professional and technical services	1,372	1,174	13,735	12,859	15,107
	Administrative and operating costs	-	-	8,180	8,633	8,633
	Utilities and property costs	5,081	3,956	3,689	3,679	8,770
	Computing and communication costs	2,106	1,838	4,027	5,040	6,133
	Travel	-	-	2,946	3,192	2,946
	Shared Services costs	2,070	2,267	-	-	2,070
	Staff development and safety	-	-	1,079	985	1,079

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Transactions with SA Government (continued)

Note		SA Government		Non-SA Government		Total	
		2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
6	Supplies and services						
	Operating lease costs - accommodation costs	3,325	3,177	-	-	3,325	3,177
	Operating lease costs	-	-	122	106	122	106
	Vehicle lease and operating costs	2,383	2,322	-	-	2,383	2,322
	Other vehicle and equipment operating costs	91	93	901	895	992	988
	Property and risk insurance	427	422	-	-	427	422
	Total supplies and services	16,855	15,249	34,679	35,389	51,534	50,638
7	Depreciation and amortisation expense	-	-	5,845	5,766	5,845	5,766
8	Grants and subsidies						
	Recurrent grants	-	-	61,899	30,424	61,899	30,424
	Intra government transfers	4,098	748	-	-	4,098	748
	Total grants and subsidies	4,098	748	61,899	30,424	65,997	31,172
9	Borrowing costs	431	463	400	189	831	652
10	Net loss from disposal of non-current assets	-	-	-	43	-	43
11	Net loss from disposal of other assets	-	-	2	15	2	15
12	Other expenses						
	Publications, seed and miscellaneous stocks - cost of sales	-	-	96	103	96	103
	Revaluation of assets to realisable value	-	-	267	-	267	-
	Deemed cost of produce consumed	-	-	555	524	555	524
	Property, plant and equipment derecognised	-	-	-	56	-	56
	Bad debts and allowances for doubtful debts	-	-	-	216	-	216
	Royalty payments	-	-	274	170	274	170
	Workers compensation provision movement	6	368	-	-	6	368
	Workers compensation liability revaluation	(561)	(538)	-	-	(561)	(538)
	Assumption of liabilities (recognition)	-	-	-	35	-	35

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Transactions with SA Government (continued)

Note		SA Government		Non-SA Government		Total	
		2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
12	Other expenses						
	Other	-	-	35	20	35	20
	Total other expenses	(555)	(170)	1,227	1,124	672	954
21	Payments to SA Government	1,019	-	-	-	1,019	-
	Total expenses	34,118	27,789	181,070	150,498	215,188	178,287
Income							
10	Net gain from disposal of non-current assets	-	-	166	-	166	-
14	Revenues from fees and charges						
	Agriculture and Fisheries, consultancies and services	15	19	3,119	3,471	3,134	3,490
	Rural Solutions, consultancies and services	1,932	1,313	4,259	5,667	6,191	6,980
	South Australian Research and Development Institute, consultancies and services	28	23	4,534	4,936	4,562	4,959
	Other	2,579	2,737	20	34	2,599	2,771
	Total revenues from fees and charges	4,554	4,092	11,932	14,108	16,486	18,200
15	Advances and grants						
	South Australian Research and Development Institute	6,239	5,144	30,725	34,205	36,964	39,349
	Fisheries	7,229	7,284	21	33	7,250	7,317
	Biosecurity	4,146	4,051	591	1,124	4,737	5,175
	Aquaculture	1,305	1,460	30	257	1,335	1,717
	Prudential and Rural Financial Services	-	-	1,250	1,250	1,250	1,250
	Agribusiness and Regions	2,000	102	-	65	2,000	167
	Rural Solutions	108	195	-	-	108	195
	Other	26	40	2	5	28	45
	Total advances and grants	21,053	18,276	32,619	36,939	53,672	55,215
16	Commonwealth revenues (National Partnership Payments)	-	-	48,885	23,725	48,885	23,725

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Transactions with SA Government (continued)

Note		SA Government		Non-SA Government		Total	
		2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
17	Interest revenues	2,087	1,493	658	725	2,745	2,218
18	Sale of goods	-	-	2,907	2,963	2,907	2,963
19	Other income						
	Reimbursements/ recoveries	335	737	1,414	1,973	1,749	2,710
	Seed and other royalties	-	-	1,591	1,130	1,591	1,130
	Gains / (losses) from changes in fair value of biological assets	-	-	116	344	116	344
	Assumption of liabilities (de-recognition)	-	-	-	249	-	249
	Diesel fuel rebates	-	-	91	82	91	82
	Sponsorship contributions	-	-	1	80	1	80
	Reduction in allowance for doubtful debts	-	-	15	-	15	-
	Other	-	-	60	356	60	356
	Total other income	335	737	3,288	4,214	3,623	4,951
20	Resources received free of charge	-	-	12	-	12	-
21	Revenues from SA Government	93,771	97,582	-	-	93,771	97,582
Total income		121,800	122,180	100,467	82,674	222,267	204,854
Financial assets							
23	Receivables						
	Receivables	972	314	4,778	16,518	5,750	16,832
	Loan receivables	-	-	9,009	13,541	9,009	13,541
	Worker's compensation recoveries	-	-	60	76	60	76
	Accrued interest on loans and deposits	160	142	175	248	335	390
	Other accrued revenue	463	683	6,154	3,556	6,617	4,239
	GST receivable	-	-	1,392	936	1,392	936
	Prepayments	-	-	194	173	194	173
	Total receivables	1,595	1,139	21,762	35,048	23,357	36,187

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Transactions with SA Government (continued)

Note		SA Government		Non-SA Government		Total	
		2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
25	Other financial assets	-	-	4,518	4,501	4,518	4,501
Total financial assets		1,595	1,139	26,280	39,549	27,875	40,688
Financial liabilities							
30	Payables						
	Creditors	-	-	4	6	4	6
	Accrued expenses	2,321	2,261	6,313	5,134	8,634	7,395
	Accrued interest on borrowings	176	194	-	-	176	194
	Paid parental leave scheme	-	-	5	21	5	21
	Employment on-costs	1,929	1,582	1,789	1,454	3,718	3,036
	Total payables	4,426	4,037	8,111	6,615	12,537	10,652
31	Borrowings/Financial liabilities	29,003	23,459	-	-	29,003	23,459
34	Other liabilities	110	1,119	15,358	13,904	15,468	15,023
Total financial liabilities		33,539	28,615	23,469	20,519	57,008	49,134

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

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

The following are brief explanations of variances between original budget and actual amounts.

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

Statement of Comprehensive Income	Note	Original budget ⁽¹⁾ 2015 \$' 000	Actual 2015 \$' 000	Variance \$' 000
Expenses				
Employee benefit expenses		91,417	89,288	(2,129)
Supplies and services		56,910	51,534	(5,376)
Depreciation and amortisation expense		6,713	5,845	(868)
Net loss from disposal of other assets		-	2	2
Grants and subsidies	a	110,605	65,997	(44,608)
Borrowing costs		2,030	831	(1,199)
Other expenses		812	672	(140)
Total expenses		268,487	214,169	(54,318)
Income				
Revenues from fees and charges		26,766	16,486	(10,280)
Advances and grants		53,500	53,672	172
Commonwealth revenues	b	72,400	48,885	(23,515)
Interest revenues		4,198	2,745	(1,453)
Sale of goods		2,704	2,907	203
Net gain from disposal of non-current assets		680	166	(514)
Other income		2,992	3,623	631
Resources received free of charge		-	12	12
Total income		163,240	128,496	(34,744)
Net cost of providing services		105,247	85,673	(19,574)
Revenues from/payments to SA Govt				
Revenue from SA Government		106,229	93,771	(12,458)
Payments to SA Government		(982)	(1,019)	(37)
Net result		-	7,079	7,079
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Changes in property, plant and equipment asset revaluation surplus		-	1,387	1,387
Total other comprehensive income		-	1,387	1,387
Total comprehensive result		-	8,466	8,466

⁽¹⁾ Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

(a) Grants and subsidies were lower than the original budget primarily due to the revised timing for various project initiatives with expenditure carried forward to future years, relating to the South Australian River Murray Sustainability Program (SARMS) and the Regional Development grant programs.

(b) Commonwealth revenues were lower than the original budget mainly due to the revised timing of milestone achievements for various project initiatives across financial years under the SARMS program.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

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

		Original budget ⁽¹⁾ 2015 \$' 000	Actual 2015 \$' 000	Variance \$' 000
Investing expenditure summary	Note			
Total new projects	c	–	899	899
Total existing projects	d	3,560	348	(3,212)
Total annual programs		3,810	4,297	487
Total investing expenditure		7,370	5,544	(1,826)

⁽¹⁾ Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

(c) New project approved during 2014-15 relating to the redevelopment of the Clare Regional Office.

(d) Total existing project investing expenditure was lower than the original budget due to the slippage into future years of approved expenditure for the Loxton Research Centre redevelopment and the construction of the Sterile Insect Technology facility.

44 Financial instruments/Financial risk management

44.1 Financial risk management

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

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

44.2 Categorisation of financial instruments

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

PIRSA does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 23 and 30).
- Borrowings are recognised at cost which approximates fair value (refer notes 2 and 31).
- Held to maturity investments are initially recognised at cost which approximates fair value (refer notes 2 and 25).

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

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

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

44.3 Liquidity risk

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

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

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

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

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

Table 44.3 Categorisation and maturity analysis of financial instruments

Category of financial asset and financial liability	Note	2015 Carrying amount/ Fair value (\$'000)	2015 Contractual maturities			
			Current	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets						
Cash and equivalent						
- Cash and cash equivalent	22	147,660	147,660	147,660	-	-
Loans and receivables (at cost)						
- Receivables ^{(1) (2)}	23	13,787	13,787	10,339	3,448	-
Investments (at cost)						
- Other financial assets	25	4,518	4,518	4,518	-	-
Total financial assets		165,965	165,965	162,517	3,448	-
Financial liabilities						
Financial liabilities (at cost)						
- Payables ⁽¹⁾	30	4	4	4	-	-
- Borrowings	31	29,003	29,003	25,600	3,403	-
Total financial liabilities		29,007	29,007	25,604	3,403	-

Category of financial asset and financial liability	Note	2014 Carrying amount/ Fair value (\$'000)	2014 Contractual maturities			
			Current	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets						
Cash and equivalent						
- Cash and cash equivalent	22	114,537	114,537	114,537	-	-
Loans and receivables (at cost)						
- Receivables ^{(1) (2)}	23	30,059	30,059	20,665	9,394	-
Investments (at cost)						
- Other financial assets	25	4,501	4,501	4,501	-	-
Total financial assets		149,097	149,097	139,703	9,394	-
Financial liabilities						
Financial liabilities (at cost)						
- Payables ⁽¹⁾	30	6	6	6	-	-
- Borrowings	31	23,459	23,459	14,156	9,303	-
Total financial liabilities		23,465	23,465	14,162	9,303	-

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Categorisation and maturity analysis of financial instruments (continued)

- (1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees etc). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from disclosure. All amounts recorded are carried at cost.
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 23 in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

44.4 Credit risk

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

The department has minimal concentration of credit risk. The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the department. Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 23 for information on the allowance for impairment in relation to receivables.

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

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

Table 44.4 Ageing analysis of financial assets

2015	Carrying amount \$'000	Not past due and not impaired	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30	Overdue for 30 - 60 days \$'000	Overdue for more than 60 days \$'000	
Cash and cash equivalents	147,660	147,660				
Receivables ⁽¹⁾	13,787	12,030	811	511	238	197
Other financial assets	4,518	4,518				
	165,965	164,208	811	511	238	197
2014						
Cash and cash equivalents	114,537	114,537				
Receivables ⁽¹⁾	30,059	26,409	2,585	258	584	223
Other financial assets	4,501	4,501				
	149,097	145,447	2,585	258	584	223

- ⁽¹⁾ Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

44.5 Market risk

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

44.6 Sensitivity disclosure analysis

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

45 Events after the reporting period

No events have occurred after balance date that would affect the financial statements of PIRSA as at 30 June 2015.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF ADMINISTERED COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
Expenses			
Employee benefit expenses	A4	653	448
Supplies and services	A5	2,110	1,762
Grants and subsidies	A6	29,734	29,614
Levies payments	A7	219	573
Other expenses	A8	136	-
Total expenses		32,852	32,397
Income			
Revenue from fees and charges	A10	25,999	27,012
Interest revenue	A11	387	426
Levies collection	A12	197	539
Other income	A13	30	57
Total income		26,613	28,034
Net cost of providing services		6,239	4,363
Revenues from / payments to SA Government			
Revenues from SA Government	A14	4,872	3,881
Net revenues from SA Government		4,872	3,881
Net result		(1,367)	(482)
Total comprehensive result		(1,367)	(482)

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF ADMINISTERED FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
Current assets			
Cash	A15	23,692	22,060
Receivables	A16	321	292
Total current assets		24,013	22,352
Total assets		24,013	22,352
Current liabilities			
Payables	A17	1,773	585
Employee benefits	A18	4	5
Other current liabilities	A19	2,462	621
Total current liabilities		4,239	1,211
Total liabilities		4,239	1,211
Net assets		19,774	21,141
Equity			
Retained earnings	A20	19,774	21,141
Total equity		19,774	21,141

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF ADMINISTERED CHANGES IN EQUITY

For the Year Ended 30 June 2015

	Note	Assets Revaluation Surplus \$' 000	Retained Earnings \$' 000	Total \$' 000
Balance at 30 June 2013		10	21,967	21,977
Prior period adjustment		-	(19)	(19)
Transfers due to a change in accounting policy		(10)	(329)	(339)
Restated balance as at 30 June 2013		-	21,619	21,619
Net result for 2013-14		-	(482)	(482)
Total comprehensive result for 2013-14		-	(482)	(482)
Balance at 30 June 2014	A20	-	21,137	21,137
Prior period adjustment		-	4	4
Restated balance as at 30 June 2014	A20	-	21,141	21,141
Net result for 2014-15		-	(1,367)	(1,367)
Total comprehensive result for 2014-15		-	(1,367)	(1,367)
Balance at 30 June 2015	A20	-	19,774	19,774

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

STATEMENT OF ADMINISTERED CASH FLOWS

For the Year Ended 30 June 2015

	Note	2015 \$' 000	2014 \$' 000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(655)	(271)
Supplies and services		(2,127)	(2,204)
Grants and subsidies		(28,511)	(29,972)
Levy payments		(236)	(461)
Other payments		-	(3)
Payment of royalties to Department of State Development		-	(4,436)
Cash used in operations		(31,529)	(37,347)
Cash inflows			
User fees and charges		27,666	27,504
Advances and grants		-	169
Interest received		396	419
Levy collections		197	20
Other receipts		30	-
Cash generated from operations		28,289	28,112
Cash flows from (payments to) SA Government			
Receipts from SA Government		4,872	3,881
Cash generated from SA Government		4,872	3,881
Net cash provided by/(used in) operating activities	A23	1,632	(5,354)
Net increase/(decrease) in cash		1,632	(5,354)
Cash at 1 July		22,060	27,414
Cash at 30 June	A15	23,692	22,060

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

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

SCHEDULE OF EXPENSES AND INCOME ATTRIBUTABLE TO ADMINISTERED ACTIVITIES
For the Year Ended 30 June 2015

(Activities refer note A3)	1	2	3	4	5	6
Expenses	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Employee benefit expenses	-	-	-	-	-	-
Supplies and services	20	1	71	12	9	4
Grants and subsidies	250	1,520	590	115	50	290
Levies payments	-	-	-	-	-	-
Other expenses	-	134	-	-	-	-
Total expenses	270	1,655	661	127	59	294
Income						
Revenue from fees and charges	352	1,647	698	152	68	-
Interest revenue	3	19	8	2	1	1
Levies collection	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	355	1,666	706	154	69	1
Net cost of providing services	(85)	(11)	(45)	(27)	(10)	293
Revenues from SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-	-
Net result	85	11	45	27	10	(293)
Total comprehensive result	85	11	45	27	10	(293)

(Activities refer note A3)	7	8	9	10	11	12
Expenses	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Employee benefit expenses	12	-	-	-	-	-
Supplies and services	1,577	-	19	17	-	10
Grants and subsidies	12,257	4,278	1,200	2,238	1	250
Levies payments	-	-	-	-	-	-
Other expenses	2	-	-	-	-	-
Total expenses	13,848	4,278	1,219	2,255	1	260
Income						
Revenue from fees and charges	14,161	-	1,450	2,184	-	347
Interest revenue	-	-	42	8	-	5
Levies collection	-	-	-	-	-	-
Other income	14	-	-	-	-	-
Total income	14,175	-	1,492	2,192	-	352
Net cost of providing services	(327)	4,278	(273)	63	1	(92)
Revenues from SA Government	-	4,278	-	-	-	-
Net revenues from SA Government	-	4,278	-	-	-	-
Net result	327	-	273	(63)	(1)	92
Total comprehensive result	327	-	273	(63)	(1)	92

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

SCHEDULE OF EXPENSES AND INCOME ATTRIBUTABLE TO ADMINISTERED ACTIVITIES
For the Year Ended 30 June 2015 (continued)

(Activities refer note A3)	13	14	15	16	17	18
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Expenses						
Employee benefit expenses	-	-	-	-	-	11
Supplies and services	34	-	136	7	5	16
Grants and subsidies	640	-	700	117	59	735
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	674	-	836	124	64	762
Income						
Revenue from fees and charges	731	-	570	-	3	558
Interest revenue	8	-	15	1	5	27
Levies collection	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	739	-	585	1	8	585
Net cost of providing services	(65)	-	251	123	56	177
Revenues from SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-	-
Net result	65	-	(251)	(123)	(56)	(177)
Total comprehensive result	65	-	(251)	(123)	(56)	(177)

(Activities refer note A3)	19	20	21	22	23	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Expenses						
Employee benefit expenses	-	-	8	41	581	653
Supplies and services	6	118	7	41	-	2,110
Grants and subsidies	2	575	183	3,684	-	29,734
Levies payments	-	-	-	-	219	219
Other expenses	-	-	-	-	-	136
Total expenses	8	693	198	3,766	800	32,852
Income						
Revenue from fees and charges	1	459	203	2,415	-	25,999
Interest revenue	3	6	84	147	2	387
Levies collection	-	-	-	-	197	197
Other income	-	-	-	16	-	30
Total income	4	465	287	2,578	199	26,613
Net cost of providing services	4	228	(89)	1,188	601	6,239
Revenues from SA Government	-	-	-	-	594	4,872
Net revenues from SA Government	-	-	-	-	594	4,872
Net result	(4)	(228)	89	(1,188)	(7)	(1,367)
Total comprehensive result	(4)	(228)	89	(1,188)	(7)	(1,367)

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

SCHEDULE OF EXPENSES AND INCOME ATTRIBUTABLE TO ADMINISTERED ACTIVITIES
For the Year Ended 30 June 2014

(Activities refer note A3)	1	2	3	4	5	6
Expenses	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Employee benefit expenses	-	-	-	-	-	-
Supplies and services	21	1	117	22	10	6
Grants and subsidies	300	2,327	750	170	50	219
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	321	2,328	867	192	60	225
Income						
Revenue from fees and charges	386	2,297	564	174	44	-
Interest revenue	3	24	7	3	1	12
Levies collection	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	389	2,321	571	177	45	12
Net cost of providing services	(68)	7	296	15	15	213
Revenues from SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-	-
Net result	68	(7)	(296)	(15)	(15)	(213)
Total comprehensive result	68	(7)	(296)	(15)	(15)	(213)

(Activities refer note A3)	7	8	9	10	11	12
Expenses	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Employee benefit expenses	13	-	-	-	-	-
Supplies and services	1,033	-	19	15	-	9
Grants and subsidies	12,471	3,528	810	1,991	-	140
Levies payments	-	-	-	-	364	-
Other expenses	-	-	-	-	-	-
Total expenses	13,517	3,528	829	2,006	364	149
Income						
Revenue from fees and charges	13,650	-	1,594	2,069	-	341
Interest revenue	-	-	29	6	2	2
Levies collection	-	-	-	-	315	-
Other income	57	-	-	-	-	-
Total income	13,707	-	1,623	2,075	317	343
Net cost of providing services	(190)	3,528	(794)	(69)	47	(194)
Revenues from SA Government	-	3,516	-	-	-	-
Net revenues from SA Government	-	3,516	-	-	-	-
Net result	190	(12)	794	69	(47)	194
Total comprehensive result	190	(12)	794	69	(47)	194

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

SCHEDULE OF EXPENSES AND INCOME ATTRIBUTABLE TO ADMINISTERED ACTIVITIES
For the Year Ended 30 June 2014 (continued)

(Activities refer note A3)	13	14	15	16	17	18
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Expenses						
Employee benefit expenses	-	-	-	-	2	5
Supplies and services	31	5	105	43	10	61
Grants and subsidies	500	8	980	147	19	837
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	531	13	1,085	190	31	903
Income						
Revenue from fees and charges	723	-	1,173	184	48	509
Interest revenue	5	-	12	4	6	34
Levies collection	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	728	-	1,185	188	54	543
Net cost of providing services	(197)	13	(100)	2	(23)	360
Revenues from SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-	-
Net result	197	(13)	100	(2)	23	(360)
Total comprehensive result	197	(13)	100	(2)	23	(360)

(Activities refer note A3)	19	20	21	22	23	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Expenses						
Employee benefit expenses	-	-	9	30	389	448
Supplies and services	6	96	8	106	38	1,762
Grants and subsidies	15	525	103	3,724	-	29,614
Levies payments	-	-	-	-	209	573
Other expenses	-	-	-	-	-	-
Total expenses	21	621	120	3,860	636	32,397
Income						
Revenue from fees and charges	1	714	216	2,324	1	27,012
Interest revenue	3	6	86	181	-	426
Levies collection	-	-	-	-	224	539
Other income	-	-	-	-	-	57
Total income	4	720	302	2,505	225	28,034
Net cost of providing services	17	(99)	(182)	1,355	411	4,363
Revenues from SA Government	-	-	-	-	365	3,881
Net revenues from SA Government	-	-	-	-	365	3,881
Net result	(17)	99	182	(1,355)	(46)	(482)
Total comprehensive result	(17)	99	182	(1,355)	(46)	(482)

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Notes to the Financial Statements

A1 Summary of significant accounting policies

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

A2 New and revised accounting standards and policies

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

In accordance with amendments to Accounting Policy Framework II *General Purpose Financial Statements Framework*, effective for the year ended 30 June 2015, the Dog Fence Board is no longer considered an administered item of PIRSA. Accordingly, the department will no longer aggregate the Dog Fence Board in its administered financial statements, schedules or explanatory notes. Previously the department included the Dog Fence Board within its consolidated administered financial statements.

The impact of this change on Total Income is \$1.0 million (\$1.0 million), Total Expense is \$987 000 (\$1.1 million), Total Assets is \$355 000 (\$289 000) and Total Liabilities is \$26 000 (\$18 000) for 2015 and 2014 respectively.

In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the amendments to Accounting Policy Framework II *General Purpose Financial Statements Framework* is retrospectively applied with the Outback Communities Authority and the South Australian Local Government Grants Commission also no longer considered administered items of PIRSA for the period ending 30 June 2014. Accordingly, the department is no longer consolidating the Outback Communities Authority and the South Australian Local Government Grants Commission in its administered financial statements, schedules or explanatory notes comparative figures.

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2014* (dated 26 June 2014) declared that effective from 1 July 2014 the Outback Communities Authority and the South Australian Local Government Grants Commission would transfer from PIRSA's Administered items to DPTI.

The impact of this change on Total Income is \$102.1 million, Total Expense is \$100.3 million, Total Assets is \$8.2 million and Total Liabilities is \$919 000 for 2014.

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: Adelaide Hills Wine Industry Fund

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

Activity 2: Aquaculture Resource Management Fund

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

Activity 3: Barossa Wine Industry Fund

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

- Activity 4:** *Citrus Growers Fund*
This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 20 October 2005. The primary purposes of the fund are to provide services to growers, promote the SA Citrus industry, represent growers in regional, State or national citrus or horticulture industry forums and encourage communication and cooperation between participants in the citrus industry.
- Activity 5:** *Clare Valley Wine Industry Fund*
This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 21 February 2008. The primary purposes of the fund are to promote the Clare Valley wine industry, undertake research and development and encourage communication and cooperation between participants in the Clare Valley wine industry.
- Activity 6:** *Eyre Peninsula Grain Growers Rail Fund*
This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 7 September 2006. The primary purpose of the fund is to collect \$2 million towards the cost of improving the Eyre Peninsula grain railway line and associated equipment or infrastructure. The purpose of the fund has been met and the prescribed contribution rate has been reduced to zero.
- Activity 7:** *Fisheries Research and Development Fund*
Under the *Fisheries Management Act 2007*, all commercial licence fees received by PIRSA are required to be paid into this fund. The primary purposes of the fund are to carry out research, exploration, experiments, works or operations for the conservation, management or enhancement of living resources found in waters to which the Act applies or promotion of any fishing, fish farming or fish processing activity.
- Activity 8:** *ForestrySA Community Service Obligations*
PIRSA receives appropriation to make payments to ForestrySA representing Community Service Obligations for the provision of: management of native forests for biodiversity conservation; community use of forest reserves; forest research programs; and provision of community fire protection services near forest reserves.
- Activity 9:** *Grain Industry Fund*
This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 March 2012. The primary purposes of the fund are to promote the grain industry, through industry field days, conferences and other events; represent grain growers in regional, State or national grain or agriculture industry forums; collect and disseminate to grain growers information relevant to the grain industry; and undertake programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry.
- Activity 10:** *Grain Industry Research and Development Fund*
This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2013. The primary purposes of the fund are to collect industry funds and make payments to the South Australian Grain Industry Trust Fund and others; to undertake or facilitate research and development into the growing, harvesting, storage, processing and marketing of grain and collect and disseminate to grain growers information relevant to research and development into grains.
- Activity 11:** *Grains Industry Levy Fund*
Voluntary levies were collected from grain producers under the *Wheat Marketing Act 1989*, to support grains research and development in South Australia and the activities of the South Australian Farmers Federation (SAFF) Grains Industry Committee. The requirement for grain processors to make deductions in relation to the SAFF Grains Industry Committee was removed effective from 1 March 2012. This was replaced by the Grain Industry Fund (refer Activity 9). The *Wheat Marketing Act 1989*, was repealed on 8 August 2013 and the collection of contributions for research and development is now through the Grain Industry Research and Development Fund (refer Activity 10).

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Activity 12: *Langhorne Creek Wine Industry Fund*

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

Activity 13: *McLaren Vale Wine Industry Fund*

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

Activity 14: *Olive Industry Fund*

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 26 February 2009. The primary purposes of the fund were 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. The requirement for olive processors to make deductions in relation to this fund was removed effective from 1 May 2013. The *Primary Industry Funding Schemes (Olive Industry Fund) Regulations 2009* were revoked on 26 June 2014, with the fund now closed.

Activity 15: *Riverland Wine Industry Fund*

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

Activity 16: *Rock Lobster Fishing Industry Fund*

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

Activity 17: *South Australian Apiary Industry Fund*

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

Activity 18: *South Australian Cattle Industry Fund*

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

Activity 19: *South Australian Deer Industry Fund*

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 September 2002. The primary purposes of the fund 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.

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Activity 20: South Australian Grape Growers Industry Fund

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

Activity 21: South Australian Pig Industry Fund

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

Activity 22: South Australian Sheep Industry Fund

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

Activity 23: Other Funds

This is the total of all other administered funds including the payment of Ministerial salaries and allowances, and seed levies collected and remitted pursuant to the Commonwealth *Pasture Seed Levy Collection Act, 1989* and amending Act *Primary Industries Levies and charges collection (Consequential Provisions) Act 1991 No. 26, 1991*.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A4 Employee benefit expenses

	2015	2014
	\$' 000	\$' 000
Salaries and wages	617	417
Employment on-costs - superannuation	1	1
Employment on-costs - other	2	2
Board fees	33	28
Total employee benefit expenses	653	448

A5 Supplies and services

	2015	2014
	\$' 000	\$' 000
Professional and technical services ⁽¹⁾	1,664	1,160
Administrative and operating costs	354	548
Computing and communications costs	77	29
Travel	14	19
Other	1	6
Total supplies and services	2,110	1,762

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

A6 Grants and subsidies

	2015	2014
	\$' 000	\$' 000
Recurrent grants	29,607	29,519
Intra government transfers	127	95
Total grants and subsidies	29,734	29,614

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

Fisheries Research and Development Fund	12,254	12,471
ForestrySA-Community Service Obligations	4,278	3,528
South Australian Sheep Industry Fund	3,688	3,724
Grain Industry Research and Development Fund	2,238	1,991
Aquaculture Resource Management Fund	1,520	2,327
Grain Industry Fund	1,200	810
South Australian Cattle Industry Fund	735	837
Riverland Wine Industry Fund	700	980
McLaren Vale Wine Industry Fund	640	500
Barossa Wine Industry Fund	590	750
South Australian Grape Growers Industry Fund	575	525
Eyre Peninsula Grain Growers Rail Fund	290	219
Adelaide Hills Wine Industry Fund	250	300
Langhorne Creek Wine Industry Fund	250	140
South Australian Pig Industry Fund	183	103
Rock Lobster Fishing Industry Fund	117	147
Citrus Growers Fund	115	170
South Australian Apiary Industry Fund	59	19
Clare Valley Wine Industry Fund	50	50
South Australian Deer Industry Fund	2	15
Olive Industry Fund	-	8
Total grants and subsidies	29,734	29,614

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A7 Levies payments

	2015	2014
	\$' 000	\$' 000
Grain Levies ⁽¹⁾	1	364
Seed Levies ⁽²⁾	218	209
Total levies payments	219	573

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

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

Income is recognised under note A12.

A8 Other expenses

	2015	2014
	\$' 000	\$' 000
Doubtful debt expense	136	-
Total other expenses	136	-

A9 Auditor's remuneration

	2015	2014
	\$' 000	\$' 000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements (including individual financial statements for industry funds)	103	110
Total auditor's remuneration	103	110

Other services

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

A10 Revenue from fees and charges

	2015	2014
	\$' 000	\$' 000
Aquaculture and fishing licences	13,668	12,807
Industry contributions	10,339	11,877
Penalties and fines	42	43
Other fees and levies	1,950	2,285
Total revenue from fees and charges	25,999	27,012

A11 Interest revenue

	2015	2014
	\$' 000	\$' 000
Interest received	387	426
Total interest revenue	387	426

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A12 Levies collection

	2015	2014
	\$' 000	\$' 000
Grain Levies ⁽¹⁾	-	315
Seed Levies ⁽²⁾	197	224
Total levies collection	197	539

(1) Grain levies were collected pursuant to the *Wheat Marketing Act 1989* to support grains research and development in South Australia and the activities of the SAFF Grains Industry Committee. The *Wheat Marketing Act 1989* was repealed on 8 August 2013 and the collection of contributions is now through the Grain Industry Research and Development Fund and the Grain Industry Fund, established by Regulations under the *Primary Industry Funding Schemes Act 1998*. These contributions are now reflected under note A10.

(2) Seed levies comprise amounts collected pursuant to the *Commonwealth Pasture Seed Levy Collection Act 1989* and amending *Act Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991 No. 26 1991* for certification of pasture seed by the State and fees charged by ASA under licence by the Commonwealth Department of Agriculture. ASA undertake the role of the National Designated Authority for the Organisation for Economic Cooperation and Development (OECD) seed schemes, and, at the request of the Australian seed industry, operates the Australian Seed Certification Scheme which is used principally for seed not destined for export. The department has an agreement with ASA to collect and remit the levy on their behalf.

Payments are recognised under note A7.

A13 Other income

	2015	2014
	\$' 000	\$' 000
Other income		
Reimbursements/recoveries	16	-
Other	14	57
Total other income	30	57

A14 Revenues from / payments to SA Government

	2015	2014
	\$' 000	\$' 000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act ⁽¹⁾	4,278	3,516
Reimbursements received for Parliamentary salaries and expense allowances	594	365
Total revenues from SA Government	4,872	3,881
Net revenues from Government	4,872	3,881

(1) The original amount appropriated to the department under the *Appropriation Act* for Administered items was \$3.311 million (\$3.516 million). An additional advance of \$0.967 million (\$Nil) was received from the Treasurer via the Governor's Appropriation Fund in recognition of changes in funding for ForestrySA community service obligations.

A15 Cash

	2015	2014
	\$' 000	\$' 000
Deposits with the Treasurer		
Section 21 Deposit Accounts	23,692	22,014
Imprest account and cash on hand	-	46
Total cash and cash equivalents	23,692	22,060

Interest rate risk

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A16 Receivables

	2015	2014
	\$' 000	\$' 000
Current		
Receivables	561	386
Less: allowance for doubtful debts	(266)	(130)
	<u>295</u>	<u>256</u>
Accrued interest on deposits	26	35
Other accrued revenue	-	1
	<u>26</u>	<u>36</u>
Total current receivables	321	292
Total receivables	321	292

Interest rate and credit risk

Receivables are raised for all goods and services provided for, for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

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

Movement in the allowance for doubtful debts

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

	2015	2014
	\$' 000	\$' 000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	130	130
(Decrease)/increase in the allowance	136	-
Carrying amount at the end of the period	266	130

A17 Payables

	2015	2014
	\$' 000	\$' 000
Current		
Accrued expenses	1,706	508
Other	67	77
Total current payables	1,773	585
Total payables	1,773	585

A18 Employee benefits

	2015	2014
	\$' 000	\$' 000
Current		
Accrued salaries and wages	4	5
Total current employee benefits	4	5
Total employee benefits	4	5

A19 Other liabilities

	2015	2014
	\$' 000	\$' 000
Current		
Unearned revenue	2,462	621
Total current other liabilities	2,462	621
Total other liabilities	2,462	621

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A20 Equity

	2015	2014
	\$' 000	\$' 000
Retained earnings	19,774	21,141
Total equity	19,774	21,141

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

A21 Contingent assets and contingent liabilities

The department is not aware of any contingent assets affecting the Administered entities comprising the consolidated financial report as at 30 June 2015.

Contingent Liabilities - Refunds of Contributions

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

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A22 Remuneration of board and committee members

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

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

	2015	2014
\$0	36	36
\$1 - \$9 999	39	41
Total number of members	75	77

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$34 845 (\$27 256).

Amounts paid to a superannuation plan for board and committee members was \$1 356 (\$789).

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

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

* Government Employees

(DM) Deputy member

Rock Lobster Fish Management Advisory Board

Bailey N (retired 30/06/2015)
Dichmont C (retired 30/06/2015)
Fistr A R * (retired 27/04/2015)
Gregory T C (retired 30/06/2015)
Gurney A (retired 30/06/2015)
Jones A * (retired 30/06/2015)
Kimber N * (retired 30/06/2015)

Lawrence A (retired 30/06/2015)
Moran T J (retired 30/06/2015)
Peters S C (retired 30/06/2015)
Redman J R (retired 30/06/2015)
Rowe E A (retired 30/06/2015)
Rowe S R (retired 30/06/2015)
Stevens R A (retired 30/06/2015)

South Australian Apiary Advisory Group

Charlton-Fatchen L N (retired 30/10/2014)
Ferris A (retired 30/10/2014)
Frisby-Smith R (retired 30/10/2014)
Hooper B A (retired 30/10/2014)

Le Feuvre D W W (retired 30/10/2014)
Petrenas E * (retired 30/10/2014)
Secombe N * (retired 30/10/2014)
Walker L (retired 30/10/2014)

South Australian Cattle Advisory Board

Basham D K B
Clegett L F
Dennis K I
Honner T J
Mann N A M
Oldfield A S (retired 30/06/2015)

Pacitti A S
Withers I A S (retired 30/06/2015)
Van Wijk J *
Bartlett K (DM)
Dickason C * (DM)
Schulz P (DM)

South Australian Deer Advisory Group

Cox A R (retired 30/06/2015)
DeLaine M J (retired 30/06/2015)
Gottfried E J (retired 30/06/2015)
Kasprzak N (retired 30/06/2015)

Schulz J (retired 30/06/2015)
Stevens M S (retired 30/06/2015)
Tuckwell C D (retired 30/06/2015)
Varcoe J R (retired 30/06/2015)

South Australian Ovine Johne's Disease Committee

Altschwager P R
Cooper L T
Dennis K I
Gogel L D
Heinrich A S

Mills L J
Norsworthy P *
Osborne M
Tren Grove C L
Van Wijk J *

South Australian Pig Industry Advisory Group

Hamann R K
Henwood K M
Lloyd B R
McLean L N
McMahon J

Moore M J *
Sapwell C M
Schmidt P J
Starick M J

South Australian Sheep Advisory Group

Bateman B J
Halliday R D (retired 30/06/2015)
Kellock J
Mills L J
Petrenas E *
Piggott A M
Robinson R N (retired 30/06/2015)

Rowett I H
Symons J B (retired 30/06/2015)
Westbrook K D (retired 30/06/2015)
Dennis K I (DM)
MacLachlan A (DM)
Schulz P J (DM)
Whittlesea M (DM)

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A23 Cash flow reconciliation

	2015	2014
	\$' 000	\$' 000
Reconciliation of cash – cash at year end as per:		
Statement of Administered Cash Flows	23,692	22,060
Statement of Administered Financial Position	23,692	22,060
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by/(used in) operating activities	1,632	(5,354)
Less: Revenue from SA Government	(4,872)	(3,881)
Add / (less) non-cash items:		
Doubtful debts recognised	(136)	-
Changes in assets/liabilities		
Increase/(decrease) in receivables	165	(392)
(Increase)/decrease in payables and provisions	(1,188)	4,970
(Increase)/decrease in employee benefits	1	3
(Increase)/decrease in other liabilities	(1,841)	291
Net cost of providing services	(6,239)	(4,363)

A24 Transactions with SA Government

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

		SA Government		Non-SA Government		Total	
Note		2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
Expenses							
A4	Employee benefit expenses	2	2	651	446	653	448
A5	Supplies and Services						
	Professional and technical services	180	-	1,484	1,160	1,664	1,160
	Administrative and operating costs	-	-	354	548	354	548
	Computing and communications costs	-	-	77	29	77	29
	Travel	-	-	14	19	14	19
	Other	1	-	-	6	1	6
	Total supplies and services	181	-	1,929	1,762	2,110	1,762
A6	Grants and subsidies						
	Recurrent grants	21,242	374	8,365	29,145	29,607	29,519
	Intra government transfers	127	95	-	-	127	95
	Total grants and subsidies	21,369	469	8,365	29,145	29,734	29,614
A7	Levies payments	-	-	219	573	219	573
A8	Other expenses	-	-	136	-	136	-
Total expenses		21,552	471	11,300	31,926	32,852	32,397

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Note		SA Government		Non-SA Government		Total	
		2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000	2015 \$' 000	2014 \$' 000
Income							
A10	Revenues from fees and charges						
	Aquaculture and fishing licences	-	-	13,668	12,807	13,668	12,807
	Industry contributions	-	-	10,339	11,877	10,339	11,877
	Penalties and fines	-	-	42	43	42	43
	Other fees and levies	-	-	1,950	2,285	1,950	2,285
	Total revenue from fees and charges	-	-	25,999	27,012	25,999	27,012
	A11	Interest revenues	387	426	-	-	387
A12	Levies collection	-	-	197	539	197	539
A13	Other Income						
	Reimbursements/ recoveries	-	-	16	-	16	-
	Other	-	-	14	57	14	57
	Total other income	-	-	30	57	30	57
A14	Revenues from SA Government	4,872	3,881	-	-	4,872	3,881
Total income		5,259	4,307	26,226	27,608	31,485	31,915
Financial assets							
A16	Receivables						
	Receivables	-	-	295	256	295	256
	Accrued interest revenues	26	35	-	-	26	35
	Other accrued revenues	-	-	-	1	-	1
	Total receivables	26	35	295	257	321	292
Total financial assets		26	35	295	257	321	292
Financial liabilities							
A17	Payables						
	Accrued expenses	95	-	1,611	508	1,706	508
	Other	67	77	-	-	67	77
	Total payables	162	77	1,611	508	1,773	585
A19	Other liabilities	-	-	2,462	621	2,462	621
Total financial liabilities		162	77	4,073	1,129	4,235	1,206

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

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

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

	Original budget ⁽¹⁾ 2015 \$' 000	Actual 2015 \$' 000	Variance \$' 000
Statement of Comprehensive Income	Note		
Expenses			
Employee benefit expenses	660	653	(7)
Supplies and services	1,694	2,110	416
Grants and subsidies	30,835	29,734	(1,101)
Levies payments	-	219	219
Other expenses	15	136	121
Total expenses	33,204	32,852	(352)
Income			
Revenue from fees and charges	27,979	25,999	(1,980)
Interest revenue	516	387	(129)
Levies collection	-	197	197
Other income	-	30	30
Total income	28,495	26,613	(1,882)
Net cost of providing services	4,709	6,239	1,530
Revenues from / Payments to SA Government			
Revenues from SA Government	3,901	4,872	971
Net revenues from SA Government	(3,901)	(4,872)	(971)
Net result	(808)	(1,367)	(559)
Total comprehensive result	(808)	(1,367)	(559)

- (1) Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets, administrative restructures/machinery of government changes or changes in accounting policy. The budget process is not subject to audit.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

A26 Financial instruments/Financial risk management

Table 26.1 Categorisation of financial instruments

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

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial assets						
Cash	Cash	A15	23,692	23,692	22,060	22,060
Loans and receivables (at cost)	Receivables ^{(1) (2)}	A16	321	321	292	292
Total financial assets at cost			24,013	24,013	22,352	22,352
Financial liabilities						
Financial liabilities (at cost)	Payables ⁽¹⁾	A17	1,611	1,611	508	508
Total financial liabilities at cost			1,611	1,611	508	508

- (1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg. Commonwealth, State and Local Government taxes, fees and charges; audit fees payable to Auditor-General's Department etc). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc they would be excluded from disclosure. All amounts recorded are carried at cost.
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note A16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

26.1(a) Fair value

The department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these. Refer to notes A1, A16 and A17.

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

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

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

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

A27 Events after the reporting period

No events have occurred after balance date that would affect the consolidated administered financial statements of PIRSA as at 30 June 2015.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS

Certification of the Financial Statements

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

- comply with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department of Primary Industries and Regions as at

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



Scott Ashby
CHIEF EXECUTIVE
Department of Primary
Industries and Regions

18 September 2015



Stephen Johnke
CHIEF FINANCIAL OFFICER
Department of Primary
Industries and Regions

18 September 2015



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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of Primary Industries and Regions for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2015
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2015
- a Statement of Administered Financial Position as at 30 June 2015
- a Statement of Administered Changes in Equity for the year ended 30 June 2015
- a Statement of Administered Cash Flows for the year ended 30 June 2015
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

The Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

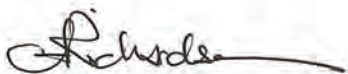
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department of Primary Industries and Regions as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
21 September 2015

Return to Work Corporation of South Australia

Financial report
for the year ended
30 June 2015

ReturnToWorkSA **Statement of Comprehensive Income** **for the year ended 30 June 2015**

	Notes	2015 \$'000	2014 \$'000
Premium revenue	8	644,997	662,454
Cost of claims	9	809,718	(583,647)
Claims management fees		(100,997)	(64,982)
Ombudsman, tribunal and panel fees	12	(9,116)	(8,239)
Underwriting result		1,344,602	5,586
Net Investment profit	8	223,138	285,307
Self-insured employer fee	8	16,022	17,694
Other income	8	1,587	1,559
Net investment profit and other income		240,747	304,560
SafeWork SA		(11,651)	(11,396)
Return to Work Fund		(705)	(1,353)
General operating expenses	13	(70,833)	(63,275)
Total operating expenses		(83,189)	(76,024)
Result from operating activities		1,502,160	234,122
<i>Other comprehensive income – items that will not be reclassified to profit or loss</i>			
Re-measurements of defined benefit liability	14(b)	(844)	751
Total comprehensive result		1,501,316	234,873

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

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

ReturnToWorkSA

Statement of Financial Position

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Cash	15	3	3
Trade and other receivables	16	69,385	87,570
Investments	17,24	2,863,158	2,646,525
Property, plant and equipment	18	6,835	7,903
Intangible assets	19	21,147	25,535
Total assets		2,960,528	2,767,536
Liabilities			
Trade and other payables	21	53,859	34,269
Outstanding claims	10,11	2,517,600	3,847,585
Employee benefits	14(a)	17,594	16,484
Provisions	22	1,715	754
Total liabilities		2,590,768	3,899,092
Net (liabilities)/assets		369,760	(1,131,556)
Equity			
Retained earnings		369,760	(1,131,556)
Total equity		369,760	(1,131,556)
Commitments	28		
Employer financial guarantees	29		
Contingent liabilities	30		

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

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

ReturnToWorkSA Statement of Changes in Equity for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
Total equity at the start of the year	(1,131,556)	(1,366,429)
Total comprehensive result	1,501,316	234,873
Total equity at the end of the year	369,760	(1,131,556)

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

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015	2014
		\$'000	\$'000
Cash flows from operating activities			
Premium receipts		716,860	763,391
Claim recoveries		25,235	22,195
Other receipts		836	1,862
Claim and other related payments		(544,149)	(508,216)
Interest received		43,705	41,894
Dividends received		52,894	40,986
Other payments to suppliers and employees		(158,516)	(119,707)
GST		(45,675)	(53,858)
Investment expenses		(5,374)	(4,904)
Net cash from operating activities	23	85,816	183,643
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	5	-	-
Proceeds from the sale of investments		1,601,470	1,446,211
Acquisition of property, plant and equipment		(612)	(1,650)
Acquisition of investments		(1,648,120)	(1,589,678)
Net cash used in investing activities		(47,257)	(145,117)
Net increase in cash and cash equivalents		38,559	38,526
Cash and cash equivalents at the beginning of the period		142,305	103,779
Cash and cash equivalents at the end of the period	15	180,864	142,305

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

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2015

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

ReturnToWorkSA (RTWSA), the principal trading name of the Return to Work Corporation of South Australia (formerly WorkCover Corporation of South Australia), is a statutory authority set up under the Return to Work Corporation of South Australia Act 1994. Domiciled in Australia RTWSA provides insurance protection for South Australian employers and their workers in the event of work-related injury. RTWSA administers the Workers Rehabilitation and Compensation Act 1986 which was repealed on 1 July 2015 (the repealed Act) and from 1 July 2015 the Return to Work Act 2014 (the Act).

The significant change occurring in the reporting period was the reduction in the net liability for outstanding claims due to the enactment of the Act and the positive impact of claims management activities.

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

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

Compensation Fund

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

Statutory Reserve Fund

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

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

Insurance Assistance Fund

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

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

Mining and Quarrying Industries Fund

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

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

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

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2015

Note 2 Statement of compliance

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

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

RTWSA has applied Australian Accounting Standards that are applicable for not-for-profit-entities, as RTWSA is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by RTWSA for the reporting period ending 30 June 2015. None of these are expected to have a significant effect on the financial statements of RTWSA, except for AASB 9 Financial Instruments, which becomes mandatory for RTWSA's 2019 financial statements and could change the classification and measurement of financial assets. RTWSA does not plan to adopt this standard early and the extent of the impact has not been determined.

Note 3 Basis of preparation

The financial statements have been prepared based on a twelve month period and are presented in Australian currency and have been rounded to the nearest thousand dollars (\$'000s).

The preparation of financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies;
 - b) expenses incurred as a result of engaging consultants;
 - c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

Judgments made by management in the application of AASBs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

The Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for financial assets that are stated at their fair value and outstanding claims and related recoveries that are discounted to present value using a risk-free rate.

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

The Statement of Financial Position is prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity. The assets and liabilities comprise both current amounts and non-current amounts. Information regarding the amount of an item that is expected to be outstanding longer than 12 months is included within the relevant note to the financial statements.

The accounting policies set out in Note 5 and throughout the notes have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2015

Note 4 Use of judgments and estimates

RTWSA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on RTWSA and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those related to the valuation of outstanding claims liability.

Outstanding claims liability

RTWSA takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The details of the valuation of the outstanding claims liability are set out in Notes 10 and 11.

The outstanding claims liability has been established on the basis of independent actuarial assessments of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors and discounted to a present value at the reporting period. Risk-free rates are used when discounting liabilities to current values. RTWSA has adopted a risk margin of 6.5% for the Compensation Fund (2014: 5.5%) and 6.0% for the Statutory Reserve Fund (2014: 5.5%) and the Insurance Assistance Fund (2014: 5.5%) to value all the outstanding claims liabilities (apart from the liabilities relating to asbestos related diseases where the applicable percentage adopted is 25% (2014: 25%)) at 65% (2014: 65%) probability of sufficiency as approved by the Board. The risk margins were determined based on advice from Finity Consulting Pty Ltd.

The outstanding claims liability includes a liability in respect of the estimated cost of claims incurred but not settled at the reporting period, including the cost of claims incurred but not yet reported (IBNR) to RTWSA. The IBNR which relates principally to claims for asbestos related diseases affects mainly the Statutory Reserve Fund and the Insurance Assistance Fund. The outstanding liability for the Mining and Quarrying Industries Fund, which had its triennial valuation at 30 June 2013, is \$100,000.

The estimated cost of claims includes estimates of the direct expenses to be incurred in settling claims net of the expected recoveries.

Premiums receivable

The premiums receivable balance is the estimate of premiums due up to 30 June to be received after allowing for impairment and refunds.

Note 5 Significant accounting policies

(a) Administered items

The financial statements and accompanying notes include all the controlled activities of RTWSA. Transactions and balances relating to administered resources are not recognised as corporation income, expense, assets and liabilities. As administered items are insignificant in relation to RTWSA's overall financial performance and position, they are disclosed under administered items at Note 31. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as RTWSA items.

(b) Foreign currency

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Amounts payable to and by RTWSA in foreign currencies have been translated to Australian currency at rates of exchange current at the reporting period with resulting exchange differences brought to account at 30 June 2015.

(c) Insurance contracts

Insurance contracts are contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary. RTWSA's liabilities for outstanding claims are similar in nature to general insurance contracts and accordingly are treated as general insurance contracts for the purpose of AASB 1023 General Insurance Contracts.

(d) Assets backing insurance liabilities

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities. Insurance liabilities are defined as outstanding claims and the liability for unearned premiums included in the Statement of Financial Position. As RTWSA operates solely in one industry and substantially all of its liabilities are insurance liabilities, RTWSA considers that substantially all of its assets, excluding property, plant and equipment, and intangible assets exist to back these insurance liabilities. As part of its investment strategy RTWSA seeks to manage its assets allocated to insurance activities having regard to the characteristics of the insurance liabilities.

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2015

(e) Revenue

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

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

Claims recoveries

Claims recoveries are made from a range of parties in accordance with the Act.

Recoveries received are offset against the cost of claims. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims in that they are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. Movements in recoveries receivable are also shown as a cost of claims.

(f) Expenses

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

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

The following are specific recognition criteria:

Net profit/loss on non-current assets

Any profit/loss on disposal of property, plant and equipment is recognised at the date control of the asset is passed to the buyer and determined after deducting the proceeds from the carrying amount at the time of disposal.

Operating lease payments

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

Claims management fees

Claims management fees are determined on an accruals basis in accordance with the respective agreements between RTWSA and its claims agents.

Employee benefits - wages, salaries, skills and experience retention leave, annual leave and long service leave

Liabilities for employee benefits for wages, salaries, annual leave and skills and experience retention leave that are expected to be settled within 12 months of the reporting date and are measured at the undiscounted amount expected to be paid.

Where annual leave liability and skills and experience retention leave liability are expected to be payable later than twelve months, the liability is measured at present value.

The measurement and classification of long service leave is outlined in Note 14(a).

Employee benefits - defined contribution superannuation plan

Obligations for contributions to defined contribution superannuation funds are recognised in the Statement of Comprehensive Income as incurred.

(g) Taxation

RTWSA is not subject to income tax. RTWSA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of GST, except when the amount of GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

(h) Futures contracts

Futures contracts are recorded in the financial statements at fair value. The fair value is the unrealised gain/loss on the outstanding contracts as at the reporting period. All open futures contracts mature within 12 months of the reporting period.

(i) Segment reporting

RTWSA operates within the insurance industry predominantly providing for the recovery, return to work and compensation of workers with respect to injuries and diseases arising from their employment. RTWSA operates solely in the State of South Australia.

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Note 6 Reporting by fund

(a) Statement of Comprehensive Income for the year ended 30 June 2015

				Mining & Quarrying		2015	2014
	Notes	Compensation Fund	Statutory Reserve Fund	Insurance Assistance Fund	Industries Fund Part A Part B	Total Funds	Total Funds
		\$'000	\$'000	\$'000	\$'000 \$'000	\$'000	\$'000
Premium revenue		644,997	-	-	- -	644,997	662,454
Cost of claims	9	788,877	20,733	108	- -	809,718	(583,647)
Claims management fees		(100,997)	-	-	- -	(100,997)	(64,982)
Ombudsman, tribunal and panel fees		(9,116)	-	-	- -	(9,116)	(8,239)
Underwriting result		1,323,761	20,733	108	- -	1,344,602	5,586
Net investment profit		208,635	11,370	1,791	21 1,321	223,138	285,307
Self-insured employer fee		16,022	-	-	- -	16,022	17,694
Other income		1,587	-	-	- -	1,587	1,559
Net investment profit and other income		226,244	11,370	1,791	21 1,321	240,747	304,560
Safework SA		(11,651)	-	-	- -	(11,651)	(11,396)
Return to Work Fund		(705)	-	-	- -	(705)	(1,353)
General operating expenses		(70,054)	(8)	-	- (771)	(70,833)	(63,275)
Total operating expenses		(82,410)	(8)	-	- (771)	(83,189)	(76,024)
Result from operating activities		1,467,595	32,095	1,899	21 550	1,502,160	234,122
Other comprehensive income - items that will not be reclassified to profit or loss							
Re-measurements of defined benefit liability		(844)	-	-	- -	(844)	751
Total comprehensive result		1,466,751	32,095	1,899	21 550	1,501,316	234,873

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(b) Statement of Financial Position as at 30 June 2015

					Mining & Quarrying		2015	2014
	Notes	Compensation	Statutory	Insurance	Industries Fund		Total	Total
		Fund	Reserve	Assistance	Part A	Part B	Funds	Funds
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash		3	-	-	-	-	3	3
Trade and other receivables		69,367	-	-	-	18	69,385	87,570
Investments		2,681,734	142,932	22,314	260	15,918	2,863,158	2,646,525
Property, plant and equipment		6,835	-	-	-	-	6,835	7,903
Intangible assets		21,147	-	-	-	-	21,147	25,535
Total assets		2,779,086	142,932	22,314	260	15,936	2,960,528	2,767,536
Liabilities								
Trade and other payables		53,783	-	-	-	76	53,859	34,269
Outstanding claims	10,11	2,451,232	66,021	247	100	-	2,517,600	3,847,585
Employee benefits		17,594	-	-	-	-	17,594	16,484
Provisions		1,715	-	-	-	-	1,715	754
Total liabilities		2,524,324	66,021	247	100	76	2,590,768	3,899,092
Net assets / (liabilities)		254,762	76,911	22,067	160	15,860	369,760	(1,131,556)
Equity								
Retained earnings		254,762	76,911	22,067	160	15,860	369,760	(1,131,556)
Total earnings		254,762	76,911	22,067	160	15,860	369,760	(1,131,556)

Note 7 Funding ratio

The funding ratio is a measure of financial sustainability showing the availability of assets to fund the Scheme's liabilities.

The Board approved policy sets a funding range of 90% to 120%. The percentage is calculated from dividing total assets by total liabilities.

	2015 \$'000	2014 \$'000
Funded (unfunded) position	369,760	(1,131,556)
Funding percentage	114.3%	71.0%

The mechanism for managing the funding position is the Average Premium Rate. Each year the Average Premium Rate is reviewed and future projections of Scheme liability and cost are analysed to determine the most appropriate Average Premium Rate to achieve RTWSA's desired long-term funding and pricing position.

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Note 8 Income

(a) Premium revenue	2015	2014
	\$'000	\$'000
Registered employer premium	642,789	661,225
Fines and penalties	2,208	1,229
Premium revenue	644,997	662,454

Premium revenue

Premiums are payable by all registered South Australian employers under the Act.

Premiums are calculated on the total remuneration paid by employers for the financial year, including consideration for claims experience and are recognised on an accruals basis in respect to the financial year for which the remuneration is paid. Estimates are included for premiums relating to the current financial year which are payable following the reporting period. Premiums attributable to future years and received in the current financial year have been classified as unearned premiums (refer Note 21).

(b) Net Investment profit	2015	2014
	\$'000	\$'000
Dividends	52,894	40,986
Interest received	43,705	41,894
Change in net market values:		
Investment held at end of the financial year	150,851	157,278
Investment realised during the financial year	(19,427)	49,607
Investment profit	228,023	289,765
Investment expenses	(4,885)	(4,458)
Net investment profit	223,138	285,307

Investment income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date RTWSA's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

(c) Self-insured employer fee	2015	2014
	\$'000	\$'000
Self-insured employer fee - SA Government	7,356	8,185
Self-insured employer fee - Non SA Government	8,666	9,509
Self-insured employer fee	16,022	17,694

(d) Other income	2015	2014
	\$'000	\$'000
Defined benefit fund	598	602
Sundry income	989	957
Other income	1,587	1,559

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Note 9 Cost of claims

	Notes	Compensation Fund \$'000	Other Funds \$'000	2015 Total Funds \$'000	2014 Total Funds \$'000
Income support		201,767	-	201,767	241,549
Redemptions		50,795	-	50,795	7,543
Lump sum payments		60,452	-	60,452	46,557
Hospital treatment		14,141	-	14,141	14,167
Medical treatment		76,888	-	76,888	81,210
Vocational rehabilitation		16,412	-	16,412	22,093
Physiotherapy		10,204	-	10,204	13,682
Legal costs		30,971	283	31,254	22,339
Other		45,572	1,203	46,775	24,890
Claims paid		507,202	1,486	508,688	474,030
Less recoveries from other parties		(19,539)	(3,402)	(22,941)	(20,177)
Net claims paid		487,663	(1,916)	485,747	453,853
(Decrease) / Increase in net outstanding claims liability	10, 11	(1,282,630)	(18,925)	(1,301,555)	121,923
Net self-insurer settlements		6,090	-	6,090	7,871
Cost of claims		(788,877)	(20,841)	(809,718)	583,647

Note 10 Outstanding claims liability – Compensation Fund

(a) Outstanding claims

	Notes	2015 \$'000	2014 \$'000
Expected future gross claims payments (undiscounted)		5,039,936	5,764,810
Discount to present value		(2,738,310)	(2,198,656)
Central estimate		2,301,626	3,566,154
Risk margin		149,606	196,138
Liability for outstanding claims		2,451,232	3,762,292
Recoveries	16	(66,996)	(95,426)
Net liability for outstanding claims		2,384,236	3,666,866
Current liability for outstanding claims		523,938	461,547
Non-current liability for outstanding claims		1,927,294	3,300,745
Total liability for outstanding claims		2,451,232	3,762,292
Change in liability for outstanding claims		(1,311,060)	119,451
Change in claim recoveries receivable		28,430	(4,439)
Movement in net outstanding claims liability		(1,282,630)	115,012
Weighted average expected term to settlement		13.0 years	9.5 years

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The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date by RTWSA, with an additional risk margin to allow for the inherent uncertainty in the central estimate. Under Actuarial Professional Standard 300, Valuations of General Insurance Claims, the central estimate is the best estimate of the expected liabilities for outstanding claims based on information currently available and exhibits no bias either towards a pessimistic or an optimistic outcome. A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the net liability is adequately provided to approximately a 65% probability of sufficiency as approved by the Board.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported, claims incurred but under reported and anticipated claims handling expenses including the run-off provision. The expected future payments are discounted to present value using an appropriate risk-free rate.

The claims expense or income in the Statement of Comprehensive Income comprise claims paid and the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

The value of the claims liability is determined by RTWSA following an independent actuarial valuation by Finity Consulting Pty Ltd. The value of the outstanding claims liability is based on a central estimate and includes a risk margin of 6.5% (2014: 5.5%) to bring the estimated net liability to a 65% probability of sufficiency.

The split of the outstanding claims liability between current and non-current liabilities is based on actuarial advice from Finity Consulting Pty Ltd. Should the timing of cash flows vary from that projected by Finity Consulting Pty Ltd then the proportions of the overall claims liability that are shown as current and non-current may vary.

The RTW Scheme is designed to provide services and up to two years of income support and up to three years of medical support for workers injured at work together with long-term financial support for those seriously injured at work. Assumptions adopted in relation to the projected future payments made to claims are detailed below in Note 10(e).

Operational changes have been made to introduce early intervention initiatives and expedite claims decisions.

The estimate of the value of the claims liability is based on the Act including the transitional provisions. Any divergence of the experience from the current valuation assumptions, whether favourable or adverse, will be reflected over time in relation to valuation assumptions.

Developments which potentially affect the Scheme's operating environment and the uncertainty of the liability estimate include:

- employer premium changes introduced with the intention of increasing the engagement of employers in the prevention and management of workplace injuries
- future cost growth in medical and treatment related expenditure items, particularly for long term claims
- the outcomes for claims with pending disputes
- actual experience for two year income support claims and whole person impairment assessments
- actual experience for serious injury claims
- the culture of the scheme and the implications for return to work outcomes
- future changes in the overall economic environment.

The decrease in the outstanding claims liability includes the net impact of the decrease in the average discount rate from 4.16% at 30 June 2014 to 4.06% at 30 June 2015.

Note 10(f) sets out the impact of changes in the key assumptions on which the valuation of the outstanding claims liability is based.

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(b) Net claims incurred

	Current year \$'000	Prior years \$'000	2015 Total \$'000	Current year \$'000	Prior years \$'000	2014 Total \$'000
Undiscounted						
Gross incurred	824,148	(985,799)	(161,651)	1,043,878	(318,855)	725,023
Recoveries	(12,591)	25,370	12,779	(18,655)	(4,066)	(22,721)
Net incurred – undiscounted	811,557	(960,429)	(148,872)	1,025,223	(322,921)	702,302
Discounted						
Gross incurred	451,923	(1,210,291)	(758,368)	687,603	(52,776)	634,827
Recoveries	(11,432)	16,864	5,432	(15,949)	(6,969)	(22,918)
Net incurred – discounted	440,491	(1,193,427)	(752,936)	671,654	(59,745)	611,909
Discount and discount movement						
Gross incurred – discounted	(372,225)	(224,492)	(596,717)	(356,275)	266,079	(90,196)
Recoveries – discounted	1,159	(8,506)	(7,347)	2,706	(2,903)	(197)
Net incurred – undiscounted	(371,066)	(232,998)	(604,064)	(353,569)	263,176	(90,393)

The figures for current period claims relate to the risks borne in the current reporting period. The figures for prior period claims relate to the reassessment of the risks borne in all previous reporting periods.

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(c) Claims development

	Prior years*	Year ended 30 June 2005 \$'000	Year ended 30 June 2006 \$'000	Year ended 30 June 2007 \$'000	Year ended 30 June 2008 \$'000	Year ended 30 June 2009 \$'000	Year ended 30 June 2010 \$'000	Year ended 30 June 2011 \$'000	Year ended 30 June 2012 \$'000	Year ended 30 June 2013 \$'000	Year ended 30 June 2014 \$'000	Year ended 30 June 2015 \$'000
Estimate of ultimate claims cost**												
At the end of year	-	395,377	396,059	422,794	445,035	471,917	508,902	527,850	625,012	685,173	574,982	353,734
One year later	1,864,540	382,259	419,758	435,848	447,935	480,472	487,196	586,296	616,974	602,689	403,139	
Two years later	1,949,583	408,008	452,514	460,605	461,964	489,652	521,046	562,035	581,152	435,366		
Three years later	2,036,540	406,101	437,354	475,519	457,878	517,651	499,973	545,014	415,185			
Four years later	2,000,726	368,271	417,646	484,162	492,947	525,857	515,277	448,017				
Five years later	1,975,834	383,879	417,524	496,736	513,198	542,833	420,122					
Six years later	1,924,018	368,005	420,017	499,395	510,115	415,349						
Seven years later	1,916,354	369,695	413,787	490,010	400,071							
Eight years later	1,921,707	369,890	406,540	409,044								
Nine years later	1,933,755	369,289	384,854									
Ten years later	1,931,236	355,575										
Eleven years later	1,965,744											
Current estimate of cumulative claims costs**	1,965,744	355,575	394,854	409,044	400,071	415,349	420,122	448,017	415,185	435,366	403,139	353,734
Cumulative payments**	1,807,074	340,615	345,503	347,413	327,795	328,917	305,517	303,366	280,686	230,095	149,367	50,280
Outstanding payments**	158,670	14,960	49,351	61,631	72,276	86,432	114,605	144,651	134,499	205,271	253,772	303,454
Discount adjustment***	123,218	9,246	26,460	28,073	26,836	24,526	25,834	26,327	17,393	16,897	12,546	7,159
Net outstanding claims	281,888	24,206	75,811	89,704	99,112	110,958	140,439	170,978	151,892	222,168	266,318	310,613

* Development of outstanding claim estimate as at 30 June 2005 for accidents prior to 30 June 2004.
 ** Discounted to the beginning of the accident year using actual historical discount rates and the discount rates applied in the estimation.
 *** Discount adjustment from beginning of accident year to current valuation date.

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	2015 \$'000	2014 \$'000
Prior years	281,888	254,587
Year ended 30 June 2005	24,206	47,453
Year ended 30 June 2006	75,811	99,840
Year ended 30 June 2007	89,704	223,396
Year ended 30 June 2008	99,112	266,221
Year ended 30 June 2009	110,958	300,650
Year ended 30 June 2010	140,439	287,845
Year ended 30 June 2011	170,978	329,215
Year ended 30 June 2012	151,892	391,876
Year ended 30 June 2013	222,168	467,131
Year ended 30 June 2014	266,318	528,112
Year ended 30 June 2015	310,613	-
Net outstanding claims	1,944,087	3,196,326
Claims handling expenses	294,632	279,376
Risk margin	145,517	191,164
Net liability for outstanding claims	2,384,236	3,666,866

(d) Maturity profile

The expected maturity of the discounted net outstanding claims provision is analysed below.

	Up to 1 yr \$'000	1 to 3 yrs \$'000	3 to 5 yrs \$'000	5 to 10 yrs \$'000	10 to 20 yrs \$'000	Over 20 yrs \$'000	Total \$'000
2015	509,282	584,349	178,479	276,626	367,257	468,243	2,384,236
2014	443,089	804,032	556,534	816,317	767,335	279,559	3,666,866

(e) Key assumptions

The key assumptions used by Finity Consulting Pty Ltd in developing the valuation of the claims liability are the economic assumptions relating to inflation and discount rates and the assumptions relating to the duration and severity of claims. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors. The following key assumptions were used in the measurement of the outstanding claims liability:

	2015	2014
Economic assumptions		
Inflation rate – income support	0.00% to 3.25%	3.25%
Inflation – medical, legal and other costs	2.75% to 3.50%	3.50%
Superimposed inflation rate – medical payments	2.00% to 4.00%	2.00% to 4.00%
Superimposed inflation rate – other	0.00% to 3.00%	1.00% to 6.00%
Discount rate	4.06%	4.16%
Duration and severity of claims	Refer below	Refer below
Claims handling expenses	14.7%	8.50%
Risk margin	6.50%	5.50%

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Finity Consulting Pty Ltd has made a range of assumptions relating to the projected durations that claimants will remain in receipt of payments and the quantum of those payments having had regard to the particular characteristics of groups of claims including:

- the distribution of claims between injured and seriously injured workers (assessed as having a whole person impairment (WPI) greater than 30%)
- the analysis of past claims experience including the cost of claims.

The valuation of the outstanding claims liability is strongly dependent on the assumptions adopted in relation to the duration of the long-term claims for seriously injured workers.

(f) Sensitivity to changes in key assumptions

The sensitivity of the discounted net outstanding claims estimate and profit / (loss) impact at the 65th percentile (i.e. after allowing for the risk margin) to changes in key assumptions is shown in the following table:

	Increase/ (decrease) in net liability \$'million	Percentage of net liability
Economic and modelling assumptions		
Strong economic scenario (3% gap between inflation and discount rate)	(507)	(21%)
Weak economic conditions (0% gap)	271	11%
Duration and severity of claims		
Superimposed inflation is 1% higher than assumed for medical care costs for serious injury claims	354	15%
Impact of a 6 year increase in the life expectancy of catastrophic injury claims	312	13%
WPI assessments increase by 2% as a result of the higher incentives under the RTW Act	117	5%

In conducting its valuation, Finity Consulting Pty Ltd modelled a number of other scenarios under which the assumptions for future claims experience differed from those used in the valuation. Under those scenarios the total value of the liability differed from the central estimate by plus or minus amounts which were within the variation range of values shown above.

The selection of the probability of sufficiency has a material impact on the valuation of the outstanding claims liability. The impact on the outstanding claims liability of adopting a 75% probability is shown in the following table:

	2015 \$'million	2014 \$'million
Increase in net outstanding claims liability at 75% probability of sufficiency	111.9	142.7

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Note 11 Outstanding claims liability – Other Funds

(a) Outstanding claims – SRF and IAF

	SRF	IAF	2015 Combined	2014 Combined
	\$'000	\$'000	\$'000	\$'000
Open claims	1,578	-	1,578	1,173
Total incurred but not yet reported (IBNR)	47,341	182	47,523	61,825
Claims handling expenses	4,158	16	4,174	5,355
Central estimate	53,077	198	53,275	68,353
Risk margin	12,944	49	12,993	16,840
Liability for outstanding claims	66,021	247	66,268	85,193
Recoveries	-	-	-	-
Net liability for outstanding claims	66,021	247	66,268	85,193

The value of the claims liability is determined by RTWSA following an independent actuarial valuation by Finity Consulting Pty Ltd. The claims liability estimate is based on a central estimate and includes a risk margin to bring the estimate of claims to a 65% probability of sufficiency.

The IBNR component is primarily made up of the estimated liability of the funds for asbestos related disease claims that will be made after 30 June 2015 due to exposure prior to 30 June 2015. Due to the latent nature of the disease there is a significant delay between the time of injury and reporting of the claim. Relatively few claims have been notified at the date of adopting these financial statements. The generally accepted opinion is that this delay is in the order of 40 years on average.

The asbestos related disease IBNR component was estimated by Finity Consulting Pty Ltd based on:

- forecast total future claim numbers derived by fitting projection models to the SRF/IAF claims data by disease recognising the varying nature of the exposure for different claims
- forecasts of average claim costs derived from analysis of SRF/IAF claims data, external data and information obtained from discussion with key parties. This analysis was based on disease type, size of claim and legal costs, adjusted to allow for the timing of claim payments and for future claims inflation, discounted to their present value.

(b) Maturity profile – SRF and IAF

The expected maturity of the discounted net outstanding claims provision is analysed below.

	Up to 1 yr	1 to 3 yrs	3 to 5 yrs	5 to 10 yrs	10 to 20 yrs	Over 20 yrs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015	1,798	4,653	5,507	14,242	24,019	16,049	66,268
2014	2,048	5,942	7,037	18,169	30,887	21,110	85,193

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(c) Movement in liability – SRF and IAF

	SRF			IAF		
	2015	2014	Change	2015	2014	Change
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asbestos related						
- Reported	644	485	159	-	-	-
- IBNR / re-opened claims	47,150	61,334	(14,184)	182	262	(80)
	47,794	61,819	(14,025)	182	262	(80)
Non-asbestos related						
- Reported	934	688	246	-	-	-
- IBNR / re-opened claims	191	229	(38)	-	-	-
	1,125	917	208	-	-	-
Central estimate	48,919	62,736	(13,817)	182	262	(80)
Claims handling expenses	4,158	5,333	(1,175)	16	22	(6)
Risk margin	12,944	16,769	(3,825)	49	71	(22)
Total outstanding claims liability	66,021	84,838	(18,817)	247	355	(108)

(d) Key assumptions

The key assumptions used in developing the estimate of the outstanding claims liability include economic assumptions relating to inflation and discount rates, the assumptions relating to severity of claims and the assumptions used to estimate the level of claims incurred but not reported. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors.

	2015	2014
Inflation rate		
- asbestos claims	5.50%	5.80%
- non asbestos claims	3.50%	3.80%
Discount rate		
- asbestos IBNR	3.65%	4.30%
- other	3.65%	4.30%
Claim handling expenses	8.50%	8.50%
Risk margin		
- reported claims	6.00%	5.50%
- IBNR claims	25.0%	25.0%

The significant assumptions underpinning the asbestos related disease IBNR are that the propensity to claim and the basis for compensating claims remain similar to the current situation, specifically:

- the number of diagnosed incidents of asbestos related disease continues to develop in line with past trends
- the proportion of incidents compensated by the funds remains similar to current levels but with an allowance for an increase in the proportion of claims which revert to the SRF from uninsured and insolvent employers.
- there are no additional failures of insurance companies.

(e) Sensitivity to changes in key assumptions - SRF and IAF

The key sensitivity for the SRF and the IAF is in relation to the ultimate value of the IBNR for asbestos related claims.

(f) Mining and Quarrying Industries Fund – Silicosis liability

The 30 June 2013 triennial valuation undertaken by Finity Consulting Pty Ltd estimated the extent of the existing and prospective liabilities for the Silicosis Scheme under the repealed Act as being \$100,000. This is unchanged at 30 June 2015.

ReturnToWorkSA **Notes to and forming part of** **the financial statements** **30 June 2015**

(g) Summary of Other Funds

	2015 \$'000	2014 \$'000
Statutory reserve fund	66,021	84,838
Insurance assistance fund	247	355
Mining and quarrying industries fund	100	100
Net Liability for outstanding claims	66,368	85,293
Current liability for outstanding claims	1,797	2,048
Non-current liability for outstanding claims	64,571	83,245
Total liability for outstanding claims	66,368	85,293
Change in liability for outstanding claims	(18,925)	3,009
Change in claim recoveries receivable	-	3,902
Change in liability for net outstanding claims	(18,925)	6,911

Note 12 Ombudsman, tribunal and panel fees

	2015 \$'000	2014 \$'000
Workers Compensation Tribunal/South Australian Employment Tribunal	5,831	5,110
Workcover Ombudsman	706	747
Medical Panels SA	2,579	2,382
Ombudsman, tribunal and panel fees	9,116	8,239

Note 13 General operating expenses

	Notes	2015 \$'000	2014 \$'000
Employee benefits	14	36,017	34,003
Depreciation		1,583	1,515
Amortisation		4,388	4,388
Expenses relating to operating leases		2,494	2,386
Loss on disposal of non-current assets		36	1
Other operating costs		26,315	20,982
Total general operating expenses		70,833	63,275

The increase in general operating expenses is mainly due to expenses for contractors and information technology associated with Scheme Reform and the introduction of the Act.

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The number and dollar amount of consultancies paid / payable (included in Scheme Reform, Return to Work Fund and general operating expenses) that fell within the following bands:

	No.	2015 \$'000	No.	2014 \$'000
Below \$10,000	5	29	5	34
Above \$10,000	21	2,939	35	4,430
Total paid/payable to the consultants engaged	26	2,968	40	4,464

Note 14 Employee benefits

	Notes	2015 \$'000	2014 \$'000
Salaries and wages		30,875	28,925
Long service leave		774	746
Annual leave		515	665
Skills and experience retention leave		31	22
Expenses relating to defined benefit plans			
-service cost	14(e)	195	216
-interest cost	14(e)	1,002	1,064
Contributions to defined contribution plans		2,625	2,365
Total employee benefits expenses		36,017	34,003

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

	2015	2014
\$141,500 to \$151,499	5	4
\$151,500 to \$161,499	3	* 7
\$161,500 to \$171,499	5	6
\$171,500 to \$181,499	4	1
\$181,500 to \$191,499	1	1
\$191,500 to \$201,499	2	1
\$201,500 to \$211,499	-	3
\$211,500 to \$221,499	2	3
\$221,500 to \$231,499	3	1
\$231,500 to \$241,499	2	1
\$241,500 to \$251,499	1	-
\$271,500 to \$281,499	-	1
\$291,500 to \$301,499	-	1
\$311,500 to \$321,499	1	-
\$321,500 to \$331,499	1	1
\$351,500 to \$361,499	* 1	-
\$362,500 to \$371,499	1	-
\$421,500 to \$431,499	-	1
\$531,500 to \$541,499	1	-
Total	33	32

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The Department of Treasury and Finance specify the base level and band ranges which are updated annually. The base level did not increase for 2014-15.

The table includes all employees who received Normal Remuneration equal to or greater than the base executive remuneration level during the year. The remuneration amounts shown above include all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits, any fringe benefits tax paid, or payable in respect of those benefits, and payments of accumulated annual leave, long service leave, superannuation and eligible termination payments, in respect of certain employees whose employment terminated in the financial year. The total remuneration received by these employees for the year was \$7.0 million (2014: \$6.3 million).

* In 2015 the remuneration of one employee (2014: one employee) was included in the table band due to the payment of accrued leave on termination from RTWSA.

(a) Liability for employee benefits

	2015	2014
	\$'000	\$'000
Current		
Annual leave	1,975	1,910
Skills and experience retention leave	85	91
Recognised liability for defined benefit obligations	1,452	1,563
Long service leave	3,327	3,398
	6,839	6,962
Non-current		
Recognised liability for defined benefit obligations	9,689	8,690
Long service leave	1,066	832
	10,755	9,522
Total employee benefits	17,594	16,484

Employee benefits - long service leave

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

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

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

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(b) Movement in net liability for defined benefit obligations

	2015 \$'000	2014 \$'000
Balance at 1 July	(10,253)	(11,008)
Included in result from operating activities		
Service cost	(195)	(216)
Net interest	(404)	(462)
	(599)	(678)
Included in other comprehensive income		
Re-measurements gain:		
- Actuarial (losses) / gain	(1,781)	(735)
- Actual return on assets less interest income	937	1,486
	(844)	751
Other		
Employer contributions	555	682
	555	682
Balance at 30 June	(11,141)	(10,253)

(c) Net liability for defined benefit obligations

	2015 \$'000	2014 \$'000
Amounts reflected in the Statement of Financial Position		
Assets	15,821	15,573
Liabilities	(26,962)	(25,826)
Net liability	(11,141)	(10,253)

(d) Reconciliation of the fair value of the defined benefit plan assets

	2015 \$'000	2014 \$'000
Opening fair value of defined benefit plan assets	15,573	14,506
Interest income	598	602
Actual return on assets less interest income	937	1,486
Employer contributions	555	682
Benefits and expenses paid	(1,842)	(1,703)
Closing fair value of defined benefit plan assets	15,821	15,573

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(e) Reconciliation of the present value of the defined benefit obligation

	2015	2014
	\$'000	\$'000
Opening present value of defined benefit obligations	25,826	25,514
Current service cost	195	216
Interest cost	1,002	1,064
Actuarial (gains) / losses:		
• Impact of changes in demographic assumptions	-	(106)
• Impact of changes in financial assumptions	1,867	888
• Experience items	(86)	(47)
Benefits and expenses paid	(1,842)	(1,703)
Closing present value of defined benefit obligations	26,962	25,826

Employee benefits - defined benefits superannuation plan

RTWSA contributes to two defined benefit superannuation plans.

RTWSA's net obligation is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value from which the fair value of any plan assets is deducted. The discount rate is the yield at the reporting period on government bonds that have maturity dates approximating to the terms of RTWSA's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Under AASB 119, RTWSA determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contributions and benefit payments.

Employees who participate in the defined benefit superannuation fund are deemed to be members of the defined benefit categories of the State Superannuation Scheme. The defined benefit superannuation fund has been closed to new members since May 1994.

The State Superannuation Scheme's assets are under Funds SA's management and invested in its Growth Sector Fund. The Growth Sector Fund was created on 1 April 2005. The net market value of individual assets or portfolios that comprise the Growth Sector Fund may vary from time to time due to movements in financial markets and/or capital placements and redemptions made in accordance with investment strategy. Funds SA uses external fund managers to manage its growth portfolio. The investments are in wholesale pooled unit trusts or managed funds offered by each manager.

RTWSA expects to contribute \$558,778 to the defined benefit plans in the 2015-16 financial year.

(f) Each major asset category as a percentage of the fair value of the total plan assets

	2015	2015	2014	2014
	Active Market %	Non-active Market %	Active Market %	Non-active Market %
Australian equities	24.0	0.0	23.9	0.0
International equities	25.5	0.0	27.4	0.0
Property	2.6	11.8	2.6	11.5
Diversified strategies growth	0.7	9.0	1.1	7.5
Diversified strategies income	13.8	0.0	14.0	0.0
Inflation linked securities	0.0	7.3	0.0	7.6
Long term fixed interest	2.0	0.0	1.6	0.0
Short term fixed interest	0.0	0.0	0.5	0.0
Cash	3.3	0.0	2.3	0.0
Total	71.9	28.1	73.4	26.6

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(g) Major economic assumptions

	2015	2014
Discount rate	3.4%	4.0%
Long term salary rate increases	4.0%	4.0%
Long term CPI increases	2.5%	2.5%

(h) Sensitivity analysis

Scenario	Base Case	Discount rate plus 0.5%	Discount rate less 0.5%	Salary increase rate plus 0.5%	Salary increase rate less 0.5%	Pension increase rate plus 0.5%	Pension increase rate less 0.5%
Present value of defined benefit obligation (\$'000)	26,962	-	-	-	-	-	-
Change in defined benefit obligation (\$'000)	-	25,390	28,704	27,091	26,840	28,585	25,490
Change in defined benefit obligation	-	(5.8%)	6.5%	0.5%	(0.5%)	6.0%	(5.5%)

(i) Maturity profile

The weighted average duration of the defined benefit obligation is 16.1 years (2014 16.4 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year \$'000	Between 1-2 years \$'000	Between 2-5 years \$'000	Between 5-10 years \$'000	Between 10-15 years \$'000	Between 15-20 years \$'000	Between 20-25 years \$'000	Over 25 Years \$'000	Total \$'000
Defined benefit obligation 2015	1,452	1,471	4,742	7,972	7,630	6,593	5,508	10,039	45,407
Defined benefit obligation 2014	1,563	1,514	4,746	8,194	8,053	6,917	5,610	10,967	47,564

Note 15 Cash and cash equivalents

	Notes	2015 \$'000	2014 \$'000
Cash		3	3
Cash equivalents	24	180,861	142,302
Cash and cash equivalents in the Statement of Cash Flows		180,864	142,305

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

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Note 16 Trade and other receivables

	Notes	2015 \$'000	2014 \$'000
Current receivables			
Trade receivables		15,856	19,556
Less allowance for doubtful debts		(8,500)	(11,500)
		7,356	8,056
Refunds		(5,200)	(17,000)
Recoverable claim payments	10	14,656	18,458
Sundry debtors and prepayments		233	1,088
Total current receivables		17,045	10,602
Non-current receivables			
Recoverable claim payments	10	52,340	76,968
Total non-current receivables		52,340	76,968
Total trade and other receivables		69,385	87,570

Movement in the allowance for doubtful debts

Opening balance	(11,500)	(8,639)
Amounts written off	8,788	1,822
Increase in allowance recognised	(5,788)	(4,683)
Total current receivables	(8,500)	(11,500)

Trade and other receivables are stated at fair value less impairment losses with the exception of claims recoveries receivable. Fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Claim recoveries receivables are stated at the amounts estimated in the actuarial valuation.

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

Note 17 Investments

	2015 \$'000	2014 \$'000
Deposits with financial institutions	548,080	430,403
Government / semi-government securities	499,316	419,685
Non-government debt instruments	416,054	320,520
Securities listed on the Australian Stock Exchange	315,147	369,352
Securities listed on overseas stock exchanges	847,716	862,046
Unit Trusts – unlisted property and debt security assets	236,727	241,869
Derivatives	118	2,650
Total investments	2,863,158	2,646,525
Current	548,138	432,751
Non-current	2,315,020	2,213,774
Total investments	2,863,158	2,646,525

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Investments are measured at fair value. Changes in the fair values of investments at the reporting period from the end of the previous reporting period, or from cost of acquisition if acquired during the financial year, are recognised as gains or losses in the Statement of Comprehensive Income.

The fair value of investments represents their net fair value and is determined as follows:

- cash assets are carried at the face value of the amounts deposited or drawn which approximates their fair value
- receivables are initially recognised at fair value and subsequently at amortised cost less impairment losses
- listed securities and Government securities are valued by reference to market quotations
- underlying property assets and investments in unlisted unit trusts are valued by reference to independent third parties.

All investments are classified as backing insurance liabilities (outstanding claims liabilities).

Note 18 Property, plant and equipment

	Leasehold improvements including office furniture and fittings \$'000	Computer and communication equipment \$'000	General office equipment \$'000	Total \$'000
Fair value				
Balance at 1 July 2013	7,340	2,744	206	10,290
Additions	-	593	-	593
Disposals	-	(330)	-	(330)
Balance at 30 June 2014	7,340	3,007	206	10,553
Balance at 1 July 2014	7,340	3,007	206	10,553
Additions	-	556	-	556
Disposals	-	(355)	-	(355)
Balance at 30 June 2015	7,340	3,208	206	10,754
Depreciation				
Balance at 1 July 2013	(747)	(674)	(43)	(1,464)
Depreciation charge	(881)	(593)	(41)	(1,515)
Disposals	-	329	-	329
Balance at 30 June 2014	(1,628)	(938)	(84)	(2,650)
Balance at 1 July 2014	(1,628)	(938)	(84)	(2,650)
Depreciation charge	(798)	(744)	(41)	(1,583)
Disposals	-	314	-	314
Balance at 30 June 2015	(2,426)	(1,368)	(125)	(3,919)
Carrying Amounts				
At 30 June 2014	5,712	2,069	122	7,903
At 30 June 2015	4,914	1,840	81	6,835

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All assets acquired, including leasehold improvements, computer and communications and general office equipment are stated at cost less accumulated depreciation and accumulated impairment losses, deemed to be fair value.

Refer to Note 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements.

Depreciation is calculated on a straight line basis so as to write off the cost of each item over its expected useful life. The estimated useful life in years used for each class of asset is as follows:

	2015	2014
Leasehold improvements including office furniture and fittings	5-10	5-10
Computer and communications	4-5	4-5
General office equipment	4-5	4-5

The cost of improvements to leasehold properties is amortised over the shorter of the unexpired period of the lease and the estimated useful lives of the improvements.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Note 19 Intangible assets

	IT development and software \$'000
Cost	
Balance at 1 July 2013	43,880
Balance at 30 June 2014	43,880
Balance at 30 June 2015	43,880
Amortisation	
Balance at 1 July 2013	(13,957)
Amortisation charge	(4,388)
Balance at 30 June 2014	(18,345)
Balance at 1 July 2014	(18,345)
Amortisation charge	(4,388)
Balance at 30 June 2015	(22,733)
Carrying Amounts	
At 30 June 2014	25,535
At 30 June 2015	21,147

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Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised can include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where RTWSA has an intention and ability to use the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible assets, from the date that they are available for use. The estimated useful life is five to ten years.

Impairment

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

Note 20 Fair value measurement (non-financial assets)

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

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

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

RTWSA had no valuations categorised into levels 1 or 2.

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

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

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Fair values level 3 measurements and reconciliations

	Leasehold improvements including office furniture and fittings \$'000	Computer and communication equipment \$'000	General office equipment \$'000	Total \$'000
Balance at 1 July 2013	6,593	2,070	163	8,826
Acquisitions	-	593	-	593
Depreciation	(881)	(593)	(41)	(1,515)
Disposals	-	(1)	-	(1)
Balance at 30 June 2014	5,712	2,069	122	7,903
Balance at 1 July 2014	5,712	2,069	122	7,903
Acquisitions	-	556	-	556
Depreciation	(798)	(744)	(41)	(1,583)
Disposals	-	(41)	-	(41)
Balance at 30 June 2015	4,914	1,840	81	6,835

Total gains / (losses) for level 3 non-financial assets in the period included in general operating expenses:

	\$'000
2014	(1,516)
2015	(1,619)

Note 21 Trade and other payables

	2015 \$'000	2014 \$'000
Current		
Trade payables	50,566	27,885
Unearned premiums	391	1,934
Employment on-costs	745	581
Non-current		
Trade payables	2,058	3,646
Employment on-costs	99	223
Total trade and other payables	53,859	34,269

Trade and other payables are stated at cost. These amounts represent liabilities for goods and services provided to RTWSA prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

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Note 22 Provisions

	2015 \$'000	2014 \$'000
Balance at the start of the year	754	1,357
Provisions made during the year	1,715	754
Provisions used during the year	(754)	(1,357)
Balance at the end of the year	1,715	754

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

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

The provision relates to redundancies arising from internal restructuring activities decided upon prior to 30 June 2015. The redundancy provision is calculated in accordance with the RTWSA Award 2012 and RTWSA Enterprise Agreement 2015. RTWSA expects to extinguish the liability within the next 12 months.

Note 23 Reconciliation of comprehensive result to net cash flows from operating activities

	2015 \$'000	2014 \$'000
Total comprehensive result	1,501,316	234,873
Depreciation	1,583	1,515
Amortisation	4,388	4,388
Net loss on disposal of non-current assets	36	1
Investment (profit) / loss	(228,023)	(289,765)
Dividends received	52,894	40,986
Interest received	43,705	41,894
Increase / (decrease) in creditors	19,646	14,567
(Increase) / decrease in receivables	18,185	13,889
Increase / (decrease) in outstanding claims liability	(1,329,985)	122,460
Increase / (decrease) in provisions	961	(603)
Increase / (decrease) in employee benefits	1,110	(562)
Net cash flows from operating activities	85,816	183,643

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Note 24 Risk management

(a) Overview

RTWSA's risk management framework is the principal means by which identified risks are managed. RTWSA has developed a corporate governance framework that supports risk management. Each identified risk is analysed according to an established risk management process and appropriate treatment strategies are adopted in order to manage RTWSA's exposure to risk. The key aspects of the process established in the risk management framework to mitigate risk include:

- the establishment of a Board Audit and Risk Committee, which is responsible for developing and monitoring risk management policies
- the establishment of the Risk Appetite Statement which is reviewed annually
- the establishment and regular review by the Board and management of a corporate risk register
- the establishment of a system of internal controls to manage risk
- the maintenance and use of management information systems which provide up to date, reliable data relevant to the risks to which the business is exposed
- the identification of operational risks and the establishment and implementation of processes to address and mitigate those risks.

The Board Audit and Risk Committee reports regularly to the Board on its activities. The Committee oversees how management monitors compliance with RTWSA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by RTWSA. A risk management policy is in place to ensure risks are identified, analysed and managed appropriately by RTWSA. RTWSA's risk management framework is part of its governance risk and compliance system which is reviewed regularly to reflect changes in market conditions and in RTWSA's activities. RTWSA, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The broad categories of risk faced by RTWSA are:

- insurance risk
- operational risk
- financial risk.

(b) Insurance risk

As set out in Note 1, RTWSA provides workers compensation coverage, in accordance with the Act, to workers employed in South Australia through the following funds:

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

In accordance with the Act the Compensation Fund is funded by charging premiums to all employers covered by the Act which are calculated as a percentage of the remuneration paid or expected to be paid by each employer. The percentage or premium rate applicable to each employer is determined annually based on the industry in which the employer operates and the Average Premium Rate. Large employers are also subject to an adjustment for their claims experience while small employers, with annual remuneration less than \$12,031 (subject to indexation), are not required to register or pay a premium.

The Average Premium Rate is set annually by the Board in accordance with its funding and pricing policy based on an actuarial assessment of the expected claims and expenses of the Compensation Fund and an estimate of the likely overall remuneration for all the employers that are required to pay premiums under the Act. The Average Premium Rate is then used as a basis for determining an individual premium rate for individual industry groups.

The risk of setting incorrect premium rates is controlled by taking external actuarial advice concerning the funding requirements of the Scheme and through the use of robust and historical models. The number of registered (non self-insured) employers insured under the Act for the financial year was approximately 50,000. The entitlements payable to injured workers are determined by the Act.

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RTWSA's approach to determining the outstanding claims provisions and related sensitivities is set out in Notes 4, 10 and 11. RTWSA relies on the following key controls in seeking to ensure the adequacy of the claims provision:

- there are established processes for managing claims in accordance with the Act and other relevant legislation
- the claims provision is reviewed by an external actuary as follows:
 - Compensation Fund – every six months
 - Statutory Reserve Fund (excluding IBNR arising from asbestos related matters) – every twelve months
 - Insurance Assistance Fund (excluding IBNR arising from asbestos related matters) – every twelve months
 - IBNR arising from asbestos related matters – every twelve months with a more detailed review every two years
 - Mining and Quarrying Industries Fund – every three years.

(c) Operational risk

Operational risk relates to the risk of loss arising from systems failure, human error or from other circumstances not related to insurance or financial risks. These risks are managed through the risk framework outlined above which includes a system of delegated authorities, effective segregation of duties, access controls and review processes.

(d) Financial risk

RTWSA has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk.

RTWSA's exposure to these risks arises primarily in relation to its investment portfolio but also in relation to its other financial assets. This note presents information about RTWSA's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements

Investments – risk management framework

RTWSA's Investment Policy and Strategy document describes the framework within which the RTWSA investment program functions, including the Board's governance arrangements for the investment program.

The mission of the investment program is to contribute to an improved funding position for the Scheme. The investment program will achieve this by delivering, over the long term, a rate of return that exceeds the average actuarial discount rate.

The current long term return objective for the investment program is a return of CPI + 3.5%. This will be achieved through adopting a moderate risk, balanced investment portfolio.

The formal investment policy is reviewed annually by the Board to ensure it remains appropriate to the organisation's current circumstances.

The investment portfolio is managed internally by experienced professionals supported by an internationally recognised investment firm that provides advice on asset allocation, selection of external fund managers, and undertakes specialised investment research and performance measurement.

The Board Investment and Finance Committee monitors the investment program on a regular basis.

RTWSA has a master custody arrangement with National Australia Bank (NAB). All assets are held by NAB under safe custody, except for the internally managed cash.

At any particular time the composition of the portfolio will vary from the Board approved investment strategy targets depending on the decisions of individual fund managers and market movements.

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30 June 2015

The composition of each asset group at 30 June 2015 was:

	Deposits With Financial Institutions \$'000	Government / semi – Government Securities \$'000	Non- Government Debt Instruments \$'000	Securities listed on the Australian stock exchange \$'000	Securities listed on overseas stock exchanges \$'000	Unit Trust – Unlisted Property and Private Debt Assets \$'000	Derivatives \$'000	Total \$'000
Cash	180,861	-	-	-	-	-	-	180,861
Fixed interest	35,439	209,434	96,979	-	-	-	60	341,912
Inflation Linked Securities	268,180	278,339	66,673	-	-	-	-	613,192
Australian Equities	4,294	-	-	299,204	3,468	-	1,241	308,207
Overseas Equities – hedged	-	-	-	-	218,705	-	-	218,705
Overseas Equities – unhedged	-	-	-	-	347,671	-	-	347,671
Property & Infrastructure	4,519	-	-	15,943	277,872	236,727	(541)	534,520
Alternative Income	54,787	11,543	252,402	-	-	-	(642)	318,090
	548,080	499,316	416,054	315,147	847,716	236,727	118	2,863,158

The composition of each asset group at 30 June 2014 was:

	Deposits With Financial Institutions \$'000	Government / semi – Government Securities \$'000	Non- Government Debt Instruments \$'000	Securities listed on the Australian stock exchange \$'000	Securities listed on overseas stock exchanges \$'000	Unit Trust – Unlisted Property and Private Debt Assets \$'000	Derivatives \$'000	Total \$'000
Cash	142,302	-	-	-	-	-	-	142,302
Fixed interest	6,976	178,493	104,669	-	-	-	302	290,440
Inflation Linked Securities	261,764	232,158	68,134	-	-	-	-	562,056
Australian Equities	6,177	-	-	281,003	6,724	-	1,578	295,482
Overseas Equities – hedged	-	-	-	-	244,384	-	-	244,384
Overseas Equities – unhedged	-	-	-	-	356,334	-	-	356,334
Property & Infrastructure	5,465	-	-	19,221	254,604	236,040	-	515,330
Alternative Income	7,719	9,034	147,717	69,128	-	5,829	770	240,197
	430,403	419,685	320,520	369,352	862,046	241,869	2,650	2,646,525

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Use of derivatives

In the normal course of its investment activities RTWSA is party to arrangements involving derivatives. Derivatives held within portfolios through RTWSA's custodian have three main objectives:

- risk management – minimisation or reduction of specific risks within a given portfolio. For example forward exchange contracts are used to hedge currency movements to remove their impact on international investment portfolio returns
- transactional efficiency – derivatives provide effective exposure to markets or individual securities while incurring transaction costs lower than the cost of purchasing the underlying security or basket of securities. In many instances the derivative markets provide much more liquidity than the underlying physical market
- value added strategies – given their low cost and high liquidity, derivatives can be an efficient way of taking active portfolio positions. As there can also be pricing anomalies between derivatives and underlying physical securities there can be opportunities to take advantage of different pricing.

Derivative exposures are subject to the same restrictions as physical assets within each portfolio's investment guidelines. Derivatives also need to comply with the fund managers risk management policies and RTWSA's Derivatives Policy. Where there is inconsistency, the Fund Manager Guidelines will take precedence. Additionally no gearing or leverage is allowed from derivative positions with all net long derivative exposures covered by cash or cash equivalent securities.

The use of derivatives is restricted to appropriately credentialed counterparties. Unit trusts in which RTWSA invests may use derivative instruments appropriate to the investment markets in which they invest. The use of derivatives within the Unit Trusts in which RTWSA invests is approved and monitored by the responsible entity or trustee for the respective Unit Trust.

No single instrument is individually material to the future cash flows of RTWSA. RTWSA does not consider that the nature and extent of the use of derivatives warrants separate disclosure of individual contracts. RTWSA, through its separate account investment portfolios, uses derivative instruments as follows:

Forward exchange contracts

- RTWSA invests in global markets to access the risk reduction benefits of diversification. In order to protect against exchange rate movements for a portion of overseas exposures, RTWSA has entered into forward exchange contracts, which require settlement of the net gain or loss at maturity. For diversification purposes RTWSA intentionally maintains some un-hedged currency exposures
- the gain or loss on open contracts as at the reporting period has been taken up in the financial statements as an unrealised gain or loss based on the exchange rate current as at the end of the reporting period
- the use of forward exchange contracts for speculative purposes is prohibited.

Credit risk - investments

Credit risk is the risk of financial loss to RTWSA if a premium payer, other debtor or counterparty to a financial instrument fails to meet their contractual obligations.

RTWSA manages its exposure to credit risk related to fixed interest and cash investments through its Investment Strategy and Investment Guidelines and Investment Credit Limits documents. Credit exposures are monitored against approved limits with breaches corrected and notified to the Board Investment and Finance Committee.

The following tables outline RTWSA's credit risk exposure within the major debt securities asset classes as at balance date.

As at 30 June 2015:

	Short-term issue ratings*					Long-term issue ratings**			Not rated***	
	A1+	A1	A2	AAA	AA	A	BBB	BB/B		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	171,851	9,010	-	-	-	-	-	-	-	180,861
Fixed interest	35,439	-	-	219,970	62,330	20,077	4,036	-	60	341,912
Inflation linked securities	248,135	20,045	-	286,653	21,770	23,794	12,795	-	-	613,192
Alternative income	54,786	-	-	35,143	28,448	93,994	89,413	7,594	8,712	318,090
	510,211	29,055	-	541,766	112,548	137,865	106,244	7,594	8,772	1,454,055

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As at 30 June 2014:

	Short-term issue ratings*				Long-term issue ratings**				Not rated***	
	A1+ \$'000	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB/B \$'000	\$'000	Total \$'000
Cash	142,302	-	-	-	-	-	-	-	-	142,302
Fixed interest	6,976	-	-	200,810	62,126	17,337	2,889	-	302	290,440
Inflation linked securities	233,675	28,089	-	243,924	29,826	11,365	15,177	-	-	562,056
Alternative income	7,719	-	-	25,407	17,935	65,137	80,431	-	43,568	240,197
	390,672	28,089	-	470,141	109,887	93,839	98,497	-	43,870	1,234,995

* Standard & Poor's short-term financial strength ratings apply for cash portfolio and short-term investments. A1+ is the highest short-term strength rating.

** Standard & Poor's long-term credit ratings. AAA is the highest possible long-term credit rating.

*** Not rated assets for this table are non defensive assets and consist of cash or investments in a pooled fund which is benchmarked against the UBS Composite Index.

Credit risk - other financial assets

The only significant exposure to credit risk in relation to assets, other than investments, relates to trade receivables which include premiums due and payable from registered and self-insured employers and overpayment recoveries from employers, workers and providers. RTWSA is able to enforce the collection of debts due, under the Act or via restitution principles through a court of competent jurisdiction. RTWSA has processes in place to monitor all material credit exposures and has an established policy to manage debt recovery.

33.6% of RTWSA's trade receivables were past due greater than 30 days (2014: 25.9%). The ageing of RTWSA's trade receivables at the reporting date was:

	2015 \$'000	2014 \$'000
Not past due	4,758	5,676
Past due 1-30 days	1,404	293
Past due 31-60 days	1,213	329
Past due 61 days to one year	1,900	1,758
Impaired	-	-
	9,275	8,056

There were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises from the possibility that RTWSA will not be able to meet its financial obligations as they fall due. RTWSA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to RTWSA's reputation. At least 20% of RTWSA's investments could be liquidated within seven business days if required.

Both the asset and liability liquidity risks are managed through management risk strategies. 77.4% (2014: 87.2%) of RTWSA's liabilities are non-current and consist predominately of estimates of payments of entitlements to workers compensation made over the long-term to individual claimants. RTWSA's asset allocation is such that if required it could be realisable as cash within a few months. Accordingly RTWSA considers that its short-term liquidity risks are minimal.

The table below outlines the maturity profile of certain financial liabilities based on the remaining undiscounted obligations. The maturity profiles of outstanding claims are outlined in notes 10 and 11.

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As at 30 June 2015:

	1 year or less	1 to 3 years	3-5 years	Over 5 Years	No term	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	51,702	2,157	-	-	-	53,859

As at 30 June 2014:

	1 year or less	1 to 3 years	3-5 years	Over 5 Years	No term	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	30,400	3,869	-	-	-	34,269

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect RTWSA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

RTWSA is exposed to market risk primarily through:

- currency risk
- interest rate risk
- market price risk.

Currency risk

RTWSA is directly exposed to currency risk on purchases and financial instruments that are denominated in a currency other than Australian dollars. RTWSA uses forward exchange contracts for a portion of its international investments to hedge its exposure to foreign currency fluctuations. All overseas bond securities, overseas listed property and overseas infrastructure are covered by forward exchange contracts. Approximately 40% of the international equity securities are covered by forward exchange contracts, whilst remaining equities are left intentionally exposed to exchange rate movements. The changes in the valuations of these open contracts are disclosed in the financial statements as unrealised gains or losses as at the reporting period.

The analysis below demonstrates the impact on profit and equity of a movement in foreign exchange rates against the Australian dollar on our material un-hedged major currency exposures. This analysis is based on foreign currency exchange rate variances that RTWSA considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

	Residual exposure at 30 June 2015	Residual exposure at 30 June 2014	Movement in variable against A\$	2015 Profit (loss) \$'000	2015 Equity \$'000	2014 Profit (loss) \$'000	2014 Equity \$'000
US Dollar	161,087	163,350	+10%	(16,109)	(16,109)	(16,335)	(16,335)
			-10%	16,109	16,109	16,335	16,335
Euro	34,314	38,096	+10%	(3,431)	(3,431)	(3,810)	(3,810)
			-10%	3,431	3,431	3,810	3,810
Sterling	21,279	26,276	+10%	(2,128)	(2,128)	(2,628)	(2,628)
			-10%	2,128	2,128	2,628	2,628
JPY	23,829	24,493	+10%	(2,383)	(2,383)	(2,449)	(2,449)
			-10%	2,383	2,383	2,449	2,449
Other	107,162	104,119	+10%	(10,716)	(10,716)	(10,411)	(10,411)
			-10%	10,716	10,716	10,411	10,411

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest securities are exposed to changes in fair value due to fluctuating interest rates whilst floating rate securities are exposed to future cash flow variations as a result of changes to interest rates. The risk management approach adopted by RTWSA to manage such risks is through its asset allocation whereby a mixture of high credit rated and readily liquidated fixed interest securities are held in conjunction with short-term deposits and cash to achieve the desired level of interest rate risk exposure.

RTWSA's fixed interest investments are held predominately in domestic markets. Such holdings form part of RTWSA's defensive or low risk exposure to provide capital stability and secure income. RTWSA's investments in interest bearing securities consist of marketable securities which are not held for trading.

RTWSA's sensitivity to movements in interest rates in relation to the value of interest bearing investments is shown in the table below. This analysis is based on interest rate variances that RTWSA considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Movement in interest rate	2015 Profit (loss) \$'000	2015 Equity \$'000	2014 Profit (loss) \$'000	2014 Equity \$'000
Interest rate movement – interest bearing investments	+1%	(40,864)	(40,864)	(30,507)	(30,507)
	-1%	40,864	40,864	30,507	30,507

Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market pricing (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual instrument or its issuer (idiosyncratic risk), or factors affecting all similar financial instruments traded in the market (systematic risk).

RTWSA is exposed to market price risk in all asset groups with the highest systematic risk in listed securities. These investments consist of investments listed on the Australian Stock Exchange and other major international exchanges (excluding listed debt). The market price risk in all other asset groups is considered less significant.

RTWSA manages its exposure to market price risk through the adoption of a longer-term investment strategy based on extensive modelling of the expected return, volatility and correlation of each asset category included in the investment program to maximise returns for a given level of risk. By diversifying investments across a number of lowly correlated markets the volatility of the aggregate investment return is moderated over time.

The potential impact of movements in the market value of Australian and overseas listed equities asset groups on RTWSA's Statement of Comprehensive Income and Statement of Financial Position is shown in the sensitivity analysis below. The calculation excludes the impact from currency risk. Industry standard categorisations have been adopted for RTWSA's equity exposures.

Listed Securities	Exposure at 30 June 2015 \$'000	Exposure at 30 June 2014 \$'000	Movement in variable	2015 Profit (loss) \$'000	2015 Equity \$'000	2014 Profit (loss) \$'000	2014 Equity \$'000
Domestic equities	299,204	281,003	+20%	59,841	59,841	56,201	56,201
			-20%	(59,841)	(59,841)	(56,201)	(56,201)
International equities	566,376	600,718	+20%	113,275	113,275	120,144	120,144
			-20%	(113,275)	(113,275)	(120,144)	(120,144)
Listed property	118,020	115,836	+20%	23,604	23,604	23,167	23,167
			-20%	(23,604)	(23,604)	(23,167)	(23,167)
Listed infrastructure	179,773	163,454	+20%	35,955	35,955	32,691	32,691
			-20%	(35,955)	(35,955)	(32,691)	(32,691)

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Fair value measurements

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

The following tables present RTWSA's investments measured and recognised at fair value. There have been no transfers between levels during the period.

At 30 June 2015:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Deposits with financial institutions	548,080	-	-	548,080
Government / semi-government securities	499,316	-	-	499,316
Non-government debt instruments	416,054	-	-	416,054
Securities listed on the Australian Stock Exchange	315,147	-	-	315,147
Securities listed on overseas stock exchanges	847,716	-	-	847,716
Unit Trusts – unlisted property and debt security assets	-	208,404	28,323	236,727
Derivatives	-	118	-	118
Total investments at fair value through profit and loss	2,626,313	208,522	28,323	2,863,158

At 30 June 2014:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Deposits with financial institutions	430,403	-	-	430,403
Government / semi-government securities	419,685	-	-	419,685
Non-government debt instruments	320,520	-	-	320,520
Securities listed on the Australian Stock Exchange	369,352	-	-	369,352
Securities listed on overseas stock exchanges	862,046	-	-	862,046
Unit Trusts – unlisted property and debt security assets	-	208,173	33,696	241,869
Derivatives	-	2,650	-	2,650
Total investments at fair value through profit and loss	2,402,006	210,823	33,696	2,646,525

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by RTWSA is the current bid price. These instruments are included in level 1.

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The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities.

The following table presents the changes in level 3 instruments for the years ended 30 June 2015 and 2014:

	Unit Trusts – unlisted property and debt security \$'000
Opening balance at 1 July 2013	34,535
Contributions	709
Withdrawals	(2,054)
Gains / (losses) recognised in investment profit	506
Closing balance at 30 June 2014	33,696

	Unit Trusts – unlisted property and debt security \$'000
Opening balance at 1 July 2014	33,696
Contributions	190
Withdrawals	(5,836)
Gains / (losses) recognised in investment profit	273
Closing balance at 30 June 2015	28,323

Total unrealised gains / (losses) for level 3 investments in the period included in investment profit:	\$'000
2014	506
2015	273

The fair value of level 3 financial instruments is valued by an independent third party with the appropriate skills, experience and resources.

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Note 25 Auditors remuneration

	2015	2014
	\$'000	\$'000
Audit fees – Auditor General's Department	446	443

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

Auditor's remuneration costs are included within other operating costs, refer Note 13.

Note 26 Related parties transactions

Apart from the details disclosed in this note, no board member has entered into a contract with RTWSA and there were no contracts involving board members' interests existing at year end.

Board members of RTWSA hold positions in organisations in which RTWSA invests or transacts in the ordinary course of business. The terms and conditions of those transactions with board member related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-board member related entities on an arm's length basis.

Board member related entities also pay premiums and self-insured fees. The terms and conditions are no more favourable than those applying to all South Australian employers.

Note 27 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2014/15 financial year were:

Member	Board	Investment and Finance Committee	Audit and Risk Committee	Human Resources Committee
Ms. J Yuile	Chair	-	-	Member
Mr. P Malinauskas	Member	Member	-	Member
Ms. J Denley	Member	-	Member	Chair
Dr. W Griggs	Member	Member	-	Member
Mr. C Latham	Member	Chair	-	-
Mr. N McBride	Member	-	Member	-
Ms. Y Sneddon	Member	-	Chair	-

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

	2015	2014
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	3
\$30,000 - \$39,999	-	5
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	6	-
\$70,000 - \$79,999	-	1
\$100,000 - \$109,999	1	-

The total remuneration received and receivable by board members was \$471,000 (2014: \$422,000) which includes superannuation contributions.

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The Workers Rehabilitation and Compensation Advisory Committee was established under the repealed Act and gives advice direct to the Minister. The members remuneration paid/payable was \$17,000 (2014: \$21,000) in total for the year ending 30 June 2015. Members during the 2015 financial year were: S Myatt, R Cairney, M Evans, W Potter, B Mulholland, A Moeller, E Huxtable, T Hardie, J Szakacs (resigned 17 December 2014).

The Ministers Advisory Committee is established under the Return to Work Act 2014 and gives advice direct to the Minister. The members remuneration paid/payable was \$13,000 in total for the year ending 30 June 2015. On 18 December 2014 the following members were appointed: M Atchison (presiding member), S Myatt, R Cairney, A Moeller, J Wilson, S Hall, E Dabars, P Dean, D Blairs.

Remuneration for these Committees is not included in the member remuneration table above.

Note 28 Commitments

RTWSA has entered into agreements to lease office accommodation and motor vehicles for terms in excess of one year. The aggregate non-cancellable lease commitments not provided for in the financial statements, were as follows:

	Other	Office	Motor	2015	Other	Office	Motor	2014
	\$'000	Leases	Vehicles	Total	\$'000	Leases	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within one year	337	2,317	275	2,929	1,703	2,197	187	4,087
Later than one year but not longer than five years	-	9,552	106	9,658	-	9,262	81	9,343
Later than five years	-	5,250	-	5,250	-	7,616	-	7,616
	337	17,119	381	17,837	1,703	19,075	268	21,046

A Memorandum of Understanding is in place between RTWSA and the Department of Planning, Transport and Infrastructure on behalf of the Minister for Transport and Infrastructure, regarding the lease of office space at 400 King William Street Adelaide.

RTWSA leases motor vehicles under non-cancellable operating leases expiring from between one to three years.

Other commitments relate to expenditure on research and initiatives that contribute to the improved return of injured workers to work. The amounts above represent known future funding commitments.

Note 29 Employer financial guarantees

Under section 129 of the Act, RTWSA administers financial guarantees lodged by self-insured employers. As at 30 June 2015, RTWSA held security to the value of \$391.8 million in financial guarantees for self-insured employers. These guarantees are held for the purpose of extinguishing the claim liabilities under the Act of the self-insured employer in the event of that employer no longer being able to meet these liabilities.

Under the terms of the retro paid loss contracts, RTWSA administers financial guarantees lodged by retro paid loss employers. As at 30 June 2015, RTWSA held security to the value of \$108.9 million in financial guarantees for retro paid loss employers. These guarantees are held for the purpose of extinguishing the premium liabilities under the terms of the retro paid loss contracts of the retro paid loss employer in the event of that employer no longer being able to meet these liabilities.

Note 30 Contingent liabilities

Contingent liabilities are disclosed when the possibility of a settlement is less than probable but more than remote.

The normal course of business may generate exposure to contingent liabilities in relation to claims litigation for the four RTWSA funds. The result of such litigation may result in a liability to RTWSA different to that recognised in the financial statements.

Provisions are made in outstanding claims for obligations that are probable and quantifiable.

There are no individually significant amounts not provided for or that are considered likely to have a material impact on net liabilities.

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Note 31 Transactions with SA Government

The table below details the transactions with SA Government departments and agencies for the financial years ending 30 June 2015 and 2014.

	2015 Revenue \$'000	2015 Expenses \$'000	2015 Assets \$'000	2015 Liabilities \$'000
SA Government	8,891	36,531	-	14,660

	2014 Revenue \$'000	2014 Expenses \$'000	2014 Assets \$'000	2014 Liabilities \$'000
SA Government	10,273	33,353	-	13,909

Transactions with SA Government entities below the threshold of \$100,000 have not been included.

Administered items

The Work Health and Safety Act 2012 requires employers to register with Safework SA and make payments in the form of fees. The registration and collection of these fees is administered by RTWSA for SafeWork SA in conjunction with the registration of employers under the Act. RTWSA pays these funds to SafeWork SA whilst retaining a portion of the funds to cover administration costs.

RTWSA only recognises transactions from activities that it controls. It is considered that except for the portion of funds retained by RTWSA to cover administration costs, RTWSA does not control the funds that it collects on behalf of SafeWork SA. Therefore, RTWSA does not recognise the fees collected and subsequent payments made in relation to SafeWork SA in its Statement of Comprehensive Income or Statement of Financial Position.

Administered Items for the financial year ending 30 June 2015:

	2015 Revenue \$'000	2015 Expenses \$'000	2015 Assets \$'000	2015 Liabilities \$'000
Administered items	7,957	7,660	-	760

Administered Items for the financial year ending 30 June 2014:

	2014 Revenue \$'000	2014 Expenses \$'000	2014 Assets \$'000	2014 Liabilities \$'000
Administered items	7,821	7,459	-	463

Note 32 Events after the reporting period

There have been no events after the reporting period which would have a material effect on RTWSA's financial statements at 30 June 2015.

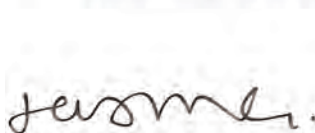
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Certificate under section 23(2) of the Public Finance and Audit Act 1987

In our opinion the attached general purpose financial statements for the Return to Work Corporation of South Australia:

- comply with relevant Treasurer's instructions issued under section 41 of the Public Finance and Audit Act 1987, and comply with relevant Australian accounting standards;
- are in accordance with the accounts and records of the Return to Work Corporation of South Australia; and
- present a true and fair view of the financial position of the Return to Work Corporation of South Australia as at 30 June 2015 and the results of its operation and cash flows for the financial year.

In our opinion the internal controls employed by the Return to Work Corporation of South Australia for the financial year over its financial reporting and the preparation of these general purpose financial statements have been sufficiently effective to enable the presentation of financial statements that are free of material misstatement.



J. Yuille
Chair



G. McCarthy
Chief Executive Officer



J. Oakley
General Manager, Corporate Services

14 September 2015



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**To the Chair of the Board of Management
Return to Work Corporation of South Australia**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *Return to Work Corporation of South Australia Act 1994*, I have audited the accompanying financial report of the Return to Work Corporation of South Australia for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes to and forming part of the financial statements
- a Certificate from the Chair, the Chief Executive Officer and the General Manager, Corporate Services.

The Board of Management's Responsibility for the Financial Report

The Board of Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Return to Work Corporation of South Australia Act 1994* and Australian Accounting Standards, and for such internal control as the Board of Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Return to Work Corporation of South Australia as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Inherent uncertainty - outstanding claims liability and funding ratio

Without qualification to the opinion expressed above, attention is drawn to notes 4, 10 and 11 of the financial report.

There is significant uncertainty surrounding the financial impact of legislative reforms which will only become clearer as outstanding claims experience emerges in future financial periods. If in future years the actual costs of claims described in notes 10 and 11 are greater than the balances recorded in the financial statements, this will adversely impact the funding ratio described in note 7.



Andrew Richardson
Auditor-General
18 September 2015

South Australia Police

Financial report
for the year ended
30 June 2015

South Australia Police
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses:			
Employee benefits	5	658 343	634 417
Supplies and services	6	129 771	130 509
Depreciation and amortisation	7	25 859	23 430
Write down of non-current assets		616	167
Net loss from the disposal of non-current and other assets	11	238	-
Impairment loss	16, 19	-	621
Total expenses		814 827	789 144
Income:			
Fees and charges	8	26 070	26 857
Interest	9	5	14
Commonwealth revenues	10	1 164	1 187
Net gain from the disposal of non-current and other assets	11	-	155
Other income	12	7 319	5 796
Total Income		34 558	34 009
Net cost of providing services		780 269	755 135
Revenues from (payments to) SA Government:			
Revenues from SA Government	13	735 886	706 608
Contributions from the Community Emergency Services Fund	13	20 748	20 259
Contributions from the Community Road Safety Fund	13	38 317	37 382
Payments to SA Government	13	-	(14 312)
Net revenues from SA Government		794 951	749 937
Net result		14 682	(5 198)
Other comprehensive income:			
Changes in revaluation surplus		-	15 796
TOTAL COMPREHENSIVE RESULT		14 682	10 598

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

South Australia Police
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Current assets:			
Cash and cash equivalents	14	121 416	60 632
Receivables	15	10 233	27 958
Inventories		276	265
		<u>131 925</u>	<u>88 855</u>
Non-current assets held for sale	16	9 893	10 217
Total current assets		<u>141 818</u>	<u>99 072</u>
Non-current assets:			
Receivables	15	1 024	1 094
Property, plant and equipment	17	344 102	357 812
Capital works in progress	17	10 023	12 748
Intangible assets	18	18 517	12 936
Investment properties	19	1 259	1 259
Total non-current assets		<u>374 925</u>	<u>385 849</u>
Total assets		<u>516 743</u>	<u>484 921</u>
Current liabilities:			
Payables	21	27 073	24 375
Other liabilities	22	499	499
Employee benefits	23	62 126	54 246
Provisions	24	15 243	15 178
Total current liabilities		<u>104 941</u>	<u>94 298</u>
Non-current liabilities:			
Payables	21	27 438	24 892
Other liabilities	22	5 076	5 576
Employee benefits	23	182 217	166 813
Provisions	24	69 400	79 422
Total non-current liabilities		<u>284 131</u>	<u>276 703</u>
Total liabilities		<u>389 072</u>	<u>371 001</u>
Net assets		<u>127 671</u>	<u>113 920</u>
Equity:			
Contributed capital	25	85 220	85 220
Revaluation surplus	25	129 064	129 879
Retained earnings	25	(86 613)	(101 179)
Total equity		<u>127 671</u>	<u>113 920</u>

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

Unrecognised contractual commitments

Contingent liabilities

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South Australia Police
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2015

	Note	Contributed Capital \$'000	Revaluation Surplus \$'000	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2013		85 220	114 338	(96 968)	102 590
Net result for 2013-14		-	-	(5 198)	(5 198)
Gain on revaluation of property plant and equipment		-	15 796	-	15 796
Total comprehensive result for 2013-14		-	15 796	(5 198)	10 598
Transfer to retained earnings from revaluation surplus – net increments realised on sale		-	(255)	255	-
Adjustment to equity		-	-	732	732
Balance at 30 June 2014		85 220	129 879	(101 179)	113 920
Prior period adjustment		-	(552)	(379)	(931)
Restated balance at 30 June 2014		85 220	129 327	(101 558)	112 989
Net result for 2014-15		-	-	14 682	14 682
Gain/(loss) on revaluation of property plant and equipment		-	-	-	-
Total comprehensive result for 2014-15		-	-	14 682	14 682
Transfer to retained earnings from asset revaluation surplus – net increments realised on sale		-	(263)	263	-
Adjustment to equity		-	-	-	-
Balance at 30 June 2015		85 220	129 064	(86 613)	127 671

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

South Australia Police
STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

		2015	2014
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows:			
Employee benefits		(641 561)	(619 154)
Supplies and services		(142 999)	(144 845)
Cash provided by (used in) operations		(784 560)	(763 999)
Cash inflows:			
Fees and charges		28 838	28 600
Interest		5	14
GST recovered from the ATO		12 412	13 379
Other receipts		5 229	4 658
Cash generated from operations		46 484	46 651
Cash flows from SA government:			
Receipts from SA government		812 693	744 491
Payments to SA government		-	(14 312)
Cash generated from SA government		812 693	730 179
Net cash provided by operating activities	26	74 617	12 831
Cash flows from investing activities			
Purchase of property, plant and equipment		(14 392)	(15 141)
Proceeds from the sale of property, plant and equipment		559	557
Net cash (used in) investing activities		(13 833)	(14 584)
Net increase/(decrease) in cash and cash equivalents		60 784	(1 753)
Cash and cash equivalents at 1 July		60 632	62 385
Cash and cash equivalents at 30 June	14	121 416	60 632

South Australia Police
DISAGGREGATED DISCLOSURES
as at 30 June 2015

South Australia Police
Disaggregated disclosures - expenses and income
For the year ended 30 June 2015

	Activity 1: Public Safety		Activity 2: Crime and Criminal Justice Services	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses:				
Employee benefits	271 892	277 650	308 901	275 936
Supplies and services	48 651	53 081	59 985	55 388
Depreciation and amortisation	10 454	10 171	11 270	9 285
Write-down of non-current assets	216	65	293	71
Net loss from disposal of non-current assets	83	-	113	-
Impairment loss	-	270	-	246
Total expenses	331 296	341 237	380 562	340 926
Income:				
Fees and charges	15 069	16 300	3 982	5 530
Interest	2	6	2	6
Commonwealth revenues	417	466	588	549
Other income	2 153	2 271	3 198	2 662
Net gain from disposal of non-current assets	-	60	-	67
Total income	17 641	19 103	7 770	8 814
Net cost of providing services	313 655	322 134	372 792	332 112
Revenues from (payments to) SA Government				
Revenues from SA Government	319 653	329 445	379 643	333 496
Payments to SA Government	-	(9 573)	-	(3 607)
Net revenues from SA Government	319 653	319 872	379 643	329 889
Net result	5 998	(2 262)	6 851	(2 223)

South Australia Police
DISAGGREGATED DISCLOSURES
as at 30 June 2015

	Activity 3: Road Safety		TOTAL	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses:				
Employee benefits	77 550	80 831	658 343	634 417
Supplies and services	21 135	22 040	129 771	130 509
Depreciation and amortisation	4 135	3 974	25 859	23 430
Write-down of non-current assets	107	31	616	167
Net loss from disposal of non-current assets	42	-	238	-
Impairment loss	-	105	-	621
Total expenses	102 969	106 981	814 827	789 144
Income:				
Fees and charges	7 019	5 027	26 070	26 857
Interest	1	2	5	14
Commonwealth revenues	159	172	1 164	1 187
Other income	1 968	863	7 319	5 796
Net gain from disposal of non-current assets	-	28	-	155
Total income	9 147	6 092	34 558	34 009
Net cost of providing services	93 822	100 889	780 269	755 135
Revenues from (payments to) SA Government				
Revenues from SA Government	95 655	101 308	794 951	764 249
Payments to SA Government	-	(1 132)	-	(14 312)
Net revenues from SA Government	95 655	100 176	794 951	749 937
Net result	1 833	(713)	14 682	(5 198)

SAPOL has applied the trends from the February 2015 activity survey for the 2015 figures (the trends from the February 2012 survey have been used for the 2014 figures).

South Australia Police

Notes to and forming part of the financial statements

Note 1: Objectives of South Australia Police (SAPOL)

South Australia Police (SAPOL) operates within the *Police Act 1998*, the *Police Regulations 2014* and the *Public Sector Act 2009* (PSA).

The vision of SAPOL is to provide a visible, responsive police service for all South Australians by the provision of services to -

- Uphold the law
- Preserve the peace
- Prevent crime
- Assist the public in emergency situations
- Coordinate and manage responses to emergency situations
- Regulate road use and prevent vehicle collisions

Note 2: Summary of significant accounting policies

(a) Statement of compliance

SAPOL has prepared these financial statements in compliance with Section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with Australian Accounting Standards (AAS) and comply with Treasurer's Instructions (TI) and Accounting Policy Statements (APS) promulgated under the provisions of the PFAA.

SAPOL has applied AASs that are applicable to not-for-profit entities, as SAPOL is a not for profit entity. AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAPOL for the reporting period ending 30 June 2015 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying SAPOL's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported and;
- compliance with APSs issued pursuant to Section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in these financial statements:
 - (a) revenues and expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee TVSP information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

South Australia Police
Notes to and forming part of the financial statements

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

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

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

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

The continued existence of SAPOL in its present form and with its present activities is dependent on government policy and on continuing appropriations by parliament for SAPOL's administration and outputs.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

(c) Reporting entity

SAPOL is a government department of the State of South Australia and operates within the *Police Act 1998*, the *Police Regulations 2014* and the PSA. SAPOL is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of SAPOL (refer to the disaggregated schedule for details of SAPOL's controlled activities).

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

The financial statements and accompanying notes include all the controlled activities of SAPOL. Transactions and balances relating to administered resources are not recognised as SAPOL income, expenses, assets and liabilities. As administered items are significant in relation to SAPOL's overall financial performance and position, they are disclosed in the administered financial statements attached to the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

(d) Transferred functions

No functions were transferred during the 2014-15 financial year.

(e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

(f) Comparative information

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

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

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

(g) Rounding

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

South Australia Police
Notes to and forming part of the financial statements

(h) Taxation

SAPOL is not subject to income tax. SAPOL is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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

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

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

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

GST recoverable from or payable to the ATO associated with administered items transactions is included in the SAPOL statements.

(i) Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2015.

There are no such events for the reporting period after 30 June 2015.

(j) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

Fees and charges controlled by SAPOL are recognised as income in the SAPOL financial statements. Fees and charges are deemed to be controlled where they can be deployed for the achievement of SAPOL objectives. Such amounts are not required to be paid to the Consolidated Account or other funds not controlled by SAPOL.

Fees and charges collected by SAPOL but not controlled are not recognised as income in the SAPOL financial statements but are reported as administered income in the administered financial statements. Such amounts are required to be paid to the Consolidated Account or other funds not controlled by SAPOL (Refer note A5).

Contributions received

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

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

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable, i.e. the earlier of when SAPOL has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- contributions with conditional stipulations – that is when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by SAPOL have been contributions with unconditional stipulations attached and have been recognised as an asset and income on receipt.

South Australia Police
Notes to and forming part of the financial statements

Resources received free of charge

Resources received free of charge are recorded as income in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

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

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

Gains/losses on disposal is recognised at the date control of the asset passed to the buyer and is determined after the deduction from proceeds of the asset at that time.

Revenues from SA Government

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

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

Other income

Other income includes donations, recoveries of employee benefits (i.e. where employees are seconded to Commonwealth programs and SAPOL continues to provide the ongoing salary for the employees) and goods and services (i.e. where SAPOL incurs expenditure on goods and services and later recovers the expenditure).

(k) Expenses

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

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

The following are specific recognition criteria:

Employee benefits

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by SAPOL to superannuation plans in respect of current services of current SAPOL staff. DTF centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

Depreciation and amortisation

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

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

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

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

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

South Australia Police
Notes to and forming part of the financial statements

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

<i>Class of asset</i>	<i>Useful Life (years)</i>
Buildings	20-60
Vehicles and transport vessels	3-10
Aircraft	5-35
Computers and communications	2-10
Sub Class:	
<i>Radio masts</i>	2-60
Other	2-20
Sub Class:	
<i>Generators</i>	2-38
Leasehold improvements	Life of lease
Intangible assets	2-10

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy which is paid directly to the Consolidated Account. Expiation fees received on behalf of the Government are an administered item and paid directly to the Consolidated Account. This payment is recognised in the administered items financial statements.

(l) Current and non-current classification

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

(m) Assets

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

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, and deposits at call that are readily converted to cash, used in the cash management function on a day to day basis and which are subject to insignificant risk of changes in value.

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

Administered cash is shown in the administered items financial schedules.

Cash is measured at nominal value.

Receivables

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

Receivables arise in the normal course of selling goods and services to other government agencies and to the public.

Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. Bad debts are written off when identified.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Inventories

SAPOL holds inventories generally for internal distribution. Inventories held for distribution are measured at lower of cost and replacement value.

Inventories include stationery, capsicum sprays and police horses.

Non-current assets held for sale

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

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

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

- *Acquisition and recognition*

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

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

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

All other plant and equipment purchases are expensed in the year of purchase.

- *Revaluation of non-current assets*

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

SAPOL has a policy of revaluing its land, buildings, leasehold improvements, investment properties and aircraft every six years via a Certified Practising Valuer. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Land, buildings and leasehold improvements controlled by SAPOL were revalued as at 30 June 2014 following an independent valuation prepared by Liquid Pacific using the fair value methodology. Aircraft controlled by SAPOL were revalued as at 30 June 2014 following an independent valuation prepared by Liquid Pacific using the fair value methodology. Other non-current assets have been valued at their written down historic cost.

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

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

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

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

- *Impairment*

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

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

For revalued non-current assets held for sale, an impairment loss is recognised as an expense.

South Australia Police

Notes to and forming part of the financial statements

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. SAPOL only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition, or internal development, of software is capitalised only when the expenditure meets the definition criteria outlined in AASB 138 (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

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

Investment properties

Investment properties represent properties held to earn rental income and for capital appreciation.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the department.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other income, on a straight line basis over the lease term.

Fair value measurement

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

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

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

Non-financial assets

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

As SAPOL did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

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

Refer to Note 17, 19, and 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

SAPOL does not recognise any financial assets or financial liabilities at fair value.

South Australia Police
Notes to and forming part of the financial statements

(n) Liabilities

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

Payables

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

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

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

The Paid Parental Leave Scheme payable represents amounts which SAPOL has received from the Commonwealth Government to forward onto eligible employees via SAPOL's standard payroll processes. That is, SAPOL is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

Employee benefits on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave (SERL).

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

Leases

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

SAPOL has entered into a number of operating lease agreements for buildings and vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items. Operating lease payments are representative of the pattern of benefits to be derived from the leased items and accordingly are charged to the Statement of Comprehensive Income in the period in which they are incurred.

Lease incentives

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

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

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Public Private Partnership (PPP)

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA).

In June 2005 the Minister of Infrastructure signed a Project Agreement.

The PPP includes police stations at Mt Barker and Gawler, police stations and court facilities at Port Lincoln, Victor Harbor and Berri, and court facilities at Port Pirie.

For accounting purposes the leases are operating leases.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites they occupy.

Lease expenditure and payables related to the facilities occupied by SAPOL are recognised in the SAPOL financial statements. Lease expenditure, revenue and associated payables and receivables related to the facilities occupied by CAA is recognised in the Administered financial statements.

South Australia Police

Notes to and forming part of the financial statements

Employee benefits

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

- *Salaries and wages, annual leave, SERL and sick leave*

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

The annual leave liability and the SERL is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Liabilities for annual leave are recognised and are measured as the amount unpaid at the reporting date at the rate of pay expected to be paid when the leave is taken in respect of employee's services up to that date.

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

- *Long service leave*

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

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

- *Employee benefit on-costs*

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

Provisions

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

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

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

- *Workers Compensation*

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary through the Office for the Public Sector (refer to Note 24). The workers compensation provision is for the estimated cost of ongoing payments to employees as required under current legislation.

SAPOL, as a self-insurer, is responsible for the payment of workers compensation claims.

- *Civil Actions against Police*

A liability has been reported to reflect unsettled actions against SAPOL.

- *Claims for death events out of or in the course of employment*

A liability has been reported to recognise those claims where an employee has died out of or in the course of employment. SAPOL is still to conduct an investigation in to some of these claims and by recognising a provision, SAPOL is not accepting liability to these claims until a full investigation has been completed.

Notes to and forming part of the financial statements

(o) Professional Indemnity and General Public Liability Insurance

SAPOL is a participant in the SA Government's Insurance Program. SAPOL pays an insurance premium through SAICORP, a Division of SAFA. SAPOL is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP provides the balance of the funding for claims in excess of the deductible.

(p) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

Note 3: New and revised accounting standards and policies

SAPOL did not voluntarily change any of its accounting policies during 2014-15.

Accounting Standards

In accordance with the new AASB 1055 *Budgetary Reporting*, which became effective for the first time in 2014-15, SAPOL has:

- Included a comprehensive new note "Budgetary reporting and explanations of major variances" (note 28). These notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for both controlled and administered amounts:
 - SAPOL's original budget as published in Budget Paper 4
 - a comparison of the original budget information to actual results
 - explanations of major variances.

In accordance with the new AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, which became effective for the first time in 2014-15, SAPOL has reviewed its control assessments (ie SAPOL's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. SAPOL does not currently control another entity and does not have any joint arrangements within the scope of AASB 11. SAPOL will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the department for the period ending 30 June 2015. SAPOL 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.

South Australia Police
Notes to and forming part of the financial statements

Note 4: Activities of SAPOL

SAPOL has identified three activities that it delivers to the community and the Minister for Police. The identity and description of each SAPOL activity during the year ended 30 June 2015 is summarised below. Financial information relating to each activity is reported in the Disaggregated Disclosures - Expenses and Income. Assets and liabilities have not been presented as they cannot be reliably determined at a disaggregated level.

Activity 1 Public safety

Provides visible and available police services, working in partnership with the community and other agencies to support the achievement of South Australia's Strategic Plan. SAPOL helps make South Australia a safer place to live, visit and do business with police response and assistance, management of major events, and emergency response, management and coordination across the state.

Activity 2 Crime and Criminal Justice Services

SAPOL's crime prevention and reduction, and support of the criminal justice system contribute to the achievement of South Australia's Strategic Plan and strategic properties. To prevent crime and reduce offending, SAPOL works in partnership with the community and other agencies, for an accessible and effective criminal justice system.

Activity 3 Road safety

Policing for safer roads and road use across the state supports the achievement of South Australia's strategic priorities. SAPOL road safety services include the regulation of road use, education and vehicle collision prevention. Police work in partnership with the community and other agencies to achieve better road safety outcomes for all South Australians and those visiting the state.

Note 5: Employee benefits

	2015	2014
	\$'000	\$'000
Salaries and wages	457 634	443 639
Annual leave	58 497	57 767
Long service leave (1)	27 074	16 746
Police Service Leave (2)	8 135	-
Skills and experience retention leave	95	65
Employment on-costs - superannuation	67 232	64 458
Employment on-costs - other	30 777	28 927
Targeted voluntary separation packages	174	74
Other employment related expenses	789	521
Workers compensation (3)	7 936	22 220
Total employee benefits	658 343	634 417

(1) 2015 expenditure includes \$12m increase in long service leave liability as a result of annual actuarial assessment (see also note 23).

(2) Police Service Leave is prescribed in Clause 34 of the South Australia Police Enterprise Agreement 2011 and became effective from 1 July 2014. A member who has or attains 20 years police service in the 2014/15 financial year will be credited with 3 calendar weeks police service leave on their police service anniversary after 1 July 2014. Thereafter on each 5th anniversary of their police service (from the initial credit of leave) they will be credited 4 calendar weeks police service leave (see also note 23)

(3) 2015 expenditure includes \$8.9m decrease in workers compensation liability as a result of annual actuarial assessment (see also note 24).

South Australia Police
Notes to and forming part of the financial statements

Note 5: Employee benefits (continued)

Targeted voluntary separation packages (TVSPs)

	2015 \$'000	2014 \$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	174	74
Leave paid to those employees	29	9
Amount paid by SAPOL	<u>203</u>	<u>83</u>

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

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The table does not include administered employees. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$76.7 million (\$64.5 million).

The total number of employees for 2015 is 471. This increase of 72 employees in 2015 includes 70 increase in sworn salaries.

Remuneration of employees

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

	2015 Number	2014 Number
\$141 500 - \$151 499	246	202
\$151 500 - \$161 499	81	57
\$161 500 - \$171 499	28	52
\$171 500 - \$181 499	53	35
\$181 500 - \$191 499	7	31
\$191 500 - \$201 499	36	7
\$201 500 - \$211 499	5	3
\$211 500 - \$221 499	1	1
\$221 500 - \$231 499	3	1
\$231 500 - \$241 499	1	-
\$241 500 - \$251 499	-	1
\$251 500 - \$261 499	-	1
\$261 500 - \$271 499	2	2
\$271 500 - \$281 499	1	3
\$281 500 - \$291 499	2	2
\$291 500 - \$301 499	2	-
\$331 500 - \$341 499	1	-
\$341 500 - \$351 499	-	1
\$351 500 - \$361 499	1	-
\$441 500 - \$451 499	1	-
Total	<u>471</u>	<u>399</u>

South Australia Police
Notes to and forming part of the financial statements

Note 5: Employee benefits (continued)

Remuneration of employees by category

Executive	11	10
Non-executive	460	389
Total	471	399
Police	460	390
Public Servant	11	9
Total	471	399

Note 6: Supplies and services

	2015	2014
	\$'000	\$'000
Accommodation and property related	30 755	30 148
Administration	15 952	15 991
Communication and computing	26 229	23 967
Consultants	129	158
Employee related	10 506	10 609
Insurance	1 341	1 314
Legal	2 247	3 145
Minor equipment	2 662	3 283
Motor vehicle related	23 122	24 176
Shared Services SA	3 095	3 072
Uniforms	1 713	3 366
Utilities	4 696	5 112
Other	7 324	6 168
Total supplies and services	129 771	130 509

Pursuant to the contract arrangements with Plenary, the PPP partner, SAPOL pays lease charges to Plenary for sites occupied by both SAPOL and the CAA. SAPOL on-charges the CAA for lease costs associated with CAA sites. The income and expenditure associated with the sites occupied by CAA are recognised as administration items. The resulting revenue is not off-set against expenditure.

Consultants

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

	2015	2015	2014	2014
	\$'000	Number	\$'000	Number
Below \$10 000	46	16	15	14
Between \$10 000 - \$50 000	83	3	79	4
Above \$50 000	-	-	64	1
Total paid/payable to consultants engaged	129	19	158	19

South Australia Police
Notes to and forming part of the financial statements

Note 6: Supplies and services (continued)

External auditor's remuneration

External auditor's remuneration represents amounts paid/payable to the Auditor-General's Department relating to the audit of the financial statements. No other services were provided by the Auditor-General's Department. Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Administration' (refer note 6).

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the Financial Statements (GST exclusive)	329	285
Total external auditor's remuneration	329	285

Note 7: Depreciation and amortisation

	2015 \$'000	2014 \$'000
Depreciation		
Buildings and improvements	6 345	6 421
Computing and communications equipment	4 256	3 544
Vehicles and transport vessels	1 658	1 400
Aircraft	1 151	115
Other	4 437	4 401
Total depreciation	17 847	15 881
Amortisation		
Leasehold improvements	3 440	4 326
Internally generated computer software	2 495	2 292
Other computer software	2 077	931
Total amortisation	8 012	7 549
Total depreciation and amortisation	25 859	23 430

Note 8: Fees and charges

	2015 \$'000	2014 \$'000
Escorts - wide load/other	2 366	3 029
Firearms licence and registration fees	4 971	4 848
Hoon legislation recoveries	3 396	3 772
Police information requests	2 798	2 994
Police security services	9 472	9 154
Prosecution and other court fees	2 061	2 070
Other fees	1 006	990
Total fees and charges	26 070	26 857

South Australia Police
Notes to and forming part of the financial statements

Note 9: Interest

	2015	2014
	\$'000	\$'000
Interest on deposit accounts	5	14
Total interest	5	14

Note 10: Commonwealth revenues

	2015	2014
	\$'000	\$'000
Commonwealth revenues	1 164	1 187
Total commonwealth revenues	1 164	1 187

During 2014-15 SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- Crim-Trac - Jurisdictional criminal history referrals
- Substance Abuse Information Desk – targeting alcohol and illicit drug use
- Home and Community Care

Note 11: Net gain/(loss) from the disposal of non-current assets

	2015	2014
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	36	27
Net book value of assets disposed	(409)	(336)
Net gain/(loss) from disposal of land and buildings	(373)	(309)
Plant and equipment		
Proceeds from disposal	522	530
Net book value of assets disposed	(387)	(66)
Net gain/(loss) from disposal of plant and equipment	135	464
Total Assets		
Proceeds from disposal	558	557
Net book value of assets disposed	(796)	(402)
Total net gain (loss) from disposal of total assets	(238)	155

South Australia Police
Notes to and forming part of the financial statements

Note 12: Other income

	2015	2014
	\$'000	\$'000
Contributed (donated) asset revenue	1 587	575
Employee benefits recoveries	2 124	2 392
Goods and services recoveries	1 325	837
Intra-Government transfers	764	742
Rent revenue	320	326
Sundry receipts	587	476
Other sundry revenues	546	448
Gain on foreign exchange	66	-
Total other income	7 319	5 796

During 2014-15 SAPOL recognised contributed assets related to road safety (fixed red light/speed cameras) of \$1.400 million (2014: \$0.575 million) received from Department of Planning, Transport and Infrastructure (DPTI) and \$0.187 million for covert equipment from Commonwealth Government.

In 2014-15 the intra-government transfer comprises:

- \$515 000 for a traffic training and promotion program from the Motor Accident Commission (2014: \$497 000)
- \$15 000 for Home & Community Care from the Department for Communities and Social Inclusion (2014: \$15 000)
- \$169 000 for the Rural Highways Saturation Program from DPTI (2014: \$165 000)
- \$65 000 for the National Motor Vehicle Theft Reduction Program from DPTI & Infrastructure & Attorney-General's Department (2014: \$65 000)

Note 13: Revenues from (payments to) SA Government:

	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account Pursuant to the <i>Appropriation Act</i>	732 750	706 274
Transfers from contingencies	3 136	334
Contributions from the Community Emergency Services Fund	20 748	20 259
Contributions from the Community Road Safety Fund	38 317	37 382
Total Revenues from SA Government	794 951	764 249
Payments to SA Government		
Other payments to the Consolidated Account *	-	14 312
Total Payments to SA Government	-	14 312

*During 2014-15 SAPOL returned \$0 (2014: \$14.3 million) to the Consolidated Account in accordance with the cash alignment policy.

South Australia Police
Notes to and forming part of the financial statements

Note 14: Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Deposits with the Treasurer	120 327	60 306
Cash held in imprest accounts and petty cash	289	326
Foreign exchange - SAFA	800	-
Total cash and cash equivalents	121 416	60 632

Deposits with the Treasurer

Includes deposits at call and Accrual Appropriation Excess Funds Account.

Interest Rate Risk

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

Foreign exchange

SAFA reflects \$614 000 USD held by SAFA for SAPOL for the purchase of a bomb robot which will be delivered in 2015-16. As at 30 June 2015, the USD was equivalent to \$800 000 AUD.

Note 15: Receivables

	2015	2014
	\$'000	\$'000
Current receivables		
Receivables	5 166	22 670
Accrued revenue	75	67
Prepayments	2 127	2 465
GST input tax recoverable	2 610	2 486
Workers compensation recoveries	255	270
Total current receivables	10 233	27 958

Non-current receivables

Workers compensation recoveries	1 024	1 094
Total non-current receivables	1 024	1 094

Allowance for doubtful debts

Carrying amount at 1 July 2014	-	(73)
Amounts written off	-	73
Carrying amount at 30 June 2015	-	-

The decrease in receivables from 2013-14 to 2014-15 mainly relates to one invoice for \$20.259m raised to South Australian Fire and Emergency Services Commission for the Community Emergency Services Fund which was paid in 2014-15.

South Australia Police
Notes to and forming part of the financial statements

Note 15: Receivables (continued)

Interest rate and credit risk:

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

Ageing analysis of receivables – refer note 32.

Note 16: Non-current assets held for sale

	2015 \$'000	2014 \$'000
Buildings and improvements	43	548
Less impairment loss	-	(490)
Land	9 850	10 159
Total non-current assets held for sale	9 893	10 217

Reconciliation of non-current assets held for sale movement

Carrying amount at 1 July	10 217	10 987
Disposals	(324)	(311)
Impairment loss	-	(490)
Transfers from property, plant and equipment	-	31
Total non-current assets held for sale	9 893	10 217

During 2014-15 SAPOL:

- sold nine of the assets held for sale at Port Broughton and Stansbury.

During 2013-14 SAPOL:

- sold nine of the assets held for sale at Poochera and Kalangadoo.
- transferred four assets at Poochera from property, plant and equipment.
- Incurred impairment loss of \$490 000 due to revaluation of the assets held for sale at the Police Academy.

South Australia Police
Notes to and forming part of the financial statements

Note 17: Property, plant and equipment

	2015 \$'000	2014 \$'000
Land ⁽¹⁾		
Land at fair value	59 623	60 010
Total land	59 623	60 010
Buildings and improvements ⁽¹⁾		
Buildings at fair value	211 752	212 414
Accumulated depreciation	(6 427)	(84)
Total buildings and improvements	205 325	212 330
Leasehold improvements ⁽¹⁾		
Leasehold improvements at fair value	44 887	45 107
Accumulated depreciation	(3 405)	(2)
Total leasehold improvements	41 482	45 105
Computing and communications equipment		
Computing and communications equipment - at cost (deemed fair value) ⁽²⁾	54 981	51 088
Accumulated depreciation	(41 240)	(36 842)
Total computing and communications equipment	13 741	14 246
Vehicles and transport vessels		
Vehicles and transport vessels - at cost (deemed fair value)	9 869	9 967
Accumulated depreciation	(5 326)	(4 683)
Total vehicle and transport vessels	4 543	5 284
Other		
Other - at cost (deemed fair value)	42 921	39 866
Accumulated depreciation	(24 758)	(21 405)
Total other	18 163	18 461
Aircraft		
Aircraft at fair value	2 385	2 384
Accumulated depreciation	(1 160)	(8)
Total aircraft	1 225	2 376
Total property, plant and equipment	344 102	357 812

(1) Land, buildings and improvements, leasehold improvements and aircraft were revalued as at 30 June 2014 by Liquid Pacific.

(2) Intangible assets - computer software has been separately identified. (refer note 18).

South Australia Police
Notes to and forming part of the financial statements

Note 17: Property, plant and equipment (continued)

Movement reconciliation of non-current assets:

2015	Land	Buildings & improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	60 010	212 330	45 105	14 246	5 284	18 461
Prior period adjustments *	(387)	(552)	-	121	(67)	148
Transfers to/(from) capital works in progress	-	124	-	4 089	1 241	2 812
Depreciation and amortisation expense	-	(6 345)	(3 440)	(4 256)	(1 658)	(4 437)
Net revaluation increment/(decrement)	-	-	-	-	-	-
Donated assets	-	-	-	187	-	1 400
Transfer between classes	-	(232)	-	(582)	-	202
Disposals	-	-	(85)	-	(257)	-
Assets written off	-	-	(98)	(64)	-	(423)
Carrying amount at 30 June	59 623	205 325	41 482	13 741	4 543	18 163

Note 17: Property, plant and equipment (continued)

Movement reconciliation of non-current assets:

2015	Aircraft	Total property plant and equipment	Capital works in progress	Intangible assets (internally generated)	Intangible assets (other computer software)	2015 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 376	357 812	12 748	9 751	3 185	383 496
Prior period adjustments *	-	(737)	-	(184)	55	(866)
Additions	-	-	15 421	-	-	15 421
Transfers to/(from) capital works in progress	-	8 266	(18 097)	7 361	2 470	-
Depreciation and amortisation expense	(1 151)	(21 287)	-	(2 495)	(2 077)	(25 859)
Net revaluation increment/(decrement)	-	-	-	-	-	-
Donated assets	-	1 587	-	-	-	1 587
Transfer between classes	-	(612)	-	(7 284)	7 896	-
Disposals	-	(342)	-	-	(130)	(472)
Assets written off	-	(585)	-	(18)	(13)	(616)
Other	-	-	(49)	-	-	(49)
Carrying amount at 30 June	1 225	344 102	10 023	7 131	11 386	372 642

* A prior period adjustment has been recognised to reflect assets identified during stocktake and valuation and not previously recorded. These assets were either donated or expensed in prior years.

South Australia Police
Notes to and forming part of the financial statements

Note 17: Property, plant and equipment (continued)

Movement reconciliation of non-current assets:

2014	Land	Buildings & improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	56 490	205 988	48 335	11 470	3 358	20 274
Prior period adjustments *	10	305	12	34	-	371
Additions	-	-	-	-	-	-
Transfers to/(from) capital works in progress	-	723	68	5 965	3 617	2 331
Depreciation and amortisation expense	-	(6 421)	(4 326)	(3 544)	(1 400)	(4 401)
Net revaluation increment/(decrement)	3 532	7 321	5 163	-	(213)	-
Donated assets	-	-	-	-	-	575
Asset - recognised through stocktake	-	4 451	(4 137)	388	-	(702)
Disposals	(20)	(5)	-	(8)	(58)	-
Assets written off	-	(3)	(10)	(59)	(20)	(56)
Transfers to assets held for sale	(2)	(29)	-	-	-	-
Other	-	-	-	-	-	69
Carrying amount at 30 June	60 010	212 330	45 105	14 246	5 284	18 461

South Australia Police
Notes to and forming part of the financial statements

Note 17: Property, plant and equipment (continued)

Movement reconciliation of non-current assets:

2014	Aircraft	Total property plant and equipment	Capital works in progress	Intangible assets (internally generated)	Intangible assets (other computer software)	2014 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 363	348 278	14 029	8 739	3 070	374 116
Prior period adjustments*	-	732	-	37	10	779
Additions	-	-	15 833	-	-	15 833
Transfers to/(from) capital works in progress	135	12 839	(17 161)	3 265	1 057	-
Depreciation and amortisation expense	(115)	(20 207)	-	(2 292)	(931)	(23 430)
Net revaluation increment/(decrement)	(7)	15 796	-	-	-	15 796
Donated assets	-	575	-	-	-	575
Asset - recognised through stocktake	-	-	-	2	(2)	-
Disposals	-	(91)	-	-	-	(91)
Assets written off	-	(148)	-	-	(19)	(167)
Transfers to assets held for sale	-	(31)	-	-	-	(31)
Other	-	69	47	-	-	116
Carrying amount at 30 June	2 376	357 812	12 748	9 751	3 185	383 496

* A prior period adjustment has been recognised to reflect assets identified during stocktake and valuation and not previously recorded. These assets were either donated or expensed in prior years.

South Australia Police
Notes to and forming part of the financial statements

Note 18: Intangible Assets

	2015 \$'000	2014 \$'000
Computer software		
Internally developed computer software - at cost (deemed fair value)	26 190	26 373
Accumulated amortisation	(19 059)	(16 622)
Total internally generated computer software	7 131	9 751
Other computer software		
Other computer software	20 506	10 616
Accumulated amortisation	(9 120)	(7 431)
Total other computer software	11 386	3 185
Total intangible assets	18 517	12 936

Note 19: Investment properties

	2015 \$'000	2014 \$'000
Investment building	759	759
Investment land	500	500
Total investment properties	1 259	1 259
Movement reconciliation of investment properties		
Carrying amount at 1 July	1,259	1,390
Impairment loss	-	(131)
Carrying amount at 30 June	1 259	1 259

Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in arm's length transaction, based on current prices in an active market for similar properties.

South Australia Police
Notes to and forming part of the financial statements

Note 20: Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. SAPOL categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2015.

Fair value measurements at 30 June 2015

	Level 2 \$'000	Level 3 \$'000	2015 \$'000
Recurring fair value measurements			
Land	59 623	-	59 623
Buildings & improvements	-	205 325	205 325
Leasehold improvements	-	41 482	41 482
Computing & communications equipment	-	13 741	13 741
Vehicles & transport vessels	1 632	2 911	4 543
Other	-	18 163	18 163
Aircraft	1 225	-	1 225
Investment properties	1 259	-	1 259
Total recurring fair value measurements	63 739	281 622	345 361
Non- recurring fair value measurements			
Land held for sale	9 850	-	9 850
Buildings held for sale	-	43	43
Total non-recurring fair value measurements	9 850	43	9 893
Total	73 589	281 665	355 254

Fair value measurements at 30 June 2014

	Level 2 \$'000	Level 3 \$'000	2014 \$'000
Recurring fair value measurements			
Land	60 010	-	60 010
Buildings & improvements	-	212 330	212 330
Leasehold improvements	-	45 105	45 105
Computing & communications equipment	-	14 246	14 246
Vehicles & transport vessels	2 443	2 841	5 284
Other	-	18 461	18 461
Aircraft	2 376	-	2 376
Investment properties	1 259	-	1 259
Total recurring fair value measurements	66 088	292 983	359 071
Non- recurring fair value measurements			
Land held for sale	10 159	-	10 159
Buildings held for sale	-	58	58
Total non-recurring fair value measurements	10 159	58	10 217
Total	76 247	293 041	369 288

There were no transfers of assets between levels 1 and 2 fair value hierarchy levels in 2015. SAPOL's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

SAPOL had no valuations categorised into level 1.

South Australia Police
Notes to and forming part of the financial statements

Note 20: Fair value measurement (continued)

Valuation techniques and inputs

Valuation techniques used to derive levels 2 and 3 fair values are at Note 17. Level 2 assets are valued with reference to market transactions. There were no changes in valuation techniques during 2015.

Description	Valuation Approach	Valuation Technique	Unobservable Inputs	Range (weighted avg)
Buildings & improvements	Cost Approach	Depreciated Replacement Cost	Cost (per Sq metre) Effective Life (yrs)	\$1 - \$ 10 500 20 - 60 years
Leasehold improvements	Cost Approach	Depreciated Replacement Cost	Cost (per Sq metre) Effective Life (yrs)	\$500 - \$1 200 Term of Lease - 25 years
Computing and communications equipment*	Cost Approach	Depreciated Replacement Cost		
Vehicles & transport vessels*	Cost Approach	Depreciated Replacement Cost		
Other*	Cost Approach	Depreciated Replacement Cost		

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of recurring fair value measurements – Level 3

	Buildings and improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	212 330	45 105	14 246	2 841	18 461
Prior year adjustments	(552)	-	121	32	148
Transfers from capital work in progress	124	-	4 089	1 241	2 812
Donated assets	-	-	187	-	1 400
Transfer between classes	(232)	-	(582)	71	202
Disposals/written off	-	(183)	(64)	(75)	(423)
Subtotal	211 670	44 922	17 997	4 110	22 600
Gains/(losses) for the period recognised in net result:					
Depreciation	(6 345)	(3 440)	(4 256)	(1 199)	(4 437)
Subtotal	(6 345)	(3 440)	(4 256)	(1 199)	(4 437)
Carrying amount at 30 June	205 325	41 482	13 741	2 911	18 163

South Australia Police
Notes to and forming part of the financial statements

Note 20: Fair value measurement (continued)

	Buildings and improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
2014	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	205 988	48 335	11 470	3 161	20 274
Prior year adjustments	11	12	34	-	371
Revaluation additions	294	-	-	-	-
Transfers from capital work in progress	723	68	5 965	904	2 331
Classified as held for sale and/or disposals	(29)	-	-	-	-
Donated Assets	-	-	-	-	575
Transfer between classes	4 451	(4 137)	388	-	(702)
Other	-	-	-	-	69
Disposals/written off	(8)	(10)	(67)	(78)	(56)
Subtotal	211 430	44 268	17 790	3 987	22 862
Gains/(losses) for the period recognised in net result:					
Revaluation increment/decrement	7 321	5 163	-	-	-
Depreciation	(6 421)	(4 326)	(3 544)	(1 146)	(4 401)
Subtotal	900	837	(3 544)	(1 146)	(4 401)
Gains/(losses) for the period recognised in other comprehensive income:					
Subtotal	-	-	-	-	-
Carrying amount at 30 June	212 330	45 105	14 246	2 841	18 461

* Other items such as motor vehicles, weapons and other plant and equipment have not been revalued as they do not meet the revaluation criteria in APF III *Asset Accounting Framework* (ie fair value at the time of acquisition is less than \$1m). The carrying amount of these assets is deemed to be fair value.

South Australia Police
Notes to and forming part of the financial statements

Note 21: Payables

	2015 \$'000	2014 \$'000
Current payables		
Employment on-costs	10 210	9 394
Creditors	16 776	14 888
Paid Parental Leave Scheme payable	87	93
Total current payables	27 073	24 375
Non-current payables		
Employment on-costs	27 438	24 892
Total non-current payables	27 438	24 892

As a result of an actuarial assessment performed by Shared Services SA, the proportion of long service leave taken as leave has increased to 61.92% (2014: 61.23%) for police and decreased to 74.87% (2014: 74.04%) for non-police. The rates used are based on historical trends and are used to calculate employment on-costs.

Interest rate and credit risk

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

Note 22: Other liabilities

	2015 \$'000	2014 \$'000
Current other liabilities		
Lease incentive	499	499
Total current other liabilities	499	499
Non-current other liabilities		
Lease incentive	5 076	5 576
Total non-current other liabilities	5 076	5 576

In 2011-12, SAPOL received two lease incentives (\$5 million in leasehold improvements and 3 months' rent free) as a part of leasing the new police headquarters on Angas Street. The aggregate benefits of these lease incentives received have been recorded as a reduction of rental expense over the lease term of 15 years, on a straight line basis. As at 30 June 2015 the remaining life of the lease term is 11 years.

South Australia Police
Notes to and forming part of the financial statements

Note 23: Employee benefits

	2015 \$'000	2014 \$'000
Current employee benefits		
Accrued salaries and wages	13 691	11 414
Annual leave	31 785	32 414
Long service leave	11 194	10 075
Skills and experience retention leave	438	343
Police services leave*	5 018	-
Total current employee benefits	62 126	54 246
Non-current employee benefits		
Annual leave	1 164	351
Long service leave	177 967	166 462
Police services leave	3 086	-
Total non-current employee benefits	182 217	166 813
Total employee benefits	244 343	221 059

AASB 119 *Employee Benefits* contains the calculation methodology for LSL. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long term Commonwealth Government bonds has decreased from 3.50% (2014) to 3% (2015).

The net financial effect of the changes in the current financial year is an increase in long service leave liability of \$12 million and employee benefit expense of \$10 million. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for LSL liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and SERL liability.

The net financial effect of the changes in the current financial year is an increase in the annual leave and SERL liability of \$202 000 and employee benefit expense by \$760 000.

* Police Service Leave is prescribed in Clause 34 of the South Australia Police Enterprise Agreement 2011 and became effective from 1 July 2014. A member who has or attains 20 years police service in the 2014/15 financial year will be credited with 3 calendar weeks police service leave on their police service anniversary after 1 July 2014. Thereafter on each 5th anniversary of their police service (from the initial credit of leave) they will be credited 4 calendar weeks police service leave.

South Australia Police
Notes to and forming part of the financial statements

Note 24: Provisions

	2015 \$'000	2014 \$'000
Current provisions		
Workers compensation	15 023	13 854
Death in course of employment	-	950
Civil actions against police	220	374
Total current provisions	15 243	15 178
Non-current provisions		
Workers compensation	69 400	79 422
Total non-current provisions	69 400	79 422
Workers compensation:		
Carrying amount at 1 July	93 276	84 099
Increase/(decrease) resulting from re-measurement	9 123	23 090
Reduction due to payments	(17 976)	(13 913)
Carrying amount at 30 June	84 423	93 276
Death in course of employment		
Carrying amount at 1 July	950	1 890
Increase/(decrease) in the provision due to revision of estimates	(950)	(940)
Carrying amount at 30 June	-	950
Civil actions against police:		
Carrying amount at 1 July	374	437
Increase in the provision due to revision of estimates	243	397
Reduction due to payments	(397)	(460)
Carrying amount at 30 June	220	374

Note 25: Equity

	2015 \$'000	2014 \$'000
Contributed capital	85 220	85 220
Revaluation surplus	129 064	129 879
Retained earnings	(86 613)	(101 179)
Total equity	127 671	113 920

The retained earnings represent the residual interest in SAPOL's net assets. The SA Government holds the accumulated deficit interest in SAPOL on behalf of the community.

South Australia Police
Notes to and forming part of the financial statements

Note 26: Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Financial Position	121,416	60,632
Cash and cash equivalents disclosed in the Statement of Cash Flows	121,416	60,632
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by operating activities	74,617	12,831
Revenues from SA Government	(735,886)	(706,608)
Contribution from the Community Emergency Services Fund	(20,748)	(20,259)
Contribution from Community Road Safety Fund	(38,317)	(37,382)
Payments to SA Government	-	14,312
Non-cash Items:		
Depreciation and amortisation	(25,859)	(23,430)
Donated assets	1,587	575
Net gain/(loss) from disposal of non-current assets	(238)	155
Write off of non-current assets	(616)	(167)
Capital work-in-progress expensed	(288)	116
Capital accruals	1,731	149
Movements in assets and liabilities:		
Increase/(decrease) in receivables	(17,795)	22,004
Increase/(decrease) in inventories	11	(2)
(Increase)/decrease in payables	(5,641)	(1,928)
(Increase)/decrease in other liabilities	500	499
(Increase)/decrease in employee benefits	(23,284)	(7,826)
(Increase)/decrease in provisions	9,957	(8,174)
Net cost of providing services	(780 269)	(755 135)

South Australia Police
Notes to and forming part of the financial statements

Note 27: Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	EXPENSES						
5	Employee benefits expenses	30 777	28 926	627 566	605 491	658 343	634 417
6	Supplies and services						
	Accommodation and property related	24 864	23 774	5 891	6 374	30 755	30 148
	Administration	1 157	1 417	14 795	14 574	15 952	15 991
	Communication and computing	9 531	9 533	16 698	14 434	26 229	23 967
	Consultants	1	1	128	157	129	158
	Employee related	7 667	6 489	2 839	4 120	10 506	10 609
	Insurance	1 341	1 314	-	-	1 341	1 314
	Legal	1 842	2 935	405	210	2 247	3 145
	Minor equipment	98	92	2 564	3 191	2 662	3 283
	Motor vehicle related	345	326	22 777	23 850	23 122	24 176
	Shared Services SA	3 095	3 072	-	-	3 095	3 072
	Uniforms	-	-	1 713	3 366	1 713	3 366
	Utilities	1 930	1 242	2 766	3 870	4 696	5 112
	Other	1 694	2 078	5 630	4 090	7 324	6 168
7	Depreciation and amortisation	-	-	25 859	23 430	25 859	23 430
	Write down of non-current assets	616	167	-	-	616	167
11	Net loss from the disposal of non-current assets	-	-	238	-	238	-
16,19	Impairment loss	-	-	-	621	-	621
13	Payments to SA Government	-	14 312	-	-	-	14 312
	TOTAL EXPENSES	84 958	95 678	729 869	707 778	814 827	803 456
	INCOME						
8	Fees and charges						
	Escorts - wide load/other	22	-	2 344	3 029	2 366	3 029
	Firearms licence and registration fees	-	-	4 971	4 848	4 971	4 848
	Hoon legislation recoveries	-	-	3 396	3 772	3 396	3 772
	Police information requests	127	55	2 671	2 939	2 798	2 994
	Police security services	9 397	9 082	75	72	9 472	9 154
	Prosecution and other court fees	-	-	2 061	2 070	2 061	2 070
	Other fees	13	-	993	990	1 006	990
9	Interest	-	-	5	14	5	14
10	Commonwealth revenues	-	-	1 164	1 187	1 164	1 187
11	Net gain from the disposal of non-current assets	-	-	-	155	-	155

South Australia Police
Notes to and forming part of the financial statements

		SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
12	Other income						
	Contributed (donated) asset revenue	1 400	575	187	-	1 587	575
	Employee benefits recoveries	1 166	1 986	958	406	2 124	2 392
	Goods and services recoveries	166	282	1 159	555	1 325	837
	Gain on foreign exchange	-	-	66	-	66	-
	Intra-Government transfers	764	742	-	-	764	742
	Rent revenue	141	34	179	292	320	326
	Sundry receipts	39	79	548	397	587	476
	Other sundry revenues	39	-	507	448	546	448
13	Revenues from SA Government	794 951	764 249	-	-	794 951	764 249
	TOTAL INCOME	808 225	777 084	21 284	21 174	829 509	798 258
	FINANCIAL ASSETS						
15	Receivables						
	Receivables	4 169	21 022	997	1 648	5 166	22 670
	Accrued revenue	75	62	-	5	75	67
	Prepayments	-	-	2 127	2 465	2 127	2 465
	GST input tax recoverable	-	-	2 610	2 486	2 610	2 486
	Workers compensation recoveries	1 279	1 364	-	-	1 279	1 364
	TOTAL FINANCIAL ASSETS	5 523	22 448	5 734	6 604	11 257	29 052
	FINANCIAL LIABILITIES						
21	Payables						
	Employment on-costs	13 294	12 010	24 354	22 276	37 648	34 286
	Creditors	10 374	4 577	6 402	10 311	16 776	14 888
	Paid Parental Leave Scheme payable	-	-	87	93	87	93
22	Other liabilities	5 575	6 075	-	-	5 575	6 075
	TOTAL FINANCIAL LIABILITIES	29 243	22 662	30 843	32 680	60 086	55 342

South Australia Police
Notes to and forming part of the financial statements

Note 28: Budgetary reporting and explanations of major variances

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where variances exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

		Original budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits	1	659 335	658 343	992
Supplies and services	2	150 575	129 771	20 804
Depreciation and amortisation		24 996	25 859	(863)
Write down of non-current assets		-	616	(616)
Net loss from the disposal of non-current and other assets		-	238	(238)
Total expenses		834 906	814 827	20 079
Income				
Fees and charges	3	30 933	26 070	4 863
Interest		-	5	(5)
Commonwealth revenues		994	1 164	(170)
Net gain from the disposal of non-current and other assets		136	-	136
Other income	4	5 436	7 319	(1 883)
Total income		37 499	34 558	2 941
Net cost of providing services		797 407	780 269	17 138
Revenues from (payments to) SA government				
Revenues from SA government		737 614	735 886	1 728
Contributions from the Community Emergency Services Fund		20 748	20 748	-
Contributions from the Community Road Safety Fund		38 317	38 317	-
Net revenues from SA Government		796 679	794 951	1 728
Net result		(728)	14 682	(15 410)

The budget process is not subject to audit. Budget information refers to the amounts presented to parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

South Australia Police
Notes to and forming part of the financial statements

Note 28: Budgetary reporting and explanations of major variances (continued)

		Original budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total new projects	5	3 879	728	3,151
Total existing projects	6	8 642	5 085	3,557
Total annual program	7	6 934	9 533	(2,599)
Total investing expenditure		19,455	15,346	4,109

The budget process is not subject to audit. Budget information refers to the amounts presented to parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Notes

1. *Employee benefits* – variance mainly relates to the significant decrease in the worker's compensation liability based on actuarial calculation and timing of filling of vacancies. This is partly offset by increases in long service leave liability actuarial calculation.
2. *Supplies and services* – variance mainly relates to savings being achieved in advance of targets and provisions for cost pressures not required, redirection of budget for minor equipment to fund investing expenditure and lower corporate costs
3. *Fees and charges* – variance mainly relates to lower hoon recoveries, lower prosecution and other court fees
4. *Other income* – variance mainly relates to cost recovery activities provided to other jurisdictions (Commonwealth and State)
5. New investing major projects include Henley Beach police station and the development of App Technology initiatives. The 2014-15 original budget was adjusted during the year to take account of approved adjustments for re-phasing of \$2.8 million budget to later financial years to take account of revised project plans. The approved revised budget was \$1.127 million compared to actual expenditure of \$0.728 million. SAPOL will seek carryover of committed under expenditure balances with the Department of Treasury and Finance as part of the 2014-15 carryover budget process
6. Existing major projects include Police Records Management System (completion of stage 1 and progression of stages 2-4) and Hi-tech crime fighting equipment. The 2014-15 original budget was adjusted during the year to take account of approved adjustments, including re-phasing of \$1.9 million budget to 2015-16. The approved revised budget was \$6.998 million compared to actual expenditure of \$5.085 million. SAPOL intends to seek carryover of committed under expenditure balances with the Department of Treasury and Finance as part of the carryover budget process.
7. The 2014-15 original budget was adjusted during the year to take account of approved adjustments, including reclassification of \$3.4 million from supplies and services budget to fund investing projects. SAPOL actual spend was slightly below the approved revised budget of \$10.157 million.

South Australia Police
Notes to and forming part of the financial statements

Note 29: Unrecognised contractual commitments

Capital commitments

The total value, net of GST of capital commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2015 \$'000	2014 \$'000
No later than one year	1 704	956
Later than one year but not later than five years	-	630
Total capital commitments	1 704	1 586
 GST on capital commitments	 170	 159

Major capital commitments for 2014-15 include Project Shield, Firearms Training Simulator, Body Armour, Rimage Replacement and Protective Clothing. (2013-14 include Project Shield, Protective Clothing, Body Armour, and Hand Held Lasers).

Other commitments

The total value, net of GST of other commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2015 \$'000	2014 \$'000
No later than one year	7 796	9 774
Later than one year but not later than five years	2 950	6 370
Total other commitments	10 746	16 144
 GST on other commitments	 1 075	 1 614

Major other expenditure commitments for 2014-15 include Cleaning, Towing, AP fleet, PrixCar, Uniforms and Drug Screening Kits. (2013-14 include Cleaning, Towing, Vehicle Servicing and Repairs, Vehicle Commissioning and Decommissioning, Uniforms and Drug Screening Kits)

Operating lease commitments

The total value, net of GST, of future non-cancellable operating lease commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2015 \$'000	2014 \$'000
No later than one year	29 179	30 078
Later than one year but not later than five years	86 045	77 108
Later than five years	152 056	150 430
Total operating lease commitments	267 280	257 616
 GST on operating lease commitments	 26 728	 25 762

Notes to and forming part of the financial statements

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions. Options exist to renew property leases at the end of the term of the leases. Operating lease commitments include commitments for PPP leases related to SAPOL occupancies only. From 2012 commitments also include the lease for the new police headquarters on Angas Street.

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 as follows:

	2015	2014
	\$'000	\$'000
No later than one year	3 056	3 676
Later than one year but not later than five years	5 152	7 370
Total remuneration commitments	8 208	11 046

Note 30: Contingent liabilities

As at 30 June 2015 the value of outstanding rewards for unsolved murders was \$33.8 million (\$22.9million). No provision has been made in the financial statements for this amount as considerable doubt exists as to the amount and timing of rewards that will actually be paid. The amount is not recognised in the Statement of Financial Position.

Police Review Tribunal:

D Gurry

R Warwick

2015	2014
\$'000	\$'000

14 13

South Australia Police
Notes to and forming part of the financial statements

Note 31: Remuneration of tribunal and committee members (continued)

Remuneration of members reflects all costs of performing tribunal/committee member duties including sitting fees, superannuation contributions, FBT and salary sacrifice arrangements. The total remuneration received or receivable by members was \$32 000 (2014: \$23 000).

Amounts paid to a superannuation plan for Tribunal/Committee members were \$2 000 (2014: \$800).

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

* In accordance with Premier and Cabinet Circular 16 *Remuneration for Government Appointed Part-time Boards and Committees*, government employees did not receive any remuneration for Tribunal/Committee duties during the financial year.

Note 32: Financial risk management/financial instruments

Financial risk management

Risk management is managed by the Department's corporate services section and departmental risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

South Australia Police
Notes to and forming part of the financial statements

Note 32: Financial risk management/financial instruments (continued)

Categorisation of financial instruments

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

	Note	2015			2014		
		Classification in fair value hierarchy			Classification in fair value hierarchy		
		Level 1	Level 2	Total	Level 1	Level 2	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents							
Cash and cash equivalents	14	-	121 416	121 416	-	60 632	60 632
Loans and receivables							
Receivables ⁽¹⁾⁽²⁾	15	-	5 016	5 016	-	21 999	21 999
Financial liabilities							
Financial liabilities at cost							
Payables ⁽¹⁾	21	-	8 860	8 860	-	7 231	7 231

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

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 15 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Liquidity risk

Liquidity risk arises from the possibility that SAPOL is unable to meet its financial obligations as they are due to be settled. SAPOL is funded principally from appropriations by the SA Government. SAPOL works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. SAPOL settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently SAPOL does not hold any collateral as security for any of its financial assets. There is no evidence to indicate that financial assets are impaired.

Notes to and forming part of the financial statements**Note 32: Financial risk management/financial instruments (continued)****Ageing analysis of financial assets**

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

	Past due by				Total \$'000
	Current (not overdue) \$'000	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2015					
Not impaired:					
Receivables	4 617	277	36	40	4 970
Impaired:					
Receivables	-	-	-	-	-
2014					
Not impaired:					
Receivables	25 597	260	3	111	25 971
Impaired:					
Receivables	-	-	-	-	-

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.

Market risk

SAPOL occasionally has exposure to foreign currency risks. Where the exposure to foreign currency risk is greater than \$100 000 SAPOL enters in to a hedging arrangement with SAFA.

SAPOL to not engage in high risk hedging for its financial assets. To manage exchange risk for 2015-16, as at 30 June 2015 SAPOL had in place a foreign exchange forward contract totalling \$0.734m. The forward exchange contract is with SAFA and is to cover commitments denominated in foreign currency. As with all hedging there are financial risks. Cash-flows from foreign exchange forward contracts are included in the statement of comprehensive income, and all gains on exchange are shown in note 12.

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.

SAPOL
Statement of Administered Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Expenses			
Employee benefits	A3	502	498
Supplies and services	A4	2 389	2 373
Intra-government transfers		13 498	13 138
Total expenses		16 389	16 009
Income			
Fees, fines and charges	A5	89 760	85 440
Total Income		89 760	85 440
Revenues from (payments to) SA Government			
Revenues from SA Government	A6	675	649
Payments to SA Government	A6	(74 054)	(70 112)
Net (payments to) SA Government		(73 379)	(69 463)
Net result		(8)	(32)
Total comprehensive result		(8)	(32)

SAPOL
Statement of Administered Financial Position
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	A7	14 036	12 876
Receivables	A8	235	221
Total current assets		14 271	13 097
Total assets		14 271	13 097
LIABILITIES			
Current liabilities			
Other liabilities	A9	13 737	12 586
Total current liabilities		13 737	12 586
Total liabilities		13 737	12 586
Net assets		534	511
EQUITY			
Equity		534	511
Total equity		534	511
Unrecognised Contractual Commitments	A12		

SAPOL
Statement of Administered Changes in Equity
for the year ended 30 June 2015

	Retained Earnings \$'000
Balance at 30 June 2013	543
Net result for 2013-14	(32)
Total comprehensive result for 2013-14	(32)
Balance at 30 June 2014	511
Prior period adjustment	31
Adjusted balance at 30 June 2014	542
Net result for 2014-15	(8)
Total comprehensive result for 2014-15	(8)
Balance at 30 June 2015	534

SAPOL
Statement of Administered Cash Flows
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefits		(468)	(414)
Supplies and services		(2 354)	(2 367)
Intra-government transfers		(13 447)	(13 087)
Cash (used in) operations		<u>(16 269)</u>	<u>(15 868)</u>
Cash inflows			
Fees, fines and charges		89 756	85 434
Exhibit monies		406	1 404
Unclaimed property		254	18
Cash generated from operations		<u>90 416</u>	<u>86 856</u>
Cash flows from SA Government			
Receipts from SA Government		633	823
Payments to SA Government		(73 620)	(69 987)
Net Cash (paid to) SA Government		<u>(72 987)</u>	<u>(69 164)</u>
Net cash from/(used by) operating activities	A10	<u>1 160</u>	<u>1 824</u>
Net increase/(decrease) in cash and cash equivalents		<u>1 160</u>	<u>1 824</u>
Cash and cash equivalents at the beginning of the financial year		<u>12 876</u>	<u>11 052</u>
Cash and cash equivalents at the end of the financial year	A7	<u>14 036</u>	<u>12 876</u>

South Australia Police
Schedule of Expenses and Income attributable to Administered Items
as at 30 June 2015

	Expiation Fees (3)		Victims of Crime Levy (4)		Special Acts (5)		Public Private Partnership (PPP) (6)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses								
Employee benefits	-	-	-	-	502	498	-	-
Supplies and services	-	-	-	-	-	-	2 257	2 199
Intra-government transfers	-	-	13 303	12 960	-	-	-	-
Total expenses	-	-	13 303	12 960	502	498	2 257	2 199
Income								
Fees, fines and charges	74 052	70 112	13 303	12 960	-	-	2 257	2 199
Total income	74 052	70 112	13 303	12 960	-	-	2 257	2 199
Revenue from (payments to) SA Government								
Revenues from SA Government	-	-	-	-	502	476	-	-
Payments to SA Government	(74 054)	(70 112)	-	-	-	-	-	-
Net revenues from (payments to) SA Government	(74 054)	(70 112)	-	-	502	476	-	-
Net result	(2)	-	-	-	-	(22)	-	-

South Australia Police
Schedule of Expenses and Income attributable to Administered Items
as at 30 June 2015

	Firearms Safety Training Levy (7)		Other (8)		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses						
Employee benefits	-	-	-	-	502	498
Supplies and services	-	-	132	174	2 389	2 373
Intra-government transfers	136	120	59	58	13 498	13 138
Total expenses	136	120	191	232	16 389	16 009
Income						
Fees, fines and charges	136	120	12	49	89 760	85 440
Total income	136	120	12	49	89 760	85 440
Revenue from (payments to) SA Government						
Revenues from SA Government	-	-	173	173	675	649
Payments to SA Government	-	-	-	-	(74 054)	(70 112)
Net revenues from (payments to) SA Government	-	-	173	173	(73 379)	(69 463)
Net result	-	-	(6)	(10)	(8)	(32)

South Australia Police
Schedule of Assets and Liabilities attributable to Administered Items
as at 30 June 2015

	Unclaimed Property (1)		Exhibit Monies (2)		Expiation Fees (3)		Victims of Crime Levy (4)		Special Acts (5)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets										
Cash and cash equivalents	369	115	7 294	6 886	4 765	4 237	1 059	1 092	(26)	(67)
Receivables	-	-	-	-	-	-	-	-	26	16
Total current assets	369	115	7 294	6 886	4 765	4 237	1 059	1 092	-	(51)
Current liabilities										
Other liabilities	369	115	7 294	6 886	4 765	4 237	1 059	1 092	-	-
Total current liabilities	369	115	7 294	6 886	4 765	4 237	1 059	1 092	-	-
Total liabilities	369	115	7 294	6 886	4 765	4 237	1 059	1 092	-	-
Net assets	-	-	-	-	-	-	-	-	-	(51)

South Australia Police
Schedule of Assets and Liabilities attributable to Administered Items
as at 30 June 2015

	Public Private Partnership (6)		Firearms Safety Training Levy (7)		Other (8)		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets								
Cash and cash equivalents	-	-	41	51	534	562	14 036	12 876
Receivables	209	205	-	-	-	-	235	221
Total current assets	209	205	41	51	534	562	14 271	13 097
Current liabilities								
Other liabilities	209	205	41	51	-	-	13 737	12 586
Total current liabilities	209	205	41	51	-	-	13 737	12 586
Total liabilities	209	205	41	51	-	-	13 737	12 586
Net assets	-	-	-	-	534	562	534	511

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A1 Summary of significant accounting policies

All accounting policies for South Australia Police (SAPOL) are contained in note 2. The policies outlined in note 2 apply to both SAPOL and the administered items financial statements except as noted below.

A1.1 Departures from SAPOL 'Summary of significant accounting policies'

Basis of accounting

Income from expiation fees and Victims of Crime Levy fees is recognised on a cash basis. All other elements of SAPOL's Statement of Administered Comprehensive Income, Statement of Administered Financial Position and Statement of Administered Changes in Equity have been prepared on an accrual basis.

A2 Administered items

The following financial transactions are administered by SAPOL as at 30 June 2015. 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 the government. SAPOL treats these items in accordance with *Police Regulations 2014*.

A2.2 Exhibit monies

SAPOL holds exhibit property being items confiscated at the time of an offence, i.e items found at a crime scene or which were part of a theft. These items are held as an exhibit which may be presented to the court as evidence at the time the offence is heard. The court may decide that the items are returned or confiscated and passed to the government.

A2.3 Expiation fees

SAPOL as a central processing agency of expiation notices collects expiation revenue arising from expiation notices issued by police officers and other authorised officers. SAPOL treats the collected expiation revenue pursuant to the requirements of the *Expiation of Offences Act 1996*. Monies collected are paid into the consolidated account.

A2.4 Victims of Crime Levy

SAPOL as a central processing agency of expiation notices collects Victims of Crime expiation revenues arising from the expiation of offences included on expiation notices issued by police officers and other authorised officers. SAPOL treats the collected Victims of Crime Levy revenue pursuant to the requirements of the *Victims of Crime Act 2001*. Monies collected are paid into the Victims of Crime Fund operated by the Attorney-General's Department. These are shown as intra-government transfers in the Statement of Administered Comprehensive Income.

A2.5 Special Acts

SAPOL receives separate appropriation for the payment of salaries in relation to the Commissioner of Police. Funding is provided under 'Recurrent Expenditure - Special Acts'. From 2014-15 employee related expenditure in Administered items reflects cash payments only. The employee related liabilities are recorded as SAPOL Controlled items.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A2.6 Public private partnership

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA). In June 2005 the Minister of Infrastructure signed a project agreement.

The public private partnership (PPP) includes court facilities at Port Lincoln, Victor Harbor, Berri and Port Pirie.

For accounting purposes the lease is an operating lease.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites that they occupy.

A2.7 Firearms Safety Training Levy

SAPOL collects the Firearms Safety Training Levy as part of the firearms licence fees. The Firearms Safety Training Levy is transferred to TAFE SA. The levy subsidises compulsory firearms safety training, run by TAFE SA that all applicants for firearms licences must undertake before being issued with their firearms licence.

A2.8 Other

SAPOL receives appropriation with respect to grant payments to Safer Communities Australia Inc and the Australian Crime Prevention Council and a community service obligation payment to South Australian Water Corporation. Activities for the Police and Emergency Services Games ceased during 2014-15.

SAPOL has no control over the use of the funds listed above.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A3 Employee benefits

	2015	2014
	\$'000	\$'000
Salaries and wages	502	498
Total employee benefits	502	498

Remuneration of employees

	2015	2014
	Number	Number
The number of employees whose remuneration or receivable falls within the following bands		
\$401 500 - \$411 499	-	1
\$521 500 - \$531 499	1	-
Total remuneration of employees	1	1

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation, FBT and any other salary sacrifice benefits.

Remuneration of employees by category

Executive	1	1
Total	1	1
Police	1	1
Total	1	1

A4 Supplies and services

	2015	2014
	\$'000	\$'000
PPP lease payments*	2 257	2 199
Other	132	174
Total supplies and services	2 389	2 373

* This relates to PPP lease payments on behalf of CAA (refer note A2.6). The expenditure is offset by cost recovery from CAA.

A5 Fees, fines and charges

	2015	2014
	\$'000	\$'000
Expiation revenue [#]	74 052	70 112
PPP cost recovery*	2 257	2 199
Victims of Crime Levy	13 303	12 960
Sundries	12	49
Firearms Safety Training Levy	136	120
Total fees, fines and charges	89 760	85 440

[#] Expiation revenue in 2013-14 is net of \$661 000 repaid to businesses who had incorrectly been levied the corporate fee for unregistered/uninsured offences since 1 July 2011. A legislative change removed this fee.

* This amount includes cost recovery from the CAA for PPP lease payments (refer note A2.6)

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A6 Revenues from (payments to) SA Government

	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Appropriations from consolidated account pursuant to the <i>Appropriation Act</i>	173	173
Appropriations from consolidated account pursuant to the <i>Police Act 1998</i>	502	476
Total revenues from SA Government	<u>675</u>	<u>649</u>
Payments to SA Government		
Other payments to the consolidated account*	(74 054)	(70 112)
Total payments to SA Government	<u>(74 054)</u>	<u>(70 112)</u>

* This amount does not include a dividend/distribution to the SA Government as owner.

A7 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Deposits with the Treasurer	14 036	12 876
Total cash and cash equivalents	<u>14 036</u>	<u>12 876</u>

A8 Receivables

	2015	2014
	\$'000	\$'000
Receivables		
Receivables	235	255
Total receivables	<u>235</u>	<u>255</u>

A9 Other liabilities

	2015	2014
	\$'000	\$'000
Current other liabilities		
Funds payable to SA Government	5 865	5 380
Exhibit monies held	7 294	6 886
Unclaimed property held for SA Government	369	115
Other payable to non-SA government	209	205
Total other liabilities	<u>13 737</u>	<u>12 586</u>

All payable amounts disclosed above are expected to be paid within 12 months after reporting date

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A10 Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	14 036	12 876
Cash and cash equivalents disclosed in the Statement of Administered Cash Flows	14 036	12 876
Reconciliation of net cash (used in) operating activities to net result		
Net cash (used in) operating activities	1 160	1 824
Add/less non-cash items		
Movements in assets and liabilities:		
(Increase)/decrease in other liabilities	(1 168)	(1 856)
Net Result	(8)	(32)

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A11 Transactions with SA Government

Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	EXPENSES						
A3	Employee benefits expense	-	-	502	498	502	498
A4	Supplies and services						
	PPP lease payments	-	-	2 257	2 199	2 257	2 199
	Other	-	-	132	174	132	174
	Intra-government expenses	13 498	13 138	-	-	13 498	13 138
A6	Payments to SA Government	74 054	70 112	-	-	74 054	70 112
	TOTAL EXPENSES	87 552	83 250	2 891	2 871	90 443	86 121
	INCOME						
A5	Fees fines and charges						
	Expiation revenue	-	-	74 052	70 112	74 052	70 112
	PPP cost recovery	2 257	2 199	-	-	2 257	2 199
	Victims of Crime Levy	-	-	13 303	12 960	13 303	12 960
	Sundries	-	-	12	49	12	49
	Firearms Safety Training Levy	-	-	136	120	136	120
A6	Revenue from government	675	649	-	-	675	649
	TOTAL INCOME	2 932	2 848	87 503	83 241	90 435	86 089
	FINANCIAL ASSETS						
A8	Receivables	235	221	-	-	235	221
	TOTAL FINANCIAL ASSETS	235	221	-	-	235	221
	FINANCIAL LIABILITIES						
A9	Other Liabilities						
	Funds payable to SA Government	5 865	5 380	-	-	5 865	5 380
	Exhibit monies held	7 294	6 886	-	-	7 294	6 886
	Unclaimed property held for SA Government	369	115	-	-	369	115
	Other payable to non-SA Government	-	-	209	205	209	205
	TOTAL FINANCIAL LIABILITIES	13 528	12 381	209	205	13 737	12 586

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A12 Unrecognised contractual commitments

Operating lease commitments

The total value, net of GST, of future non-cancellable operating lease commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2015	2014
	\$'000	\$'000
Not later than one year	2 290	2 267
Later than one year but not later than five years	10 004	9 715
Later than five years	28 319	33 198
Total operating lease commitments	40 613	45 180
GST on operating lease commitments	4 061	4 518

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions.

Options exist to renew property leases at the end of the term of the leases.

Operating lease commitments include commitments for PPP leases related to CAA occupancies only.

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 as follows

	2015	2014
	\$'000	\$'000
Not later than one year	395	397
Later than one year but not later than five years	1 585	23
Later than five years	24	-
Total remuneration commitments	2 004	420

Amounts disclosed include commitments arising from executive and other service contracts. SAPOL does not offer fixed-term remuneration contracts greater than five years. Amounts disclosed include commitments arising from the Commissioner of Police employment contract.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2015**

A13 Budgetary reporting and explanations of major variances between budget and actual amounts

	Note	Original Budget ¹ 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits expense	1	438	502	(64)
Supplies and services		2,461	2,389	72
Intra-government transfers		15,401	13,498	1,903
Total expenses		18,300	16,389	1,911
Income				
Fees and charges	2	104,167	89,760	14,407
Total income		104,167	89,760	14,407
Net cost of providing services		85,867	73,371	12,496
Revenues from/payments to SA Govt				
Revenue from SA Govt		605	675	(70)
Payments to SA Govt	3	(86,472)	(74,054)	(12,418)
Net Revenues from (payments to) SA Government		(85,867)	(73,379)	(12,488)
Net result		-	(8)	8
Total comprehensive result		-	(8)	8

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Note

1. *Employee benefits* – Higher expenditure relates to lump sum amounts paid to the Commissioner in lieu of leave taken
2. *Fees and charges* – The 2014-15 revised budget was \$95.9m. Lower income reflects lower expiation revenue as a result of timing of safety cameras becoming operational and continued changes in driver behaviour.
3. *Payments to SA Government* – lower payments reflects lower expiation revenue collected

SAPOL has no budget or actual investing expenditure under Administered Items.

South Australia Police Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australia Police:

- comply with relevant Treasurer's Instructions issued under Section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the South Australia Police; and
- present a true and fair view of the financial position of the South Australia Police as at 30 June 2015 and the results of its operations and cash flows for the financial year.

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



Grant Stevens
Commissioner of Police
18/09/2015



Denis Patriarca
Director, Business Service
18/09/2015



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**To the Commissioner of Police
South Australia Police**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the South Australia Police for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2015
- a Statement of Administered Financial Position as at 30 June 2015
- a Statement of Administered Changes in Equity for the year ended 30 June 2015
- a Statement of Administered Cash Flows for the year ended 30 June 2015
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2015
- a Schedule of Assets and Liabilities attributable to administered activities as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Commissioner of Police and the Director, Business Service.

The Commissioner of Police's Responsibility for the Financial Report

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

Auditor's Responsibility

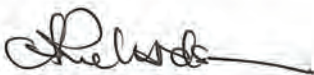
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioner of Police, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australia Police as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
21 September 2015

South Australian Country Fire Service

Financial report
for the year ended
30 June 2015

South Australian Country Fire Service
Statement of Comprehensive Income
For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Employee benefits expenses	5	15,993	14,803
Supplies and services	6	47,342	48,142
Depreciation and amortisation expense	7	9,864	10,288
Grants and subsidies	8	389	387
Net loss from disposal of non-current assets	9	393	56
Other Expenses	10	-	1,647
Total expenses		73,981	75,323
Income			
Revenues from fees and charges	11	1,233	1,317
Grants & contributions	12	2,475	2,099
Interest revenues	13	237	150
Resources received free of charge	14	-	1
Groups/Brigades revenues	15	775	726
Other income	16	652	377
Total income		5,372	4,670
Net cost of providing services		68,609	70,653
Revenues from SA Government			
Revenues from SA Government	17	74,943	74,944
Total revenues from SA Government		74,943	74,944
Net result		6,334	4,291
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Net expenses relating to non-current assets held for sale	21	(133)	-
Changes in asset revaluation surplus	22	-	(4,017)
Total other comprehensive income		(133)	(4,017)
Total comprehensive result		6,201	274

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

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

South Australian Country Fire Service
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	18	9,135	10,250
Receivables	19	4,787	3,189
Other financial assets	20	2,208	1,847
Non-current assets held for sale	21	742	991
Total current assets		16,872	16,277
Non-current assets			
Property, plant and equipment	22	160,245	154,076
Intangible assets	23	7	9
Total non-current assets		160,252	154,085
Total assets		177,124	170,362
Current liabilities			
Payables	25	2,633	3,092
Employee benefits	26	2,342	2,080
Provisions	27	985	706
Total current liabilities		5,960	5,878
Non-current liabilities			
Payables	25	273	257
Employee benefits	26	2,994	2,718
Provisions	27	2,644	2,457
Total non-current liabilities		5,911	5,432
Total liabilities		11,871	11,310
Net assets		165,253	159,052
Equity			
Asset revaluation surplus	28	45,703	45,836
Retained earnings	28	119,550	113,216
Total equity		165,253	159,052
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	30		
Contingent assets and liabilities	31		

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

South Australian Country Fire Service
Statement of Changes in Equity
For the Year Ended 30 June 2015

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2013		49,853	108,925	158,778
Net result for 2013-14		-	4,291	4,291
Loss on revaluation of property, plant and equipment during 2013-14		(4,017)	-	(4,017)
Total comprehensive result for 2013-14		(4,017)	4,291	274
Balance at 30 June 2014	28	45,836	113,216	159,052
Net result for 2014-15		-	6,334	6,334
Net expenses relating to non-current assets held for sale	21	(133)	-	(133)
Total comprehensive result for 2014-15		(133)	6,334	6,201
Balance at 30 June 2015	28	45,703	119,550	165,253

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

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

South Australian Country Fire Service
Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(14,938)	(14,179)
Supplies and services payments		(53,378)	(55,316)
Grants and subsidies payments		(389)	(387)
Payments for Paid Parental Leave Scheme		(15)	-
Cash used in operations		<u>(68,720)</u>	<u>(69,882)</u>
Cash inflows			
Fees and charges		1,671	1,732
Receipts from grants and contributions		1,718	32
Interest received		244	142
GST recovered from the Australian Taxation Office		4,726	5,430
Receipts for Paid Parental Leave Scheme		17	-
Other receipts		1,267	855
Cash generated from operations		<u>9,643</u>	<u>8,191</u>
Cash flows from SA Government			
Contributions from Community Emergency Services Fund	17	74,279	67,617
Other receipts from SA Government	17	664	7,327
Cash generated from SA Government		<u>74,943</u>	<u>74,944</u>
Net cash provided by operating activities	29	<u>15,866</u>	<u>13,253</u>
Cash flows from investing activities			
Cash outflows			
Purchase of investments		(361)	-
Purchase of property, plant and equipment		(16,870)	(12,513)
Purchase of Intangibles		-	(10)
Cash used in investing activities		<u>(17,231)</u>	<u>(12,523)</u>
Cash inflows			
Proceeds from sale of investments		-	68
Proceeds from sale of property, plant and equipment		250	262
Cash generated from investing activities		<u>250</u>	<u>330</u>
Net cash used in investing activities		<u>(16,981)</u>	<u>(12,193)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,115)</u>	<u>1,060</u>
Cash and cash equivalents at the beginning of the period		10,250	9,190
Cash and cash equivalents at the end of the period	18	<u>9,135</u>	<u>10,250</u>

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

South Australian Country Fire Service

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For the Year Ended 30 June 2015

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South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

1 Objectives and funding

Objectives

The South Australian Country Fire Service (CFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in the country
- to provide efficient and responsive services in the country for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in the country
- to develop and maintain plans to cope with the effects of fire or emergencies in the country
- to provide services or support to assist with recovery in the event of a fire or other emergency in the country
- to perform any other function assigned to CFS by or under this or any other Act.

Funding arrangements

Funding of CFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by Groups and Brigades through fund raising activities are held locally for expenditure on CFS activities in the local community. These funds are recognised in CFS's financial statements.

2 Summary of significant accounting policies

(a) Statement of compliance

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

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

CFS has applied Australian Accounting Standards that are applicable to not-for-profit entities as CFS is a not-for-profit entity.

Except for AASB 2015-7 which CFS has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by CFS for the reporting period ending 30 June 2015 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying CFS's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. CFS has elected not to utilise this threshold, that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed.
 - (b) expenses incurred as a result of engaging consultants

Basis of preparation (continued)

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

(c) Reporting entity

Under the Act, CFS is a separate body corporate acting on behalf of the Crown and part of the consolidated Emergency Services sector.

The financial statements include all the controlled activities of CFS.

CFS does not control any other entity and has no interest in unconsolidated structured entities. In forming this view, CFS considered its involvement with CFS Foundation and determined that it does not control this entity.

In making this assessment, CFS considered its power over the entities, its exposure or rights (e.g. protective and substantive rights) to variable returns from involvement with the entities and the ability to use its power to affect returns amounts (e.g. ability to direct relevant major activities).

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

(d) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However these amounts have not been adjusted to reflect revised budgets. The budget process is not subject to audit.

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

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

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

Taxation (continued)

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

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

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

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

(h) Events after the reporting period

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

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

(i) Income

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

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

The following are specific recognition criteria:

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as income when CFS obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable that is the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by CFS have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

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.

Other income

Other income consists of rental income, donations received, insurance recoveries and other minor revenues.

(j) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by CFS to the superannuation plan in respect of current services of current CFS staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government financial statements for all Government managed funds.

Operating leases

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

Loss from disposal of non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

Depreciation and amortisation

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

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

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

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

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

Class of asset	Useful life (years)
Buildings	40
Vehicles	20
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

Grants and Subsidies

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

All contributions paid by CFS have been contributions with unconditional stipulations attached.

(k) Current and non-current classification

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

Current and non-current classification (continued)

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

(I) Assets

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

Cash and cash equivalents

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

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

Cash is measured at nominal value.

Receivables

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

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

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

Other financial assets

CFS measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

Non-current assets held for sale

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

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

Acquisition and recognition

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

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

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

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Revaluation of non-current assets (continued)

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

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

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

Impairment

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

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. CFS only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

Subsequent expenditure on intangible assets has not been capitalised. This is because CFS has been unable to attribute this expenditure to the intangible asset rather than to CFS as a whole.

Fair value measurement

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

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

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

Non-financial assets

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

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

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

Financial assets

CFS does not recognise any financial assets at fair value.

(m) Liabilities

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

Payables

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

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

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

The Paid Parental Leave Scheme payable represents amounts which CFS has received from the Commonwealth Government to forward onto eligible employees via CFS's standard payroll processes. That is, CFS is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

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

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

Employee benefits

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

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

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

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

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

Long service leave

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

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

(n) Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged through the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. CFS is responsible for the payment of workers compensation claims.

(o) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3 New and revised accounting standards and policies

Except for AASB 2015-7 which CFS has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by CFS for the period ending 30 June 2015. CFS has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of CFS.

In accordance with the new AASB 1055 Budgetary Reporting, which became effective for the first time in 2014-15, CFS has:

- Included a comprehensive new note 'Budgetary reporting and explanations of major variances' (note 35). The note discloses, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary amounts:
 - CFS original budget as published in 2014-15 Budget Paper 4
 - a comparison of the original budget information to actual results
 - explanations of major variances.

In accordance with the new AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements, which became effective for the first time in 2014-15, CFS has reviewed its control assessments (i.e. CFS's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc.) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. CFS does not currently control another entity and does not have any joint arrangement within the scope of AASB 11.

CFS will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

4 Activities of the South Australian Country Fire Service

In achieving its objectives, CFS provides services within two areas of activity: frontline service delivery and frontline service delivery support. These services are classified under one program titled 'South Australian Country Fire Service'.

South Australian Country Fire Service
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5 Employee benefits expenses

	2015 \$'000	2014 \$'000
Salaries and wages	10,879	10,709
Annual leave	942	960
Skills and experience retention leave	64	44
Long service leave	643	328
Employment on-costs - superannuation	1,110	1,070
Payroll tax	682	653
Workers compensation	1,416	661
Other employment related expenses	257	378
Total: Employee benefits expenses	15,993	14,803

Remuneration of employees

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

	2015 Number	2014 Number
\$141 500 – \$151 499	2	2
\$151 500 – \$161 499	2	2
\$161 500 – \$171 499	2	2
\$181 500 – \$191 499	–	1
\$191 500 – \$201 499	1	–
\$231 500 – \$241 499	1	1
\$291 500 – \$301 499	1	1
Total	9	9

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (i.e. there has been no increase in executive remuneration since 1 July 2013).

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.7 million (2014: \$1.7 million).

6 Supplies and services

	2015 \$'000	2014 \$'000
Accommodation	147	123
Aerial firefighting	10,803	9,921
Auditor's remuneration	30	28
Communications	1,023	972
Computing costs	1,356	1,554
Consultancy, contractor and legal fees	2,324	3,074
Consumables	2,004	2,523
Energy	793	818
Government radio network	10,553	10,296
Insurance premiums	223	228
Minor plant and equipment	1,381	1,420
Operating lease costs	2,350	2,369
Operational costs	2,455	3,018
Repairs and maintenance	5,511	5,237
Shared Services SA payments	–	4
Travel and training	2,434	2,941
Uniforms and protective clothing	1,801	1,731
Other expenses	2,154	1,885
Total: Supplies and services	47,342	48,142

South Australian Country Fire Service
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Consultants

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

	2015 Number	2014 Number	2015 \$'000	2014 \$'000
Below \$10 000	1	1	5	1
Total paid/payable to the consultants engaged	1	1	5	1

Auditor's remuneration

Audit fees paid/payable to the Auditor-General's
Department relating to the audit of financial statements
Total: Audit fees

2015 \$'000	2014 \$'000
30	28
30	28

Other Services

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

7 Depreciation and amortisation expense

	2015 \$'000	2014 \$'000
Depreciation		
Buildings	2,224	2,378
Vehicles	6,522	6,517
Computers	26	16
Plant	212	284
Communications	878	1,092
Total: Depreciation	9,862	10,287
Amortisation		
Software	2	1
Total: Amortisation	2	1
Total: Depreciation and amortisation	9,864	10,288

8 Grants and subsidies

	2015 \$'000	2014 \$'000
Grants to individuals and community organisations	389	387
Total: Grants and subsidies	389	387

9 Net loss from disposal of non-current assets

	2015 \$'000	2014 \$'000
Land and buildings		
Proceeds from disposal	-	-
Less: Net book value of assets disposed	-	(1)
Net gain/(loss) from disposal of land and buildings	-	(1)
Vehicles		
Proceeds from disposal	250	262
Less: Net book value of assets disposed	(643)	(317)
Net gain/(loss) from disposal of vehicles	(393)	(55)
Total: Assets		
Total proceeds from disposal	250	262
Less: Total value of assets disposed	(643)	(318)
Total: Net loss from disposal of non-current assets	(393)	(56)

South Australian Country Fire Service
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10 Other Expenses

	2015	2014
	\$'000	\$'000
Assets revaluation decrement	-	1,647
Total: Other Expenses	-	1,647

11 Revenues from fees and charges

	2015	2014
	\$'000	\$'000
Fire alarm attendance fees	321	385
Fire safety fees	158	131
Fire alarm monitoring fees	212	203
Incident cost recoveries	98	164
Training and other recoveries	429	420
Other recoveries	15	14
Total: Revenues from fees and charges	1,233	1,317

12 Grants & contributions

	2015	2014
	\$'000	\$'000
Commonwealth Government	2,261	2,090
State government	214	9
Total: Grants & contributions	2,475	2,099

Commonwealth revenues include contributions towards aerial firefighting costs through the National Aerial Firefighting Centre Ltd, contributions towards the cost of providing fire and emergency services to Commonwealth property in CFS areas and one-off project grants.

Contributions through the National Aerial Firefighting Centre Ltd can only be applied to aircraft leasing and positioning costs and must be matched by State Government funding on at least a dollar for dollar basis. Once-off project grants are subject to specific funding agreements.

13 Interest revenues

	2015	2014
	\$'000	\$'000
Interest on deposit accounts	237	150
Total: Interest revenues	237	150

14 Resources received free of charge

	2015	2014
	\$'000	\$'000
Asset contributions from local government councils and other organisations	-	1
Total: Resources received free of charge	-	1

15 Groups/Brigades revenues

	2015	2014
	\$'000	\$'000
Groups/Brigades fundraising	775	726
Total: Groups/Brigades revenues	775	726

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16 Other income

	2015	2014
	\$'000	\$'000
Rent received	62	76
Donations	-	1
Insurance recoveries	274	-
Other	316	300
Total: Other income	652	377

17 Revenues from SA Government

	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	74,279	67,617
Other revenues from SA Government	664	7,327
Total: Revenues from SA Government	74,943	74,944

Revenues from SA Government consists of \$59.039m (2014: \$59.752m) for operational funding and \$15.904m (2014: \$15.192m) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer notes 5,6,8,22 and 23.

18 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash on hand	5	5
Deposits with the Treasurer	4,390	5,855
Cash at bank	416	417
Cash at bank - Groups/Brigades	3,617	3,092
Short-term deposits - Groups/Brigades	707	881
Total: Cash and cash equivalents	9,135	10,250

Short term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

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

19 Receivables

	2015	2014
	\$'000	\$'000
Current		
Receivables	3,430	2,534
Less: Allowance for doubtful debts	(18)	(12)
	3,412	2,522
Accrued revenues	84	67
GST input tax recoverable	1,291	600
Total: Receivables current	4,787	3,189

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

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	(12)	(5)
Amounts written off	4	2
Decrease/(increase) in allowance recognised in profit or loss	(10)	(9)
Carrying amount at the end of the period	(18)	(12)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 36.

20 Other financial assets

	2015 \$'000	2014 \$'000
Medium term deposits - Groups/Brigades	2,208	1,847
Total: Other financial assets current	2,208	1,847

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 36.

21 Non-current assets held for sale

	2015 \$'000	2014 \$'000
Building	-	4
Land	742	987
Total non-current assets held for sale	742	991

Land at Port Lincoln is surplus to requirements and continues to remain on the market for sale as at 30 June 2015. However, as the asking price is lower than its original carrying amount it is impaired. Its value has been reduced through the asset revaluation surplus as a net expense relating to non-current assets as held for sale.

A parcel of land at Salisbury (\$112,000) and fire station at Cockburn (\$4,000) were previously recognised as held for sale, the future requirement for these sites is being reconsidered and consequently they were not recognised as held for sale during 2015.

22 Property, plant and equipment

	2015 \$'000	2014 \$'000
Land		
At valuation	12,761	12,649
At cost (deemed fair value)	250	-
Total: Land	13,011	12,649
Buildings		
At valuation	42,195	42,192
At cost (deemed fair value)	1,123	444
Less: Accumulated depreciation	(3,348)	(1,124)
Total: Buildings	39,970	41,512
Vehicles		
At valuation	80,326	80,990
At cost (deemed fair value)	9,972	7,718
Less: Accumulated depreciation	(9,786)	(3,285)
Total: Vehicles	80,512	85,423

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	2015 \$'000	2014 \$'000
Communication equipment		
At valuation	4,849	4,849
At cost (deemed fair value)	1,279	-
Less: Accumulated depreciation	(1,295)	(417)
Total: Communication equipment	4,833	4,432
Computer equipment		
At valuation	30	30
At cost (deemed fair value)	80	80
Less: Accumulated depreciation	(33)	(7)
Total: Computer equipment	77	103
Plant and equipment		
At valuation	1,164	1,164
At cost (deemed fair value)	587	-
Less: Accumulated depreciation	(310)	(98)
Total: Plant and equipment	1,441	1,066
Capital work in progress		
At cost (deemed fair value)	20,400	8,891
Total: Capital work in progress	20,400	8,891
Total: Property, plant and equipment	160,245	154,076

Valuation of assets

As at 30 June 2015 in accordance with SA Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2015.

Movement reconciliation of property, plant and equipment

	Land \$'000	Buildings \$'000	Vehicles \$'000	Communic- ation equipment \$'000	Computing equipment \$'000	Plant & equipment \$'000	Capital work in progress \$'000	2015 Total \$'000	2014 Total \$'000
2015									
Carrying amount at the beginning of the period	12,649	41,512	85,423	4,432	103	1,066	8,891	154,076	
Acquisitions	-	-	-	-	-	-	16,558	16,558	
Transfers to/(from)									
Capital WIP	250	678	2,254	1,279	-	587	(5,049)	-	
Depreciation expense	-	(2,224)	(6,522)	(878)	(26)	(212)	-	(9,862)	
Disposals	-	-	(643)	-	-	-	-	(643)	
Transfer from Non current asset held for resale	112	4	-	-	-	-	-	116	
Carrying amount at the end of the period	13,011	39,970	80,512	4,833	77	1,441	20,400	160,245	

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	Land	Buildings	Vehicles	Communic- -ation equipment	Computing equipment	Plant & equipment	Capital work in progress	2015 Total	2014 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014									
Carrying amount at the beginning of the period	11,973	47,981	84,429	6,771	78	1,920	3,943		157,095
Acquisitions	-	22	38	-	-	-	13,189		13,249
Transfers to/(from) Capital WIP	-	481	7,679	-	81	-	(8,241)		-
Depreciation expense	-	(2,378)	(6,517)	(1,092)	(16)	(284)	-		(10,287)
Net revaluation increment/(decrement)	676	(4,594)	111	1	(1)	(210)	-		(4,017)
Assets received for nil consideration	1	-	-	-	-	-	-		1
Disposals	(1)	-	(317)	-	-	-	-		(318)
Net revaluation decrement expensed	-	-	-	(1,248)	(39)	(360)	-		(1,647)
Carrying amount at the end of the period	12,649	41,512	85,423	4,432	103	1,066	8,891		154,076

23 Intangible assets

	2015 \$'000	2014 \$'000
Computer software	21	21
Less: Accumulated amortisation	(14)	(12)
Total: Intangible assets	7	9

Movement reconciliation of intangible assets

Carrying amount at the beginning of the period	9	-
Transfers to/(from) capital work in progress	-	10
Amortisation expense	(2)	(1)
Carrying amount at the end of the period	7	9

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2015.

24 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. CFS categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

CFS had no valuations categorised into level 1.

South Australian Country Fire Service
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Fair value measurements at 30 June 2015

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 22)	6,751	6,260	13,011
Buildings (note 22)	8,741	31,229	39,970
Vehicles (note 22)	-	80,512	80,512
Communication equipment (note 22)	-	4,833	4,833
Computer equipment (note 22)	-	77	77
Plant and equipment (note 22)	-	1,441	1,441
Total recurring fair value measurements	15,492	124,352	139,844
Non-recurring fair value measurements			
Land held for sale (note 21)	742	-	742
Total non-recurring fair value measurements[†]	742	-	742
Total	16,234	124,352	140,586

[†] CFS has measured land and building held for sale at fair value less costs to sell in accordance with AASB 5 because the assets' fair value less costs to sell is lower than its carrying amount.

Fair value measurements at 30 June 2014

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 22)	6,389	6,260	12,649
Buildings (note 22)	8,440	33,072	41,512
Vehicles (note 22)	-	85,423	85,423
Communication equipment (note 22)	-	4,432	4,432
Computer equipment (note 22)	-	103	103
Plant and equipment (note 22)	-	1,066	1,066
Total recurring fair value measurements	14,829	130,356	145,185
Non-recurring fair value measurements			
Land held for sale (note 21)	987	-	987
Buildings held for sale (note 21)	4	-	4
Total non-recurring fair value measurements	991	-	991
Total	15,820	130,356	146,176

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

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 22. There were no changes in the valuation techniques during 2015.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

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The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3)

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

	Land	Buildings	Vehicles	Comm equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	6,260	33,072	85,423	4,432	103	1,066	130,356
Capitalised subsequent expenditure	-	-	2,254	1,279	-	587	4,120
Depreciation	-	(1,843)	(6,522)	(878)	(26)	(212)	(9,481)
Disposals	-	-	(643)	-	-	-	(643)
Closing balance at the end of the period	6,260	31,229	80,512	4,833	77	1,441	124,352
Total gains/(losses) recognised in other comprehensive income	-	-	-	-	-	-	-
Carrying amount at the end of the period	6,260	31,229	80,512	4,833	77	1,441	124,352

Reconciliation of Level 3 recurring fair value measurement at 30 June 2014

	Land	Buildings	Vehicles	Comm equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	5,707	38,939	84,429	6,771	78	1,920	137,844
Acquisitions	-	-	38	-	-	-	38
Capitalised subsequent expenditure	-	58	7,679	-	81	-	7,818
Revaluation increment/(decrement)	553	(3,960)	111	1	(1)	(210)	(3,506)
Depreciation	-	(1,965)	(6,517)	(1,092)	(16)	(284)	(9,874)
Disposals	-	-	(317)	-	-	-	(317)
Closing balance at the end of the period	6,260	33,072	85,423	5,680	142	1,426	132,003
Gains/losses for the period recognised in other comprehensive income	-	-	-	(1,248)	(39)	(360)	(1,647)
Revaluation increment/decrement	-	-	-	(1,248)	(39)	(360)	(1,647)
Total gains/(losses) recognised in other comprehensive income	-	-	-	(1,248)	(39)	(360)	(1,647)
Carrying amount at the end of the period	6,260	33,072	85,423	4,432	103	1,066	130,356

25 Payables

	2015 \$'000	2014 \$'000
Current		
Accrued expenses	861	234
Creditors	1,394	2,428
Fringe benefits tax payable	-	92
Paid Parental Leave Scheme payable	2	-
Employment on-costs	376	338
Total: Current payables	2,633	3,092
Non-current		
Creditors	3	3
Employment on-costs	270	254
Total: Non-current payables	273	257

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Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance, has resulted in the percentage of the proportion of long service leave taken as leave decreasing from 2014 (40%) to 2015 (37%) and the average factor for the calculation of employer superannuation cost on-cost has remained the same as 2014 (10.3%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.013m and employee benefit expense of \$0.013m. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

Interest rate and credit risk

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

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 36.

26 Employee benefits

	2015	2014
	\$'000	\$'000
Current		
Accrued salaries and wages	119	104
Annual leave	1,460	1,393
Skills and experience retention leave	135	88
Long service leave	628	495
Total: Employee benefits current	2,342	2,080
Non-current		
Long service leave	2,994	2,718
Total: Employee benefits non-current	2,994	2,718

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2014 (3.5%) to 2015 (3.0%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$0.146 million and employee benefits expense of \$0.146 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

The net financial effect of the changes in the current financial year is a decrease in the annual leave and skills, experience and retention leave liability of \$0.015 million and employee benefits by \$0.015 million.

27 Provisions

	2015	2014
	\$'000	\$'000
Current		
Provision for workers compensation	985	706
Total: Provisions current	985	706

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	2015 \$'000	2014 \$'000
Non-current		
Provision for workers compensation	2,644	2,457
Total: Provisions non-current	2,644	2,457
Total: Provisions	3,629	3,163
Provision movement:		
Carrying amount at the beginning of the period	3,163	3,029
Additional provisions recognised / (released)	1,413	664
Reductions arising from payments	(947)	(530)
Carrying amount at the end of the period	3,629	3,163

Amendments to what is now the *Return to Work Act 2014* came into effect during 2014-15 that provided expanded presumptive coverage to CFS firefighters for a range of cancers. These amendments are additional to those made in 2013-14 and provide expanded workers compensation coverage for CFS firefighters.

The workers compensation provision as at 30 June 2015 is based on a valuation prepared by an actuary that assesses all known claims relating to the revised workers compensation legislation. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 31 to the financial statements.

Consequently, there may be a significant increase in workers compensation provision in future years as further claims are received and assessed.

28 Equity

	2015 \$'000	2014 \$'000
Accumulated surplus	119,550	113,216
Asset revaluation surplus	45,703	45,836
Total equity	165,253	159,052

The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets. The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

29 Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	9,135	10,250
Balance as per the Statement of Cash Flows	9,135	10,250
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	15,866	13,253
Less revenues from SA Government	(74,943)	(74,944)
Add/(less) non-cash items		
Depreciation and amortisation	(9,864)	(10,288)
Assets received free of charge	-	1
Assets revaluation decrement recognised in Statement of Comprehensive Income	-	(1,647)
Net (loss) from disposal of non-current assets held for sale	(393)	(56)

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
Movement in assets and liabilities		
(Increase)/decrease in receivables	1,595	2,221
(Decrease)/increase in payables	130	1,380
(Increase)/decrease in employee benefits	(535)	(439)
(Decrease)/increase in provisions	(466)	(134)
Net cost of providing services	<u>(68,610)</u>	<u>(70,653)</u>

30 Unrecognised contractual commitments

	2015 \$'000	2014 \$'000
Operating lease commitments		
The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.		
Within one year	1,778	1,315
Later than one year but not later than five years	2,587	1,599
Total: Operating lease commitments	<u>4,365</u>	<u>2,914</u>

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle, property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Capital commitments

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

Within one year	8,006	3,177
Later than one year but not later than five years	1,585	-
Total: Capital commitments	<u>9,591</u>	<u>3,177</u>

These capital commitments are for building and appliance projects.

Expenditure commitments - remuneration

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	379	752
Later than one year but not later than five years	-	398
Total: Remuneration commitments	<u>379</u>	<u>1,150</u>

Amounts disclosed include commitments arising from executive contracts. CFS does not offer fixed-term remuneration contracts greater than five years.

Expenditure commitments - other

The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

Within one year	6,226	5,537
Later than one year but not later than five years	12,186	17,326
Total: Other commitments	<u>18,412</u>	<u>22,863</u>

Contractual commitments relate to information technology and aerial firefighting contracts.

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

31 Contingent assets and liabilities

Contingent assets

In 2009-10 CFS made prepayments for capital works projects of \$855 800 for works that did not materialise. Recovery of the prepayments has been sought.

Contingent liabilities

Amendments to what is now the *Return to Work Act 2014* came into effect during 2014-15 that provided presumptive coverage to CFS firefighters for a range of cancers. These amendments are additional to those made in 2013-14 and provide expanded workers compensation coverage for CFS firefighters.

The workers compensation provision as at 30 June 2015 recognises a liability for all known claims relating to the expanded workers compensation coverage based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

CFS has several other contingent liabilities in the form of unresolved litigation. However, the outcome cannot be reliably determined at this stage. In each case the financial exposure to CFS is limited to a \$10 000 excess under insurance arrangements.

CFS is not aware of any other contingent liabilities.

32 Remuneration of board and committee members

Members of boards and committees during 2015 were:

State Bushfire Coordination Committee

Ann De Piaz*	John Nairn
Bruce Hull	Joseph Keynes
Bryan Fahy *	Justin Cook *
Donald Gilberston	Katherine Stanley-Murray
Fiona Dunstan *	Kylie Egan
Franco Crisci *	Maurice Roche
Glenn Benham *	Mark Sutton *
Graham Gates	Peter White
Grant Pelton *	Scott Thompson *
Gregory Nettleton *	Stephen Pascale *
Gregory Saunder *	Suzanne Mickan *
James Crocker *	Timothy Milne (retired 30 June 2015)
Jayne Bates	Wayne Thorley
Jeffrey Wiseman*	William McIntosh

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

	2015 Number of members	2014 Number of members
\$nil	24	33
\$1 - \$9 999	4	4
	<u>28</u>	<u>37</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$3 127 (2014: \$2 060).

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

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

33 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

34 Transactions with SA Government

	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
5 Employee benefits expenses	2,355	13,638	15,993	1,744	13,059	14,803
6 Supplies and services						
Accommodation	86	61	147	78	45	123
Aerial firefighting	18	10,785	10,803	139	9,782	9,921
Auditor's remuneration	30	-	30	28	-	28
Communications	28	995	1,023	42	930	972
Computing costs	308	1,048	1,356	326	1,228	1,554
Consultancy, contractor and legal fees	192	2,132	2,324	434	2,640	3,074
Consumables	-	2,004	2,004	-	2,523	2,523
Energy	8	785	793	14	804	818
Government radio network	10,553	-	10,553	10,296	-	10,296
Insurance premiums	177	46	223	172	56	228
Minor plant and equipment	-	1,381	1,381	1	1,419	1,420
Operating lease costs	555	1,795	2,350	456	1,913	2,369
Operational costs	79	2,376	2,455	207	2,811	3,018
Repairs and maintenance	47	5,464	5,511	73	5,164	5,237
Shared Services SA payments	-	-	-	4	-	4
Travel and training	23	2,411	2,434	16	2,925	2,941
Uniforms and protective clothing	-	1,801	1,801	-	1,731	1,731
Other expenses	247	1,907	2,154	228	1,657	1,885
7 Depreciation and amortisation expense	-	9,864	9,864	-	10,288	10,288
8 Grants and subsidies	-	389	389	-	387	387
9 Net loss from disposal of non-current assets	-	393	393	-	56	56
10 Other Expenses						
Assets revaluation decrement	-	-	-	-	1,647	1,647
TOTAL EXPENSES	14,706	59,275	73,981	14,258	61,065	75,323
INCOME						
11 Revenues from fees and charges						
Fire alarm attendance fees	97	224	321	127	258	385
Fire safety fees	5	153	158	3	128	131
Fire alarm monitoring fees	51	161	212	50	153	203
Incident cost recoveries	15	83	98	-	164	164
Training and other recoveries	146	283	429	116	304	420
Other recoveries	-	15	15	-	14	14
12 Grants and contributions						
Commonwealth Government	-	2,261	2,261	-	2,090	2,090
State Government	214	-	214	9	-	9
13 Interest revenues	237	-	237	150	-	150
14 Resources received free of charge	-	-	-	-	1	1
15 Groups/Brigades fundraising	-	775	775	-	726	726
16 Other income						
Rent received	-	62	62	-	76	76
Donations	-	-	-	-	1	1
Insurance recoveries	268	6	274	-	-	-
Other	226	90	316	43	257	300
17 Revenues from / payments to SA Government	74,943	-	74,943	74,944	-	74,944
TOTAL INCOME	76,202	4,113	80,315	75,442	4,172	79,614

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
19 Receivables						
Receivables	759	2,671	3,430	22	2,512	2,534
Less: Allowance for doubtful debts	-	(18)	(18)	-	(12)	(12)
Accrued revenues	18	66	84	23	44	67
GST input tax recoverable	-	1,291	1,291	-	600	600
20 Other financial assets	-	2,208	2,208	-	1,847	1,847
TOTAL FINANCIAL ASSETS	777	6,218	6,995	45	4,991	5,036
FINANCIAL LIABILITIES						
25 Payables						
Accrued expenses	120	741	861	33	201	234
Creditors	77	1,320	1,397	32	2,399	2,431
Fringe benefits tax payable	-	-	-	92	-	92
Paid Parental Leave Scheme Payable	-	2	2	-	-	-
Employment on-costs	335	311	646	303	289	592
TOTAL FINANCIAL LIABILITIES	532	2,374	2,906	460	2,889	3,349

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

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income

	Note	Original Budget ¹	Actual	Variance
		2015	2015	
		\$'000	\$'000	\$'000
Expenses				
Employee benefits expenses		13,792	15,993	2,201
Supplies and services	(a)	40,516	47,342	6,826
Depreciation and amortisation expense		12,285	9,864	(2,421)
Grant expense		402	389	(13)
Net loss from disposal of non-current assets		19	393	374
Total expenses		67,014	73,981	6,967
Income				
Revenues from fees and charges		1,162	1,233	71
Grants and contributions		1,874	2,475	601
Interest revenues		269	237	(32)
Groups/Brigades revenues		250	775	525
Other income		611	652	41
Total Income		4,166	5,372	1,206
Net cost of providing services		62,848	68,609	5,761
Revenues from / payments to SA Government				
Revenues from SA Government	(b)	67,822	74,943	7,121
Total revenues from / payments to SA Government		67,822	74,943	7,121
Total comprehensive result		4,974	6,201	1,227

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets.

- (a) Supplies and Services were higher than original budget due to additional response costs incurred during the 2014-15 bushfire season, in particular for the Sampson Flat fire.
- (b) Revenue from SA Government were higher than budget due to an additional payment received from the Community Emergency Services Fund to meet extraordinary bushfire response costs.

		Original Budget ¹ 2015 \$'000	Actual 2015 \$'000	Variance
Investing expenditure summary	Note			
Total existing projects		2,026	1,963	(63)
Total annual programs		13,990	14,595	605
Total investing expenditure		16,016	16,558	542

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2014-15 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

36 Financial instruments / financial risk management

36.1 Financial Risk Management

Risk management is managed by CFS corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

36.2 Categorisation of financial instruments

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

Refer note 36.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables and payables measured at cost.

CFS does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 19, 25).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 20).

36.3 Liquidity risk

Liquidity risk arises from the possibility that CFS is unable to meet its financial obligations as they fall due. CFS is funded principally from the Fund. CFS works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows. CFS settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount recorded in table 36.3 represent CFS's maximum exposure.

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

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

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 36.3: Categorisation and maturity analysis of financial assets and liabilities

Financial statements item	Notes	2015 Carrying Amounts/Fair value ('000)	Contractual maturities			
			Current	Within 1 Year	1-5 years	More than 5 years
			\$'000	\$'000	\$'000	
2015						
Financial assets						
Cash and cash equivalents	18	9,135	9,135	9,135	-	-
Receivables ⁽¹⁾⁽²⁾	19	3,511	3,511	3,511	-	-
Other financial assets	20	2,208	2,208	2,208	-	-
Total financial assets		14,854	14,854	14,854	-	-
Financial liabilities						
Payables ⁽¹⁾	25	2,230	2,230	2,227	-	3
Other financial liabilities		-	-	-	-	-
Total financial liabilities		2,230	2,230	2,227	-	3

Financial statements item	Notes	2014 Carrying Amounts/Fair value ('000)	Contractual maturities			
			Current	Within 1 Year	1-5 years	More than 5 years
			\$'000	\$'000	\$'000	
2014						
Financial assets						
Cash and cash equivalents	18	10,250	10,250	10,250	-	-
Receivables ⁽¹⁾⁽²⁾	19	2,564	2,564	2,564	-	-
Other financial assets	20	1,847	1,847	1,847	-	-
Total financial assets		14,661	14,661	14,661	-	-
Financial liabilities						
Payables ⁽¹⁾	25	2,637	2,637	2,634	-	3
Total financial liabilities		2,637	2,637	2,634	-	3

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 19 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

36.4 Credit risk

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

CFS has minimal concentration of credit risk. CFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. CFS does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by CFS.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 36.3 represents CFS's maximum exposure to credit risk.

South Australian Country Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 36.4 Ageing analysis of financial assets

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

Financial asset item	Current Not overdue \$'000	Overdue for < 30 days \$'000	Overdue for 30–60 days \$'000	Overdue for > 60days \$'000	Total \$'000
2015					
Not impaired					
Receivables ⁽¹⁾	3,324	55	13	101	3,493
Other financial assets	2,208	-	-	-	2,208
Impaired					
Receivables	-	-	-	18	18
2014					
Not impaired					
Receivables ⁽¹⁾	2,390	16	35	111	2,552
Other financial assets	1,847	-	-	-	1,847
Impaired					
Receivables	-	-	-	12	12

⁽¹⁾ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

36.5 Market risk

CFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). CFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

South Australian Country Fire Service

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Country Fire Service:

- complies with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Country Fire Service
- presents a true and fair view of the financial position of the South Australian Country Fire Service as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Country Fire Service for the financial year over its financial statements and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Greg Nettleton

Chief Officer

South Australian Country Fire Service

18 September 2015



Joel Schirmer

Business Manager

South Australian Country Fire Service

18 September 2015



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**To the Chief Officer
South Australian Country Fire Service**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 100(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian Country Fire Service for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Officer and the Business Manager.

The Chief Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Officer, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Country Fire Service as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

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

Andrew Richardson
Auditor-General
18 September 2015

South Australian
Fire and Emergency
Services Commission

Financial report
for the year ended
30 June 2015

South Australian Fire and Emergency Services Commission

Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Note	Consolidated		SAFECOM Entity	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Expenses					
Employee benefits expenses	5	144,192	137,862	7,940	7,607
Supplies and services	6	73,727	73,992	6,395	5,522
Depreciation and amortisation expense	7	19,255	20,401	715	775
Grants and subsidies	8	2,961	2,578	2,418	2,111
Net loss from disposal of non-current assets	9	482	165	-	1
Other Expenses	10	-	2,652	-	80
Total expenses		240,617	237,650	17,468	16,096
Income					
Revenues from fees and charges	11	6,166	6,592	636	666
Grants and contributions	12	5,764	6,254	1,514	3,085
Interest revenues	13	667	623	190	251
Resources received free of charge	14	-	1	-	-
Other income	15	2,809	2,696	81	62
Total income		15,406	16,166	2,421	4,064
Net cost of providing services		225,211	221,484	15,047	12,032
Revenues from SA Government					
Revenues from SA Government	16	226,333	220,735	11,514	9,964
Total revenues from SA Government		226,333	220,735	11,514	9,964
Net result		1,122	(749)	(3,533)	(2,068)
Other comprehensive income					
<i>Items that will not be reclassified to net result</i>					
Net income or expenses relating to non-current assets held		(133)	-	-	-
Changes in asset revaluation surplus	21	-	(3,945)	-	-
Total other comprehensive income		(133)	(3,945)	-	-
Total comprehensive result		989	(4,694)	(3,533)	(2,068)

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

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

South Australian Fire and Emergency Services Commission

Statement of Financial Position

As at 30 June 2015

		Consolidated		SAFECOM Entity	
	Note	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	17	25,058	32,185	7,453	9,656
Receivables	18	6,672	5,820	629	1,198
Other financial assets	19	2,548	2,180	-	-
Non-current assets held for sale	20	782	1,031	-	-
Total current assets		35,060	41,216	8,082	10,854
Non-current assets					
Property, plant and equipment	21	337,662	326,494	382	375
Intangible assets	22	2,391	2,010	2,266	2,001
Total non-current assets		340,053	328,504	2,648	2,376
Total assets		375,113	369,720	10,730	13,230
Current liabilities					
Payables	24	11,874	10,394	2,036	1,229
Employee benefits	25	20,451	18,769	1,092	1,073
Provisions	26	3,706	2,959	30	31
Total current liabilities		36,031	32,122	3,158	2,333
Non-current liabilities					
Payables	24	1,987	1,925	148	129
Employee benefits	25	21,966	20,558	1,649	1,389
Provisions	26	9,995	10,970	64	135
Total non-current liabilities		33,948	33,453	1,861	1,653
Total liabilities		69,979	65,575	5,019	3,986
Net assets		305,134	304,145	5,711	9,244
Equity					
Revaluation surplus	27	64,846	64,979	-	-
Retained earnings	28	240,288	239,166	5,711	9,244
Total equity		305,134	304,145	5,711	9,244

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	29
Contingent assets and liabilities	30

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

South Australian Fire and Emergency Services Commission

Statement of Changes in Equity

For the Year Ended 30 June 2015

	Note	Consolidated			SAFECOM Entity		
		Asset Revaluation Surplus	Retained Earnings	Total	Asset Revaluation Surplus	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2013		68,924	239,915	308,839	-	11,312	11,312
Net result for 2013-14		-	(749)	(749)	-	(2,068)	(2,068)
Loss on revaluation of property, plant and equipment during 2013-14	21	(3,945)	-	(3,945)	-	-	-
Total comprehensive result for 2013-14		(3,945)	(749)	(4,694)	-	(2,068)	(2,068)
Balance at 30 June 2014	27	64,979	239,166	304,145	-	9,244	9,244
Net result for 2014-15		-	1,122	1,122	-	(3,533)	(3,533)
Net income or expenses relating to non-current assets held for sale		(133)	-	(133)	-	-	-
Total comprehensive result for 2014-15		(133)	1,122	989	-	(3,533)	(3,533)
Balance at 30 June 2015	27	64,846	240,288	305,134	-	5,711	5,711

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

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

South Australian Fire and Emergency Services Commission

Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	Consolidated		SAFECOM Entity	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash outflows					
Employee benefits payments		(140,635)	(132,726)	(7,698)	(7,926)
Supplies and services payments		(84,084)	(87,148)	(7,756)	(8,607)
Grants and subsidies payments		(2,961)	(2,578)	(2,418)	(2,111)
Payments for Paid Parental Leave Scheme		(55)	(24)	-	(2)
Cash used in operations		(227,735)	(222,476)	(17,872)	(18,646)
Cash inflows					
Fees and charges		7,264	7,689	1,028	609
Receipts from grants and contributions		5,007	4,187	1,514	3,085
Interest received		687	627	196	261
GST recovered from the Australian Taxation Office		9,318	9,139	2,218	1,869
Receipts for paid Parental Leave Scheme		60	22	-	-
Other receipts		3,325	2,212	125	63
Cash generated from operations		25,661	23,876	5,081	5,887
Cash flows from SA Government					
Contributions from Community Emergency Services Fund	16	224,405	212,968	11,487	9,952
Other receipts from SA Government	16	1,928	7,767	27	12
Cash generated from SA Government		226,333	220,735	11,514	9,964
Net cash provided by/(used in) operating activities	28	24,259	22,135	(1,277)	(2,795)
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(31,307)	(22,816)	(926)	(206)
(Purchase)/Sale of investments		(368)	(152)	-	-
Cash used in investing activities		(31,675)	(22,968)	(926)	(206)
Cash inflows					
Proceeds from sale of property, plant and equipment		289	506	-	-
Cash generated from investing activities		289	506	-	-
Net cash used in investing activities		(31,386)	(22,462)	(926)	(206)
Net decrease in cash and cash equivalents		(7,127)	(327)	(2,203)	(3,001)
Cash and cash equivalents at the beginning of the period		32,185	32,512	9,656	12,657
Cash and cash equivalents at the end of the period	17	25,058	32,185	7,453	9,656

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

South Australian Fire and Emergency Services Commission

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For the Year Ended 30 June 2015

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South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

1 Establishment, objectives and funding arrangements

Establishment

The South Australian Fire and Emergency Services Commission (SAFECOM) is established under the *Fire and Emergency Services Act 2005* (the Act).

The Act also defines the Emergency Services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service (SASES)
- South Australian Country Fire Service (SACFS)
- South Australian Metropolitan Fire Service (SAMFS).

The Act requires that consolidated statements of accounts be prepared for the emergency services sector.

Objectives

SAFECOM has the following objectives:

- to develop and maintain a strategic and policy framework as well as sound corporate governance across the emergency services sector
- to provide adequate support services to the emergency services organisations and to ensure the effective allocation of resources within the emergency services sector
- to ensure relevant statutory compliance by the emergency services organisations
- to build a safer community through integrated emergency service delivery
- to undertake a leadership role in the emergency management
- to report regularly to the Minister about relevant issues.

Funding arrangements

The funding of SAFECOM is primarily derived from the Community Emergency Services Fund (the Fund) in accordance with the *Emergency Services Funding Act 1998*.

2 Summary of significant accounting policies

(a) Statement of compliance

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

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

SAFECOM has applied Australian Accounting Standards that are applicable to not-for-profit entities as SAFECOM is a not-for-profit entity.

Except for AASB 2015-7 which SAFECOM has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAFECOM for the reporting period ending 30 June 2015 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. SAFECOM has elected not to utilise this threshold that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed.
- (b) expenses incurred as a result of engaging consultants
- (c) employee targeted voluntary separation package information
- (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
- (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

(c) Principles of consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by SAFECOM and forming the emergency services sector as at 30 June 2015 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(d) Reporting entity

SAFECOM is an administrative unit of the Crown, established under the Act.

SAFECOM does not control any other entity and has no interest in unconsolidated structured entities. In forming this view, SAFECOM considered its involvement with CFS Foundation and various volunteer marine rescue organisations and determined that it does not control these entities.

In making this assessment, SAFECOM considered its power over the entities, its exposure or rights (e.g. protective and substantive rights) to variable returns from involvement with the entities and the ability to use its power to affect returns amounts (e.g. ability to direct relevant major activities).

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

The financial statements and accompanying notes include all the controlled activities of SAFECOM. Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered, the Community Emergency Services Fund items is significant in relation to SAFECOM's overall financial performance and position and therefore are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for SAFECOM items.

The South Australian State Emergency Service administers, but does not control, certain activities on behalf of the Australian Council of State and Territory Emergency Services. It is accountable for transactions relating to those trust activities but does not have the discretion, for example, to deploy the resources for the achievement of the agency's own objectives.

Transaction and balances relating to the trust assets are not recognised as the agency's income, expense, assets and liabilities, but are disclosed in note 36 as 'Trust Funds'.

South Australian Fire and Emergency Services Commission
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For the Year Ended 30 June 2015

(e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However these amounts have not been adjusted to reflect revised budgets. The budget process is not subject to audit.

(f) Comparative information

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

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

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

(g) Rounding

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

(h) Taxation

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

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

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

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

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

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

GST receivables/payables associated with administered items transactions are included in SAFECOM statements.

(i) Events after the reporting period

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

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

(j) Income

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

The following are specific recognition criteria:

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as an asset and income when SAFECOM obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

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

- Grants and contributions with unconditional stipulations - this will be when the agreement becomes enforceable that is the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- Grants and contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All grants and contributions received by SAFECOM have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Fees and charges

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

Other income

Other income consists of donations received, fundraising revenue and other minor revenues.

(k) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

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

Operating leases

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

Loss from disposal of non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Depreciation and amortisation

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

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

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

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

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

	Consolidated	SAFECOM
Class of asset	Useful life	Entity
		Useful life
Buildings	40-50	40
Vehicles	15-20	15
Communications equipment	10	10
Plant and equipment	10	10
Computer equipment	5	5
Intangibles	5	5

Grants and Subsidies

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

All contributions paid by SAFECOM have been contributions with unconditional stipulations attached.

(l) Current and non-current classification

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

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

(m) Assets

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

Cash and cash equivalents

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

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

Cash is measured at nominal value.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Receivables

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

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

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

Other financial assets

SAFECOM measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

Non-current assets held for sale

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

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

Acquisition and recognition

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

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

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

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

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

Impairment

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. SAFECOM only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

Subsequent expenditure on intangible assets has not been capitalised. This is because SAFECOM has been unable to attribute this expenditure to the intangible asset rather than to SAFECOM as a whole.

Fair value measurement

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

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

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

Non-financial assets

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

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

Refer notes 21 and 23 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

SAFECOM does not recognise any financial assets at fair value.

(n) Liabilities

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

Payables

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

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

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

The Paid Parental Leave Scheme payable represents amounts which SAFECOM has received from the Commonwealth Government to forward onto eligible employees via SAFECOM's standard payroll processes. That is, SAFECOM is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

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

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

Employee benefits

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

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

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

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

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

Long service leave

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the police and emergency services sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

(o) Provisions

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

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

South Australian Fire and Emergency Services Commission
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For the Year Ended 30 June 2015

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged through the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

SAFECOM is responsible for the payment of workers compensation claims.

(p) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and revised accounting standards and policies

Except for AASB 2015-7 which SAFECOM has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SAFECOM for the period ending 30 June 2015. SAFECOM has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of SAFECOM.

In accordance with the new AASB 1055 Budgetary Reporting, which became effective for the first time in 2014-15, SAFECOM has:

- Included a comprehensive new note 'Budgetary reporting and explanations of major variances' (notes 34 and A17). The notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for both controlled and administered amounts:
 - SAFECOM original budget as published in 2014-15 Budget Paper 4
 - a comparison of the original budget information to actual results
 - explanations of major variances.

In accordance with the new AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements, which became effective for the first time in 2014-15, SAFECOM has reviewed its control assessments (i.e. SAFECOM's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc.) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact.

SAFECOM will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

4 Activities of the S A Fire and Emergency Services Commission

In achieving its objectives, SAFECOM provides strategic and corporate support services to the SACFS, SAMFS and SASES. These services are classified under one program titled "Fire and Emergency Services Strategic and Business Support".

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

5 Employee benefits expenses

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	98,420	95,614	5,863	5,941
Annual leave	11,757	11,444	553	500
Skills and experience retention leave	867	657	39	24
Long service leave	5,109	3,538	432	106
Employment on-costs - superannuation	13,679	13,135	740	659
Payroll tax	6,367	6,101	352	331
Targeted voluntary separation packages (refer below)	-	63	-	-
Workers compensation	7,217	6,483	(70)	3
Other employment related expenses	776	827	31	43
Total: Employee benefits expenses	144,192	137,862	7,940	7,607

Targeted voluntary separation packages (TVSPs)

	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Amounts paid during the reporting period to separated employees:				
TVSPs	-	63	-	-
Leave paid to those employees	-	32	-	-
	-	95	-	-
Recovery from the Department of Treasury and Finance	-	(63)	-	-
Net cost to SAFECOM	-	32	-	-

Number of employees who received a TVSP during the reporting period

- 1 -

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	Number	Number	Number	Number
\$141 500 – \$151 499	24	23	1	1
\$151 500 – \$161 499 #	22	17	-	-
\$161 500 – \$171 499	5	5	-	-
\$171 500 – \$181 499	4	7	-	-
\$181 500 – \$191 499	1	2	-	-
\$191 500 – \$201 499	3	-	-	-
\$201 500 – \$211 499	3	-	-	-
\$231 500 – \$241 499	1	2	-	-
\$241 500 – \$251 499	2	-	-	-
\$251 500 – \$261 499	-	1	-	-
\$261 500 – \$271 499	-	1	-	1
\$291 500 – \$301 499	1	2	-	1
\$301 500 – \$311 499	1	-	1	-
\$311 500 – \$321 499	-	1	-	-
\$561 500 – \$571 499 ^	1	-	-	-
Total	68	61	2	3

^ This band includes an early termination payment year 2015

This band includes 1 SAMFS Superannuation Scheme employee under consolidated years 2015 and 2014.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (i.e. there has been no increase in executive remuneration since 1 July 2013).

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was SAFECOM entity \$0.4 million (\$0.7million) and SAFECOM Consolidated \$11.8 million (\$10.3 million).

South Australian Fire and Emergency Services Commission

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2015

6 Supplies and services

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Accommodation	410	377	1	-
Aerial support costs	10,803	9,921	-	-
Auditor's remuneration	189	194	102	114
Communications	2,892	2,601	1,049	836
Computing costs	3,273	3,348	622	668
Consultancy, contractor and legal fees	4,502	5,241	1,020	682
Consumables	3,327	4,103	50	58
Energy	1,588	1,682	8	9
Government radio network	14,292	13,944	-	-
Insurance premiums	642	716	7	8
Minor plant and equipment	2,343	2,605	2	9
Operating lease costs	4,202	4,101	552	447
Operational costs	2,844	3,509	13	22
Repairs and maintenance	9,324	8,635	232	84
Shared Services SA payments	1,547	1,560	1,546	1,541
Travel and training	3,861	4,513	209	185
Uniforms and protective clothing	3,298	3,139	-	1
Other expenses	4,390	3,803	982	858
Total: Supplies and services	73,727	73,992	6,395	5,522

Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) fell within the following bands:

	Consolidated		SAFECOM Entity		Consolidated		SAFECOM Entity	
	2015	2014	2015	2014	2015	2014	2015	2014
	No. of	No. of	No. of	No. of	\$'000	\$'000	\$'000	\$'000
	consultants	consultants	consultants	consultants				
Below \$10 000	3	5	-	-	14	14	-	-
Above \$10 000	3	2	2	1	124	25	86	14
Total paid/payable	6	7	2	1	138	39	86	14

Auditor's remuneration

Audit fees paid/payable to the Auditor-General's
Department relating to the audit of financial statements
Total: Audit fees

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
	189	194	102	114
Total: Audit fees	189	194	102	114

Other Services

No other services were provided by the Auditor-General's Department.

7 Depreciation and amortisation expense

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	5,283	5,451	3	2
Vehicles	11,400	11,884	-	-
Computers	74	43	36	18
Plant	585	788	46	40
Communications	1,281	1,504	-	-
Total: Depreciation	18,623	19,670	85	60
Amortisation				
Software	632	731	630	715
Total: Amortisation	632	731	630	715
Total Depreciation and amortisation	19,255	20,401	715	775

South Australian Fire and Emergency Services Commission

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2015

8 Grants and subsidies

Grants and subsidies
Total: Grants and subsidies

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
2,961	2,578	2,418	2,111
2,961	2,578	2,418	2,111

9 Net loss from disposal of non-current assets

Land and buildings

Proceeds from disposal
Less: Net book value of assets disposed
Less: Costs of disposal
Net gain/(loss) from disposal of land and buildings

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
-	231	-	-
-	(318)	-	-
(1)	(17)	-	-
(1)	(104)	-	-

Vehicles

Proceeds from disposal
Less: Net book value of assets disposed
Net gain/(loss) from disposal of vehicles

289	275	-	-
(692)	(334)	-	-
(403)	(59)	-	-

Communication equipment

Proceeds from disposal
Less: Net book value of assets disposed
Net gain/(loss) from disposal

-	-	-	-
(78)	-	-	-
(78)	-	-	-

Plant and equipment

Proceeds from disposal
Less: Net book value of assets disposed
Net gain/(loss) from disposal of plant and equipment

-	-	-	-
-	(1)	-	-
-	(1)	-	-

Intangible Assets

Proceeds from disposal
Less: Net book value of assets disposed
Net gain/(loss) from disposal of intangible assets

-	-	-	-
-	(1)	-	(1)
-	(1)	-	(1)

Total

Total proceeds from disposal
Less: Total value of assets disposed
Less: Total costs of disposal
Total: Net loss from disposal of non-current assets

289	506	-	-
(770)	(654)	-	(1)
(1)	(17)	-	-
(482)	(165)	-	(1)

10 Other Expenses

Assets revaluation decrement
Total: Other Expenses

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
-	2,652	-	80
-	2,652	-	80

11 Revenues from fees and charges

Fire alarm attendance fees
Fire safety fees
Fire alarm monitoring fees
Incident cost recoveries
Training and other recoveries
Salary recoveries
Other recoveries
Total: Revenues from fees and charges

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
2,395	2,583	-	-
482	439	-	-
2,205	2,095	-	-
98	600	-	-
326	319	-	-
646	544	636	666
14	12	-	-
6,166	6,592	636	666

South Australian Fire and Emergency Services Commission

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2015

12 Grants and contributions

Commonwealth Government
Private industry and local government
State government
Total: Grants and contributions

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
4,829	4,994	1,514	1,979
11	100	-	-
924	1,160	-	1,106
5,764	6,254	1,514	3,085

Commonwealth grant funding for SAFECOM relates mainly to the Natural Disaster Resilience Program, and other emergency management grants and include contributions towards aerial fire fighting costs, provision of fire and emergency services to Commonwealth properties and other emergency programs and projects.

Contributions which have conditions of expenditure still to be met as at reporting date were \$4.432 million (2014: \$3.091 million). These contributions relate to Natural Disaster Resilience Program, National Emergency Management Projects.

Restrictions attached to these contributions include completion of progress reports and final project acquittal.

13 Interest revenues

Interest on deposit accounts
Total: Interest revenues

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
667	623	190	251
667	623	190	251

14 Resources received free of charge

Asset contributions from local government councils and other organisations
Total: Resources received free of charge

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
-	1	-	-
-	1	-	-

15 Other income

Donations
Groups/brigades fundraising revenue
Rent received
Insurance recoveries
Other
Total: Other income

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
1	30	-	-
775	817	-	-
1,108	1,057	-	-
274	-	-	-
651	792	81	62
2,809	2,696	81	62

16 Revenues from SA Government

Revenues from SA Government
Contributions from Community Emergency Services Fund
Other revenues from SA Government
Total: Revenues from SA Government

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
224,405	212,968	11,487	9,952
1,928	7,767	27	12
226,333	220,735	11,514	9,964

Revenues from SA Government for SAFECOM entity consists of \$11.264 million (2014: \$9.964 million) for operational funding and \$0.250 million (2014: \$0) for capital projects.

Revenues from SA Government for SAFECOM consolidated consists of \$199.755m (2014: \$194.047m) for operational funding and \$26.578m (2014: \$26.688m) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer notes 5,6,8,21 and 22.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
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17 Cash and cash equivalents

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash on hand	13	18	-	2
Deposits with the Treasurer	19,415	26,857	7,453	9,654
Cash at bank	556	552	-	-
Cash at bank - Groups/Brigades/Units	4,299	3,773	-	-
Short-term deposits - Groups/Brigades/Units	727	939	-	-
Short term deposits	48	46	-	-
Total: Cash and cash equivalents	25,058	32,185	7,453	9,656

Short Term Deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

Interest Rate Risk

Cash on hand is non-interest bearing. Deposit at call and with the Treasurer earn a floating interest rate, based on daily deposit rates. The carrying amount of cash and cash equivalents represents fair value.

18 Receivables

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current				
Receivables	4,175	3,395	181	30
Less: Allowance for doubtful debts	(50)	(61)	-	-
	4,125	3,334	181	30
Accrued revenues	122	758	13	598
GST input tax recoverable	2,425	1,728	435	570
Total: Receivables	6,672	5,820	629	1,198

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	(61)	(168)	-	-
Amounts written off	35	47	-	-
(Increase)/decrease in allowance recognised in profit or loss	(24)	60	-	-
Carrying amount at the end of the period	(50)	(61)	-	-

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 35.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
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19 Other financial assets

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current				
Medium Term Deposits - Groups/Brigades/Units	2,548	2,180	-	-
Total: Other financial assets current	2,548	2,180	-	-

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information
Refer note 35.

20 Non-current assets held for sale

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Building	-	4	-	-
Land	782	1,027	-	-
Total non-current assets held for sale	782	1,031	-	-

During 2011 SAMFS closed operation at Burra and this resulted in the facility becoming surplus.

A tender to sell surplus SACFS land at Port Lincoln during 2011 failed to be realised, and as at 30 June 2015 the property continues to remain on the market for sale.

A parcel of land at SACFS Salisbury and fire station at Cockburn were previously recognised as held for sale, the future requirement for these sites is being reconsidered and consequently they were not recognised as held for sale during 2015.

21 Property, plant and equipment

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Land				
At valuation	63,189	63,077	-	-
At cost (deemed fair value)	250	-	-	-
Total: Land	63,439	63,077	-	-
Buildings				
At valuation	113,454	113,450	29	29
At cost (deemed fair value)	4,241	524	-	-
Less: Accumulated depreciation	(7,938)	(2,655)	(5)	(2)
Total: Buildings	109,757	111,319	24	27
Vehicles				
At valuation	121,864	122,590	-	-
At cost (deemed fair value)	15,044	9,749	-	-
Less: Accumulated depreciation	(17,308)	(5,942)	-	-
Total: Vehicles	119,600	126,397	-	-
Communication equipment				
At valuation	6,742	6,847	-	-
At cost (deemed fair value)	2,397	601	-	-
Less: Accumulated depreciation	(1,846)	(591)	-	-
Total: Communication equipment	7,293	6,857	-	-
Computer equipment				
At valuation	49	49	18	17
At cost (deemed fair value)	1,655	232	240	149
Less: Accumulated depreciation	(87)	(13)	(41)	(5)
Total: Computer equipment	1,617	268	217	161
Plant and equipment				
At valuation	2,950	2,950	209	209
At cost (deemed fair value)	1,629	203	-	-
Less: Accumulated depreciation	(872)	(287)	(68)	(22)
Total: Plant and equipment	3,707	2,866	141	187
Capital work in progress				
At cost (deemed fair value)	32,249	15,710	-	-
Total: Capital work in progress	32,249	15,710	-	-
Total: Property, plant and equipment	337,662	326,494	382	375

South Australian Fire and Emergency Services Commission
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Valuation of Assets

As at 30 June 2015 in accordance with SAFECOM policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2015.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Vehicles	Communi- cation equip	Computer equip	Plant & equip	Capital work in progress	2015 Total	2014 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015: Consolidated									
Carrying amount at the beginning of the period	63,077	111,320	126,397	6,857	268	2,866	15,710	326,495	
Acquisitions	-	-	59	-	-	-	31,400	31,459	
Transfers to/(from) Capital WIP	250	3,715	5,236	1,796	1,423	1,426	(13,847)	-	
Transfers to/(from) intangibles	-	-	-	-	-	-	(1,014)	(1,014)	
Depreciation	-	(5,282)	(11,400)	(1,282)	(74)	(585)	-	(18,623)	
Disposals	-	-	(692)	(78)	-	-	-	(770)	
Transfer from non current assets held for sale	112	4	-	-	-	-	-	116	
Carrying amount at the end of period	63,439	109,757	119,600	7,293	1,617	3,707	32,249	337,662	
2014: Consolidated									
Carrying amount at the beginning of the period	55,703	118,873	127,482	9,566	184	4,792	13,841		330,441
Acquisitions	-	49	63	-	-	13	22,710		22,835
Transfers to/(from) Capital WIP	4,045	6,013	9,685	801	229	189	(20,763)		(2)
Transfers to/(from) intangibles	-	-	-	-	-	-	(78)		(78)
Depreciation	-	(5,452)	(11,884)	(1,504)	(45)	(787)	-		(19,672)
Net revaluation increment/(decrement)	3,345	(8,075)	1,384	1	-	(598)	-		(3,943)
Assets received for nil consideration	1	-	-	-	-	-	-		1
Disposals	(17)	(85)	(333)	-	-	(1)	-		(436)
Net revaluation decrement expensed	-	(3)	-	(1,807)	(100)	(742)	-		(2,652)
Carrying amount at the end of period	63,077	111,320	126,397	6,857	268	2,866	15,710		326,495
2015: SAFECOM Entity									
Carrying amount at the beginning of the period	-	27	-	-	161	187	-	375	
Acquisitions	-	-	-	-	-	-	987	987	
Transfers to/(from) Capital WIP	-	-	-	-	92	-	(92)	-	
Transfers to/(from) intangibles	-	-	-	-	-	-	(895)	(895)	
Depreciation	-	(3)	-	-	(36)	(46)	-	(85)	
Carrying amount at the end of period	-	24	-	-	217	141	-	382	
2014: SAFECOM Entity									
Carrying amount at the beginning of the period	-	32	-	-	66	269	21		388
Acquisitions	-	-	-	-	-	-	205		205
Transfers to/(from) Capital WIP	-	-	-	-	148	-	(148)		-
Transfers to/(from) intangibles	-	-	-	-	-	-	(78)		(78)
Depreciation	-	(2)	-	-	(18)	(40)	-		(60)
Net revaluation decrement expensed	-	(3)	-	-	(35)	(42)	-		(80)
Carrying amount at the end of period	-	27	-	-	161	187	-		375

South Australian Fire and Emergency Services Commission

Notes to and forming part of the Financial Statements

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22 Intangible assets

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Computer software	4,473	4,134	3,681	3,461
Less: Accumulated amortisation	(2,082)	(2,124)	(1,415)	(1,460)
Total: Intangible assets	2,391	2,010	2,266	2,001

Movement reconciliation of intangible assets

Carrying amount at the beginning of the period	2,010	2,653	2,001	2,638
Amortisation expense	(632)	(731)	(630)	(715)
Transfers from Capital WIP	1,014	88	895	78
Carrying amount at the end of the period	2,392	2,010	2,266	2,001

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2015.

23 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. SAFECOM categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2015.

SAFECOM had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

	Consolidated			SAFECOM Entity		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (note 21)	13,313	50,126	63,439	-	-	-
Buildings (note 21)	14,426	95,331	109,757	-	24	24
Vehicles (note 21)	-	119,600	119,600	-	-	-
Communication equipment (note 21)	-	7,293	7,293	-	-	-
Computer equipment (note 21)	-	1,617	1,617	-	217	217
Plant and equipment (note 21)	-	3,707	3,707	-	141	141
Total recurring fair value measurements	27,739	277,674	305,413	-	382	382
Non-recurring fair value measurements						
Land held for sale (note 20)	782	-	782	-	-	-
Total non-recurring fair value measurements¹	782	-	782	-	-	-
Total	28,521	277,674	306,195	-	382	382

¹ SAFECOM has measured land and building held for sale at fair value less costs to sell in accordance with AASB 5 because the assets' fair value less costs to sell is lower than its carrying amount.

Fair value measurements at 30 June 2014

	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (note 21)	12,951	50,126	63,077	-	-	-
Buildings (note 21)	11,214	100,105	111,319	-	27	27
Vehicles (note 21)	-	126,397	126,397	-	-	-
Communication equipment (note 21)	-	6,857	6,857	-	-	-
Computer equipment (note 21)	-	268	268	-	161	161
Plant and equipment (note 21)	-	2,866	2,866	-	187	187
Total recurring fair value measurements	24,165	286,619	310,784	-	375	375

South Australian Fire and Emergency Services Commission

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For the Year Ended 30 June 2015

	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-recurring fair value measurements						
Land held for sale (note 20)	1,027	-	1,027	-	-	-
Buildings held for sale (note 20)	4	-	4	-	-	-
Total non-recurring fair value measurements	1,031	-	1,031	-	-	-
Total	25,196	286,619	311,815	-	375	375

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2015. SAFECOM's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 21. There were no changes in the valuation techniques during 2015.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

2015: Consolidated

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land \$'000	Buildings \$'000	Vehicles \$'000	Communi- cation equip \$'000	Computer equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	50,126	100,105	126,395	6,858	268	2,866	286,618
Acquisitions	-	-	60	-	-	-	60
Capitalised subsequent expenditure	-	-	5,237	1,795	1,423	1,426	9,881
Depreciation	-	(4,774)	(11,400)	(1,282)	(74)	(585)	(18,115)
Disposals	-	-	(692)	(78)	-	-	(770)
Total gains/(losses) recognised in net result	50,126	95,331	119,600	7,293	1,617	3,707	277,674
Carrying amount at the end of the period	50,126	95,331	119,600	7,293	1,617	3,707	277,674

2015: Safecom Entity

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land \$'000	Buildings \$'000	Vehicles \$'000	Communi- cation equip \$'000	Computer equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	-	27	-	-	161	187	375
Capitalised subsequent expenditure	-	-	-	-	92	-	92
Depreciation	-	(3)	-	-	(36)	(46)	(85)
Total gains/(losses) recognised in net result	-	24	-	-	217	141	382
Carrying amount at the end of the period	-	24	-	-	217	141	382

South Australian Fire and Emergency Services Commission
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2014: Consolidated

Reconciliation of Level 3 recurring fair value measurements at 30 June 2014

	Land	Buildings	Vehicles	Communica- tion	Computer equip	Plant & equip	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	45,471	106,625	127,481	9,565	185	4,793	294,120
Acquisitions	-	-	63	-	-	13	76
Capitalised subsequent expenditure	1,363	4,982	9,685	601	229	189	17,049
Revaluation increment/(decrement)	3,308	(6,490)	1,384	1	-	(598)	(2,395)
Depreciation	-	(4,923)	(11,884)	(1,504)	(45)	(787)	(19,143)
Disposals	(16)	(86)	(333)	-	-	(1)	(436)
Total gains/(losses) recognised in net result	50,126	100,108	126,396	8,663	369	3,609	289,271
Gains/(losses) for the period recognised in other comprehensive income							
Revaluation increment/(decrement)	-	(3)	-	(1,807)	(100)	(742)	(2,652)
Total gains/(losses) recognised in other comprehensive income	-	(3)	-	(1,807)	(100)	(742)	(2,652)
Carrying amount at the end of the period	50,126	100,105	126,397	6,857	268	2,866	286,619

2014: Safecom Entity

Reconciliation of Level 3 recurring fair value measurements at 30 June 2014

	Land	Buildings	Vehicles	Communica- tion	Computer equip	Plant & equip	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	-	32	-	-	66	269	367
Capitalised subsequent expenditure	-	-	-	-	148	-	148
Revaluation increment/(decrement)	-	-	-	-	(35)	(42)	(77)
Depreciation	-	(2)	-	-	(18)	(40)	(60)
Total gains/(losses) recognised in net result	-	30	-	-	161	187	378
Gains/(losses) for the period recognised in other comprehensive income							
Revaluation increment/(decrement)	-	(3)	-	-	(35)	(42)	(80)
Total gains/(losses) recognised in other comprehensive income	-	(3)	-	-	(35)	(42)	(80)
Carrying amount at the end of the period	-	27	-	-	161	187	375

24 Payables

Current

Accrued expenses
Creditors
Fringe benefits tax payable
Paid Parental Leave Scheme payable
Employment on-costs
Total: Payables current

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
4,089	1,012	891	379
4,345	6,373	973	694
-	206	-	11
6	-	-	-
3,434	2,803	172	145
11,874	10,394	2,036	1,229

Non-current

Creditors
Employment on-costs
Total: Payables non-current

Consolidated		SAFECOM Entity	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
5	6	-	-
1,982	1,919	148	129
1,987	1,925	148	129

South Australian Fire and Emergency Services Commission
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Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance, has resulted in the percentage of the proportion of long service leave taken as leave decreasing from 2014 (40%) to 2015 (37%) and the average factor for the calculation of employer superannuation cost on-cost has remained the same as 2014 (10.3%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of SAFECOM \$0.008 million, Consolidated \$0.097 million and employee benefit expense of SAFECOM \$0.008 million, Consolidated \$0.097 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 35.

25 Employee benefits

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued salaries and wages	3,607	3,110	52	24
Annual leave	10,608	10,403	615	631
Skills and experience retention leave	1,159	1,086	55	40
Long service leave	5,077	4,170	370	378
Total: Employee benefits current	20,451	18,769	1,092	1,073

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Non-current				
Long service leave	21,966	20,558	1,649	1,389
Total: Employee benefits non-current	21,966	20,558	1,649	1,389

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2014 (3.5%) to 2015 (3%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of SAFECOM \$0.077 million, Consolidated \$1.195 million and employee benefits expense of SAFECOM \$0.077 million, Consolidated \$1.195 million.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at (4%) for long service leave liability and revised the salary inflation rate down from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

The net financial effect of the changes in the current financial year is a decrease in the annual leave and skills, experience and retention leave liability of SAFECOM \$0.007 million, Consolidated \$0.114 million and employee benefits by SAFECOM \$0.007 million, Consolidated \$0.114 million.

26 Provisions

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current				
Provision for workers compensation	3,706	2,959	30	31
Total: Provisions current	3,706	2,959	30	31

South Australian Fire and Emergency Services Commission

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	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Non-current				
Provision for workers compensation	9,995	10,970	64	135
Total: Provisions non-current	9,995	10,970	64	135
Total: Provisions	13,701	13,929	94	166
Provision movement				
Carrying amount at the beginning of the period	13,929	10,961	166	177
Additional provisions recognised / (released)	5,186	6,504	(69)	4
Reductions arising from payments	(5,414)	(3,536)	(3)	(15)
Carrying amount at the end of the period	13,701	13,929	94	166

Amendments to what is now the *Return to Work Act 2014* came into effect during 2014-15 that provided expanded presumptive coverage to firefighters for a range of cancers. These amendments are additional to those made in 2013-2014.

The workers compensation provision as at 30 June 2015 is based on a valuation prepared by an actuary that assesses all known claims relating to the revised workers compensation legislation. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 30 to the financial statements.

Consequently, there may be a significant increase in workers compensation provision in future years as further claims are received and assessed.

27 Equity

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Retained earnings	240,288	239,166	5,711	9,244
Asset revaluation surplus	64,846	64,979	-	-
Total equity	305,134	304,145	5,711	9,244

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

28 Cash flow reconciliation

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:				
Cash and cash equivalents disclosed in the Statement of Financial Position	25,058	32,185	7,453	9,656
Balance as per the Statement of Cash Flows	25,058	32,185	7,453	9,656
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by operating activities	24,259	22,135	(1,277)	(2,795)
Less revenues from SA Government	(226,333)	(220,735)	(11,514)	(9,964)
Add/(less) non cash items				
Depreciation and amortisation	(19,255)	(20,401)	(715)	(775)
Assets received free of charge	-	1	-	-
Assets revaluation decrement recognised in Statement of Comprehensive Income	-	(2,652)	-	(80)
Net loss from disposal of non-current assets	(482)	(165)	-	(1)
Movement in assets and liabilities				
(Decrease)/increase in receivables	852	2,736	(569)	245
(Increase)/decrease in payables	(1,390)	2,826	(765)	1,070
(Increase)/decrease in employee benefits	(3,090)	(2,261)	(279)	257
(Increase)/decrease in provisions	228	(2,968)	72	11
Net cost of providing services	(225,211)	(221,484)	(15,047)	(12,032)

South Australian Fire and Emergency Services Commission
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29 Unrecognised contractual commitments

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Operating lease commitments				
The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.				
Within one year	3,184	2,088	411	144
Later than one year but not later than five years	5,312	2,881	545	48
Later than five years	1,071	1,113	-	-
Total: Operating lease commitments	9,567	6,082	956	192
These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on consumer price index movement.				

Capital commitments

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

Within one year	8,274	4,265	125	-
Later than one year but not later than five years	1,585	-	-	-
Total: Capital commitments	9,859	4,265	125	-

These capital commitments are for property and vehicles.

Expenditure commitments - remuneration

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	1,052	2,059	386	310
Later than one year but not later than five years	1,236	1,324	1,236	63
Total: Remuneration commitments	2,288	3,383	1,622	373

Amounts disclosed include commitments arising from executive contracts. SAFECOM does not offer fixed-term remuneration contracts greater than five years.

Expenditure commitments - other

The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

Within one year	7,523	7,307	1,030	1,325
Later than one year but not later than five years	13,278	18,818	658	821
Total: Other commitments	20,801	26,125	1,688	2,146

Other commitments relate to a range of general goods and services used in operational areas. These goods and services are contracted for at reporting date but not included as liabilities in the financial report.

30 Contingent assets and liabilities

Contingent assets

SAFECOM entity is not aware of any contingent assets.

SAFECOM consolidated

In 2009-10 SACFS and SASES made prepayments for capital works projects of \$1,026 520 for works that did not materialise. Recovery of the prepayments has been sought.

Contingent liabilities

SAFECOM entity is not aware of any contingent liabilities.

SAFECOM consolidated

Amendments to what is now the *Return to Work Act 2014* came into effect during 2013-14 that provided presumptive coverage to firefighters for a range of cancers. These changes will provide additional workers compensation coverage for eligible firefighters subject to certain criteria.

The workers compensation provision as at 30 June 2014 recognises a liability for all known claims relating to the revised workers compensation legislation based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

SAFECOM consolidated has several other contingent liabilities for SACFS, SAMFS and SASES in the form of unresolved litigation. However, the outcome cannot be reliably determined at this stage. In each case the financial exposure is limited to a \$10 000 excess under insurance arrangements.

South Australian Fire and Emergency Services Commission
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31 Remuneration of board and committee members

Members of boards and committees during 2015 were:

South Australian Fire and Emergency Services Commission Board

Andrew Lawson * (retired 29 May 2015)
 Andy Wood (appointed 30 May 2015)
 Ann De Piaz * (appointed 30 May 2015)
 Barry Luke * (retired 29 May 2015)
 Christopher Beattie *
 David Place *
 Denise Keenan
 Dermot Barry *
 Grant Lupton * (retired 16 March 2015)
 Greg Crossman (appointed 17 March 2015)
 Gregory Nettleton *
 Greg Northcott (appointed 30 May 2015)
 Helen Chalmers
 Joseph Szakacs (retired 29 May 2015)
 Lynette Berghofer (retired 29 May 2015)
 Max Adlam (appointed 30 May 2015)
 Michael Smith * (retired 29 May 2015)
 Michael Morgan (appointed 30 May 2015)
 Roger Flavell
 Susan Caracoussis
 Virginia Hickey
 Warren Hicks (appointed 30 May 2015)
 Wayne Thorley (retired 29 May 2015)

South Australian Fire and Emergency Services Commission Audit and Risk Management Committee

Aaron Chia *
 Andrew Lawson *
 Ann De Piaz *
 David Carman *
 David Place *
 Dermot Barry *
 Helen Chalmers
 Joseph Szakacs (retired 29 May 2015)
 Roy Thompson
 Virginia Hickey

South Australian Metropolitan Fire Service Disciplinary Committee

Brendan West *
 Charles Bailes
 Christopher Smith *
 Michael Vander-Jeugd *

State Bushfire Coordination Committee

Ann De Piaz*
 Bruce Hull
 Bryan Fahy *
 Donald Gilberston
 Fiona Dunstan *
 Franco Crisci *
 Glenn Benham *
 Graham Gates
 Grant Pelton *
 Gregory Nettleton *
 Gregory Saunder *
 James Crocker *
 Jayne Bates
 Jeffrey Wiseman*
 John Nairn
 Joseph Keynes
 Justin Cook *
 Katherine Stanley-Murray
 Kylie Egan
 Maurice Roche
 Mark Sutton *
 Peter White
 Scott Thompson *
 Stephen Pascale *
 Suzanne Mickan *
 Timothy Milne (retired 30 June 2015)
 Wayne Thorley
 William McIntosh

The number of members whose remuneration received or receivable falls within the following bands:

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	No. of members	No. of members	No. of members	No. of members
\$nil	46	51	28	16
\$1 - \$9 999	4	5	-	1
\$10 000 - \$19 999	1	-	1	-
\$20 000 - \$29 999	3	2	3	2
\$30 000 - \$39 999	1	2	1	2
Total	55	60	33	21

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was SAFECOM Consolidated \$127 992 (\$121 085) and SAFECOM \$124 864 (\$119 025).

*In accordance with the Premier and Cabinet's Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members and SAFECOM are on conditions no more favourable than those that it is reasonable to expect SAFECOM would have adopted if dealing with the related party at arm's length in the same circumstances.

For the purposes of this table, travel allowances and other expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

South Australian Fire and Emergency Services Commission

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32 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

33 Transactions with SA Government - Consolidated

	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
5 <i>Employee benefits expenses</i>	14,378	129,814	144,192	13,611	124,251	137,862
6 <i>Supplies and services</i>						
Accommodation	320	90	410	315	62	377
Aerial support costs	18	10,785	10,803	139	9,782	9,921
Auditor's remuneration	189	-	189	194	-	194
Communications	106	2,786	2,892	123	2,478	2,601
Computing costs	889	2,384	3,273	919	2,429	3,348
Consultancy, contractor and legal fees	651	3,851	4,502	759	4,482	5,241
Consumables	-	3,327	3,327	1	4,102	4,103
Energy	50	1,538	1,588	73	1,609	1,682
Government radio network	14,292	-	14,292	13,944	-	13,944
Insurance premiums	577	65	642	640	76	716
Minor plant and equipment	1	2,342	2,343	9	2,596	2,605
Operating lease costs	1,466	2,736	4,202	1,279	2,822	4,101
Operational costs	88	2,756	2,844	210	3,299	3,509
Repairs and maintenance	1,602	7,722	9,324	1,359	7,276	8,635
Shared Services SA payments	1,547	-	1,547	1,548	12	1,560
Travel and training	88	3,773	3,861	269	4,244	4,513
Uniforms and protective clothing	1	3,297	3,298	-	3,139	3,139
Other expenses	574	3,816	4,390	536	3,267	3,803
7 <i>Depreciation and amortisation expense</i>	-	19,255	19,255	-	20,401	20,401
8 <i>Grants and subsidies</i>	490	2,471	2,961	696	1,882	2,578
9 <i>Net loss from disposal of non-current assets</i>	-	482	482	-	165	165
10 <i>Other Expenses</i>						
Assets revaluation decrement	-	-	-	-	2,652	2,652
TOTAL EXPENSES	37,327	203,290	240,617	36,624	201,026	237,650
INCOME						
11 <i>Revenues from fees and charges</i>						
Fire alarm attendance fees	505	1,890	2,395	551	2,032	2,583
Fire safety fees	17	465	482	14	425	439
Fire alarm monitoring fees	246	1,959	2,205	245	1,850	2,095
Incident cost recoveries	15	83	98	-	600	600
Training and other recoveries	43	283	326	118	201	319
Salary recoveries	635	11	646	540	4	544
Other recoveries	1	13	14	4	8	12
12 <i>Grants and contributions</i>						
Commonwealth Government	-	4,829	4,829	-	4,994	4,994
Private industry and local government	-	11	11	-	100	100
State government	924	-	924	1,160	-	1,160
13 <i>Interest revenues</i>	667	-	667	623	-	623
15 <i>Other income</i>						
Donations	-	1	1	-	30	30
Groups/brigades fundraising revenue	-	775	775	-	817	817
Rent received	500	608	1,108	-	1,057	1,057
Insurance recoveries	268	6	274	-	-	-
Other	95	556	651	134	658	792
16 <i>Revenues from / payments to SA Government</i>	226,333	-	226,333	220,735	-	220,735
TOTAL INCOME	230,249	11,490	241,739	224,124	12,776	236,900

South Australian Fire and Emergency Services Commission

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	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
18 <i>Receivables</i>						
Receivables	952	3,223	4,175	128	3,267	3,395
Less: Allowance for doubtful debts	-	(50)	(50)	-	(61)	(61)
Accrued revenues	44	78	122	646	112	758
GST input tax recoverable	-	2,425	2,425	-	1,728	1,728
19 <i>Other financial assets</i>		2,548	2,548		2,180	2,180
TOTAL FINANCIAL ASSETS	996	8,224	9,220	774	7,226	8,000
FINANCIAL LIABILITIES						
24 <i>Payables</i>						
Accrued expenses	1,557	2,532	4,089	418	594	1,012
Creditors	912	3,438	4,350	2,080	4,293	6,373
Fringe benefits tax payable	-	-	-	206	-	206
Paid Parental Leave Scheme Payable	-	6	6	-	-	-
Employment on-costs	2,749	2,667	5,416	2,148	2,574	4,722
TOTAL FINANCIAL LIABILITIES	5,218	8,643	13,861	4,852	7,461	12,313

Transactions with SA Government - SAFECOM Entity

Note	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
5 <i>Employee benefits expenses</i>	313	7,627	7,940	346	7,261	7,607
6 <i>Supplies and services</i>						
Accommodation	1	-	1	-	-	-
Auditor's remuneration	102	-	102	114	-	114
Communications	40	1,009	1,049	47	789	836
Computing costs	179	443	622	149	519	668
Consultancy, contractor and legal fees	361	659	1,020	180	502	682
Consumables	-	50	50	-	58	58
Energy	6	2	8	9	-	9
Insurance premiums	7	-	7	8	-	8
Minor plant and equipment	-	2	2	-	9	9
Operating lease costs	429	123	552	370	77	447
Operational costs	1	12	13	-	22	22
Repairs and maintenance	87	145	232	71	13	84
Shared Services SA payments	1,546	-	1,546	1,541	-	1,541
Travel and training	1	208	209	4	181	185
Uniforms and protective clothing	-	-	-	-	1	1
Other expenses	5	977	982	13	845	858
7 <i>Depreciation and amortisation expense</i>	-	715	715	-	775	775
8 <i>Grants and subsidies</i>	779	1,639	2,418	696	1,415	2,111
9 <i>Net loss from disposal of non-current assets</i>	-	-	-	-	1	1
10 <i>Other Expenses</i>						
Assets revaluation decrement	-	-	-	-	80	80
TOTAL EXPENSES	3,857	13,611	17,468	3,548	12,548	16,096
INCOME						
11 <i>Revenues from fees and charges</i>						
Salary recoveries	635	1	636	666	-	666
12 <i>Grants and contributions</i>						
Commonwealth Government	-	1,514	1,514	-	1,979	1,979
State Government	-	-	-	1,106	-	1,106
13 <i>Interest revenues</i>	190	-	190	251	-	251
15 <i>Other income</i>						
Other	61	20	81	49	13	62
16 <i>Revenues from SA Government</i>	11,514	-	11,514	9,964	-	9,964
TOTAL INCOME	12,400	1,535	13,935	12,036	1,992	14,028

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Note	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
18 <i>Receivables</i>						
Receivables	59	122	181	29	1	30
Accrued revenues	12	1	13	594	4	598
GST input tax recoverable	-	435	435	-	570	570
TOTAL FINANCIAL ASSETS	71	558	629	623	575	1,198
FINANCIAL LIABILITIES						
24 <i>Payables</i>						
Accrued expenses	587	304	891	277	102	379
Creditors	369	604	973	394	300	694
Fringe benefits tax payable	-	-	-	11	-	11
Employment on-costs	167	153	320	130	144	274
TOTAL FINANCIAL LIABILITIES	1,123	1,061	2,184	812	546	1,358

34 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

	Note	SAFECOM Entity		
		Original Budget ¹	Actual	Variance
		2015	2015	
		\$'000	\$'000	\$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits expenses	(a)	5,496	7,940	2,444
Supplies and services	(b)	8,807	6,395	(2,412)
Depreciation and amortisation expense		867	715	(152)
Grant expense		2,897	2,418	(479)
Total expenses		18,067	17,468	(599)
Income				
Revenues from fees and charges		589	636	47
Grants and contributions	(c)	3,132	1,514	(1,618)
Interest revenues		24	190	166
Other income		130	81	(49)
Total Income		3,875	2,421	(1,454)
Net cost of providing services		14,192	15,047	855
Revenues from / payments to SA Government				
Revenues from SA Government	(d)	10,731	11,514	783
Total revenues from / payments to SA Government		10,731	11,514	783
Total comprehensive result		(3,461)	(3,533)	(72)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets.

- (a) Employee benefits expense was greater than original budget partly due to funding provided for project and grant funded programs and contract positions during the financial year.
- (b) Supplies and services are under budget primarily from an underspend in expenditure on Commonwealth grant funded programs and the Alert SA project.
- (c) Grants and contributions was lower than the original budget primarily due to change in funding arrangement from 2014-15 to 2015-16 for the Natural Disaster Resilience Program.
- (d) Revenues from SA Government was higher than original budget largely from income received from the Community Emergency Service fund, pulled forward from future years, to cover the Emergency Services Sector reform project.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

		Original Budget ¹	Actual	Variance
		2015 \$'000	2015 \$'000	\$'000
Investing expenditure summary	Note			
Total existing projects	(e)	2,950	844	(2,106)
Total annual programs		-	143	143
Total investing expenditure		2,950	987	(1,963)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2014-15 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

(e) Total existing project investing expenditure was lower than the original budget as a result of reclassification of investing to operating and an underspend in the Alert SA Web Channel project.

35 Financial instruments / financial risk management

35.1 Financial Risk Management

Risk management is managed by SAFECOM corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

SAFECOM is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

35.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Refer note 35.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables and payables measured at cost.

SAFECOM does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 18 and 24).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 19).

35.3 Liquidity risk

Liquidity risk arises from the possibility that SAFECOM is unable to meet its financial obligations as they fall due. SAFECOM is funded principally from the Fund. SAFECOM works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows. SAFECOM settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

SAFECOM's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in table 35.3 represent SAFECOM's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by SAFECOM including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 35.3 Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

Financial statements item	Note	Contractual maturities Consolidated				Contractual maturities SAFECOM Entity		
		2015 Carrying amount/ Fair value	< 1 year	1-5 years		2015 Carrying amount/ Fair value	< 1 year	1-5 years
		\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
2015								
Financial assets								
Cash and cash equivalents	17	25,058	25,058	-		7,453	7,453	-
Receivables ⁽¹⁾⁽²⁾	18	4,291	4,291	-		191	191	-
Other financial assets	19	2,548	2,548	-		-	-	-
Total financial assets		31,897	31,897	-		7,644	7,644	-
Financial liabilities								
Payables ⁽¹⁾	24	8,254	8,249	5		1,761	1,761	-
Total financial liabilities		8,254	8,249	5		1,761	1,761	-

Financial statements item	Note	Contractual maturities Consolidated				Contractual maturities SAFECOM Entity		
		2014 Carrying amount/ Fair value	< 1 year	1-5 years		2014 Carrying amount/ Fair value	< 1 year	1-5 years
		\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
2014								
Financial assets								
Cash and cash equivalents	17	32,185	32,185	-		9,656	9,656	-
Receivables ⁽¹⁾⁽²⁾	18	4,116	4,116	-		628	628	-
Other financial assets	19	2,180	2,180	-		-	-	-
Total financial assets		38,481	38,481	-		10,284	10,284	-
Financial liabilities								
Payables ⁽¹⁾	24	7,204	7,198	6		967	967	-
Total financial liabilities		7,204	7,198	6		967	967	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

South Australian Fire and Emergency Services Commission

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2015

35.4 Credit risk

Credit risk arises when there is the possibility of SAFECOM's debtors defaulting on their contractual obligations resulting in financial loss to the department. SAFECOM measures credit risk on a fair value basis and monitors risk on a regular basis.

SAFECOM has minimal concentration of credit risk. SAFECOM has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SAFECOM does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by SAFECOM.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 18 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 35.3 represents SAFECOM's maximum exposure to credit risk.

Table 35.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

Financial assets item	Consolidated					SAFECOM Entity				
	Current Not overdue	Overdue for < 30 days	Overdue for 30-60 days	Overdue for > 60 days	Total	Current Not overdue	Overdue for < 30 days	Overdue for 30-60 days	Overdue for > 60 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015										
Not impaired										
Receivables ⁽¹⁾	3,950	118	34	139	4,241	191	-	-	-	191
Other financial assets	2,548	-	-	-	2,548	-	-	-	-	-
Impaired										
Receivables ⁽¹⁾	-	-	-	50	50	-	-	-	-	-
2014										
Not impaired										
Receivables ⁽¹⁾	3,642	112	107	194	4,055	606	22	-	-	628
Other financial assets	2,180	-	-	-	2,180	-	-	-	-	-
Impaired										
Receivables ⁽¹⁾	-	-	-	61	61	-	-	-	-	-

⁽¹⁾ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

35.5 Market risk

SAFECOM has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SAFECOM's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of SAFECOM as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

36 Trust funds

	Consolidated		SAFECOM Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash at bank	337	289	-	-
Total: Trust funds	337	289	-	-

The trust funds represent funds held by the Australian Council of State Emergency Services. The funds will be utilised to meet expenses incurred by each of the State Emergency Services Headquarters in Australia. The SASES will administer these funds until they are fully expended. In 2014-15, total income earned by the Council was \$0.063 million and expenses incurred totalled \$0.029 million.

Community Emergency Services Fund
Statement of Administered Comprehensive Income
For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Administered expenses			
Contributions to SA Government administrative units	A 3	250,407	237,743
Grants and subsidies	A 4	2,237	2,588
Other expenses	A 5	8,769	8,413
Total administered expenses		261,413	248,744
Administered income			
Revenues from levy sources	A 6	263,342	248,563
Revenues from fees and charges	A 7	438	409
Interest revenues	A 8	1,594	1,523
Total administered income		265,374	250,495
Net result		3,961	1,751
Total comprehensive result		3,961	1,751

The above statement should be read in conjunction with the accompanying notes

Community Emergency Services Fund
Statement of Administered Financial Position
As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Administered current assets			
Cash and cash equivalents	A 9	6,571	25,423
Receivables	A 10	2,260	3,877
Total current assets		8,831	29,300
 Administered current liabilities			
Payables	A 11	1,282	25,712
Total current liabilities		1,282	25,712
 Net assets		7,549	3,588
 Administered equity			
Retained earnings	A 12	7,549	3,588
Total administered equity		7,549	3,588
 Unrecognised contractual commitments	A 14		
Contingent assets and liabilities	A 15		

The above statement should be read in conjunction with the accompanying notes

Community Emergency Services Fund
Statement of Administered Changes in Equity
For the Year Ended 30 June 2015

	Note	Retained Earnings	Total
		\$'000	\$'000
Balance at 30 June 2013		1,837	1,837
Net result for 2013-14		1,751	1,751
Total comprehensive result for 2013-14		1,751	1,751
Balance at 30 June 2014	A 12	3,588	3,588
Net result for 2014-15		3,961	3,961
Total comprehensive result for 2014-15		3,961	3,961
Balance at 30 June 2015	A 12	7,549	7,549

The above statement should be read in conjunction with the accompanying notes

Community Emergency Services Fund
Statement of Administered Cash Flows
For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Payments to SA Government administrative units		(274,552)	(216,278)
Grant payments		(2,383)	(2,419)
Other payments		(8,908)	(8,222)
Cash used in operations		<u>(285,843)</u>	<u>(226,919)</u>
Cash inflows			
Receipts from levy sources		264,955	247,878
Fees and charges		435	409
Interest received		1,601	1,504
Cash generated from operations		<u>266,991</u>	<u>249,791</u>
 Net cash provided by/(used in) operating activities	A 13	<u>(18,852)</u>	<u>22,872</u>
 Net (decrease)/increase in cash and cash equivalents		<u>(18,852)</u>	<u>22,872</u>
 Cash and cash equivalents at the beginning of the period		25,423	2,551
 Cash and cash equivalents at the end of the period	A 9	<u>6,571</u>	<u>25,423</u>

The above statement should be read in conjunction with the accompanying notes

Community Emergency Services Fund

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For the Year Ended 30 June 2015

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Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

A 1 Establishment, objectives and funding arrangements

Establishment

The Community Emergency Services Fund (CESF) is established pursuant to the *Emergency Services Funding Act 1988* (the Act).

Objectives

CESF is the primary source of funding for the State Government's key emergency service agencies: the SA Metropolitan Fire Service, SA Country Fire Service, SA State Emergency Service and SA Fire and Emergency Services Commission. CESF also provides funding to other State Government agencies and Non-Government Organisations for the provision of emergency services and its related activities, and collection and administration costs, as allowed under section 28(4) the Act.

Funding arrangements

Under section 28(3) the Act, funds collected through the Emergency Services Levy (fixed and mobile property) for both private and Government property owners, Government contributions for concessions and remissions to property owners, and interest earned on cash balances are paid into CESF. The administration, collection and policy-setting of the Emergency Service Levy falls within the portfolio responsibilities of the Treasurer.

A 2 Summary of significant accounting policies

In general, CESF adopts the accounting policies of SAFECOM, as detailed in Note 2 of SAFECOM's Financial Statements. Deviations from these policies are as follows:

Payment to SA Government administrative units:

All payments to SA Government administrative units are only recognised upon certainty of payment. Recognition of accrual payments, based upon budgeted claims or requested payments are not recognised until approved and payment is certain.

A 3 Contributions to SA Government administrative units

	2015 \$'000	2014 \$'000
South Australian Fire and Emergency Services Commission	11,487	9,952
South Australian State Emergency Service	14,794	14,606
South Australian Country Fire Service	74,279	67,617
South Australian Metropolitan Fire Service	123,845	120,793
South Australia Police	20,061	19,572
South Australia Police - Government radio network	687	687
Attorney-General's Department - State Rescue Helicopter Service	638	622
South Australian Ambulance Service	1,077	1,051
South Australian Ambulance Service - Government radio network	209	209
Department of Environment, Water and Natural Resources	3,330	2,634
Total: Contributions to SA Government administrative units	250,407	237,743

A 4 Grants and subsidies

	2015 \$'000	2014 \$'000
Surf Life Saving South Australia Inc	983	1,319
Volunteer Marine Rescue	886	864
Shark Beach Patrol	368	405
Total: Grants and subsidies	2,237	2,588

Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

A 5 Other expenses	2015	2014
	\$'000	\$'000
Revenue SA - collection costs	6,187	5,636
Department of Planning, Transport and Infrastructure - collection costs	995	793
Fixed property refunds	995	1,409
Administration costs	592	575
Total: Other expenses	8,769	8,413

A 6 Revenues from levy sources	2015	2014
	\$'000	\$'000
Fixed property collections	191,494	100,759
Fixed property remissions	19,955	95,835
Mobile collections	41,467	33,031
Mobile remissions	3,868	11,653
Government concessions	6,558	7,285
Total: Revenues from levy sources	263,342	248,563

A 7 Revenues from fees and charges	2015	2014
	\$'000	\$'000
Certificate sales and other from entities within the SA government	438	409
Total: Revenues from fees and charges	438	409

A 8 Interest revenues	2015	2014
	\$'000	\$'000
Interest on deposit accounts - from entities within the SA Government	1,594	1,523
Total: Interest revenues	1,594	1,523

A 9 Cash and cash equivalents	2015	2014
	\$'000	\$'000
Deposits with the Treasurer	6,571	25,423
Total: Cash and cash equivalents	6,571	25,423

Interest Rate Risk

Deposits with the Treasurer earns a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

A 10 Receivables	2015	2014
	\$'000	\$'000
Current		
Receivables from entities within the SA government	2,260	3,877
Total: Receivables current	2,260	3,877

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer to Note A 18

A 11 Payables	2015	2014
	\$'000	\$'000
Current		
Accrued expenses	652	20,997
Creditors	630	4,715
Total: Payables current	1,282	25,712

Interest Rate and credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer to Note A 18

A 12 Administered equity	2015	2014
	\$'000	\$'000
Accumulated surplus	7,549	3,588
Total equity	7,549	3,588

A 13 Cash flow reconciliation	2015	2014
	\$'000	\$'000

Reconciliation of cash and cash equivalents at the end of the reporting period:

Cash and cash equivalents disclosed in the Statement of Administered Financials	6,571	25,423
Balance as per the Statement of Administered Cash Flows	6,571	25,423

Reconciliation of net cash provided by operating activities to net result

Net cash provided by operating activities	(18,852)	22,872
Movement in assets and liabilities		
(Increase)/decrease in receivables	(1,617)	704
Decrease/(Increase) in payables	24,430	(21,825)
Net result	3,961	1,751

Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

A 14 Unrecognised contractual commitments

CESF has no unrecognised contractual commitments at reporting date.

A 15 Contingent assets and liabilities

CESF is not aware of any contingent assets or contingent liabilities.

A 16 Events after the reporting period

There were no events after the reporting period affecting the financial statements

A 17 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

Note	Original Budget ¹	Actual	
	2015	2015	Variance
	\$'000	\$'000	\$'000
Statement of Comprehensive Income			
Expenses			
Contributions to SA Government administrative units	242,769	250,407	7,638
Grant expense	4,164	2,237	(1,927)
Other expenses	8,488	8,769	281
Total administered expenses	255,421	261,413	5,992
Income			
Revenues from levy sources	262,642	263,342	700
Revenues from fees and charges	416	438	22
Interest revenues	1,500	1,594	94
Total administered income	264,558	265,374	816
Net result	9,137	3,961	(5,176)
Total comprehensive result	9,137	3,961	(5,176)

There were no variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

A 18 Financial instruments / financial risk management

A 18.1 Financial Risk Management

Risk management is managed by SAFECOM corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

CESF is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

A 18.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Refer note A 18.3 for the carrying amounts of each of the following categories of financial assets and liabilities: receivables and payables measured at cost.

CESF does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, A 10 and A 11).

A 18.3 Liquidity risk

CESF is funded principally from Emergency Services Levy contributions, Government concessions and remissions, and interest. The payments from CESF are approved by the Economic and Finance Committee, pursuant to the Act, and endorsed by the Minister for Emergency Services. CESF is an Administered Item and cash flows associated with its approved payments and budgeted receipts, as set by the Department of Treasury and Finance, are done to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows.

CESF's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in table A 18.3 represent CESF's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by CESF including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Table A 18.3 Maturity analysis of financial assets and liabilities

Financial statements item	Notes	Carrying amount \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and cash equivalents	A 9	6,571	6,571	-	-	-
Receivables ^{(1) (2)}	A 10	2,260	2,260	-	-	-
Total financial assets		8,831	8,831	-	-	-
Financial liabilities						
Payables ⁽¹⁾	A 11	1,282	1,282	-	-	-
Total financial liabilities		1,282	1,282	-	-	-

Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

Financial statements item	Notes	Carrying amount \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2014						
Financial assets						
Cash and cash equivalents	A 9	25,423	25,423	-	-	-
Receivables ^{(1) (2)}	A 10	3,877	3,877	-	-	-
Total financial assets		29,300	29,300	-	-	-
Financial liabilities						
Payables ⁽¹⁾	A 11	25,712	25,712	-	-	-
Total financial liabilities		25,712	25,712	-	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note A 10 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

A 18.4 Credit risk

Credit risk arises when there is the possibility of CESF's debtors defaulting on their contractual obligations resulting in financial loss to the department. CESF measures credit risk on a fair value basis and monitors risk on a regular basis.

CESF has minimal concentration of credit risk. CESF has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. CESF does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by CESF.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note A 10 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note A 18.3 represents CESF's maximum exposure to credit risk.

Community Emergency Services Fund
Notes to and forming part of the Administered Statements
For the Year Ended 30 June 2015

Table A 18.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Financial assets item	Current (Not overdue)	Overdue for < 30 days	Overdue for 30–60 days	Overdue for > 60 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Not impaired					
Receivables ⁽¹⁾	2,260	-	-	-	2,260
2014					
Not impaired					
Receivables ⁽¹⁾	3,877	-	-	-	3,877

⁽¹⁾ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

A 18.5 Market risk

CESF has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). CESF's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of CESF as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

A 19 Remuneration of board and committee members

CESF does not have any Board or Committee members.

South Australian Fire and Emergency Services Commission

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Fire and Emergency Services Commission (SAFECOM):

- complies with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Fire and Emergency Services Commission
- presents a true and fair view of the financial position of the South Australian Fire and Emergency Services Commission as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Fire and Emergency Services Commission for the financial year over its financial statements and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Malcolm Jackman

Presiding Officer

South Australian Fire and
Emergency Services Commission
Board

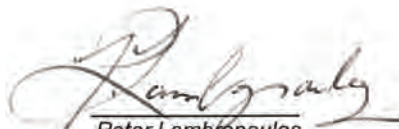


Malcolm Jackman

Chief Executive

South Australian Fire and
Emergency Services Commission

10 September 2015



Peter Lambropoulos

Manager Financial Services

South Australian Fire and
Emergency Services Commission

18 September 2015

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Presiding Officer South Australian Fire and Emergency Services Commission Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 21(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian Fire and Emergency Services Commission and its controlled entities for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2015
- a Statement of Administered Financial Position as at 30 June 2015
- a Statement of Administered Changes in Equity for the year ended 30 June 2015
- a Statement of Administered Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Presiding Officer, the Chief Executive and the Manager Financial Services.

The financial report comprises the South Australian Fire and Emergency Services Commission and the entities it controlled at the year's end or from time to time during the financial year.

The members of the South Australian Fire and Emergency Services Commission Board's Responsibility for the Financial Report

The members of the South Australian Fire and Emergency Services Commission Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Fire and Emergency Services Commission Board determines is necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

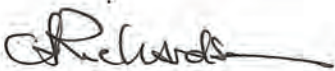
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Fire and Emergency Services Commission Board, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Fire and Emergency Services Commission and its controlled entities as at 30 June 2015, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
18 September 2015

South Australian Forestry Corporation

Financial report
for the year ended
30 June 2015

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Income			
Sales - timber products		18,436	18,867
Wood sales - back to back		42,157	36,694
Sales - management services		13,089	16,804
Revenues from SA Government	5(i)	7,554	15,089
Interest	5(ii)	626	703
Other income	5(iii)	538	665
Net gain from the disposal of non-current assets	5(iv)	144	-
Total income		82,544	88,822
Expenses			
Employee benefits	7	11,274	22,717
Contractors		13,286	11,108
Wood purchases - back to back		42,157	36,694
Depreciation and amortisation	5(v), 14, 16	1,987	1,765
Materials		946	1,178
Equipment and vehicle costs		1,840	2,824
Council rates		291	1,668
Other expenditure	5(vi)	10,763	10,639
Net loss from the disposal of non-current assets	5(iv)	-	229
Total expenses		82,544	88,822
Trading profit before revaluation of standing timber		-	-
Net change in value of standing timber	13	13,285	(37,297)
Profit/(loss) before income tax equivalent		13,285	(37,297)
Income tax equivalent expense	6	-	-
Profit/(loss) after income tax equivalent		13,285	(37,297)
Other comprehensive income			
Land revaluation recorded in asset revaluation surplus	14	7,345	(45,213)
Total other comprehensive income		7,345	(45,213)
Total comprehensive result		20,630	(82,510)

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	9	18,376	27,383
Receivables	10	7,614	10,614
Inventories	11	759	1,575
Standing timber	13	3,145	2,419
Assets classified as held for sale	12	-	368
Total current assets		29,894	42,359
Non-current assets			
Standing timber	13	44,812	32,253
Property, plant and equipment	14	61,642	55,548
Intangible assets	16	1,484	530
Total non-current assets		107,938	88,331
Total assets		137,832	130,690
Current liabilities			
Payables	17	6,437	12,165
Employee benefits	18	1,269	9,544
Deferred income	19	304	151
Other provisions	20	227	246
Total current liabilities		8,237	22,106
Non-current liabilities			
Payables	17	296	252
Employee benefits	18	1,744	1,467
Deferred income	19	848	620
Other provisions	20	851	1,019
Total non-current liabilities		3,739	3,358
Total liabilities		11,976	25,464
Net assets		125,856	105,226
Equity			
Other reserves		83,300	62,670
Retained earnings		42,556	42,556
Total equity		125,856	105,226
Commitments and contingencies			
Unrecognised contractual commitments	23		
Contingent liabilities and assets	23		

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Asset revaluation surplus \$'000	Standing timber reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2013	78,366	66,992	42,378	187,736
Gain/(loss) on revaluation of property, plant and equipment	(45,213)	-	-	(45,213)
Net income/expense recognised directly in equity	(45,213)	-	-	(45,213)
Profit/(loss) for the period	-	-	(37,297)	(37,297)
Total comprehensive result for 2013-14	(45,213)	-	(37,297)	(82,510)
Transfers to/(from) equity	(178)	(37,297)	37,475	-
Total change for the period	(45,391)	(37,297)	178	(82,510)
Balance at 30 June 2014	32,975	29,695	42,556	105,226
Gain/(loss) on revaluation of property, plant and equipment	7,345	-	-	7,345
Net income/expense recognised directly in equity	7,345	-	-	7,345
Profit/(loss) for the period	-	-	13,285	13,285
Total comprehensive result for 2014-15	7,345	-	13,285	20,630
Transfers to/(from) equity	-	13,285	(13,285)	-
Total change for the period	7,345	13,285	-	20,630
Balance at 30 June 2015	40,320	42,980	42,556	125,856
All changes in equity are attributable to the SA Government as owner.				

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
Cash flows from operating activities			
Receipts from customers		76,779	73,940
Payments to suppliers and employees		(92,717)	(81,609)
Interest received		648	687
Receipts from SA Government		8,358	19,987
GST remitted to Australian Taxation Office		(756)	(737)
Net cash flows from operating activities	9 (ii)	(7,688)	12,268
Cash flows from investing activities			
Purchase of property, plant & equipment		(350)	(548)
Purchase of intangible assets		(1,352)	(294)
Proceeds from sale of assets		383	591
Net cash flows from investing activities		(1,319)	(251)
Net (decrease)/increase in cash held		(9,007)	12,017
Cash and cash equivalents at the beginning of the period		27,383	15,366
Cash and cash equivalents at the end of the period	9 (i)	18,376	27,383

NOTES TO THE FINANCIAL STATEMENTS

South Australian Forestry Corporation for the year ended 30 June 2015

1 CORPORATE INFORMATION

Role and function of the South Australian Forestry Corporation

The South Australian Forestry Corporation (ForestrySA) was established under the *South Australian Forestry Corporation Act 2000* on 1 January 2001. ForestrySA is subject to the provisions of the *Public Corporations Act 1993*.

Key responsibilities of ForestrySA are to:

- Manage plantation forests for commercial production in line with best practice standards for forestry operations and environmental management;
- Provide high quality management services to its customers;
- Undertake and where appropriate commercialise forestry related research for the benefit of ForestrySA and the State;
- Maximise the value of ForestrySA;
- Encourage and facilitate regionally based economic activities based on forestry and other industries;
- Support regional forest resource protection initiatives and programs;
- Support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility; and
- Support cooperative research activities within the forestry industry.

In addition to subsidies of its business operations, ForestrySA receives funding from the South Australian (SA) Government for the provision of certain community service obligations (CSOs). These are:

- Community protection (including fire protection)
- Community use of forests; and
- Native forest management.

Green Triangle agency arrangement

ForestrySA manages the forest plantations for OneFortyOne Plantations Pty Ltd (OFO). OFO engaged the SA Treasurer to manage the plantations under a Plantation Management Agreement (PMA) in return for a management fee. Under a Memorandum of Administrative Arrangements, ForestrySA is required to perform the obligations of the Treasurer in accordance with the PMA.

- Under the PMA, ForestrySA manages silviculture operations for OFO in return for a fee comprising two components:
 - I. Direct charges. While some silviculture expenses are paid directly by OFO, other expenses are incurred and paid by ForestrySA on behalf of OFO. These are recognised as expenses of ForestrySA in the Statement of Comprehensive Income.
 - II. General Overhead Charges (GOC) are paid by OFO to ForestrySA.

Recoveries of expenses and GOC from OFO under the PMA are disclosed in the statement of comprehensive income as sales - management services.

- The operations deed between the Treasurer and OFO requires the performance, among other things, of specified fire management functions. ForestrySA provides these functions to OFO under the PMA.
- ForestrySA has required funding from the SA Government in order to continue its Community Service Obligations activities (particularly fire response) and the performance of its obligations under the PMA as negotiated by the Treasurer as part of the forward sale. The arrangement for the provision of this funding resulted in a trading result of nil in 2014-15 before the revaluation of standing timber.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

Non-adjusting events after the reporting period

Subsequent to the balance sheet date, on 22 July 2015 changes to ForestrySA's agency arrangement were announced. OFO is set to take over plantation management from ForestrySA on the transition date, anticipated to be 1 October 2015. OFO has made employment offers to ForestrySA staff in the South East who are predominantly involved in providing plantation management services to OFO to manage the plantation.

There will be no change to OFO's conditions relating to log rotation length, domestic supply arrangements, annual reporting requirements of OFO to the SA Government, or replanting obligations, ensuring the long term future of the forestry industry in the South East.

ForestrySA's operations in the Mid North and Mount Lofty Ranges will not be affected by this change. There will also be no impact on fire management. OFO will provide the same level of fire protection and management within its forest estates, and ForestrySA will continue to provide fire protection and management outside the estates.

The State Government will retain ownership of the forest land, water, and carbon rights, and ForestrySA will maintain a staff presence in the South East.

This transition will impact on ForestrySA's income for the 2015-16 and future financial years. Additionally, as part of the transition some property, plant & equipment, as well as the leave liabilities are transferred to OFO, impacting on its balance sheet and equity. At the time of reporting insufficient information is available to provide reliable estimates of the financial effects of this transition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

ForestrySA has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*. The financial statements are general purpose financial statements, prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

ForestrySA has applied Australian Accounting Standards that are applicable to for-profit entities, as ForestrySA is a for-profit entity. Except for AASB 2015-7 which ForestrySA has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by ForestrySA for the reporting period ended 30 June 2015. These are outlined in Note 2(f).

(b) Basis of preparation

ForestrySA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The preparation of the financial statements requires the use of certain accounting estimates and management to exercise its judgement in the process of applying ForestrySA's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.

The preparation of the financial statements requires compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency, the Accounting Policy Statements require the following note disclosures that have been included in these financial statements:

- i. revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies. Refer to Note 25.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

- ii. expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
- iii. employee targeted voluntary separation package information; and
- iv. employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

(c) Reporting entity

The financial report covers ForestrySA as an individual reporting entity. It is a statutory authority of the State of South Australia, established pursuant to the *South Australian Forestry Corporation Act 2000*.

ForestrySA does not control any investees, has no joint arrangements and no interests in unconsolidated structured entities.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific accounting standard or accounting policy statement has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(f) New and revised accounting standards

In accordance with the new AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, which became effective for the first time in 2014-15, ForestrySA has reviewed its control assessments (i.e. ForestrySA's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. ForestrySA does not currently control another entity and does not have any joint arrangements within the scope of AASB 11. ForestrySA will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by ForestrySA for the period ended 30 June 2015.

ForestrySA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or its financial statements.

(g) Taxation

ForestrySA is liable for income tax equivalent payments, payroll tax, fringe benefits tax and goods and services taxes, as well as the emergency services levy, land tax and local government rates.

- i. Income tax equivalent

ForestrySA is an income tax exempt body. As ForestrySA engages in trading activities in competition with private sector enterprises, a payment in lieu of income tax is paid to the South Australian Government Consolidated Account. The tax

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

calculation method is prescribed by Treasurer's Instruction 22 and the tax equivalent payment is calculated on the accounting profits model.

Under the accounting profits model, no future tax assets or future tax liabilities are recognised except for tax assets or tax liabilities in relation to timing differences in the payment of tax equivalent payments.

ii. Goods and Services Tax (GST)

Income, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred by ForestrySA as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net GST receivable or payable to the Australian Taxation Office has been recognised as a receivable/payable in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

(h) Income

Income is recognised in ForestrySA's Statement of Comprehensive Income when and only when the flow of economic benefits has occurred and can be reliably measured.

Income has been classified according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues from SA Government comprise funding for the:

- operation of the Government radio network and provision of Community Service Obligation activities, including community forestry, community fire protection and forestry industry development. This funding is recognised where there is reasonable assurance that the funding will be received and ForestrySA will comply with all attached conditions;
- purchase of CSO assets. This funding is recognised as a deferred income liability and progressively recognised as income in the Statement of Comprehensive Income on a straight line basis over the expected lives of the related assets;
- accounting losses incurred prior to taking into account the revaluation of standing timber. This funding arrangement was implemented by the SA Government to enable ForestrySA to undertake its operations after the forward sale of ForestrySA's harvesting rights. The arrangement resulted in a trading result of nil for 2014-15 before the revaluation of standing timber. Funding received in excess of the accounting losses is recognised as a payable back to the SA Government.

Revenue from the sale of timber is recognised when there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined and the price is fixed.

Interest revenue is recorded on an accrual basis, with interest calculated on the average daily balance of the account.

The gain or loss on disposal of assets, including revalued assets, is determined as the difference between the book value of the asset at the time of disposal and the proceeds of disposal and is included in the results in the year of disposal. When revalued assets are sold, the revaluation increments are transferred to retained earnings in accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.19.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

(i) Expenses

Expenses are recognised in ForestrySA's Statement of Comprehensive Income when and only when the flow of economic benefit has occurred and can be reliably measured.

Expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Finance costs are recognised as an expense on an accrual basis.

ForestrySA and the SA Superannuation Board entered into an arrangement at the time of incorporation to allow existing officers and employees of ForestrySA, who were immediately before incorporation of ForestrySA, contributors to the State Superannuation Scheme, to remain contributors under the *Superannuation Act 1988*. The amount charged to the Statement of Comprehensive Income represents the contributions made by ForestrySA to the superannuation plan in respect of current services of current ForestrySA staff, as well as additional contributions to the SA Superannuation Board in relation to the defined benefit funding deficit. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government financial statements. Note 23 provides further detail.

(j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. ForestrySA has a regular operating cycle of 12 months. Standing timber that is expected to be harvested within 12 months after the reporting date has been classified as a current asset, while standing timber expected to be harvested more than 12 months after the reporting date, has been classified as a non-current asset. Other assets and liabilities that are sold, consumed or realised as part of the normal operating cycle - even when they are not expected to be realised within 12 months after the reporting date or are held primarily for the purpose of being traded - have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, ForestrySA has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and deposits at call that are readily convertible to cash and used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

(l) Receivables

Receivables include trade receivables, GST input tax credits recoverable, prepayments and other revenue accruals. Receivables are recorded at amounts due to ForestrySA, less a provision for doubtful debts.

Trade receivables arise in the normal course of selling goods and services. Trade receivables are due within one month after the issue of an invoice, or if the goods or services have been provided under contractual arrangements. Other debtors arise outside the normal course of selling goods and services to the public.

If payment has not been received within the terms and conditions of the contractual arrangement, ForestrySA is able to charge interest at commercial rates as specified until the whole amount of the debt has been paid.

ForestrySA determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

(m) Fair Value Measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

ForestrySA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

For the 30 June 2015 valuation ForestrySA engaged Indufor Asia Pacific Ltd to establish the valuation for its plantation estate in the Mt Lofty Ranges. Indufor is a New Zealand based company providing forest and forest industry valuation services internationally. ForestrySA determined the value of its other plantation estates internally.

The valuation processes and fair value changes are reviewed by the Board at each reporting date.

Non-financial assets

In determining fair value, ForestrySA has taken into account the characteristics of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use that is physically possible, legally permissible and financially feasible.

ForestrySA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. For the biological assets ForestrySA did not identify any factors to suggest an alternative use and therefore fair value measurement was based on current use. For the land assets the Valuer General adjusted the highest and best use, corrected for legal and constructive restrictions over the use of the land.

The carrying amounts of non-financial assets with a "fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years" are deemed to approximate fair value.

Refer to Notes 13, 14, and 15 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value in accordance with AASB 102 *Inventories*.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and those necessary to make the sale.

Inventories of export log are valued on initial recognition at their fair value less costs to sell at point of harvest.

(o) Biological Assets

Biological Assets (Standing timber) are valued under the Net Present Value (NPV) income approach. This policy is in accordance with the requirements of AASB 141 *Agriculture* and all amounts are calculated in pre-tax dollars. The income or NPV approach is considered appropriate for the valuation of standing timber and is consistent with industry best practice for standing timber valuation. ForestrySA has assessed the highest and best use for the standing timber as the current use which is the sale of saw log and the associated lower value products that are produced as a by-product to this process.

The methodology was approved by the Acting Treasurer in 2013-14 consistent with APF III *Asset Accounting Framework* APS 3.9.

Under the NPV methodology, valuation changes mainly arise from:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

- Changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- Changes in timber prices;
- Changes in silvicultural costs; and
- Changes in the discount rate used in the discounted cash flow calculation.

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and timber recovery rates;
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands, which has been developed in the context of sustained yield management;
- Volume increments/decrements are determined both by periodic re-measurement of forest samples and by modelling growth from the date of the most recent measurement to date of harvest;
- Prices used in the NPV calculation are reflective of estimated future prices, based on current understanding of the market forces impacting historical prices;
- Costs used in the NPV calculation are based on current operating costs, adjusted for anticipated increases in operational efficiency over the next few years.

The NPV approach takes the real cashflows from the sale of standing timber over a single rotation, 35 years. The existing market price for the sales of timber is assumed less reasonable costs to sell the standing timber into the market. ForestrySA has allowed an appropriate amount for the overheads (including fire protection) which has also been included in the cash flows of the valuation.

The replanting expenses have not been included under the guidance of the accounting standards and the value of land is considered separately. The NPV approach used to value the standing timber does not include a terminal value.

The discount rate used is 8.5% (2014: 7.6%) (pre-tax real) which incorporates ForestrySA's assessment of the risk free rate and the risk weighting of forestry. The use of a 'real' discount rate effectively allows for all prices and costs to be expressed in current dollar terms.

The difference between the fair value of the standing timber held at the reporting date and the fair value at the previous reporting date, after allowing for standing timber acquired and purchased standing timber harvested, is recognised in the Statement of Comprehensive Income as the net change in value of standing timber. All forest expenditure is recognised as an expense in the year it is incurred. The change in valuation is an unrealised gain and is disclosed in Note 13

The net change in the value of standing timber is accounted for in the standing timber reserve.

The volume of standing timber is estimated using a model that simulates forest growth. Actual growth will invariably differ from growth predicted by the model resulting in periodic adjustments for these growth variations. The model uses sample inventory data as the base line from which to start growth simulations. Inventory data is continuously being collected from sample inventory plots with the complete forest estate being covered in five yearly intervals. The inventory master database is updated every three to five years and on these occasions the model simulations are repeated. For the Mount Lofty Ranges and Mid North forests, the master database was last updated as at December 2014, affecting the standing timber valuation as at 30 June 2015.

The method used to determine the volume of timber contained in the radiata and non-radiata plantations is "standing volume" (the volume of wood in the stem of trees which is potentially usable) less an allowance for residues incurred under current harvesting practices. In addition certain unsaleable forest products are valued at zero or downgraded to a less valuable saleable forest product in line with current prudent commercial practices. This ensures that the fair value is based upon expected realisable volumes.

There is inherent uncertainty in the standing volume estimate and resultant standing timber valuation. This is endemic to all forest valuations and best practice methodology is used to generate reliable estimates.

(p) Property, plant and equipment

i. Recognition and measurement

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

Assets are initially recorded at cost plus any incidental costs involved with the acquisition. Where assets are acquired without cash consideration they are recorded at their fair value in the Statement of Financial Position.

ForestrySA individually capitalises all non-current physical assets with a value of \$1,000 or greater and a low value pool is created for assets worth between \$300 and \$1,000. Where an asset comprises significant components with differing useful lives, those components are recorded separately.

Plant and equipment and roads and land improvements are stated at cost less accumulated depreciation and impairment losses.

Buildings and structures are measured at fair value less accumulated depreciation on buildings and structures and impairment losses recognised after the date of the revaluation. Fair value represents the value that is able to be achieved in an active and liquid market. Where an active and liquid market does not exist, the asset will be brought to account at its current written down cost.

Land is measured at fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. ForestrySA engaged the Valuer General as an expert valuer to value its land assets.

ForestrySA historically applied no value to land declared native forest reserve, on the assumption that this land's fair value is limited. Since 2013-14 ForestrySA has adopted the fair value measurement provided by the expert valuer, irrespective if this land is land declared native forest reserve or not.

ii. Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstance indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income except for re-valued assets where impairment losses are treated as a revaluation decrement to the extent that a revaluation amount exists for the impaired asset.

iii. Non-current assets held for sale

Assets held for sale are separately disclosed and measured at the lower of the carrying amount and fair value, less cost to sell.

iv. Revaluation

Land has been revalued as at 30 June 2015, while buildings and structures were re-valued as at 30 June 2011, in accordance with APF III *Asset Accounting Framework*. Assets in other asset classes are deemed to have been revalued to their fair values immediately following recognition at cost.

The basis of the revaluation of land performed by the Valuer General is the market approach under AASB 13 *Fair Value Measurement*.

In its assessment it uses the asset's highest and best use that is physically possible, legally permissible, financially feasible, taking into account restrictions imposed on the use of the land by the various legislation under which ForestrySA operates. ForestrySA land generally has restrictions on use imposed by the Forestry Act 1950, by statute or regulation, impacting the fair value measurement of the asset. In South Australia the Valuer General determines the site and capital values on an annual basis as at 1 January each year. These statutory values are derived from available market evidence around the date of valuation, and are considered to provide a suitable basis from which to derive selected values under fair value measurement. Adjustments are then applied to reflect the restrictions on potential highest and best use imposed by legislation associated with the operations of ForestrySA.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

In accordance with this policy, land was revalued using valuations provided by the Valuer General.

In accordance with APF III APS 3.18, ForestrySA has elected to take revaluation adjustments to the asset revaluation surplus on an individual asset basis for all assets excluding land.

At least every five years, an independent valuation appraisal of ForestrySA's buildings and structures will be performed. However, if at any time management considers that the carrying amount of an asset class materially differs from its fair value, then the asset class will be revalued regardless of when the last valuation took place. ForestrySA undertook an independent valuation appraisal of its buildings and structures in June 2011.

Non-current physical assets that are acquired between revaluations and are below the revaluation threshold (fair value at the time of acquisition greater than \$1 million and useful life greater than three years), as per APF III, will be deemed to have been revalued to their fair values immediately following recognition at cost, until revaluation will take place, when they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

v. Depreciation and amortisation of non-current assets

All non-current assets having a limited useful life are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets, while depreciation is applied to physical assets such as property, plant and equipment.

The useful lives of all major assets held by ForestrySA are reassessed on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements, included in plant and equipment, is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and assets held for sale are not depreciated.

The depreciation / amortisation for non-current assets is determined as follows:

Class of asset	Depreciation method	Useful life (years)
Buildings and structures	Straight line	25-60
Leasehold improvements	Straight line	life of lease
Roads and land improvements	Straight line	20-25
Plant and equipment	Straight line	3-25

(q) Intangible assets

Intangible assets include purchased software and development costs for software tools. An intangible asset is an identifiable non-monetary asset, without physical substance. Intangible assets are measured at cost less accumulated amortisation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$1,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of five years using the straight line method. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(r) Trade and other payables

Payables include creditors, accrued expenses, GST payable, deposits held and employment on-costs.

Payables are recorded at the agreed amounts at which the liabilities are to be settled. They are recorded when the goods and services have been provided.

Creditors represent the amounts owing for goods and services received prior to, but remaining unpaid, at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of ForestrySA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received. All amounts are measured at their nominal amount and are normally settled within 30 days after invoice date.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, annual leave and retention leave.

ForestrySA makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they are incurred. There is no liability for payments to beneficiaries. The only liability outstanding at the end of the reporting period relates to any contributions due but not yet paid.

(s) Employee benefits

Employee benefits accrue for employees as a result of services 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.

No provision has been made for sick leave, as this is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the leave annual entitlement.

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date. The liability for annual leave reflects the value of total annual leave entitlements of all employees as at the reporting date and is measured at the undiscounted amount expected to be paid. The liability for retention leave reflects the value of total retention leave entitlements of all employees as at the reporting date and is measured at the undiscounted amount expected to be paid.

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with duration that match, as closely as possible, the estimated future cash outflows.

ForestrySA classifies a portion of long service leave provision as current based on its history of settlements.

(t) Leases

ForestrySA has entered into operating leases but has not entered into any finance leases.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2015

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the lease items. Operating lease payments are charged to the Statement of Comprehensive Income on a straight line basis, which is representative of the pattern of benefits derived from the leased assets.

(u) Insurance

ForestrySA has arranged, through the SA Government Captive Insurance Corporation (SAICORP), to insure all its major insurable property and liability risks. The excess payable under this arrangement is \$250,000 from an event or occurrence covered by the agreement.

ForestrySA is self-insured for major fire losses of the forest. In addition, ForestrySA is self-insured for workers compensation.

(v) Provisions

ForestrySA self-insures its workers compensation obligations. The workers compensation provision is based on an actuarial assessment of estimated existing and potential unsettled workers compensation claims provided by the Office for the Public Sector.

(w) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value.

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, measured at nominal value.

3 FINANCIAL RISK MANAGEMENT

Risk management is managed by ForestrySA's corporate services section and its risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

ForestrySA is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

ForestrySA has significant non-interest bearing assets (receivables) and liabilities (payables) and interest bearing assets (deposits). Exposure to market risk and cash flow interest rate risk is in accordance with the risk management policies and procedures approved by the ForestrySA Board.

The nature and location of ForestrySA's forestry operations cause concentration of credit risk in relation to trade receivables, as 88% of the value of transactions for the financial year were transactions with the four largest of ForestrySA's customers (2014: 86% for the six largest).

As part of its financial risk management policies, ForestrySA manages and monitors log supply commitments to ensure the commitments are within the long term forest yield forecasts.

4 SEGMENT INFORMATION

ForestrySA has provided segment information in Note 22 to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

5 REVENUE, OTHER INCOME AND EXPENSES

(i) Revenues from SA Government

	Note	2015 \$ '000	2014 \$ '000
Community Service Obligation funding (1)	1	3,895	3,154
Other revenues from SA Government	2	3,237	11,533
Government Radio Network funding		380	374
Deferred revenues from SA Government (1)		42	28
Revenues from SA Government		7,554	15,089

(1) Community Service Obligation (CSO) funding received for capital expenditure is recognised in revenue over the life of the asset.

(ii) Interest received or receivable

Interest received or receivable related to cash balances	479	466
Interest received or receivable related to trade receivables	147	237
Interest revenue	626	703

(iii) Other income

Other revenue from non SA Government entities	538	665
Other income	538	665

(iv) Net gain/(loss) from disposal of assets

Land and buildings			
Net proceeds from disposal		-	(11)
Less net book value of assets disposed	14	-	(33)
Net (loss) from disposal of land and buildings		-	(44)

Plant and equipment

Net proceeds from disposal		22	98
Less net book value of assets disposed	14	(7)	(47)
Net gain from disposal of plant and equipment		15	51

Assets classified as held for sale

Net proceeds from disposal	12	361	642
Less net book value of assets disposed		(232)	(878)
Net gain/(loss) from disposal of assets held for sale		129	(236)

Total assets

Net proceeds from disposal		383	729
Less net book value of assets disposed		(239)	(958)
Net gain/(loss) from disposal of total assets		144	(229)

(v) Charging as expenses :

Harvesting & transport costs		7,883	7,051
Depreciation of non-current assets	14	1,589	1,682
Amortisation	16	398	83
Rental expense on property operating leases		19	22
Consultants (1)		95	90

(1) includes payments to seven (2014: four) consultants.

(vi) Other expenditure

Doubtful debt provision / write down	10	137	111
Export - shipping		3,623	4,057
Export - marketing & other		3,067	2,540
Other		3,936	3,931
		10,763	10,639

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

6 INCOME TAX EQUIVALENT

ForestrySA uses the Accounting Profits Model to calculate the income tax equivalent payment, in accordance with Treasurer's Instruction 22 Tax Equivalent Payments. Under the Accounting Profits Model, the rate of company income tax is applied to the audited accounting profit. The accounting profit is the net result from operations determined in accordance with AASB 101 Presentation of Financial Statements.

Income tax equivalent

Accounting for income tax for the 2015 financial year is based on the tax equivalent calculations under the Accounting Profits Model prescribed in the State Tax Equivalent Regime (STER) and the applicable accounting standards (see note 2, not including AASB 112 Income Taxes). As ForestrySA does not report a trading profit the STER does not apply and no deferred tax asset is generated.

The Treasurer has provided ForestrySA with written approval to exclude gains and losses relating to standing timber revaluations from the accounting profit before ForestrySA calculates its income tax equivalent payment.

The income tax equivalent expense was nil for the reporting period (2014: nil).

7 EMPLOYEE BENEFITS EXPENSES

	2015 \$ '000	2014 \$ '000
Salaries and wages	8,340	12,156
Long service leave	392	(144)
Retention leave	30	39
Annual leave	653	925
Employment on-costs - superannuation	1,287	1,851
Targeted Voluntary Separation Packages	79	7,087
Employment on-costs - other	493	803
	<u>11,274</u>	<u>22,717</u>

Targeted Voluntary Separation Packages (TVSPs)

Amount paid or payable during the reporting period to separated employees:

TVSPs	79	7,087
Annual leave and long service leave paid or payable to those employees	236	1,852
Retention leave paid or payable to those employees	-	38
Recovery from the Department of Treasury and Finance related to TVSP	(315)	(8,977)
	<u>-</u>	<u>-</u>

Net cost to ForestrySA

The number of employees who received or are entitled to receive TVSPs during the reporting period was nil (2014: 66). Three employees received adjustments in 2015 to their 2014 TVSP entitlements (2014: nil).

Compensation of employees whose income was over the base executive remuneration level

The number of employees whose income, excluding TVSP, was within the following bands:

	2015 Number	2014 Number
\$141,500 - \$151,499	2	-
\$151,500 - \$161,499	1	1
\$161,500 - \$171,499	1	2
\$171,500 - \$181,499	3	2
\$181,500 - \$191,499	1	-
\$191,500 - \$201,499	-	1
\$221,500 - \$231,499	-	-
\$231,500 - \$241,500	-	1
\$261,500 - \$271,499	1	-
\$281,500 - \$291,499	-	1
\$391,500 - \$401,499 (1)	1	-
Total number of employees	<u>10</u>	<u>8</u>

(1) includes termination payments

The table includes all employees who received or are entitled to receive remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefit tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$2.0 million (2014: \$1.6 million).

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

8 AUDITOR'S REMUNERATION

	2015	2014
	\$ '000	\$ '000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of the financial statements.	197	190
	197	190

Other services

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs for 2015 recognised in the Statement of Comprehensive Income under 'Other expenses' includes an additional \$36,000 relating to 2013-14 audit services provided by the Auditor-General's Department.

9 CASH AND CASH EQUIVALENTS

	2015	2014
	\$ '000	\$ '000
Cash	1	2
Deposits	4,243	19,568
Cash Management Fund	14,132	7,813
	18,376	27,383

Deposits and Cash Management Fund

Deposits includes funds held with the Commonwealth Bank of Australia (CBA). The balance of these funds is not available for general use, i.e. funds can only be used in accordance with the Treasurer's/Under Treasurer's approval. Cash Management Fund (CMF) deposits are lodged with SAFA and earn interest at the respective CMF rate.

CASH FLOWS RECONCILIATION

(i) Reconciliation of cash and cash equivalents at the end of the reporting period

	2015	2014
	\$ '000	\$ '000
Cash and cash equivalents as per statement of financial position	18,376	27,383
Cash and cash equivalents as per statement of cash flows	18,376	27,383

(ii) Reconciliation of profit after income tax equivalent payments to net cash flow from operating activities

Profit after income tax equivalents	13,285	(37,297)
Non cash items		
Net change in value of standing timber - other	(13,285)	37,297
Impairment of assets held for sale	-	57
Depreciation and amortisation	1,987	1,765
Other asset transactions	141	-
Loss/(gain) on disposal of assets	(144)	229
	(11,301)	39,348
Changes in operating assets and liabilities		
(Increase)/Decrease in receivables	3,000	370
(Increase)/Decrease in inventories	816	(1,032)
(Decrease)/Increase in payables	(5,684)	5,156
(Decrease)/Increase in provisions	(187)	40
(Decrease)/Increase in employee benefits	(7,998)	5,764
(Decrease)/Increase in deferred income	381	(81)
Net cash flows from changes in operating balances	(9,672)	10,217
Net cash flows from operating activities	(7,688)	12,268

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

10 RECEIVABLES

	2015	2014
	\$ '000	\$ '000
CURRENT		
Trade receivables	7,551	10,477
Less doubtful debts	(247)	(111)
Accrued revenue	35	53
Prepayments	275	195
	<u>7,614</u>	<u>10,614</u>

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing until after 30 days. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

For details of credit and interest rate risks refer to note 28.

As at 30 June 2015 \$1.6 million of trade receivables were overdue (2014: \$1.3 million).

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movement in the allowance for doubtful debts (impairment loss)

	2015	2014
	\$ '000	\$ '000
Carrying amount at the beginning of the period	111	24
Increase in allowance recognised in profit or loss	136	111
Amounts written off	-	(22)
Amounts recovered during the year	-	(2)
Carrying amount at the end of the period	<u>247</u>	<u>111</u>

11 INVENTORIES

	2015	2014
	\$ '000	\$ '000
CURRENT		
Roading rubble	29	79
Export log	566	922
Materials and stores	164	574
	<u>759</u>	<u>1,575</u>

12 ASSETS CLASSIFIED AS HELD FOR SALE

	2015	2014
	\$ '000	\$ '000
Non-current assets classified as held for sale		
Land and buildings, property, plant and equipment	-	368
	<u>-</u>	<u>368</u>

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

13 STANDING TIMBER

	2015	2014
	\$ '000	\$ '000
Opening balance	34,672	71,969
Loss due to fire (1)	-	(8,474)
Other Revaluation / Impairment	13,285	(28,823)
Net change recorded in statement of comprehensive income	13,285	(37,297)
Closing balance	47,957	34,672
Unrealised (loss)/gain for the period included in the Statement of Comprehensive Income	13,285	(28,823)

ForestrySA has adopted the Discounted Cash Flow method to value the current standing timber. For the 2015 financial year ForestrySA has engaged Indufor Asia Pacific to provide this DCF valuation for its plantations in the Mount Lofty Ranges (2014: internal ForestrySA valuation model). ForestrySA is recognising the single rotation forest valuation, being \$47,957,000. The DCF for multiple rotations is valued at \$29,309,000 per Indufor.

(1) No separate calculation of the loss due to fire is derived under the DCF method.

The standing timber comprises the following:

	2015	2014
	\$ '000	\$ '000
Fair Value		
Standing timber as held to maturity	47,957	34,672
Total fair value	47,957	34,672
CURRENT ASSET	\$ '000	\$ '000
Current portion of standing timber valuation	3,145	2,419
NON-CURRENT ASSET	\$ '000	\$ '000
Non-current portion of standing timber valuation	44,812	32,253

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

14

PROPERTY, PLANT AND EQUIPMENT

	Land \$ '000	Buildings and structures \$ '000	Roads and land improvements \$ '000	Plant and equipment \$ '000	Total \$ '000
Year ended 30 June 2014					
As at 1 July 2013, net of accumulated depreciation and impairment	77,008	11,272	2,383	11,548	102,211
Additions / transfers	-	16	386	136	538
Disposals	-	(33)	-	(47)	(80)
Assets reclassified to assets held for sale	-	-	-	(226)	(226)
Revaluation increments	-	-	-	-	-
Revaluation decrements	(45,213)	-	-	-	(45,213)
Impairment	-	-	-	-	-
Depreciation charge for the year	-	(509)	(208)	(965)	(1,682)
Transfers within asset classes	-	-	-	-	-
Net of accumulated depreciation and impairment	31,795	10,746	2,561	10,446	55,548
At 30 June 2014					
Cost or fair value	31,795	12,268	4,757	21,424	70,244
Accumulated depreciation and impairment	-	(1,522)	(2,196)	(10,978)	(14,696)
Net carrying amount	31,795	10,746	2,561	10,446	55,548
Year ended 30 June 2015					
As at 1 July 2014, net of accumulated depreciation and impairment	31,795	10,746	2,561	10,446	55,548
Additions / transfers	-	8	224	43	275
Disposals	-	-	-	(7)	(7)
Assets reclassified to assets held for sale	-	-	-	-	-
Revaluation increments	7,345	-	-	-	7,345
Revaluation decrements	-	-	-	-	-
Depreciation charge for the year	-	(536)	(187)	(866)	(1,589)
Transfers within asset classes	-	-	-	70	70
Net of accumulated depreciation and impairment	39,140	10,218	2,598	9,686	61,642
At 30 June 2015					
Cost or fair value	39,140	12,276	4,982	21,459	77,857
Accumulated depreciation and impairment	-	(2,058)	(2,384)	(11,773)	(16,215)
Net carrying amount	39,140	10,218	2,598	9,686	61,642

Revaluation of land and buildings and structures

ForestrySA uses the services of the Valuer General in SA to determine the fair value of its land. Fair value is determined by reference to market-based evidence, which is the amount for which the asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The effective date of the land revaluations is 30 June 2015.

In 2011 ForestrySA engaged Herron Todd White, an accredited independent valuer, to determine the fair value of its buildings and structures. The effective date of the revaluation of the buildings and structures was 30 June 2011. The valuer valued on the basis of the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, assuming the probable use of an asset which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the asset valued. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Carrying amount of plant and equipment

All items of plant and equipment had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Plant and equipment includes \$106,000 of fully depreciated (to salvage value) property still in use.

Impairment

There were no indications of impairment of roads and land improvements and plant and equipment assets at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

15 FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. ForestrySA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value recognised in the balance sheet are categorised into level 2 for land and level 3 for other assets at 30 June 2015. Land was valued by the Valuer General and was recategorised to a Level 2 valuation, based on a thorough analysis of the data applied for valuation.

ForestrySA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Assets held for sale were revalued as the fair value less costs to sell was lower than carrying amount.

Fair value measurements at 30 June 2015

Recurring fair value measurements	Note	2015 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Standing timber	13	47,957	-	47,957
Land	14	39,140	39,140	-
Buildings and structures	14	10,218	-	10,218
Roads and land improvements	14	2,598	-	2,598
Plant and equipment	14	9,686	-	9,686
Total recurring fair value measurements		109,599	39,140	70,459

Non-recurring fair value measurements

Assets held for sale	12	-	-	-
Total non-recurring fair value measurements		-	-	-

Fair value measurements at 30 June 2014

Recurring fair value measurements	Note	2014 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Standing timber	13	34,672	-	34,672
Land	14	31,795	-	31,795
Buildings and structures	14	10,746	-	10,746
Roads and land improvements	14	2,561	-	2,561
Plant and equipment	14	10,446	-	10,446
Total recurring fair value measurements		90,220	-	90,220
Non-recurring fair value measurements				
Assets held for sale	12	368	-	368
Total non-recurring fair value measurements		368	-	368

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

15 FAIR VALUE MEASUREMENT (Continued)

Valuation techniques and inputs

Valuation techniques used to derive level fair values are in Notes 13 and 14.

Although unobservable inputs were used in determining fair value, and are subjective, ForestrySA considers that the overall valuation would not be materially affected by changes to the existing assumptions.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Total valuation gains and losses

	2015 \$ '000	2014 \$ '000
Standing timber	13,285	(37,297)
Land	7,345	(45,213)
Total valuation gain (loss) for the year	20,630	(82,510)

Quantitative information about fair value measurement using significant unobservable inputs (level 3)

Description	Valuation technique	Unobservable inputs
Standing Timber	Discounted Cash Flow	Discount rate (pre-tax real) - 8.5% (2014: 7.6%) Estimated timber prices derived from available market projections Estimated yield per hectare and site quality Area-based and volume-based indirect and overhead costs
Land (1)	Market approach	Valuer General's statutory valuation derived from available market evidence Discount factors for legal restrictions - GT 40% (2014: 40%), MLR 65% (2014: 70%), MN 55% (2014: 65%)
Buildings and structures	Market approach	External valuation report
Roads and Improvements	Cost approach	Useful life - 20-25 years
Plant and Equipment	Cost approach	Useful life - 3-25 years
Assets held for sale	Fair value less costs of disposal	Market assessment

(1) Fair value of land with restricted use was determined using an adjusted market price of surrounding unrestricted land.

Sensitivity analysis standing timber

ForestrySA has adopted the Discounted Cash Flow method related to the current standing timber. For the 2015 financial year ForestrySA has engaged Indufor Asia Pacific to provide this DCF valuation for its plantations in the Mount Lofty Ranges (2014: internal ForestrySA valuation model). ForestrySA is recognising the single rotation forest valuation, being \$47,957,000. The DCF for multiple rotations is valued at \$29,302,000 per Indufor's valuation. For ForestrySA's plantations in the mid north of the State their DCF valuation was determined internally.

The effects of modifying a range of input variables is demonstrated in this sensitivity analysis:

% Change in DCF inputs	-10%	-5%	0%	+5%	+10%
Revenue	35,091	41,524	47,957	54,390	60,823
Production costs	51,888	49,923	47,957	45,991	44,026
Transport costs	51,136	49,547	47,957	46,367	44,778
Operational expenditure	48,182	48,069	47,957	47,845	47,732
Area based selling, general and administrative expenditure	48,692	48,324	47,957	47,590	47,222
DCF input	7.5%	8.0%	8.5%	9.0%	9.5%
Discount rate	52,328	50,063	47,957	45,995	44,164

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

15 FAIR VALUE MEASUREMENT (Continued)

Reconciliation of fair value measurements

	Standing timber	Land	Buildings and structures	Roads and land improvements	Plant and equipment
Opening balance at 1 July 2014	34,672	31,795	10,746	2,561	10,446
Acquisitions	-	-	8	224	43
Disposals	-	-	-	-	(7)
Transfer out of level 3 (1)	-	(31,795)	-	-	-
Transfer into level 2 (1)	-	31,795	-	-	-
Depreciation	-	-	(536)	(187)	(866)
Transfers within asset classes	-	-	-	-	70
	-	-	(528)	37	(760)
Total gains / (losses) for the period in other comprehensive income:					
Revaluation increment / (decrement)	13,285	7,345	-	-	-
	13,285	7,345	-	-	-
Closing balance at 30 June 2015	47,957	39,140	10,218	2,598	9,686

(1) Land transferred from level 3 to level 2 as per Valuer General's report.

Reconciliation of fair value measurements

	Standing timber	Land	Buildings and structures	Roads and land improvements	Plant and equipment
Opening balance at 1 July 2013	71,969	77,008	11,272	2,383	11,548
Acquisitions	-	-	16	386	136
Disposals	-	-	(33)	-	(47)
Assets reclassified to assets held for sale	-	-	-	-	(226)
Revaluation (decrement)	(37,297)	-	-	-	-
Loss on revaluation	-	-	-	-	-
Depreciation	-	-	(509)	(208)	(965)
	(37,297)	-	(509)	(208)	(965)
Total gains / (losses) for the period in other comprehensive income:					
Revaluation increment / (decrement)	-	(45,213)	-	-	-
	-	(45,213)	-	-	-
Closing balance at 30 June 2014	34,672	31,795	10,746	2,561	10,446

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

16 INTANGIBLE ASSETS

	2015	2014
	\$ '000	\$ '000
COMPUTER SOFTWARE		
As at 1 July, net of accumulated amortisation and impairment	530	320
Additions	1,352	294
Disposals	-	(1)
Amortisation charge for the year	(398)	(83)
Total computer software, net of accumulated amortisation and impairment	1,484	530
As at 30 June:	2015	2014
	\$ '000	\$ '000
Cost or fair value	3,310	1,962
Accumulated amortisation and impairment	(1,826)	(1,432)
Net Carrying Amount	1,484	530

The intangible assets consist of software for operational systems and water licences. ForestrySA has no contractual commitments for the acquisition of intangible assets. There were no indications of impairment of intangible assets at 30 June 2015.

17 PAYABLES

	2015	2014
	\$ '000	\$ '000
CURRENT		
Trade payables	6,009	6,712
Accrued expenses	284	5,131
Employee benefit on-costs	144	322
	6,437	12,165
NON-CURRENT		
Employee benefit on-costs	296	252
	296	252

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 decreased to 37% (2014: 40%) and the average factor for the calculation of employer superannuation cost on-cost has remained at 10.3%.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Categorisation of financial instruments and risk exposure information - Please refer to Note 28.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

18 EMPLOYEE BENEFITS

	2015	2014
	\$ '000	\$ '000
CURRENT		
Accrued salaries and wages	359	(82)
Targeted Voluntary Separation Packages	79	7,087
Long service leave	223	1,789
Retention leave	47	35
Banking of time	28	32
Annual leave	533	683
	1,269	9,544
NON-CURRENT		
Long service leave	1,744	1,467
	1,744	1,467

The Targeted Voluntary Separation Packages (TVSPs) relates to ForestrySA employees that were offered and accepted TVSPs at or before year end 2014.

AASB119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave. AASB 119 and APF IV APS 5.10 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 3.5% (2014) to 3.0% (2015).

The decrease in bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4 percent. The net financial effect of the change in discount and salary inflation rates is immaterial.

19 DEFERRED INCOME

	2015	2014
	\$ '000	\$ '000
CURRENT		
Deferred income	304	151
	304	151
NON-CURRENT		
Deferred income	848	620
	848	620
Movement in deferred income		
Carrying amount at the beginning of the period	771	852
Received during the year	754	153
Recognised as income in the Statement of Comprehensive Income	(373)	(234)
Carrying amount at the end of the period	1,152	771

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

20 OTHER PROVISIONS

	2015	2014
	\$ '000	\$ '000
CURRENT		
Workers compensation	227	246
	<u>227</u>	<u>246</u>
Opening balance	246	240
Payments	-	(60)
Increments in provision	-	66
Closing balance	<u>246</u>	<u>246</u>
NON-CURRENT		
Workers compensation	851	1,019
	<u>851</u>	<u>1,019</u>
Movement in other provisions		
Opening balance	1,019	985
Payments	-	-
Increments/(decrements) in provision	(168)	34
Closing balance	<u>851</u>	<u>1,019</u>

The provision is recognised to reflect unsettled workers compensation claims based on an actuarial assessment performed by the Office of the Public Sector.

21 EQUITY

Equity represents the residual interest in the net assets of ForestrySA. The South Australian Government holds the equity interest in ForestrySA on behalf of the community.

Since 2006 the requirements of the ownership framework for ForestrySA indicate that ForestrySA shall pay an annual contribution to Government consisting of a dividend calculated as 90 percent of after tax profit, adjusted for standing timber revaluation gains and losses, plus an income tax equivalent payment. ForestrySA has not declared any special dividend or other dividend in 2015 or 2014.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

22 SEGMENT INFORMATION

For management purposes ForestrySA is organised into three regions, the Community Service Obligations and a corporate business unit based on its products and services. The reportable segments are:

- Mount Lofty Ranges (MLR): Including the Mount Lofty Ranges region located activities, including Mt Crawford Forest, Second Valley Forest.
- Mid North (MN): Including the Mid North region located activities around Wirrabara and Jamestown.
- Green Triangle (GT): Including the management services for OneFortyOne Plantations Pty Ltd and ForestrySA activities in the Green Triangle region of South Australia and Victoria.
- Community Service Obligations (CSO): Including the CSO ForestrySA performs under its charter with the South Australian government and other non commercial operations.
- Corporate: Including Executive, Board, Planning & Development, Forest Management System, Finance, Payroll, HR and Records. The Corporate segment expenses include expenses incurred to manage and operate the MLR, MN, GT regions at a Corporate level.

No operating segments have been aggregated to form the above reportable operating segments.

The executive and board of ForestrySA monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the financial statements.

Year ended 30 June 2015

	GT	MLR	MN	CSO	Corporate	Total
Income						
Sales - timber products	-	13,403	5,033	-	-	18,436
Wood purchases - back to back	42,157	-	-	-	-	42,157
Sales - Management Services	8,110	-	-	-	4,979	13,089
Comm Service Obligation funding	-	-	-	3,895	-	3,895
Revenues from SA Government	(8)	(1)	-	(276)	380	95
Interest	-	148	-	-	478	626
Other income	258	28	50	191	11	538
Net gain from the disposal of non-current assets	109	11	-	21	3	144
Total income before other revenues from SA Government	50,626	13,589	5,083	3,831	5,851	78,980
Expenses						
Employee benefits	(3,956)	(1,311)	(148)	(1,720)	(4,139)	(11,274)
Contractors	(1,079)	(7,172)	(3,064)	(1,342)	(629)	(13,286)
Wood purchases - back to back	(42,157)	-	-	-	-	(42,157)
Depreciation and amortisation	(814)	(245)	(37)	(383)	(508)	(1,987)
Materials	(412)	(436)	(35)	(59)	(4)	(946)
Equipment and vehicle costs	(1,206)	(445)	(47)	(128)	(14)	(1,840)
Council rates	(22)	(249)	(20)	-	-	(291)
Other expenditure	(871)	(4,666)	(2,141)	(479)	(2,606)	(10,763)
Total expenses	(50,517)	(14,524)	(5,492)	(4,111)	(7,900)	(82,544)
Segment Profit						
Trading profit before revaluation of standing timber and other revenues from SA Government	109	(935)	(409)	(280)	(2,049)	(3,564)
Other revenues from SA Government	(109)	935	409	280	2,049	3,564
Trading profit before revaluation of standing timber	-	-	-	-	-	-
Net change in value of standing timber	-	13,285	-	-	-	13,285
Land revaluation recorded in asset revaluation sur	398	4,594	1,235	1,118	-	7,345
Total comprehensive result	398	17,879	1,235	1,118	-	20,630

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

22 SEGMENT INFORMATION (Continued)

Year ended 30 June 2014

	GT	MLR	MN	CSO	Corporate	Total
Income						
Sales - timber products	-	17,888	979	-	-	18,867
Wood purchases - back to back	36,694	-	-	-	-	36,694
Sales - management services	12,269	-	-	-	4,535	16,804
Comm Service Obligation funding	-	-	-	3,154	-	3,154
Revenues from SA Government	(33)	(3)	-	63	375	402
Interest	-	237	1	-	465	703
Other income	184	31	33	334	83	665
Total income before other revenues from SA Government	49,114	18,153	1,013	3,551	5,458	77,289
Expenses					(1)	
Employee benefits	(6,058)	(1,999)	(227)	(1,839)	(12,594)	(22,717)
Contractors	(1,573)	(7,242)	(1,105)	(766)	(422)	(11,108)
Wood purchases - back to back	(36,694)	-	-	-	-	(36,694)
Depreciation and amortisation	(1,178)	(344)	(47)	(100)	(96)	(1,765)
Materials	(664)	(383)	(57)	(66)	(8)	(1,178)
Equipment and vehicle costs	(1,783)	(494)	(74)	(414)	(59)	(2,824)
Council rates	(1,409)	(241)	(18)	-	-	(1,668)
Other expenditure	307	(6,184)	(500)	(1,352)	(2,910)	(10,639)
Net gain/loss from the disposal of non-current	(246)	47	-	(30)	-	(229)
Total expenses	(49,298)	(16,840)	(2,028)	(4,567)	(16,089)	(88,822)
Segment Profit						
Trading profit before revaluation of standing timber and other revenues from SA Government	(184)	1,313	(1,015)	(1,016)	(10,631)	(11,533)
Other revenues from SA Government	184	(1,313)	1,015	1,016	10,631	11,533
Trading profit before revaluation of standing timber	-	-	-	-	-	-
Net change in value of standing timber	-	(25,828)	(11,469)	-	-	(37,297)
Land revaluation recorded in asset revaluation sur	233	(45,059)	(6,238)	5,851	-	(45,213)
Total comprehensive result	233	(70,887)	(17,707)	5,851	-	(82,510)

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

(1) Includes \$7,087,000 of termination payments in the Corporate segment.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

23 COMMITMENTS AND CONTINGENCIES

a) Commitments

	2015	2014
	\$ '000	\$ '000
i) Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the accounts:		
Due not later than one year	339	483
Due later than one year but not later than five years	201	379
Total operating lease commitments	540	862

These operating lease commitments are not recognised in the financial report as liabilities. The operating lease commitments are related to the light vehicle fleet.

	2015	2014
	\$ '000	\$ '000
ii) Remuneration commitments		
Due not later than one year	5,548	3,427
Due later than one year but not later than five years	4,947	2,577
Total remuneration commitments	10,495	6,004

The remuneration commitments relate to employee agreements ForestrySA has entered into with employees for a fixed period of time. The nature of the calculations to derive the amounts presented, which are based on a range of simplified assumptions about variables that will impact the future dollar outcome of the commitments to ForestrySA, is such that the presented figures provide an indicative amount.

	2015	2014
	\$ '000	\$ '000
iii) Other commitments		
Due not later than one year	3,963	4,544
Due later than one year but not later than five years	3,823	8,289
Total other commitments	7,786	12,833

ForestrySA's contracting commitments are for agreements for the harvesting and transport of log. The nature of the calculations to derive the amounts presented, which are based on a range of simplified assumptions about variables that will impact the future dollar outcome of the commitments to ForestrySA, is such that the presented figures only provide an indicative amount.

ForestrySA has also entered into supply agreements to sell timber that is harvested. The terms and conditions of these agreements vary.

b) Contingent Liabilities

Defined Benefit Plans - Superannuation Board payments

ForestrySA and the SA Superannuation Board entered into an arrangement at the time of incorporation of ForestrySA to allow officers and employees of ForestrySA, who were immediately before incorporation of ForestrySA contributors to the State Superannuation Scheme, to remain contributors under the Superannuation Act 1988.

ForestrySA was notified by the SA Superannuation Board in 2015 of a \$2.8 million actuarially assessed funding deficit relating to defined benefit members employed by ForestrySA as at 1 July 2014, requiring additional contributions over 15 years. The previous 2013 actuarial assessment indicated a deficit of \$6.7 million. In addition to regular contributions in relation to current superannuation benefits ForestrySA has expensed \$455,000 (2014: \$583,000) being the amount paid during the current financial year in relation to the benefit funding deficit. A liability has not been recognised for the remaining balance. The annual payment and expense is increased by 4% annually until a new actuarial assessment by the SA Superannuation Board is issued.

c) Contingent Assets

Various banks have issued bank guarantees for ForestrySA customers to ForestrySA, which form a security in case of default on payment.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

24 EXECUTIVE DISCLOSURES

(a) Details of key management personnel

Executive

J.P. Coleman

Acting Chief Executive (appointed 4 October 2014, previously Chief Financial Officer)

A. Hatch

Acting Chief Executive

J. Jagger

General Manager Commercial GT

O.P. Le Roux

Chief Operations Officer (appointed 7 October 2014)

J.F. O'Hehir

General Manager Strategy and Development

G.K. Saunder

General Manager Silviculture and Protection

E. Thorpe

General Manager Human Resources (appointed 27 October 2014)

J.F. Zwijnenburg

Acting Chief Financial Officer (appointed 4 October 2014)

(b) Compensation of key management personnel

	2015	2014
	\$ '000	\$ '000
Short term employee benefits paid or due and payable to or on behalf of key management personnel	1,299	1,025
Termination payments paid or due and payable to or on behalf of key management personnel	121	128
Superannuation benefits paid or due and payable to or on behalf of key management personnel	211	181
Total	1,631	1,334

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

25 DIRECTORS AND RELATED PARTY DISCLOSURES

The following persons held the position of director of the Corporation during the financial year:

I.J. Kowalick - Chairman
A. Darras
A. McCleary
J. Obst
J. Roache (1)

Transactions between ForestrySA and its directors are made at arm's length. There have been no such transactions in the financial year (2014: nil).

(1) Remunerated from January 2015.

	2015	2014
	\$ '000	\$ '000
Director's remuneration		
Income paid or due and payable to or on behalf of directors, excluding superannuation benefits	191	166
Superannuation benefits paid or due and payable to or on behalf of directors	18	15
Total	209	181

The number of directors whose income was within the following bands:

	Number	Number
\$0 - \$9,999	-	2
\$10,000 - \$19,999	1	-
\$30,000 - \$39,999	-	2
\$40,000 - \$49,999	3	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
	5	6

26 RELATED PARTIES

Related parties include parties that control or have an interest in the entity that gives it significant influence over ForestrySA.

ForestrySA is controlled by the SA Government. Transactions and balances between ForestrySA and related parties (other SA Government controlled entities) are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

27

TRANSACTIONS WITH SA GOVERNMENT

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2015 \$ '000	2014 \$ '000	2015 \$ '000	2014 \$ '000	2015 \$ '000	2014 \$ '000
Income						
Sales - timber products	-	-	18,436	18,867	18,436	18,867
Wood sales - back to back	-	-	42,157	36,694	42,157	36,694
Sales - management services	-	-	13,089	16,804	13,089	16,804
Comm Service Obligation funding	3,895	3,154	-	-	3,895	3,154
CSO deferred income	(285)	28	-	-	(285)	28
Other Revenues from SA Government	3,564	11,533	-	-	3,564	11,533
GRN Funding	380	374	-	-	380	374
Revenues from SA Government	7,554	15,089	-	-	7,554	15,089
Interest	5(ii) 478	466	148	237	626	703
Other income	5(iii) -	-	538	665	538	665
Net loss from the disposal of non-current assets	-	-	144	-	144	-
Total Income	8,032	15,555	74,512	73,267	82,544	88,822
Expenses						
Employee benefits	726	1,206	10,548	21,511	11,274	22,717
Contractors	-	-	13,285	11,108	13,286	11,108
Wood purchases - back to back	-	-	42,157	36,694	42,157	36,694
Depreciation and amortisation	-	-	1,988	1,765	1,987	1,765
Materials & equipment	147	185	2,639	3,817	2,786	4,002
Council rates	-	-	291	1,668	291	1,668
Other expenditure	1,027	1,182	9,736	9,457	10,763	10,639
Net loss from the disposal of non-current assets	-	-	-	229	-	229
Total Expenses	1,900	2,573	80,644	86,249	82,544	88,822
Trading profit before revaluation of standing timber	6,132	12,982	(6,132)	(12,982)	-	-
Net change in value of standing timber	-	-	13,285	(37,297)	13,285	(37,297)
Land revaluation recorded in asset revaluation surplus	-	-	7,345	(45,213)	7,345	(45,213)
Total comprehensive result	12,264	25,964	8,366	(108,474)	20,630	(82,510)

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

Financial Assets

Cash and cash equivalents	9	14,132	7,813	4,244	19,569	18,376	27,382
Receivables	10	(182)	96	7,795	10,518	7,613	10,614
Total current financial assets		13,950	7,909	12,039	30,087	25,989	37,996

Total financial assets

		13,950	7,909	12,039	30,087	25,989	37,996
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Financial liabilities

Payables	17	295	339	6,142	11,826	6,437	12,165
Employee benefits	18	-	-	1,269	9,545	1,269	9,545
Deferred income	19	60	40	244	111	304	151
Other provisions	20	227	246	-	-	227	246
Total current financial liabilities		582	625	7,655	21,482	8,237	22,107

Non-current financial liabilities

Payables	17	-	-	296	252	296	252
Employee benefits	18	-	-	1,744	1,468	1,744	1,468
Deferred income	19	757	508	91	112	848	620
Other provisions	20	851	1,019	-	-	851	1,019
Total non-current financial liabilities		1,608	1,527	2,131	1,832	3,739	3,359

Total financial liabilities

		2,190	2,152	9,786	23,314	11,976	25,466
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Total net financial assets

		11,760	5,757	2,253	6,773	14,013	12,530
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NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

28 FINANCIAL INSTRUMENTS

(i) Credit risk exposures

The credit risk on financial assets of the economic entity which have been recognised in the Statement of Financial Position, is generally the carrying amount, net of any doubtful debts.

The nature and location of ForestrySA's forestry operations cause concentration of credit risk in relation to trade receivables as 88% of the value of transactions for the financial year were transactions with the four largest of ForestrySA's customers (2014: 86%).

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days unless otherwise agreed in the terms and conditions of individual contracts.
- a risk assessment process is used for customers with balances over \$10,000.
- bank guarantees are obtained for specific customers (see also note 23).
- interest is charged on overdue balances.

(ii) Foreign currency risk exposures

As at 30 June 2015 ForestrySA's exposure to foreign currencies is USD 35,000 (2014: USD 189,000).

(iii) Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table.

	Floating rate \$'000	Non-interest bearing \$'000	Fixed interest maturing			2015 Total \$'000	2014 Total \$'000
			1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Financial assets:							
Cash and cash equivalents	18,376	-	-	-	-	18,376	27,383
Receivables (1)	-	7,339	-	-	-	7,339	10,419
	18,376	7,339	-	-	-	25,715	37,802
Financial liabilities:							
Payables (2)	-	6,122	-	-	-	6,122	11,355
	-	6,122	-	-	-	6,122	11,355
Net Financial assets/(liabilities)	18,376	1,217	-	-	-	19,593	26,447

(1) Other than prepayments

(2) Other than employee on-costs & statutory payables

A separate sensitivity analysis for movements in interest rates has been undertaken for the interest rate risk of ForestrySA. However, results of the analysis have determined the possible impact on profit and loss from fluctuations in interest rates to be immaterial.

(iv) Ageing analysis of financial assets

	Carrying Amount \$'000	Not past due and not impaired \$'000	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	Impaired financial assets \$'000
2015						
Cash and cash equivalents	18,376	18,376	-	-	-	-
Receivables (1)	7,339	5,958	550	378	453	247
Other financial assets	25,715	24,334	550	378	453	247
2014						
Cash and cash equivalents	27,383	27,383	-	-	-	-
Receivables (1)	10,419	7,663	1,378	50	1,328	111
Other financial assets	37,802	35,046	1,378	50	1,328	111

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

28 FINANCIAL INSTRUMENTS (continued)

(iv) Net fair value of financial assets and liabilities

The net fair value of cash, trade receivables (excluding accrued revenue) and trade creditors approximates their carrying amount.

Short-term accrued revenue: The carrying amount approximates fair value because of their short term to maturity.

(v) Hedging instruments

Hedges of specific instruments

ForestrySA has not any open hedging instruments.

(vi) Liquidity risk

Liquidity risk relates to difficulties that ForestrySA may encounter in meeting obligations associated with its financial liabilities. ForestrySA manages this risk by maintaining a strong working capital position and having appropriate financing arrangements in place. ForestrySA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

29 EVENTS AFTER REPORTING DATE

Subsequent to the balance sheet date, on 22 July 2015 changes to ForestrySA's agency arrangement were announced. OneFortyOne Plantations Pty Ltd (OFO) is set to take over plantation management from ForestrySA per the transition date, anticipated to be 1 October 2015. OFO has made employment offers to ForestrySA staff in the South East who are predominantly involved in providing plantation management services to OFO to manage the plantation.

There will be no change to OFO's conditions relating to log rotation length, domestic supply arrangements, annual reporting requirements, or replanting obligations, ensuring the long term future of the forestry industry in the South East.

ForestrySA's operations in the Mid North and Mount Lofty Ranges will not be affected by this change. There will also be no impact on fire management. OFO will provide the same level of fire protection and management within its forest estates, and ForestrySA will continue to provide fire protection and management outside the estates.

The State Government will retain ownership of the forest land, water, and carbon rights, and ForestrySA will maintain a staff presence in the South East.

This transition will impact on ForestrySA's income for the 2015-16 and future financial years. Additionally, as part of the transition some property, plant & equipment, as well as the leave liabilities are transferred to OFO, impacting on its balance sheet and equity. At the time of reporting insufficient information is available to provide reliable estimates of the financial effects of this transition.

SOUTH AUSTRALIAN FORESTRY CORPORATION

Certification of the Financial Statements

We certify that the attached general purpose financial statements of the South Australian Forestry Corporation (ForestrySA):

- Comply with the relevant Treasurer's Instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian accounting standards;
- Are in accordance with the accounts and records of ForestrySA; and
- Present a true and fair view of the financial position of ForestrySA as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by ForestrySA over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe ForestrySA will be able to pay its debts as and when they become due and payable, with the continued support of the SA Government to maintain the current community service obligations and subsidy payments.

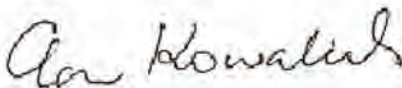
Signed in accordance with a resolution of the Board Members.



Jerome Coleman
ACTING CHIEF EXECUTIVE
SOUTH AUSTRALIAN FORESTRY CORPORATION
4 September 2015



Jeroen Zwijnenburg
ACTING CHIEF FINANCIAL OFFICER
SOUTH AUSTRALIAN FORESTRY CORPORATION
4 September 2015



Ian Kowalick
CHAIRMAN
SOUTH AUSTRALIAN FORESTRY CORPORATION
4 September 2015

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chairman of the Board South Australian Forestry Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32 (4) of the *Public Corporations Act 1993*, I have audited the accompanying financial report of the South Australian Forestry Corporation for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes to and forming part of the financial statements
- a Certificate from the Chairman, the Acting Chief Executive and the Acting Chief Financial Officer.

The Board's Responsibility for the Financial Report

The Directors of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Board of Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors of the Board, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Forestry Corporation as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson
Auditor-General
19 September 2015

South Australian
Government Financing
Authority

Financial report
for the year ended
30 June 2015

Statement of Financial Position

as at 30 June 2015

SAFA

	Note	2015 \$m	2014 \$m
Assets			
Cash and Cash Equivalents	4	1,855.0	1,839.4
Assets Held for Sale	5	5.4	7.0
Investments	6	2,391.8	1,946.8
Loans	7	18,447.5	17,450.3
Property, Plant and Equipment	8	177.6	182.3
Intangible Assets	9	2.6	1.0
Derivatives Receivable	10	191.3	523.1
Other Assets	11	25.3	61.8
Total Assets		23,096.5	22,011.7
Liabilities			
Deposits and Short-Term Borrowings	12	6,698.6	5,660.8
Bonds, Notes and Debentures	13	15,606.2	15,382.2
Outstanding Claims	14	366.3	303.0
Derivatives Payable	15	42.5	292.2
Other Liabilities	16	28.7	33.7
Total Liabilities		22,742.3	21,671.9
NET ASSETS		354.2	339.8
Equity			
Retained Earnings		354.2	339.8
TOTAL EQUITY		354.2	339.8
Total equity is attributable to the SA Government as owner			
Contingent Assets and Liabilities	21		
Unrecognised Contractual Commitments	27		

Statement of Comprehensive Income

for the year ended 30 June 2015

SAFA

	Note	2015 \$m	2014 \$m
Income			
Revenue			
Interest Revenue	17	1,065.4	1,108.3
Less Interest Expense	17	1,063.2	1,098.1
Net Interest Revenue		2.2	10.2
Insurance Premium	17	47.6	43.7
Leasing and Hire	17	63.1	67.2
Recoveries	17	24.7	10.3
Other	17	5.6	9.2
Total Revenue		143.2	140.6
Other Gains/(Losses)			
Net Gain on Financial Instruments and Derivatives	18	69.4	73.9
Net Loss on Sale of Property, Plant and Equipment	18	(0.8)	(0.9)
Total Other Gains		68.6	73.0
Total Income		211.8	213.6
Expenses			
Depreciation and Impairment	19	39.2	40.4
Insurance Claims	19	88.6	19.4
Motor Vehicle	19	30.9	35.4
Outward Reinsurance	19	8.7	9.1
Operating	19	11.3	19.8
Total Expense		178.7	124.1
Profit before income tax equivalents		33.1	89.5
Income Tax Equivalent Expense with SA Government	2 (s)	9.9	26.9
Profit after income tax equivalents		23.2	62.6
Other Comprehensive Income		-	-
Total comprehensive result		23.2	62.6

The profit after income tax equivalent and total comprehensive result are attributable to the SA Government as owner

Statement of Changes in Equity

for the year ended 30 June 2015

SAFA

	Note	Retained Earnings \$m
Balance at 30 June 2013		310.0
Profit after income tax for 2013-14	2(s)	62.6
Total comprehensive result for 2013-14		62.6
Transactions with SA Government as owner		
Dividends paid		(32.8)
Balance at 30 June 2014		339.8
Profit after income tax for 2014-15	2(s)	23.2
Total comprehensive result for 2014-15		23.2
Transactions with SA Government as owner		
Dividends paid		(8.8)
Balance at 30 June 2015		354.2

All changes in equity are attributable to the SA Government as owner

Statement of Cash Flows

for the year ended 30 June 2015

SAFA

	2015	2014
Note	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from:		
Interest received on loans and investments	964.8	881.2
Dividends received	3.4	6.5
Derivatives net interest received/(paid)	97.0	98.5
Insurance Premiums received	59.0	53.8
Leasing and Motor Vehicle receipts	71.7	73.9
Recoveries	28.6	27.2
Direct Insurance Placement	6.8	9.5
Stamp duty received from agencies	5.0	4.8
Other receipts	47.5	20.4
Commissions	0.5	0.5
Indemnity from Treasurer	1.0	-
Payments for:		
Interest paid on borrowings and deposits	(1,025.9)	(911.8)
Insurance Claims paid	(25.1)	(45.3)
Motor Vehicle costs	(37.4)	(38.3)
Outwards reinsurance premium paid	(9.0)	(9.4)
Direct Insurance Placement	(6.6)	(7.6)
Stamp duty paid to RevenueSA	(5.0)	(5.0)
Operating expenses paid	(19.3)	(19.6)
Net GST paid to the ATO	(5.9)	(6.8)
Income Tax Equivalent (TER) paid	(19.1)	(30.3)
Net GST relating to Investing/Financing activities	(3.3)	(2.8)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22.2 128.7	99.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from Client Loans	(929.9)	(1,683.6)
Purchase of Investments	(19,916.7)	(19,790.1)
Proceeds from Investments	19,708.2	20,055.2
Purchase of Property, Plant and Equipment	(86.8)	(73.9)
Purchase of Intangible Assets	(1.7)	(0.3)
Proceeds from the Sale of Property, Plant and Equipment	52.5	44.6
NET CASH USED IN INVESTING ACTIVITIES	(1,174.4)	(1,448.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from Borrowings	1,202.0	1,281.2
Dividends paid to Government	(8.8)	(32.8)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,193.2	1,248.4
NET INCREASE/(DECREASE) IN CASH HELD	147.5	(100.3)
Cash at the beginning of the financial year	296.3	396.3
Net effect of exchange rate changes	0.4	0.3
CASH AT THE END OF THE FINANCIAL YEAR	22.1 444.2	296.3

Notes to the Financial Statements

for the year ended 30 June 2015

The logo for the South Australian Government Financing Authority (SAFA), consisting of the letters "SAFA" in a bold, sans-serif font, enclosed within a stylized circular emblem.

1 Objectives

The South Australian Government Financing Authority (SAFA) is a statutory authority constituted as the Under Treasurer under the *Government Financing Authority Act 1982*. The registered address of SAFA is Level 5, State Administration Centre, 200 Victoria Square, Adelaide, South Australia 5000.

SAFA's business objectives are:

- to develop and implement borrowing and investment programs for the benefit of semi-government authorities;
- to engage in such other financial and insurance related activities as are determined by the Treasurer of South Australia (the Treasurer) to be in the interest of the State;
- administer the Government's insurance and risk management arrangements;
- insure, co-insure and reinsure the risks of the Crown;
- provide advice on the management of risks of the Crown; and
- provide fleet management services to all Government agencies.

2 Summary of Significant Accounting Policies

a. Statement of Compliance

The Financial Statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The Financial Statements are general purpose financial statements and comply with Australian Accounting Standards, as issued by the Australian Accounting Standards Board. The statements also comply with the requirements of the Treasurer's Instructions relating to financial statements by statutory authorities that are issued pursuant to the *Public Finance and Audit Act 1987*.

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted by SAFA for the reporting period ending 30 June 2015 are detailed in Note 2(v).

b. Basis of Preparation

These Financial Statements have been prepared in accordance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, by authority of Treasurer's Instruction 19 *Financial Reporting*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in these Financial Statements:

- i) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, are classified according to their nature. A threshold of \$100,000 for separate identification of these items applies;
- ii) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income); and
- iii) the Statement of Cash Flows has been prepared on a cash basis.

The Financial Statements have been prepared in accordance with the historic cost convention, except for financial assets and liabilities which are reported at fair value.

The presentation currency is Australian dollars and all values are rounded to the nearest hundred thousand unless otherwise stated. Zero represents amounts less than fifty thousand dollars, whilst a dash represents a nil balance.

c. Principles of Consolidation

The Financial Statements for SAFA are not consolidated with its controlled entities. The exclusion of these entities does not have a material impact on the financial results presented. Note 32 includes details of the entities.

2 Summary of Significant Accounting Policies (continued)

d. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements to conform with Accounting Standards requires the use of critical accounting estimates. It also requires Management to exercise its judgement in the process of applying SAFA's accounting policies. Management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(i) Measurement of Outstanding Claims

Outstanding insurance claims liabilities are calculated using statistical and/or mathematical methods. The calculations are made by an actuary on the basis of recognised actuarial methods, with due regard to relevant actuarial principles (refer Note 31).

(ii) Measurement of Fair Value

When measuring fair values of financial assets and liabilities, SAFA maximises the use of relevant market-based data. The fair values of financial assets and liabilities that are traded in active markets are determined with reference to quoted market prices or quotations. For financial assets and liabilities where market-based data are not readily available (or transparent) SAFA determines fair values using standard valuation techniques incorporating discounted cash flows on appropriate yield curves of similar traded securities, taking into account their risk characteristics.

e. Income and Expense Recognition

SAFA recognises income and expenses when the amounts can be reliably measured, it is probable that the future economic benefits will flow to or from SAFA and when specific recognition criteria have been met for each of the activities described below.

(i) Interest

Interest income and expense is accrued in accordance with the terms and conditions of the underlying financial instrument and premiums and discounts are amortised over the life of the associated borrowings and investments.

Net realised gains or losses and unrealised gains or losses are included in the Statement of Comprehensive Income (refer Note 18).

(ii) Insurance Premium Revenue

Premium revenue includes amounts charged to policy holders but excludes stamp duty and Goods and Services Tax. Premium revenue is recognised in the Statement of Comprehensive Income as earned from the date of attachment of risk and is recognised evenly over the policy or indemnity period, which is considered to closely approximate the pattern of risks underwritten.

All South Australian Government agencies are required to insure with SAFA unless exempted by the Treasurer. In those circumstances where SAFA considers it more appropriate for some of the risks of a government agency to be placed with other insurers, SAFA will arrange for such insurance and will recover the insurance premium from the agency concerned. For the purposes of the Financial Statements, these arrangements are referred to as Direct Insurance Placements.

The *Building Work Contractors Act 1995 (SA)* and Regulations is compulsory in South Australia and requires builders to hold building indemnity insurance (BII) to protect home owners against losses arising from the insolvency, death or disappearance of their builder up to a maximum sum insured of \$80,000 per building project or such other amount prescribed under the *Building Work Contractors Act 1995 (SA)*. From 1 July 2013 SAFA began offering BII cover to builders in South Australia. The premium for BII provides insurance cover for periods of up to five years, commencing from the date of the insurance contract.

2 Summary of Significant Accounting Policies (continued)

e. Income and Expense Recognition (continued)

(iii) Leasing and Hire Revenue

SAFA leases motor vehicles to South Australian Government agencies for a standard lease period of three years or 60,000 kilometres, whichever comes first. By arrangement, some vehicle leases can be extended to five years or 100,000 kilometres, due to the nature of the lessee's business requirements. The lease to agencies covers registration, compulsory third party insurance, scheduled servicing, depreciation, interest costs and a management fee. Leasing and Hire revenue is recognised on a straight line basis over the term of the lease. The insurance component of the lease is recognised under insurance premium in the Statement of Comprehensive Income (refer Note 17).

(iv) Revenue Recoveries

Vehicle recoveries include fuel and any unscheduled maintenance of the vehicle over the period of the lease. Any excessive wear and tear costs are recovered from agencies at the end of hire. Other vehicle recoveries include parking costs, miscellaneous charges and commission on disposal of vehicles.

Insurance recoveries comprise insurance premiums, deductibles on all claims and any recoveries from third parties. Recoveries receivable on paid claims, reported claims not yet paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue.

(v) Other Revenue

Fee income in respect of services provided is recognised in the period in which the service is provided.

(vi) Insurance Claims Expense

Insurance claims expense includes the direct and indirect costs of settling claims, claim payments, deductible receipts and movements in underlying claim estimates.

(vii) Motor Vehicle Expenses

Direct costs associated with the ownership of the motor vehicle fleet including registration, compulsory third party insurance, all maintenance and repair costs, fuel and disposal costs.

(viii) Outwards Reinsurance

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance services received. Accordingly, a portion of the outwards reinsurance premiums may be treated at the end of the reporting period as a prepayment. This program includes the catastrophe reinsurance program which has been effected to safeguard the State's finances against very large losses or claims, or a series of large losses or claims in any year under the Government's insurance and risk management arrangements.

(ix) Indemnity from/(to) the Treasurer

Insurance activities are segregated into three Funds. The Treasurer has indemnified SAFA for any operating profit or loss before tax for any activities relating to Fund 2 and Fund 3 (refer Note 21(c)). Under these arrangements any profit/loss on these Funds are recognised as payables to/receivables from the Treasurer. Any payables to the Treasurer are carried forward to offset future operating losses.

2 Summary of Significant Accounting Policies (continued)

f. Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position include Short-Term Money Market Deposits, Working Capital Facilities and Negotiable Certificates of Deposit that are held for liquidity and short-term investment purposes (refer Note 4).

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, but exclude Negotiable Certificates of Deposit and the Working Capital Facility where the securities are for investment purposes and not for the purpose of meeting short-term cash commitments.

g. Assets Held for Sale

Assets are classified as held for sale, and stated at the lower of their carrying amount or fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within one year from the date of classification (refer Note 5).

h. Financial Instruments

Financial assets and liabilities designated at fair value through profit or loss

All financial assets and liabilities, on recognition, are designated at fair value through profit or loss. This designation is determined on the basis that SAFA manages and evaluates the performance of its financial assets and liabilities on a fair value basis in accordance with documented risk management strategies.

Financial assets and liabilities (including derivatives) are recorded at fair value in the Statement of Financial Position. All financial assets and liabilities are revalued to reflect market movements with gains or losses, whether realised or unrealised, being recognised immediately in the Statement of Comprehensive Income (refer Note 18). Financial assets and liabilities are revalued regularly either at their quoted market price, or their cash flows are discounted against the relevant yield curve.

(i) Investments

Investments are assets which are purchased as part of SAFA's cash management products, for liquidity and interest rate risk management and may be sold prior to maturity in response to various factors including changes in interest rates and funding requirements of the South Australian public sector. Additionally, SAFA may hold investments it has purchased at the direction of the South Australian Government and/or as may be determined by the Treasurer to be in the interests of the State of South Australia (refer Note 6).

(ii) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (refer Note 7).

(iii) Deposits and Short-Term Borrowings

Deposits and Short-Term Borrowings include At Call Deposits, Cash Management Facility and Term Deposits. SAFA also raises short-term funds through the issue of Commercial Paper both in the domestic and overseas markets (refer Note 12).

(iv) Repurchase Agreements

Securities sold under an agreement to repurchase remain as an investment whilst the obligation to repurchase is recorded as a liability in Deposits and Short-Term Borrowings (refer Note 12). At 30 June 2015 SAFA had no repurchase agreements.

(v) Bonds, Notes and Debentures

Funds are raised through various instruments including bonds, notes and debentures. All borrowings are raised on an unsecured basis (refer Note 13).

2 Summary of Significant Accounting Policies (continued)

(vi) Derivative Instruments

SAFA utilises derivative instruments (including futures, foreign exchange contracts, forward rate arrangements, foreign exchange swaps and interest rate swaps) in fundraising, debt management and client activities. Derivative instruments are used to convert funding costs, facilitate diversification of funding sources, reconfigure interest rate risk profiles and manage foreign currency exposures. Interest receipts and interest payments are accrued on a gross basis and classified as interest revenue and interest expense in the Statement of Comprehensive Income (refer Notes 10 and 15).

i. Assets backing general insurance liabilities

Assets which back SAFA's insurance liabilities are those generated through premium revenue. These assets are invested to reflect the nature of the policy liabilities, and are comprised of operating cash, cash held on deposit and units invested with Funds SA (refer Notes 4 and 6). In accordance with AASB 1023 *General Insurance Contracts*, SAFA's longer-term insurance investments with Funds SA are measured at fair value, based on quoted market prices as advised by the fund manager. Subsequent measurement is at fair value with any resultant unrealised gains or losses recognised in the Statement of Comprehensive Income (refer Note 18).

j. Reinsurance and Other Recoveries

Recoveries receivable on paid claims, reported claims not yet paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue. Recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. The details of inflation and discount rates used are set out in Note 31.

Collectability of recoveries is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

k. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation.

(i) Depreciation

Depreciation of Property, Plant and Equipment is calculated on a straight line basis using rates designated to allocate the depreciable cost over the expected useful life of the asset. Motor Vehicles are depreciated on a straight line basis for a period of up to five years (refer Note 8).

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, during each financial year. Changes in the residual value or expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

(ii) Impairment

The carrying values of Property, Plant and Equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

l. Intangible Assets

Intangible assets represent purchased software, which are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on software assets is capitalised when it is probable that future economic benefits attributable to the assets will flow to SAFA, and if the cost of the asset can be measured reliably.

2 Summary of Significant Accounting Policies (continued)

l. Intangible Assets (continued)

(i) Amortisation

Amortisation of intangible assets is calculated on a straight line basis using rates designated to allocate the cost over the expected useful life of the asset. Software costs are amortised on a straight line basis for a period of five to ten years (refer Note 9).

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, each financial year. Where a change to the residual value or useful life of an asset has been identified any impact that may result from this change is recognised in the Statement of Comprehensive Income in the year in which it arises.

(ii) Impairment

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

m. Outstanding Claims Liability

Insurance activities are segregated into three Funds. Liabilities for outstanding claims for Fund 1 are measured as the central estimate of the present value of the expected future payments for claims incurred, plus an additional risk margin to allow for inherent uncertainty in the central estimate.

The liability for outstanding claims at balance date comprises:

- claims that have been incurred but not paid;
- claims incurred but not reported (IBNR);
- claims incurred but not enough reported (IBNER);
- risk margins; and
- claims handling costs, which includes anticipated direct and indirect costs of settling those claims.

Liabilities for outstanding claims for Fund 2 are recognised in respect of reported incidents including the anticipated costs of settling these claims and a risk margin. Details of risk margin rates are disclosed in Note 31.

Liabilities for outstanding claims for Fund 3 are determined by applying an earning pattern to the written premium and then combining a loss ratio to the development pattern of emerging claims costs. Details of risk margin rates are disclosed in Note 31.

The expected future payments are discounted to present value using a risk-free rate, derived from the interest rates on Commonwealth Government fixed interest securities with terms to maturity that match, as close as possible, the estimated future claim payments. Details of the inflation and discount rates and other actuarial assumptions are disclosed in Note 31.

n. Other Assets and Liabilities

Other assets including debtors and fee accruals, other liabilities including interest paid in advance, creditors, expense accruals and provisions, are all stated at book value, which is the best estimate of fair value as they are typically settled within a short period of time (refer Notes 11 and 16).

o. Deferred Acquisition Costs

Costs directly attributable to the acquisition of the BII premium revenue (Fund 3) are deferred by recognising these costs as an asset in the Statement of Financial Position when they can be reliably measured. Deferred acquisition costs are amortised systematically over the life of the insurance policy in line with the expected pattern of the incidence of risk.

p. Unearned Premium Liability

The Liability Adequacy Test (LAT) is performed on the BII liabilities less deferred acquisition costs to ensure the carrying value of the unearned premium liability is adequate, using current estimates of the present value of future cash flows relating to future claims.

2 Summary of Significant Accounting Policies (continued)

The need for an additional risk margin is assessed, taking into account the inherent uncertainty in the central claims estimate. If the assessment shows the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense in the Statement of Comprehensive Income by firstly writing down the deferred acquisition cost. If an additional liability is required, this is recognised in the Statement of Financial Position as an unexpired risk liability.

q. Foreign Currency Translation

Foreign currency assets and liabilities are recognised in the Financial Statements at the prevailing exchange rate at the reporting date. Revenue and expense items are translated at the exchange rate current at the date at which those items were recognised in the Financial Statements.

r. Employee Benefits

SAFA does not employ any direct staff, but is assigned staff resources by the Department of Treasury and Finance (DTF) through a Service Level Agreement pursuant to Section 20 of the *Government Financing Authority Act 1982*. The responsibility to provide for employer contributions to superannuation benefits rests with DTF, and for this reason SAFA is not required to establish a provision. DTF meets long service leave liabilities as they fall due.

s. Taxation

Accounting Profits Tax Model

In accordance with Treasurer's Instruction 22 Tax Equivalent Payments, SAFA is required to pay the Treasurer an income tax equivalent amount. The income tax liability is based on the Taxation Equivalent Regime (TER) which applies the accounting profit method. This requires SAFA to apply the corporate income tax rate to the net profit. The current income tax equivalent liability relates to the income tax expense outstanding for the current period.

Goods and Services Tax (GST)

SAFA is grouped with DTF for GST purposes. Income, expenses and assets are recognised net of the amount of GST, except:

- where the GST is not recoverable, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Stamp Duty

Stamp duty collected as part of insurance premiums are excluded from premium revenue and paid monthly to RevenueSA.

t. Business Segments

SAFA is an individual reporting entity which operates in business segments including Treasury, Insurance and Fleet Management (refer to Note 3).

u. Comparatives

The presentation and classification of items in the Financial Statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the Financial Statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impractical.

2 Summary of Significant Accounting Policies (continued)

v. Changes in Accounting Policies

SAFA has adopted the following relevant new accounting standards and amendments to standards, applicable to annual periods commencing on or after 1 January 2014:

(i) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

This amending standard clarifies AASB 132 *Financial Instruments: Presentation*, in regard to situations where financial assets and liabilities are able to be offset. This amending standard was assessed, and its impact did not result in any material changes to SAFA's financial reports.

(ii) AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

This amending standard requires some additional disclosures in relation to non-financial assets which have been impaired. While this standard did not have any impact to SAFA's 2014-15 Financial Statements, we anticipate some changes to our disclosures should assets become impaired in the future.

(iii) AASB Interpretation 4 – Determining whether an arrangement contains a Lease

Interpretation 4 clarifies that lease arrangement payments are to be separated out into separate components. SAFA has assessed the impact of these new requirements and has made changes to the Financial Statements where required.

(iv) AASB Interpretation 21 – Levies

This Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised. SAFA has assessed the impact of these new requirements which it considers to be immaterial.

The following accounting standards have been issued but are not yet effective. These accounting standards have not been early adopted by SAFA, but will be relevant upon application:

**(v) AASB 9 Financial Instruments – Classification and Measurement
AASB 2012-6 Mandatory Effective Date of AASB 9 and Transition Disclosures (Amendments to AASB 9)
AASB 2013-9 (Part A) Conceptual Framework (Amendments to AASB 9)**

AASB 9 supersedes AASB 139 *Financial Instruments: Recognition and Measurement*. The new standard requires material changes to the way *financial instruments* are classified and disclosed. This includes new categories for financial instrument classification (amortised cost and fair value) as well as additional requirements in relation to hedge accounting. While SAFA is currently assessing the potential effects of this standard, it should be noted that SAFA's financial assets and liabilities are already carried at fair value and that SAFA does not currently engage in hedge accounting. Mandatory application of AASB 9 is required for annual periods commencing on or after 1 January 2018. SAFA will apply this standard for the first time in its 2018-19 Financial Statements.

(vi) AASB 15 Revenue from Contracts with Customers

AASB 15 has been developed to address a number of deficiencies with existing accounting standards relating to revenue. For SAFA, the impact of the new standard is not likely to be as extensive as would be the case for some reporting entities in other industries. Many of SAFA's core activities are not within the scope of the standard, which specifically excludes: lease contracts; insurance contracts; financial instruments; and some guarantees. Revenue arising from these activities are likely to continue being reported in line with other existing standards specific to leases, insurance and financial instruments. Mandatory application of AASB 15 is required for annual periods commencing on or after 1 January 2018. SAFA will apply this standard for the first time in its 2018-19 financial statements.

Note 3 Business Segments

SAFA operates in the following segments:

- **Treasury** - provides funds and financial advice to the South Australian Government, Semi-Government Authorities, South Australian Public Sector Financial Institutions and Government agencies.
- **Insurance** - underwriting several types of general insurance for South Australian Government agencies.
- **Fleet** - provides comprehensive fleet management services to South Australian Government agencies for its passenger and light commercial motor vehicle fleet.

The Insurance activities are designated into three Funds. Fund 1 reflects the normal commercial activities of SAFA while Fund 2 includes all the activities previously conducted through Section 2 of the South Australian Government Insurance and Risk Management Fund. This Fund is used to fund liabilities arising from insurable incidents that occurred prior to 1 July 1994, claims under the building warranty indemnity reinsurance arrangement with QBE Insurance (Australia) Limited (QBE) until 30 June 2013, SGIC residual claims and workers compensation claims previously managed by South Australian Asset Management Corporation. Fund 3 is used to fund liabilities arising from claims under the building indemnity insurance scheme effective from 1 July 2013.

2015	Treasury \$m	Insurance \$m	Fleet \$m	Eliminations \$m	Total \$m
Income	38.2	92.3	84.7	(3.4)	211.8
Expenses	10.4	93.6	78.1	(3.4)	178.7
Profit before tax	27.8	(1.3)	6.6	-	33.1
Income tax equivalent expense	8.3	(0.4)	2.0	-	9.9
Comprehensive result	19.5	(0.9)	4.6	-	23.2
Segment assets	22,648.2	556.3	229.9	(337.9)	23,096.5
Segment liabilities	(22,507.1)	(388.0)	(185.1)	337.9	(22,742.3)
Net Assets	141.1	168.3	44.8	-	354.2

2014	Treasury \$m	Insurance \$m	Fleet \$m	Eliminations \$m	Total \$m
Income	37.6	92.2	86.3	(2.5)	213.6
Expenses	10.5	36.3	79.8	(2.5)	124.1
Profit before tax	27.1	55.9	6.5	-	89.5
Income tax equivalent expense	8.1	16.8	2.0	-	26.9
Comprehensive result	19.0	39.1	4.5	-	62.6
Segment assets	21,628.6	494.2	232.1	(343.2)	22,011.7
Segment liabilities	(21,498.1)	(325.1)	(191.9)	343.2	(21,671.9)
Net Assets	130.5	169.1	40.2	-	339.8

Note 4 Cash and Cash Equivalents

	2015 \$m	2014 \$m
Cash at Bank	7.6	5.1
Deposits with the Treasurer	91.7	46.2
Short-Term Money Market Deposits	345.7	245.6
Negotiable Certificates of Deposit	1,385.8	1,541.0
Working Capital Facility	24.2	1.5
Total Cash and Cash equivalents	1,855.0	1,839.4

Note 5 Assets Held for Sale

	2015 \$m	2014 \$m
Motor Vehicles	5.4	7.0
Total Assets Held for Sale	5.4	7.0

Note 6 Investments

	2015 \$m	2014 \$m
Semi-Government Securities	1,017.8	317.9
Local Government Securities	2.8	4.6
Bank and Corporate Securities	841.9	1,161.6
Funds SA	529.1	462.4
Paragon Capital Equity Fund No 1	0.0	0.0
Listed Shares	0.2	0.3
Equity Investments	0.0	0.0
Subsidiary Investment	-	0.0
Total Investments	2,391.8	1,946.8

Note 7 Loans

	2015 \$m	2014 \$m
Loans to the Treasurer at Market Rates	18.8	21.6
Loans to the Treasurer at Non Market Rates	20.5	10.0
Loans to the Treasurer at Cost of Funds (COF)	5,881.5	8,222.4
Loans to the Treasurer at Cash	3,347.2	2,743.1
Loans to Public Non Financial Corporations	7,326.6	4,470.2
Loans to Public Financial Corporations	1,667.0	1,743.6
Loans to Local Government	185.9	239.4
Total Loans	18,447.5	17,450.3

The COF loan to the Treasurer is funded through a range of financial assets and liabilities within the Treasurer's Portfolio. Any gains or losses, whether realised or unrealised, on the assets and liabilities in the Treasurer's Portfolio that fund the loan are equally offset by a gain or loss on the COF loan to the Treasurer.

Note 8 Property, Plant and Equipment**Motor Vehicles**

	2015 \$m	2014 \$m
At cost	237.4	243.1
Accumulated depreciation	(59.8)	(60.8)
Impairment	(0.0)	(0.0)

Total Property, Plant and Equipment

177.6	182.3
--------------	--------------

Reconciliation of Property, Plant and Equipment**Motor Vehicles**

	2015 \$m	2014 \$m
Carrying amount at the beginning of the period	182.3	195.0
Additions	86.2	74.4
Assets classified as held for sale	(5.4)	(7.0)
Disposals	(46.4)	(39.8)
Depreciation expense	(39.1)	(40.3)

Carrying Amounts at the end of the period

177.6	182.3
--------------	--------------

Note 9 Intangible Assets**Information Technology**

	2015 \$m	2014 \$m
At cost	0.9	1.2
Work in Progress	2.0	-
Accumulated amortisation	(0.3)	(0.2)

Total Intangible Assets

2.6	1.0
------------	------------

Reconciliation of Information Technology

	2015 \$m	2014 \$m
Carrying amount at the beginning of the period	1.0	0.8
Additions	1.7	0.3
Amortisation expense	(0.1)	(0.1)

Carrying Amounts at the end of the period

2.6	1.0
------------	------------

Note 10 Derivatives Receivable

	2015 \$m	2014 \$m
Foreign Currency Swaps	-	244.5
Interest Rate Swaps - South Australian Government	6.7	6.3
Interest Rate Swaps	184.6	272.3

Total Derivatives Receivable

191.3	523.1
--------------	--------------

Note 11 Other Assets

	2015 \$m	2014 \$m
Receivables	0.4	4.8
Receivables - South Australian Government	8.8	9.8
Recoveries	1.1	1.3
Less: Allowance for Impairment loss	(0.1)	(0.8)
Receivables from the Treasurer	3.8	39.1
Prepayments - South Australian Government	2.1	1.9
Prepayments	3.2	3.4
Sundry Debtors - South Australian Government	0.0	0.0
Deferred Acquisition Costs	1.8	2.3
Income Tax Equivalent	4.2	-
Total Other Assets	25.3	61.8

Movement in the allowance for Impairment loss

The allowance for impairment loss is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in the Statement of Comprehensive Income.

	2015 \$m	2014 \$m
Carrying amount at the beginning of the period	0.8	0.8
Provision for impairment recognised during the year	(0.7)	0.0
Carrying amount at the end of the period	0.1	0.8

Note 12 Deposits and Short-Term Borrowings

	2015 \$m	2014 \$m
At Call Deposits	13.9	71.3
Deposits from the Treasurer	4,283.2	2,887.8
Deposits from South Australian Government agencies	264.1	387.6
Commercial Paper	2,137.4	2,314.1
Total Deposits and Short-Term Borrowings	6,698.6	5,660.8

Note 13 Bonds, Notes and Debentures

	2015 \$m	2014 \$m
Floating Rate Notes	6,022.7	4,798.2
Select Lines	8,937.1	9,929.2
Retail Stock	75.2	63.0
Zero Coupon Bonds	207.8	230.7
Inflation Linked Bonds and Securities	95.1	109.0
Obligation to the Commonwealth Government	268.3	252.1
Total Bonds, Notes and Debentures	15,606.2	15,382.2

Note 14 Outstanding Claims

	2015 \$m	2014 \$m
Outstanding Claims - South Australian Government	11.6	8.3
Outstanding Claims	354.7	294.7
Total Outstanding Claims	366.3	303.0

Reconciliation of Movements in Outstanding Claims

	Property \$m	Liability \$m	Medical Malpractice \$m
2014 Balance	8.3	64.9	229.8
Paid	(2.3)	(14.6)	(5.3)
Reported Claims	5.0	14.3	21.9
IBNR /IBNER Reserve	(0.1)	6.1	21.0
Risk Margin	0.6	1.9	14.3
Indirect Claims Settlement Reserve	0.1	(0.1)	0.3
2015 Balance	11.6	72.7	282.0
30 June 2015 Outstanding Claims balance by:			
Fund 1	10.5	52.4	259.3
Fund 2	1.1	16.8	22.8
Fund 3	-	3.5	-
	11.6	72.7	282.0

Note 15 Derivatives Payable

	2015 \$m	2014 \$m
Foreign Currency Swaps	-	246.4
Interest Rate Swaps - South Australian Government	0.1	0.2
Interest Rate Swaps	42.4	45.6
Total Derivatives Payable	42.5	292.2

Note 16 Other Liabilities

	2015 \$m	2014 \$m
Sundry Creditors - South Australian Government	0.1	-
Sundry Creditors	1.2	0.6
Accrued Operating Expenses	-	0.0
Payables	6.1	7.2
Payables - South Australian Government	0.1	0.2
Payables to the Treasurer	9.7	13.2
Unearned Premium	11.5	7.5
Income Tax Equivalent	-	5.0
Total Other Liabilities	28.7	33.7

Note 17 Revenue**Interest Revenue**

External to South Australian Government:

Cash and Cash equivalents

Investments

Loans

Other Assets

Internal to South Australian Government:

Cash and Cash equivalents

Loans

Other Assets

Note

2015
\$m2014
\$m

65.6

52.4

55.2

51.5

5.5

4.9

319.2

395.6

1.2

2.2

612.4

593.0

6.3

8.7

1,065.4**1,108.3****Less Interest Expense**

External to South Australian Government:

Deposits and Short-Term Borrowings

Bonds, Notes and Debentures

Other Liabilities

Internal to South Australian Government:

Deposits and Short-Term Borrowings

Other Liabilities

56.3

44.4

648.8

669.6

269.7

300.3

84.6

78.3

3.8

5.5

1,063.2**1,098.1****Net Interest Revenue****2.2****10.2****Insurance Premium**

External to South Australian Government

Internal to South Australian Government

5.1

2.7

42.5

41.0

47.6**43.7**

20

Leasing and Hire

Internal to South Australian Government

63.1

67.2

63.1**67.2****Recoveries**

External to South Australian Government

Internal to South Australian Government

1.7

(10.3)

23.0

20.6

24.7**10.3****Other**

External to South Australian Government:

Other Revenue

Commissions

Dividend

Internal to South Australian Government:

Dividend

Other Revenue

Management Fees

0.2

0.3

1.3

1.1

2.9

-

0.5

6.5

0.0

0.0

0.7

1.3

5.6**9.2****Total Revenue****143.2****140.6**

Note 18 Other Gains/(Losses)**Net Gain/(Loss) on Financial Instruments and Derivatives**

External to South Australian Government:

Realised

2015
\$m

(45.2)

2014
\$m

12.5

Unrealised

(18.6)

(120.4)

Internal to South Australian Government:

Realised

48.4

7.6

Unrealised

84.8

174.2

69.4**73.9****Net Loss on Sale of Property, Plant and Equipment**

External to South Australian Government

(0.8)

(0.9)

(0.8)**(0.9)****Total Other Gains****68.6****73.0****Note 19 Expenses****Insurance Claims**

External to South Australian Government

2015
\$m

85.3

2014
\$m

18.6

Internal to South Australian Government

3.3

0.8

20

88.6**19.4****Motor Vehicle**

External to South Australian Government

25.8

30.3

Internal to South Australian Government

5.1

5.1

30.9**35.4****Reinsurance**

External to South Australian Government

8.7

9.1

20

8.7**9.1****Depreciation and Impairment**

Internal to South Australian Government

39.2

40.4

39.2**40.4****Operating**

External to South Australian Government:

Program and Debt Management fees

1.2

1.0

Direct Insurance Placement costs

0.0

0.0

Bad Debts written off

(0.1)

0.0

Management Fees

5.0

1.2

Consultants/Contractors

26

0.0

0.2

Rent

0.9

0.9

Systems

0.4

0.2

Other

0.1

0.0

Internal to South Australian Government:

Indemnity to the Treasurer

(7.3)

4.1

Service Level Agreement

11.1

12.2

11.3**19.8****Total Expenses****178.7****124.1**

A Service Level Agreement operates between SAFA and DTF. DTF provides services to SAFA to enable SAFA to undertake its business activities in a manner so that SAFA may achieve its key outcomes. DTF provides SAFA with appropriately trained and skilled staff along with infrastructure support. The majority of the fee covers staffing, accommodation, audit and network systems expenditure.

Service Level Agreement insurance costs of \$1,181,062 (2013-14: \$1,348,445) have been allocated directly to claims expense.

Note 20 Net Claims Incurred and Underwriting Result

The following table provides detail in relation to the net claims incurred cost. Current year claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in previous reporting periods.

2015	In respect of Current Year \$000	In respect of Prior Years \$000	Total \$000
Gross Claims Incurred and Related Expenses Undiscounted	53,652	35,738	89,390
Other Recoveries Undiscounted	(461)	(665)	(1,126)
<i>Net Claims Incurred - Undiscounted</i>	<i>53,191</i>	<i>35,073</i>	<i>88,264</i>
Discount and Discount Movement - Gross Claims Incurred	(8,439)	4,215	(4,224)
Discount and Discount Movement - Other Recoveries	85	154	239
<i>Net Discount Movement</i>	<i>(8,354)</i>	<i>4,369</i>	<i>(3,985)</i>
Net Claims Incurred	44,837	39,442	84,279

Net claims incurred during 2014-15 in respect of claims incurred prior to 30 June 2014 was \$39.4 million, resulting from:

	\$m
Interest on the 30 June 2014 provision, less payments during 2014-15	9.8
Release of administration allowance and risk margin in respect of payments during 2014-15	(7.9)
Changes in actuarial assumptions and experience deviation from expected	37.5
	39.4

2014	In respect of Current Year \$000	In respect of Prior Years \$000	Total \$000
Gross Claims Incurred and Related Expenses Undiscounted	51,375	(39,556)	11,819
Other Recoveries Undiscounted	(176)	12,129	11,953
<i>Net Claims Incurred - Undiscounted</i>	<i>51,199</i>	<i>(27,427)</i>	<i>23,772</i>
Discount and Discount Movement - Gross Claims Incurred	(9,413)	17,158	7,745
Discount and Discount Movement - Other Recoveries	43	(1,386)	(1,343)
<i>Net Discount Movement</i>	<i>(9,370)</i>	<i>15,772</i>	<i>6,402</i>
Net Claims Incurred	41,829	(11,655)	30,174

Net claims incurred during 2013-14 in respect of claims incurred prior to 30 June 2013 was (\$11.7) million, resulting from:

	\$m
Interest on the 30 June 2013 provision, less payments during 2013-14	10.2
Release of administration allowance and risk margin in respect of payments during 2013-14	(13.6)
Changes in actuarial assumptions and experience deviation from expected	(8.3)
	(11.7)

Note 20 Net Claims Incurred and Underwriting Result (continued)

	2015 \$m	2014 \$m
Net Earned Premium		
Premium Revenue	47.6	43.7
Outwards Reinsurance Expense	(8.7)	(9.1)
	<u>38.9</u>	<u>34.6</u>
Net Claims Incurred		
Claims Expense	(88.6)	(19.4)
Recoveries Income	1.9	(11.1)
	<u>(86.7)</u>	<u>(30.5)</u>
Net Underwriting Result	<u>(47.8)</u>	<u>4.1</u>

Note 21 Contingent Assets and Liabilities**Contingent Assets**

Under Section 15 of the *Government Financing Authority Act, 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the State of South Australia.

Origin Energy has indemnified SAFA if SAFA's guarantee to Osborne Cogeneration Pty Ltd in respect of the obligations of two subsidiaries of Origin Energy Ltd is called upon by Osborne Cogeneration Pty Ltd under arrangements for the generation of electricity at the Osborne Generation Plant. The exposure of the guarantee is estimated at \$150 million to \$200 million.

Contingent Liabilities**(a) General**

Indemnities provided by SAFA have been primarily issued to third parties involved in financing arrangements with SAFA either directly or indirectly, other statutory authorities and financial institutions of the State, and relate to financial advantages which are expected to be available to those parties or to preserve existing financial advantages.

By its nature insurance underwriting has liabilities contingent upon certain events occurring that give rise to a claim under the policy of insurance. All known and expected claims in respect of events that have occurred up to the end of the reporting period have been accounted for in the preparation of these Financial Statements plus an allowance for claims incurred but not reported and incurred but not enough reported using IBNR and IBNER calculations. Many claims require legal input to negotiate suitable settlements. The results of such negotiations may result in liabilities different to those recognised in the Financial Statements.

(b) Guarantees

Under arrangements for the generation of electricity at the Osborne Generation Plant, SAFA has provided a guarantee to Osborne Cogeneration Pty Ltd in respect of the obligations of two subsidiaries of Origin Energy Ltd. The exposure of the guarantee is estimated at \$150 million to \$200 million.

(c) Treasurer's Indemnity

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Funds 2 and 3. Given the nature of activities in these Funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or receivable from the Treasurer. This policy resulted in a payable to the Treasurer of \$5.9 million as at 30 June 2015 (payable to the Treasurer of \$12.2 million as at 30 June 2014).

Note 21 Contingent Assets and Liabilities (continued)

(d) Unused Loan Facilities

As at 30 June 2015, SAFA had extended loan facilities that were unutilised totalling \$1,335.2 million (2013-14: \$1,019.2 million).

(e) Security Transfer and Managing Out Deed

SAFA has executed a security transfer and managing out deed with the Commonwealth of Australia for the transfer of securities held by Playford Capital Pty Ltd as trustee for the PC IIFF Trust to SAFA for nil consideration. SAFA will use reasonable endeavours to liquidate the securities by 30 June 2016 with all proceeds from liquidation payable to the Commonwealth of Australia.

Note 22 Cash Flow Information

	Note	2015 \$m	2014 \$m
1. Reconciliation of Cash:			
Cash and cash equivalents per the Statement of Financial Position	4	1,855.0	1,839.4
Less Negotiable Certificates of Deposit and Working Capital		(1,410.0)	(1,542.5)
Less fair value component		(0.8)	(0.6)
Balance per Statement of Cash Flows		444.2	296.3
2. Reconciliation of Comprehensive Result to net cash provided by operating activities:			
Comprehensive result		23.2	62.6
Non-cash items			
Change in net market value of financial instruments		(61.4)	(51.5)
Amortisation of financial instruments		46.5	47.6
Depreciation, Impairment and Bad Debts		39.1	40.4
Loss on Sale of Property, Plant and Equipment		0.8	0.9
Bad Debt written off		0.1	(0.0)
Changes in assets and liabilities, net of effects from transferred functions			
(Increase)/Decrease in accrued interest receivable		37.5	(5.9)
(Increase)/Decrease in recoveries receivable		0.2	13.7
(Increase)/Decrease in sundry debtors and other assets		40.7	(12.5)
Increase/(Decrease) in accrued interest payable		(52.1)	18.8
Increase/(Decrease) in outstanding claims		63.3	(24.3)
Increase/(Decrease) in sundry creditors and other liabilities		(9.2)	9.6
Foreign Currency movement		0.0	(0.0)
Net cash provided by operating activities		128.7	99.4

3. Non Cash Financing and Investing Activities

During 2014-15, \$44.7 million was adjusted against the Treasurer's debt for book gains arising from debt management activity.

Note 23 Auditor's Remuneration

Audit fees payable to the Auditor-General's Department relating to the audit of the financial statements

2015 \$000	2014 \$000
224	242
224	242

No other services were provided by the Auditor-General's Department. All fees are paid through SAFA's SLA with DTF.

Note 24 Related Parties**(a) Board and Committee members**

\$0
Between \$20,001 - \$30,000
Between \$30,001 - \$40,000
Between \$40,001 - \$50,000
Total Number of Members

2015 Members	2014 Members
4	5
2	-
3	4
-	1
9	10
\$ 171,982	\$ 182,079

Total Remuneration

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. Amounts paid to a superannuation plan for board/committee members in 2014-15 were \$14,334 (2013-14: \$15,416). All amounts paid to members are paid through SAFA's SLA with DTF.

SAFA Advisory Board and committee members during the 2014-15 financial year were:

Advisory Board

Mr B Rowse* (Presiding Member)
Mr G Goddard* (Deputy Member)
Ms J Brown
Mr M Day (term expired 8 June 2015)
Ms J Fitzpatrick (appointed 14 August 2014)
Mr L Foster (term expired 8 June 2015)
Mr J Hollamby*
Ms K Rowlands (Deputy Member)*
Ms Y Sneddon (term expired 8 June 2015)

Audit and Risk Management Committee

Ms J Brown
Ms Y Sneddon (term expired 8 June 2015)
Mr L Foster (term expired 8 June 2015)
Mr J Hollamby*
Ms J Fitzpatrick (appointed 14 August 2014)

* Those members who are permanently employed under the *Public Sector Act, 2009*, or on similar terms, are not entitled to fees.

Unless otherwise disclosed, transactions with members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

(b) Other Key Management Personnel

The following persons held authority and responsibility for planning, directing and controlling the activities of SAFA or subsidiary entities, directly or indirectly during the financial year:

Mr K Cantley	General Manager
Mr T Burfield	Director Insurance
Mr C Fowler	Director Finance
Mr G Gaisford	Acting Director Fleet
Mr A Kennedy	Director Financial Markets and Client Services
Mr D Posaner	Director Corporate Governance and Planning
Mr J Powell (resigned December 2014)	Director Financial Markets and Client Services

The above are employed by DTF and provided to SAFA through an SLA. Further details of their remuneration are included in the DTF Financial Statements, as DTF employees.

Note 24 Related Parties (continued)

(c) Related party transactions

SAFA is a statutory authority constituted as the Under Treasurer under the *Government Financing Authority Act 1982*. SAFA is subject to the control and direction of the Treasurer of South Australia who in turn, is responsible to the Parliament of South Australia for the proper administration of the Act.

Related parties include the Government of South Australia and South Australian state public sector organisations, as well as the Treasurer of South Australia, SAFA board and committee members, and SAFA key management personnel.

Transactions and balances between SAFA and related parties are disclosed in the various notes to the Financial Statements.

SAFA Advisory Board member, Jamie Hollamby holds the position of General Manager, Business Services SA Water Corporation (SAW). SAFA provides loans to, and accepts deposits from SAW. All transactions with SAW are priced in accordance with SAFA's policies.

(i) Individually significant transactions

SAFA provides a number of loans to, and accepts deposits from, the Treasurer of South Australia. This is one of the primary functions of SAFA. The amount of loans to the Treasurer are disclosed in Note 7; deposits are disclosed in Note 12.

Receipt of the final dividend from SAFA's subsidiary, Playford Capital Pty Ltd totalled \$548,905.

(ii) Collectively significant transactions

SAFA functions as the central financing authority, captive insurer and manager of the passenger and light commercial vehicle fleet operations for the Government of South Australia. Balances and transactions related to these services are reported in various notes to the financial statements, as amounts "internal to the South Australian Government".

Note 25 Fiduciary Activities

SAFA provides asset and liability management services to clients and these financial assets and liabilities are not recognised on SAFA's Statement of Financial Position, unless the financial transactions have been undertaken with SAFA as the provider. SAFA manages these assets and liabilities within prescribed risk limits as directed by, or agreed with clients. SAFA is responsible for providing regular financial and management information with respect to its management of client assets and liabilities.

	2015 \$m	2014 \$m
Liabilities under management	6,546.5	3,789.7

SAFA provides a pooled investment portfolio to its clients that meet their investment needs. The Cash Management Facility comprises cash and short-term money market securities. The assets and liabilities of this portfolio is reported within SAFA's Statement of Financial Position.

	2015 \$m	2014 \$m
Total market value of pooled investments	275.1	615.5

Note 26 Consultants

	2015 Consultants	2014 Consultants
Between \$1 - \$50,000	3	4
Between \$150,001 - \$200,000	-	1
	3	5
Total Consultants expense	\$ 29,247	\$ 197,327

In addition to the amounts shown in the table above, \$416,210 (2013-14: \$140,755) in consultants fees were paid through SAFA's SLA with DTF. These consultants are disclosed in DTF's Financial Statements.

Note 27 Unrecognised Contractual Commitments**a) Operating Lease Commitments Receivable****SAFA as a Lessor**

Leases in which SAFA retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Agencies have entered into commercial leases on motor vehicles owned by SAFA. These leases are for terms up to three years, with an option, subject to approval, to extend in six monthly intervals to a maximum term of four years for passenger vehicles and a maximum term of five years for light commercial vehicles.

Future minimum rentals receivable (excluding GST) under non-cancellable operating leases are as follows:

	2015 \$m	2014 \$m
Motor Vehicle Hire:		
Not later than one year	48.3	49.0
Later than one year but not later than five years	35.9	30.5
Total Non-Cancellable Operating Lease Receivables	84.2	79.5

b) Other Commitments

SAFA's other commitments relate to software licences and maintenance. These amounts relate to vendors which are external to the South Australian Government.

	2015 \$m	2014 \$m
Software:		
Not later than one year	0.8	2.6
Later than one year but not later than five years	0.8	1.3
Total Software Commitments	1.6	3.9

(c) Unrecognised Investment Commitment

The South Australian Government announced in August 2005 that it would invest an amount not exceeding \$10 million in a private capital equity fund (Paragon Private Equity Fund No 1) established in South Australia and managed by Paragon Advisory Pty Ltd. The Government was committed to invest \$1 for every \$4 of private sector capital that Paragon Advisory Pty Ltd was able to raise up until the closing date of April 2007. The final capital commitment of the South Australian Government (SAFA) is \$0.9 million.

The Treasurer has indemnified SAFA against any shortfall where the assumption payment SAFA received of \$2.2 million is less than the aggregate of all capital contributions to the Fund.

Note 28 Capital Management

SAFA's objective is to maintain capital that allows it to continue as a going concern while exposing its stakeholders to an acceptable level of risk. SAFA's capital comprises Retained Earnings (\$354.2m in 2014-15; \$339.8m in 2013-14). The capital position is reviewed periodically by management to ensure its adequacy is commensurate with the level of risk. Among others, management considers the following factors when managing capital requirements:

- The overall risk position of the business;
- Dividend policy;
- The requirements of the *Government Financing Authority Act 1982*; and
- The guarantee provided to SAFA by the Treasurer on behalf of the State of South Australia (refer Note 21).

Note 29 Financial Risk Management

SAFA's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk, liquidity risk and insurance risk. SAFA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of SAFA. SAFA uses derivative financial instruments such as futures, foreign exchange contracts, forward rate agreements and interest rate swaps to reduce certain risk exposures.

The guidelines within which these risks are undertaken and managed are established under policies approved by the Advisory Board, Treasurer and Management guidelines. SAFA monitors compliance with these policies and constraints by appropriately segregating the monitoring from the operating business unit. Information is summarised and reported daily to Management and reported monthly to the Advisory Board.

(a) Credit Risk

Credit risk is the risk of financial loss and associated costs resulting from the failure of a counterparty to meet its financial obligations as and when they fall due. SAFA incurs credit risk through undertaking its core functions of fundraising, debt management, liquidity management and the Government's reinsurance program.

SAFA's dealings in physical securities and other financial contracts, including derivatives, are transacted only with counterparties possessing strong to extremely strong safety characteristics regarding timely payment of principal and interest.

Should a participant in the Government's reinsurance program become insolvent or cease trading, the recoveries to which SAFA may be entitled could be jeopardised in full or in part, or the timing of any recovery may be subject to an insolvency action.

To minimise the potential for credit loss, SAFA complies with stringent credit guidelines. The guidelines are designed to promote diversification of credit risk amongst counterparties while limiting exposure only to highly rated institutions worldwide. The credit guidelines do not apply to loans to South Australian Government entities.

AASB 7 *Financial Instruments: Disclosures*, requires the disclosure of the amount of change in fair value that is attributable to the change in SAFA's credit risk. The following table shows the amount of change in fair value of Liabilities and Loans as at the end of the reporting period that is considered to be contributed to SAFA's credit risk for the period and cumulative.

	2015		2014	
	Period	Cumulative	Period	Cumulative
	\$m	\$m	\$m	\$m
Loans change in fair value profit/(loss)	(58.5)	(15.5)	93.4	52.2
Liabilities change in fair value profit/(loss)	67.8	17.9	(109.6)	(61.2)

The change in fair values attributable to credit risk have been calculated by determining the change in the spread between SAFA and Swap yield curves at the issue date and period end dates. This spread movement is then applied to the delta of each transaction to calculate the considered credit component. Spreads for the period ending 30 June 2015 have moved by between 10-40 basis points (2013-14: 10-40 basis points).

Note 29 Financial Risk Management (continued)

(i) Credit Quality

The following table sets out the credit quality of financial assets. The ratings have been presented based on credit ratings from Standard and Poors.

The below disclosure measures credit risk for physical securities at face value, and the credit risk of derivative transactions using a mark-to-market methodology that includes an additional factor to cover potential future adverse market movements.

The majority of SAFA's lending is to agencies and corporations of the South Australian Government. In respect to the repayment of loans by authorities (which are fully guaranteed by the Treasurer) the ultimate credit risk is to the Treasurer. The principal focus for SAFA is therefore with risk that arises through investment of funds in financial assets and through derivative transactions with market counterparties.

As required under AASB 13 *Fair Value Measurement*, a calculation has been undertaken to evaluate the impact to the fair value of interest rate swaps for a credit impact that may result from a change to SAFA's current valuation methodology. The amount of the adjustment required was less than 0.15% of net profit (and even smaller relative to derivative asset and liability balances) therefore SAFA's accounts have not been adjusted to reflect this as it was considered immaterial. All other financial assets and liabilities are considered to include a credit component in the quoted market rate used to value the securities.

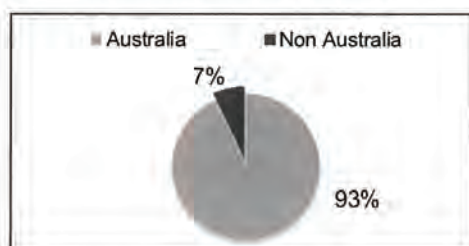
Concentration of Credit Risk by credit rating:

2015 Asset Class	Rating								Total
	AAA \$m	AA+ \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ \$m	NR* \$m	
Loans/Investments	582.1	395.0	766.0	840.5	677.8	410.0	-	17,983.2	21,654.6
Interest Rate Swaps	-	-	366.5	30.0	33.3	-	24.7	9.6	464.1
Foreign Exchange	-	-	0.6	-	-	-	-	0.4	1.0
Total	582.1	395.0	1,133.1	870.5	711.1	410.0	24.7	17,993.2	22,119.7

2014 Asset Class	Rating								Total
	AAA \$m	AA+ \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ \$m	NR* \$m	
Loans/Investments	385.4	247.0	1,180.6	537.5	713.4	220.0	-	17,473.8	20,757.7
Interest Rate Swaps	-	-	419.6	51.6	79.2	-	-	10.0	560.4
Foreign Exchange	-	-	1.1	-	-	-	-	-	1.1
Total	385.4	247.0	1,601.3	589.1	792.6	220.0	-	17,483.8	21,319.2

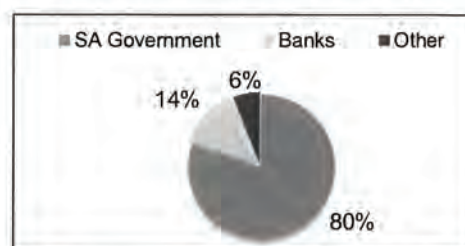
* NR - not classified under particular ratings. Includes loans to SA Government of \$17,805 million (2013-14: \$17,242 million).

2014-15 Credit Risk: Country



2013-14 (Aust 93% Non Aus 7%)

2014-15 Credit Risk: Counterparty



2013-14 (SAG 81% Bank 16% other 3%)

Note 29 Financial Risk Management (continued)

(ii) Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities subject to offsetting and/or master netting agreements:

SAFA enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Derivative asset and liability positions are accounted for at the transaction level, and are not offset at the counterparty level in the Statement of Financial Position. SAFA does not currently have a legally enforceable right to offset these positions in the usual course of business; the right to offset is enforceable only on the occurrence of future credit events, such as default. Furthermore, SAFA does not intend to settle these transactions on a net basis.

The analysis presented below sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. SAFA does not hold collateral from, or post any collateral with, any of its counterparties.

2015	Related amounts not offset					
	Gross Amounts of Financial Assets and Liabilities	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Subject to master netting or other agreements	Financial collateral (incl. cash collateral)	Net
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Interest Rate Swaps	191.3	0.0	191.3	(31.0)	0.0	160.3
Foreign Currency Swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	191.3	0.0	191.3	(31.0)	0.0	160.3
Liabilities						
Interest Rate Swaps	(42.5)	0.0	(42.5)	31.0	0.0	(11.5)
Foreign Currency Swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	(42.5)	0.0	(42.5)	31.0	0.0	(11.5)

2014	Related amounts not offset					
	Gross Amounts of Financial Assets and Liabilities	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Subject to master netting or other agreements	Financial collateral (incl. cash collateral)	Net
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Interest Rate Swaps	278.6	0.0	278.6	(41.7)	0.0	236.9
Foreign Currency Swaps	244.5	0.0	244.5	(244.5)	0.0	0.0
Total	523.1	0.0	523.1	(286.2)	0.0	236.9
Liabilities						
Interest Rate Swaps	(45.8)	0.0	(45.8)	41.7	0.0	(4.1)
Foreign Currency Swaps	(246.4)	0.0	(246.4)	244.5	0.0	(1.9)
Total	(292.2)	0.0	(292.2)	286.2	0.0	(6.0)

Note 29 Financial Risk Management (continued)

Reconciliation to the Statement of Financial Position

The 'Net amounts presented in the Statement of Financial Position', as set out above, are reflected in the Statement of Financial Position as such (refer Note 10 and 15):

(iii) Ageing Analysis

As at 30 June 2015 the amount of Receivables including Impaired Assets that were past due was \$727,634.

Past due but not impaired receivables are South Australian Government debts considered recoverable regardless of their age. Impaired receivables are long outstanding debts with non South Australian Government entities where funds are deemed irrecoverable.

	Past due by				
	1 - 30 days	31 - 60 days	61 - 90 days	+91 days	Total
	\$m	\$m	\$m	\$m	\$m
2015					
Past due but not impaired					
Receivables	0.7	0.0	0.0	0.0	0.7
Impaired					
Receivables	0.0	0.0	0.0	0.1	0.1
	0.7	0.0	0.0	0.1	0.8
2014					
Past due but not impaired					
Receivables	1.7	0.1	0.0	0.1	1.9
Impaired					
Receivables	0.0	0.0	0.0	0.4	0.4
	1.7	0.1	0.0	0.5	2.3

Note 29 Financial Risk Management (continued)

(b) Liquidity Risk

In order to manage liquidity risk, SAFA has in place liquidity management guidelines, which require SAFA to hold a base level of liquidity comprising highly marketable liquid financial assets. Liquid assets include cash, promissory notes, Commonwealth bonds, floating rate notes and negotiable certificates of deposit. The level of liquid financial asset holdings by SAFA on any given day must be sufficient to cover the higher of a base liquidity buffer of \$350 million or the sum of debt maturities over the next 60 days. Adherence to these guidelines enables SAFA to be in a position to meet the forecasted cash demands and any unanticipated funding requirements of the South Australian public sector.

SAFA has chosen an approach to minimise medium-term refinancing risks, which involves diversification of physical borrowings across the maturity spectrum, diversification of funding sources and the holding of liquid assets to assist in the management of refinancing and liquidity risk. These strategies result in SAFA facing manageable funding demands from financial markets in any given period. This approach assists the maintenance of an orderly market place for SAFA's securities when refinancing maturing debt obligations.

The liquidity analysis below has been presented on a contractual basis, representing the repayment of undiscounted principal and interest amounts for financial assets and liabilities, and the estimated discounted settlement amount for outstanding claims.

2015	< 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets								
Cash and Cash Equivalents	930.0	910.0	-	-	-	-	-	1,840.0
Investments	678.7	495.1	64.1	212.5	240.9	342.6	539.2	2,573.1
Loans	3,865.5	2,079.8	534.7	1,871.6	1,417.3	2,429.0	8,031.9	20,229.8
Other Assets	13.0	-	-	-	-	-	-	13.0
Total	5,487.2	3,484.9	598.8	2,084.1	1,658.2	2,771.6	8,571.1	24,655.9
Liabilities								
Deposits and Short-Term Borrowings	(5,346.4)	(1,365.0)	-	-	(0.5)	(20.0)	-	(6,731.9)
Bonds, Notes and Debentures	(240.2)	(2,660.5)	(528.3)	(2,859.5)	(2,373.1)	(4,271.4)	(4,465.2)	(17,398.2)
Outstanding Claims	(14.0)	(42.1)	(41.7)	(38.0)	(35.0)	(31.6)	(163.9)	(366.3)
Other Liabilities	(17.2)	-	-	-	-	-	-	(17.2)
Total	(5,617.8)	(4,067.6)	(570.0)	(2,897.5)	(2,408.6)	(4,323.0)	(4,629.1)	(24,513.6)
Net	(130.6)	(582.7)	28.8	(813.4)	(750.4)	(1,551.4)	3,942.0	142.3
Net Derivatives	19.4	12.9	43.1	35.1	21.1	20.0	21.6	173.2

Note 29 Financial Risk Management (continued)

2014	< 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets								
Cash and Cash Equivalents	1,073.9	765.0	-	-	-	-	10.0	1,848.9
Investments	907.3	567.3	209.3	56.0	10.6	206.0	53.1	2,009.6
Loans	3,390.7	1,889.7	1,621.1	496.1	1,667.8	400.4	9,923.4	19,389.2
Other Assets	14.8	-	-	-	-	-	-	14.8
Total	5,386.7	3,222.0	1,830.4	552.1	1,678.4	606.4	9,986.5	23,262.5
Liabilities								
Deposits and Short-Term Borrowings	(5,005.4)	(665.3)	-	-	-	(10.0)	-	(5,680.7)
Bonds, Notes and Debentures	(157.6)	(4,088.2)	(2,825.1)	(431.3)	(2,762.0)	(279.0)	(6,674.9)	(17,218.1)
Outstanding Claims	(11.5)	(34.7)	(39.3)	(35.3)	(30.7)	(27.0)	(124.5)	(303.0)
Other Liabilities	(21.2)	-	-	-	-	-	-	(21.2)
Total	(5,195.7)	(4,788.2)	(2,864.4)	(466.6)	(2,792.7)	(316.0)	(6,799.4)	(23,223.0)
Net	191.0	(1,566.2)	(1,034.0)	85.5	(1,114.3)	290.4	3,187.1	39.5
Net Derivatives	17.1	58.3	52.8	58.5	49.5	30.6	56.9	323.7

(c) Market risk

Market risk is the risk that changes in market prices will result in gains or losses on SAFA's financial instruments. SAFA has a range of policies in place to manage market risk, including counterparty exposure limits, risk limits and liquidity and maturity limits. The main tool used to measure and assess market risks within each of SAFA's trading portfolios is Value at Risk (VaR).

(i) Price Risk

Treasury Operations

SAFA manages the sensitivity of its treasury portfolios for changes in market risk variables by calculating VaR daily and monitoring the calculated VaR against pre-determined exposure limits. VaR is the calculation of the potential loss due to interest rate movements for any one day.

SAFA calculates VaR using the Historical Simulation method and a two year interest rate horizon. The daily VaR is assessed at the 95% confidence level.

The following table shows the computed VaR on SAFA's principal portfolios:

	2015 Actual \$000	2015 Working Limit \$000	2014 Actual \$000	2014 Working Limit \$000
Funding Portfolio	583.8	1000.0	307.5	750.0
Liquidity Portfolio	22.6	250.0	36.4	250.0
Reinvestment Portfolio	0.7	N/A	0.6	N/A
Cash Management Facility	10.4	N/A	13.9	N/A

SAFA's treasury portfolios that reflect SAFA's position with the Treasurer of South Australia are not reported above, as all risk in these portfolios are borne directly by the Treasurer.

As SAFA's VaR model relies on historical data and assumes recent historic market conditions, it may not always accurately predict the size of potential losses. SAFA therefore uses other controls such as limits on exposures based on factor sensitivity measurements covering interest rate, yield curve and basis spread movement scenarios and monitors exposures to plausible extreme market movements through stress testing.

Note 29 Financial Risk Management (continued)

Insurance Operations

The insurance portfolio is exposed to price risk arising from investments held with Funds SA. SAFA maintains policies outlining the strategies for investment of funds and these policies are reviewed every three years.

The table below shows the impact of a positive or negative 10% movement in the value of investment funds held with Funds SA:

2015	Investments \$000	Profit (Post tax)		Equity	
		-10%	10%	-10%	10%
		\$000	\$000	\$000	\$000
Fund 1	475,111	(33,258)	33,258	(33,258)	33,258
Fund 2*	44,942	(3,146)	3,146	(3,146)	3,146
Fund 3*	9,074	(635)	635	(635)	635
Total	529,127	(37,039)	37,039	(37,039)	37,039

* Due to the nature of activities undertaken by Fund 2 and Fund 3, the Treasurer has approved that any operating profit or loss before tax will be nil for each of these funds. Therefore, any movement in the value of investments with Funds SA for Fund 2 or Fund 3 would effectively be offset by the Treasurer's Indemnity (Refer Note 21).

(ii) Interest Rate Risk

SAFA uses a variety of methods to measure interest rate risk, including basis point sensitivity, duration and VaR. The Treasurer and Under Treasurer approve interest rate risk limits for SAFA's portfolios.

SAFA uses interest rate derivatives to manage the sensitivity of investment portfolios to interest rate fluctuations to be within strict limits, without requiring transactions in physical securities. SAFA utilises futures contracts, interest rate swaps and forward rate agreements to manage interest rate risk.

The following table shows the computed Price Value per basis point (PV01) of SAFA's principal portfolios, reflecting changes in portfolio value relative to interest rate movements:

	2015	2015	2014	2014
	Actual	Working Limit	Actual	Working Limit
	\$	\$	\$	\$
Funding Portfolio	(441)	± 10,000	437	± 10,000
Liquidity Portfolio	(737)	± 10,000	575	± 10,000
Reinvestment Portfolio	15	N/A	46	N/A
Cash Management Facility	7,892	N/A	7,804	N/A

SAFA's treasury portfolios that reflect SAFA's position with the Treasurer of South Australia are not reported above, as all risk in these portfolios are borne directly by the Treasurer.

Note 29 Financial Risk Management (continued)

(iii) Foreign Currency Risk

SAFA has a policy of limiting its foreign currency risk, and has limits in place to protect against movements in foreign currency exchange rates. SAFA utilises foreign exchange swaps, foreign exchange and forward exchange contracts to manage the foreign currency exposures associated with foreign currency borrowings.

The following table summarises SAFA's exposure to exchange rate risk. The value to be received under the currency contracts is designed to hedge the exposure to the net foreign currency liabilities:

	USD A\$000	GBP A\$000	EUR A\$000	NZD A\$000	SGD A\$000	CNY A\$000
2015						
Less than 1 year						
Net Foreign Currency Assets	33.0	-	9.2	4.3	-	(15.8)
Net Derivatives	-	-	-	-	-	-
Total Exposure	33.0	-	9.2	4.3	-	(15.8)
Sensitivity						
Profit impact (in AUD) of +1% change in foreign currency	0.3	-	0.1	0.0	-	(0.2)
2014						
Less than 1 year						
Net Foreign Currency Assets	(244,525.6)	174.0	(6.4)	25.3	(0.1)	-
Net Derivatives	244,550.5	-	-	-	-	-
Total Exposure	24.9	174.0	(6.4)	25.3	(0.1)	-
Sensitivity						
Profit impact (in AUD) of +1% change in foreign currency	0.2	1.7	(0.1)	0.3	(0.0)	-

SAFA's total exposure to exchange rate risk (on a net basis) is \$30,738 for the year ended 30 June 2015 (2013-14: \$217,769). Had the Australian Dollar weakened by 10 per cent against the foreign currencies listed above, the direct impact to SAFA would be a gain of approximately \$3,074 (2013-14: \$21,777).

Note 29 Financial Risk Management (continued)

(d) Insurance Risk

SAFA uses a range of policies to manage risk associated with its insurance activities. The most relevant methods include:

- the continual monitoring of the experience and development of claims;
- premium setting methodologies that reflect the latest development in the risks SAFA's Insurance division is insuring;
- placing reinsurance to protect the capital base against a severe adverse event or a series of severe adverse events; and
- regular review of the investment strategy for assets backing insurance liabilities.

(i) Claim Development

The following tables show the development of incurred cost on net undiscounted outstanding claims (Medical Malpractice, Liability, Property and Builders Indemnity) relative to the ultimate expected estimate over the ten most recent financial years. Figures provided are net of reinsurance and relate to Fund 1 and Fund 3. This information is not disclosed for Fund 2 as it is not considered appropriate for its activities.

Medical Malpractice

Loss Year	Cumulative Payments Plus Undiscounted Outstanding Liability										Undiscounted Discount		
	Measurement as at 30 June										Paid to	Liability	Present
Ending 30 June	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Date	Jun-15	Value
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Prior	134,017	116,345	197,612	123,636	110,441	97,461	106,022	107,079	116,394	123,400	68,155	55,245	48,996
2006	21,363	17,896	25,892	16,422	7,694	20,793	13,421	13,580	13,471	14,290	1,649	12,642	10,839
2007		21,513	22,589	13,748	7,366	9,966	8,290	6,837	6,386	12,310	9	12,301	10,465
2008			22,947	20,345	13,923	11,993	16,582	14,848	13,648	13,936	940	12,996	10,944
2009				49,922	36,167	29,248	27,700	31,564	23,206	26,348	74	26,274	21,851
2010					24,134	15,725	13,002	11,367	8,197	15,197	10	15,187	12,438
2011						17,486	15,471	15,742	14,662	13,242	4,212	9,030	7,258
2012							18,749	17,802	13,584	17,235	18	17,217	13,542
2013								21,967	17,274	15,654	14	15,640	12,000
2014									21,702	22,124	7	22,117	16,502
2015										20,569	30	20,539	14,879
Total										294,305	75,118	219,188	179,714

Liability

Loss Year	Cumulative Payments Plus Undiscounted Outstanding Liability										Undiscounted Discount		
	Measurement as at 30 June										Paid to	Liability	Present
Ending 30 June	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Date	Jun-15	Value
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Prior	48,238	37,621	61,169	76,152	79,687	85,692	87,268	87,588	79,603	80,490	76,224	4,266	3,887
2006	7,922	3,488	2,295	1,961	1,848	1,845	1,911	1,828	2,414	2,263	1,179	1,083	998
2007		7,366	3,564	2,106	2,182	2,996	2,552	2,325	2,339	2,713	1,996	716	660
2008			6,359	3,610	2,137	2,114	1,936	2,907	7,741	7,857	1,925	5,932	5,550
2009				5,784	2,766	7,445	5,644	4,907	5,000	5,671	3,930	1,742	1,598
2010					6,705	4,365	3,663	11,386	10,904	11,640	9,783	1,857	1,707
2011						7,173	5,982	5,158	5,266	7,309	3,580	3,729	3,412
2012							8,038	6,749	5,621	5,297	1,634	3,664	3,337
2013								6,683	5,455	4,336	242	4,093	3,689
2014									6,478	6,128	152	5,975	5,289
2015										7,540	37	7,503	6,516
Total										141,244	100,682	40,560	36,643

Note 29 Financial Risk Management (continued)

(i) Claim Development (continued)

Property

Loss Year	Cumulative Payments Plus Undiscounted Outstanding Liability										Undiscounted		Discount Present
	Measurement as at 30 June										Paid to	Liability	
Ending 30 June	2006 \$000	2007 \$000	2008 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000	2013 \$000	2014 \$000	2015 \$000	Date \$000	Jun-15 \$000	Value \$000
Prior	16,048	19,952	17,521	17,590	18,578	16,809	15,606	15,406	15,406	15,542	15,497	45	44
2006	1,667	2,461	1,927	1,604	1,731	2,581	1,933	1,933	1,933	1,933	1,933	0	0
2007		3,269	2,907	2,666	2,256	2,285	2,142	2,180	2,180	2,180	2,180	0	0
2008			2,347	2,265	2,390	1,762	1,555	1,543	1,540	1,547	1,535	12	11
2009				2,777	2,116	1,599	1,689	1,666	1,672	1,665	1,665	0	0
2010					3,255	1,779	1,543	1,479	1,577	1,577	1,559	18	17
2011						4,568	3,270	3,060	2,940	2,893	2,372	521	489
2012							2,683	2,046	2,314	2,680	2,506	175	164
2013								1,996	1,989	2,185	745	1,440	1,369
2014									3,223	3,399	786	2,614	2,545
2015										3,978	280	3,697	3,530
Total										39,579	31,058	8,522	8,169

Building Indemnity

Loss Year Ending 30 June	Cumulative Payments Plus Undiscounted Outstanding Liability			Undiscounted		Unearned	Earned	Discount
	Measurement as at 30 June			Paid to	Liability	Liabilities	Liabilities	Present
	2014	2015	Date	Jun-15	Jun-15	Jun-15	Jun-15	Value
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014	6,755	7,824	1,641	6,183	(3,985)	2,197	2,057	
2015		6,504	169	6,335	(5,773)	561	517	
	Total	14,328	1,810	12,518	(9,758)	2,758	2,574	

(ii) Unexpired Risk Liability

The LAT (Note 2 (p)) was completed by the independent actuary for Building Indemnity Insurance offered by SAFA. The actuary has compared the unearned premium and the expected cost of claims arising from this premium, including associated expenses and a risk margin. The result of the LAT was a \$1.8 million premium deficiency which has been written off against deferred acquisition costs.

(iii) Concentration Risk

While investments in the Insurance portfolio contain some diversity, by its nature it is geographically concentrated in Adelaide and as such is exposed to the risk of potentially material property catastrophes of the State, being earthquake, bushfires, storms and floods. The reinsurance program is purchased to provide protection in excess of the retention level, which is \$15 million for property, \$15 million for medical malpractice per event and \$20 million for liability classes. The Advisory Board annually reviews the appropriateness of the retention level.

SAFA provides the medical indemnity insurance for all public hospitals in South Australia and as such is exposed to the consequences of any factor which increases the cost of such cover for example, legal precedents.

Note 29 Financial Risk Management (continued)

(iv) Sensitivity Analysis

SAFA has tested the sensitivity of the results to a change in the key assumptions used in the valuation of outstanding claims liabilities. These include changes to the discount and superimposed inflation rates and changes in expected average claim costs and incurred cost development patterns.

The following table sets out the tests carried out and the results:

2015 Insurance Fund	Present Value of Outstanding Liability			Change in Liability		
	Fund 1	Fund 2	Fund 3	Fund 1	Fund 2	Fund 3
	\$m	\$m	\$m	%	%	%
1. Discount Rate						
(a) Increase by 1%	304.8	39.5	3.4	(5.4)	(2.8)	(3.1)
(b) Decrease by 1%	341.3	41.9	3.6	5.9	3.0	3.3
2. Inflation/Superimposed Inflation Rate						
(a) Increase by 1%	341.1	41.8	3.6	5.9	2.9	3.3
(b) Decrease by 1%	304.7	39.5	3.4	(5.4)	(2.7)	(3.1)
3. Other Assumptions						
(a) Increase Medical Malpractice and Liability prior expectations of cost by 10%	337.2	40.6	3.7	4.7	0.0	0.0
(b) Longer Medical Malpractice and Liability tail	327.3	41.2	3.5	1.6	1.4	0.0
(c) Increase Building Indemnity prior expectations of cost by 10%	322.2	40.6	3.7	0.0	0.0	4.8

Note 30 Fair Values of Assets and Liabilities

(a) Contractual Obligations and Financial Assets and Liabilities at Fair Value

The difference between financial assets and liabilities carrying amount (fair value) and the amount contractually required to be paid at maturity is detailed below.

	2015			2014		
	Carrying Amount \$m	Principal Outstanding \$m	Diff \$m	Carrying Amount \$m	Principal Outstanding \$m	Diff \$m
Investments	2,391.8	2,191.9	199.9	1,946.8	1,818.2	128.6
Loans	18,447.5	17,956.3	491.2	17,450.3	17,005.7	444.6
Deposits and Short-Term Borrowings	6,698.6	6,704.4	(5.8)	5,660.8	5,664.6	(3.8)
Bonds, Notes and Debentures	15,606.2	14,853.7	752.5	15,382.2	14,631.4	750.8

Notes:

(1) Fair value is inclusive of interest due at financial year-end.

(2) Principal owing at maturity is the amount SAFA is contractually required to pay at maturity, to the holder of the obligation, exclusive of interest due.

(3) Bonds, Notes and Debentures – includes indexed linked securities. For the purposes of this note, the principal owing for indexed linked securities is assumed to equal the principal owing at financial year-end.

Note 30 Fair Values of Assets and Liabilities (continued)

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, SAFA has classified its assets and liabilities into the three levels prescribed under Australian Accounting Standards. An explanation of each level follows below:

(b) Financial Assets and Liabilities

(i) Fair Value Hierarchy

2015	Note	Quoted market price (Level 1) \$m	Market observable inputs (Level 2) \$m	Non-market observable inputs (Level 3) \$m	Total \$m
Financial Assets					
Cash and Cash Equivalents	4	469.2	1,385.8	-	1,855.0
Investments	6	745.3	1,646.5	-	2,391.8
Loans	7	3,550.6	8,994.9	5,902.0	18,447.5
Derivatives Receivable	10	-	191.3	-	191.3
Total		4,765.1	12,218.5	5,902.0	22,885.6
Financial Liabilities					
Deposits and Short-Term Borrowings	12	(4,561.3)	(2,137.3)	-	(6,698.6)
Bonds, Notes and Debentures	13	(14,931.2)	(166.1)	(508.9)	(15,606.2)
Derivatives Payable	15	-	(42.5)	-	(42.5)
Total		(19,492.5)	(2,345.9)	(508.9)	(22,347.3)

2014	Note	Quoted market price (Level 1) \$m	Market observable inputs (Level 2) \$m	Non-market observable inputs (Level 3) \$m	Total \$m
Financial Assets					
Cash and Cash Equivalents	4	298.4	1,541.0	-	1,839.4
Investments	6	312.4	1,359.1	275.3	1,946.8
Loans	7	3,019.4	6,198.5	8,232.4	17,450.3
Derivatives Receivable	10	-	523.1	-	523.1
Total		3,630.2	9,621.7	8,507.7	21,759.6
Financial Liabilities					
Deposits and Short-Term Borrowings	12	(3,346.7)	(2,314.1)	-	(5,660.8)
Bonds, Notes and Debentures	13	(14,411.8)	(441.5)	(528.9)	(15,382.2)
Derivatives Payable	15	-	(292.2)	-	(292.2)
Total		(17,758.5)	(3,047.8)	(528.9)	(21,335.2)

Note 30 Fair Values of Assets and Liabilities (continued)

Listed Shares worth \$210,544 were transferred from Level 1 to Level 2 of the fair value hierarchy at the beginning of the financial year, reflecting the changed valuation techniques and adjustments employed. No other instruments were reclassified between the various levels of the fair value hierarchy in 2014-15. SAFA generally recognises transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period, unless specified otherwise.

Financial Assets and Liabilities are categorised to levels of the fair value hierarchy based on the following:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that are accessible at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1, which are observable for assets or liabilities, either directly or indirectly.
- Level 3: Inputs to asset or liability valuation that are not based on observable market data (unobservable inputs). This category includes instruments that are valued using quoted prices, but where material adjustments are required as a result of relevant unobservable inputs or assumptions.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in Level 2. All valuation methods remain unchanged compared to the previous reporting period.

(iii) Level 3 Financial Instruments Reconciliation

The following table presents the changes in Level 3 items for the periods 30 June 2015 and 30 June 2014:

2015 \$m	Note	<u>Assets</u>		<u>Liabilities</u>	Total
		Investments	Loans	Bonds, Notes and Debentures	
Balance at 30 June 2014		275.3	8,232.4	(528.9)	7,978.8
Total gain/(loss) included: in Profit or Loss		3.6	265.1	(70.2)	198.5
Purchases		-	470.0	-	470.0
Sales		(278.9)	(3,065.5)	-	(3,344.4)
Issues		-	-	(20.0)	(20.0)
Settlements		-	-	110.2	110.2
Transfers into Level 3		-	-	-	-
Balance at 30 June 2015		0.0	5,902.0	(508.9)	5,393.1

Total gains or losses in the above table are presented in the Statement of Comprehensive Income as follows:

Interest Revenue	17	3.5	231.9	(23.6)	211.8
Net Gain/(Loss) on Financial Instruments and Derivatives - Unrealised	18	-	(11.5)	18.9	7.4
Net Gain/(Loss) on Financial Instruments and Derivatives - Realised	18	0.1	44.7	(65.5)	(20.7)
Total		3.6	265.1	(70.2)	198.5

Note 30 Fair Values of Assets and Liabilities (continued)

2014 \$m	Note	<u>Assets</u>		<u>Liabilities</u>	Total
		Investments	Loans	Bonds, Notes and Debentures	
Balance at 30 June 2013		275.0	6,653.3	(521.0)	6,407.3
Total gain/(loss) included: in Profit or Loss		8.1	338.6	(13.9)	332.8
Purchases		-	1,510.0	-	1,510.0
Sales		(7.8)	(269.5)	-	(277.3)
Issues		-	-	(21.6)	(21.6)
Settlements		-	-	33.0	33.0
Transfers into Level 3		-	-	(5.4)	(5.4)
Balance at 30 June 2014		275.3	8,232.4	(528.9)	7,978.8

Total gains or losses in the above table are presented in the Statement of Comprehensive Income as follows:

Interest Revenue	17	7.8	273.0	(26.6)	254.2
Net Gain/(Loss) on Financial Instruments and Derivatives - Unrealised	18	0.3	64.9	13.0	78.2
Net Gain/(Loss) on Financial Instruments and Derivatives - Realised	18	-	0.7	(0.3)	0.4
Total		8.1	338.6	(13.9)	332.8

(iv) Level 3 Financial Instruments: Unobservable inputs used in measuring fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement:

Type of Financial Instrument	Fair value at 30 June 2015 (\$m)	Valuation Technique	Significant Unobservable Input	Estimate of Unobservable Input	Fair value measurement sensitivity to unobservable inputs
Loans:					
Loan to Treasurer COF	5,881.5	Reflects the market value of borrowings used to fund the loan	Discount rates/market yields	N/A	Market value change is directly proportional to the market value change of instruments used to fund the loan.
Loan to Treasurer Non-Market	20.5	Loan with no applicable interest rate or discount rate	Discount rates/market yields	0% IRR	Instrument value will not change with respect to market/discount rates.

Note 30 Fair Values of Assets and Liabilities (continued)

(iv) Level 3 Financial Instruments: Unobservable inputs used in measuring fair value (continued)

Type of Financial Instrument	Fair value at 30 June 2015 (\$m)	Valuation Technique	Significant Unobservable Input	Estimate of Unobservable Input	Fair value measurement sensitivity to unobservable inputs
Bond, Notes and Debentures:					
Principal and Interest Borrowing	(247.7)	Discounted Cash Flow	Discount rates/market yields	1.99% - 3.34% IRR	Discount rate based on internally- constructed yield curve. A 1 basis point shift in rates results in a \$249,704 change in market value.
Obligation to the Commonwealth Government	(20.5)	Borrowing with no applicable interest rate or discount rate.	Discount rates/market yields	0% IRR	Instrument value will not change with respect to market/discard rates.
Bonds	(236.5)	Discounted Cash Flow	Discount rates/market yields	2.14% - 2.92% IRR	Discount rate based on internally- constructed yield curve. A 1 basis point shift in rates results in a \$20,510 change in market value.
Retail Indexed Annuity	(4.2)	Discounted Cash Flow	Real discount rates (annuity rates)	1.40% - 1.50%	Market rates are observed for annuity instruments. A 1 basis point shift in real rates results in a \$846 change in market value.

SAFA considers that its estimates of fair value are appropriate, and while alternative assumptions in relation to unobservable inputs could be used when determining fair value, these alternative assumptions would not result in any significant changes to measured fair values.

Note 30 Fair Values of Assets and Liabilities (continued)

(c) Non-Financial Assets and Liabilities

(i) Fair Value Hierarchy

2015	Note	Quoted market price (Level 1)	Market observable inputs (Level 2)	Non-market observable inputs (Level 3)	Total
		\$m	\$m	\$m	\$m
Assets					
Assets Held For Sale	5	-	5.4	-	5.4
Property, Plant and Equipment	8	-	177.6	-	177.6
Total		-	183.0	-	183.0

2014	Note	Quoted market price (Level 1)	Market observable inputs (Level 2)	Non-market observable inputs (Level 3)	Total
		\$m	\$m	\$m	\$m
Assets					
Assets Held For Sale	5	-	7.0	-	7.0
Property, Plant and Equipment	8	-	182.3	-	182.3
Total		-	189.3	-	189.3

Non-financial assets are valued at cost less accumulated depreciation which is deemed to represent approximate fair value. Valuation techniques used to derive residual value of non-financial assets include:

- the use of quoted market prices or dealer quotes for similar assets;
- the use of RedBook and Glass's valuations for similar assets; and
- the cost less accumulated depreciation over the useful life to a residual value.

SAFA undertook a fair value exercise at the end of the 2014-15 financial year to ensure there were no major differences between the stated residual value and the expected sales value of the fleet for vehicles scheduled to be sold in the 2015-16 year.

All of the resulting fair value estimates are included in Level 2.

All valuation methods remain unchanged compared to the previous reporting period.

Note 31 Actuarial Assumptions and Methods

SAFA writes four broad classes of general insurance: Property, Liability, Medical Malpractice and Other Liability. Products included in these broad classes are detailed below:

Property (Short Tail)	Liability (Long Tail)	Medical Malpractice	Other (Long Tail)
Aviation Property	Aviation Liability	Medical Malpractice	Building Indemnity
Buildings and Contents	General Liability		Volunteers
Consequential Loss	Marine Liability		
Fidelity Guarantee	Professional Indemnity		
General Property	Personal Accident		
Machinery Breakdown			
Marine Property			
Motor Vehicle			

Total Outstanding Claims

2015	Central Estimate \$m	Risk Margin \$m	Indirect Claims Settlement Margin	Total \$m
			\$m	
Expected Future Claims Payments (Inflated/Undiscounted)	304.8	112.3	15.3	432.4
Discount to Present Value	(46.6)	(17.2)	(2.3)	(66.1)
Total Outstanding Claims	258.2	95.1	13.0	366.3

Assumptions

SAFA used the following assumptions in the measurement of its outstanding claims.

2015	Property	Liability	Medical Malpractice	Building Indemnity
Average weighted term to settlement - Fund 1	1.91	4.10	7.07	-
Average weighted term to settlement - Fund 2	1.16	4.35	2.65	-
Average weighted term to settlement - Fund 3	-	-	-	3.38
Percentage risk margin adopted - Fund 1	23.7%	37.2%	37.4%	-
Percentage risk margin adopted - Fund 2	18.8%	23.0%	25.0%	-
Percentage risk margin adopted - Fund 3	-	-	-	26.1%
Claims handling expense	5.0%	5.0%	5.0%	8.0%
Inflation rate (includes superimposed inflation)*	-	3.0%	3.0%	-
Discount rate - Fund 1	2.3%	2.6%	3.0%	-
Discount rate - Fund 2	2.1%	2.7%	2.5%	-
Discount rate - Fund 3	-	-	-	2.3%

Note 31 Actuarial Assumptions and Methods (continued)

2014	Property	Liability	Medical Malpractice	Building Indemnity
Average weighted term to settlement - Fund 1	1.58	3.58	6.88	-
Average weighted term to settlement - Fund 2	2.46	3.91	2.85	-
Average weighted term to settlement - Fund 3	-	-	-	3.52
Percentage risk margin adopted - Fund 1	24.0%	37.0%	37.0%	-
Percentage risk margin adopted - Fund 2	19.0%	23.0%	25.0%	-
Percentage risk margin adopted - Fund 3	-	-	-	26.0%
Claims handling expense	6.0%	6.0%	6.0%	6.0%
Inflation rate (includes superimposed inflation)*	-	3.0%	3.0%	3.0%
Discount rate - Fund 1	2.7%	3.1%	3.5%	-
Discount rate - Fund 2	2.8%	3.2%	3.0%	-
Discount rate - Fund 3	-	-	-	3.4%

* The valuation methods adopted do not have an explicit inflation assumption, although allowance is made for superimposed inflation (3%) for both Medical Malpractice and Long-Tail Classes.

The overall risk margin is determined allowing for the uncertainty of the outstanding claims estimate. Uncertainty is analysed taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment, and the impact of legislative reform.

AASB1023 *General Insurance Contracts* does not prescribe a fixed risk margin or probability of sufficiency. However, it is a requirement of the Australian Prudential Regulation Authority guidelines for private sector insurers that a minimum of 75% probability of sufficiency be satisfied through the application of the risk margin. Taking into account the nature of the risks underwritten by SAFA and distributions regarded as relevant by the industry for those risks, the application of the above risk margins by class result in a 75% probability that the provision for outstanding claims will be sufficient.

Note 32 Subsidiaries

Playford Capital Pty Ltd became a wholly-owned subsidiary of SAFA on 1 July 2012. On 14 August 2014 the Directors of Playford Capital Pty Ltd declared a final dividend of \$0.5 million. Subsequent to the payment of the dividend on 4 September 2014 members resolved to appoint a liquidator to voluntarily wind up the activities of Playford Capital Pty Ltd, in accordance with regulations to the *Corporations Act 2001*. Playford Capital Pty Ltd was deregistered on 17 March 2015.

Note 33 Events After the End of the Reporting Period

No event has arisen since 30 June 2015 that would be likely to materially affect the operations or the state of affairs of SAFA.

Certification of the Financial Statements



We, certify that the attached General Purpose Financial Statements for SAFA:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;

- are in accordance with the accounts and records of SAFA; and

- present a true and fair view of the financial position of SAFA as at 30 June 2015 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by SAFA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe SAFA will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of SAFA's Audit and Risk Management Committee.



Craig L Fowler
DIRECTOR FINANCE, SAFA



David Posaner
ACTING GENERAL MANAGER, SAFA



Garry Goddard
ACTING UNDER TREASURER

Date: 18 SEPTEMBER 2015



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To the Under Treasurer South Australian Government Financing Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 25(2) of the *Government Financing Authority Act 1982*, I have audited the accompanying financial report of the South Australian Government Financing Authority for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Acting Under Treasurer, Acting General Manager (SAFA) and the Director, Finance (SAFA).

Under Treasurer's Responsibility for the Financial Report

The Under Treasurer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Under Treasurer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Under Treasurer, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Government Financing Authority as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

19 September 2015

South Australian Housing Trust

Financial report
for the year ended
30 June 2015

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Expenses			
Staffing Costs	6	69 638	84 955
Supplies and Services	7	38 317	34 481
Business Services Fees	8	18 460	18 675
Rental Properties Expenses	9	372 621	365 637
Depreciation and Amortisation	10	87 336	85 760
Grants and Subsidies	11	97 995	106 915
Finance Costs	12	-	6 659
Impairment Expenses	13	17 724	17 468
Net Loss from Disposal of Assets	14	1 409	-
Donated Assets		669	-
Loss on revaluation of non-current assets		-	790
Total Expenses		704 169	721 340
Income			
Rental Income	15	287 168	283 998
Interest Revenue	16	6 638	9 813
Recoveries	17	27 192	39 792
Recurrent Commonwealth Revenues	18	92 905	103 527
Capital Commonwealth Revenues	19	-	7 300
Other Revenue	20	5 331	5 646
Net Gain from Disposal of Assets	14	-	5 921
Gain on revaluation of non-current assets		510	-
Total Income		419 744	455 997
Net (Revenue from)/Cost of Providing Services		284 425	265 343
Revenues from SA Government			
Recurrent Revenues from SA Government	21	150 166	132 242
Capital Revenues from SA Government	22	28 500	-
Total Revenues from SA Government		178 666	132 242
Net Result Before Income Tax Equivalent		(105 759)	(133 101)
Income Tax Equivalent		-	-
Net Result After Income Tax Equivalent		(105 759)	(133 101)
Other Comprehensive Income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		218 747	(18 332)
Total Comprehensive Result		112 988	(151 433)

The Net Result and Comprehensive Result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	23	271 389	249 338
Receivables	24	15 838	37 577
Inventories	25	81 892	82 378
Non-current assets classified as held for sale	26	29 249	23 957
Total Current Assets		398 368	393 250
Non-Current Assets			
Inventories	25	535	888
Property, Plant and Equipment	27	9 764 987	9 660 402
Intangible Assets	28	5 565	7 059
Total Non-Current Assets		9 771 087	9 668 349
Total Assets		10 169 455	10 061 599
Current Liabilities			
Payables	29	44 970	73 684
Staff Entitlements	30	9 964	9 027
Provisions	31	995	1 252
Other Liabilities	32	11 203	10 789
Total Current Liabilities		67 132	94 752
Non-Current Liabilities			
Payables	29	1 187	1 160
Staff Entitlements	30	13 265	12 512
Provisions	31	2 950	4 198
Other Liabilities	32	2 519	3 123
Total Non-Current Liabilities		19 921	20 993
Total Liabilities		87 053	115 745
Net Assets		10 082 402	9 945 854
Equity			
Retained Earnings		3 309 987	3 304 949
Asset Revaluation Surplus		6 711 539	6 603 589
Contributed Capital		60 876	37 316
Total Equity		10 082 402	9 945 854
The total equity is attributable to the SA Government as owner			
Unrecognised Contractual Commitments	33		
Contingent Assets and Liabilities	34		

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2013		-	6 758 294	3 305 713	10 064 007
Net Result after income tax equivalent for 2013-14		-	-	(133 101)	(133 101)
Revaluation of property during 2013-14					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	769	-	769
- Subject to sales contracts		-	(4 115)	-	(4 115)
Decrement in freehold land and buildings due to revaluation		-	(14 986)	-	(14 986)
Total Comprehensive Result for 2013-14		-	(18 332)	(133 101)	(151 433)
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(136 373)	-	(136 373)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	136 373	136 373
Total transfer between equity components 2013-14		-	(136 373)	136 373	-
Equity contribution received		37 316	-	-	37 316
Assets transferred to Renewal SA as part of administrative restructure	35	-	-	(4 036)	(4 036)
Total transfer between SA Government as owner 2013-14		37 316	-	(4 036)	33 280
Balance as at 30 June 2014		37 316	6 603 589	3 304 949	9 945 854
Net Result after income tax equivalent for 2014-15		-	-	(105 759)	(105 759)
Revaluation of property during 2014-15					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	(940)	-	(940)
- Subject to sales contracts		-	(1 851)	-	(1 851)
Increment in freehold land and buildings due to revaluation		-	221 538	-	221 538
Total Comprehensive Result for 2014-15		-	218 747	(105 759)	112 988
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(110 797)	-	(110 797)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	110 797	110 797
Total transfer between equity components 2014-15		-	(110 797)	110 797	-
Equity contribution received		23 560	-	-	23 560
Total transfer between SA Government as owner 2014-15		23 560	-	-	23 560
Balance as at 30 June 2015		60 876	6 711 539	3 309 987	10 082 402
All changes in equity are attributable to the SA government as owner					

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Cash flows from Operating Activities			
Cash Outflows			
Staffing Costs		(69 048)	(85 731)
Supplies and Services		(48 469)	(16 581)
Business Service Fee		(33 620)	(3 322)
Rental Property Expenses		(209 282)	(192 737)
Grants and Subsidies		(101 128)	(110 648)
Interest Paid		-	(4 916)
Other Finance Costs		-	(1 986)
Land Tax Equivalents Paid		(175 523)	(177 603)
Payments for Paid Parental Leave Scheme		(178)	(81)
Purchase of Rental Property		(126 068)	(137 746)
Cash used in operations		(763 316)	(731 351)
Cash Inflows			
Rent Received		275 672	262 918
Recoveries Received		38 032	33 813
Other Receipts		5 372	5 056
Receipts from Commonwealth		105 540	110 827
Interest Received		6 638	9 813
Proceeds from Sale of Rental Property		142 401	197 478
GST receipts from the Department for Communities and Social Inclusion		8 547	7 312
Cash generated from operations		582 202	627 217
Cash Flows from SA Government			
Receipts from SA Government		180 865	132 242
Cash generated from SA Government		180 865	132 242
Net Cash provided by/(used in) Operating Activities	37	(249)	28 108
Cash flows from Investing Activities			
Cash Outflows			
Purchase of Property, plant and equipment		(353)	(566)
Purchase of Intangibles		(907)	(1 609)
Cash used in investing activities		(1 260)	(2 175)
Net Cash used in Investing Activities		(1 260)	(2 175)
Cash flows from Financing Activities			
Cash Outflows			
Repayment of Borrowings		-	(109 702)
Cash used in financing activities		-	(109 702)
Cash Inflows			
Capital contributions from SA Government		23 560	37 316
Cash generated from financing activities		23 560	37 316
Net Cash used in Financing Activities		23 560	(72 386)
Net Increase/(Decrease) in Cash Held		22 051	(46 453)
Cash at the Beginning of the Financial Year		249 338	295 791
Cash at the End of the Financial Year	23	271 389	249 338

The above statement should be read in conjunction with the accompanying notes

South Australian Housing Trust **2014-15**

DISAGGREGATED DISCLOSURES - EXPENSES AND REVENUES

For the Year Ended 30 June 2015

Refer Note 5	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Program Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses												
Staffing Costs	49 241	60 667	7 845	9 566	2 507	3 331	5 420	6 134	4 625	5 257	69 638	84 955
Supplies and Services	27 980	24 470	4 889	4 884	2 234	2 409	1 802	1 526	1 412	1 192	38 317	34 481
Business Services Fees	13 174	13 108	2 236	2 473	665	658	1 314	1 265	1 071	1 171	18 460	18 675
Rental Properties Expenses	353 993	349 296	18 429	16 092	194	244	4	4	1	1	372 621	365 637
Depreciation and Amortisation	67 722	68 053	8 463	6 590	11 151	11 117	-	-	-	-	87 336	85 760
Grants and Subsidies	14 442	7 806	910	5 359	7 966	12 659	19 760	18 012	54 917	63 079	97 995	106 915
Finance Costs	-	6 659	-	-	-	-	-	-	-	-	-	6 659
Impairment Expenses	12 147	11 276	336	715	202	484	5 039	4 993	-	-	17 724	17 468
Net Loss from Disposal of Assets	1 419	-	(33)	-	20	-	2	-	1	-	1 409	-
Donated Assets	185	-	484	-	-	-	-	-	-	-	669	-
Loss on revaluation of non-current assets	-	790	-	-	-	-	-	-	-	-	-	790
Total Expenses	540 303	542 125	43 559	45 679	24 939	30 902	33 341	31 934	62 027	70 700	704 169	721 340
Income (excluding Capital Grants)												
Rental Income	259 780	259 400	15 774	15 007	11 614	9 591	-	-	-	-	287 168	283 998
Interest Revenue	6 638	9 813	-	-	-	-	-	-	-	-	6 638	9 813
Recoveries	16 926	26 830	1 915	3 453	28	467	8 286	8 354	37	688	27 192	39 792
Recurrent Commonwealth Revenues	84 035	94 907	-	-	-	-	-	-	8 870	8 620	92 905	103 527
Other Revenue	3 695	4 104	350	415	21	6	1 263	1 112	2	9	5 331	5 646
Net Gain from Disposal of Assets	-	6 640	-	18	-	(737)	-	-	-	-	-	5 921
Recurrent Revenues from SA Government	136 997	120 654	213	167	59	43	123	87	12 774	11 291	150 166	132 242
Gain on revaluation of non-current assets	510	-	-	-	-	-	-	-	-	-	510	-
Total Income (excluding Capital Grants)	508 581	522 348	18 252	19 060	11 722	9 370	9 672	9 553	21 683	20 608	569 910	580 939
Net Result before Capital Grants	(31 722)	(19 777)	(25 307)	(26 619)	(13 217)	(21 532)	(23 669)	(22 381)	(40 344)	(50 092)	(134 259)	(140 401)
Capital Grants												
Capital Revenues from SA Government	28 500	-	-	-	-	-	-	-	-	-	28 500	-
Capital Commonwealth Revenues	-	-	-	-	-	-	-	-	-	-	-	7 300
Total Capital Grants	28 500	-	-	-	-	-	-	-	-	7 300	28 500	7 300
Net Result Before Income Tax Equivalent	(3 222)	(19 777)	(25 307)	(26 619)	(13 217)	(21 532)	(23 669)	(22 381)	(40 344)	(42 792)	(105 759)	(133 101)
Income Tax Equivalent	-	-	-	-	-	-	-	-	-	-	-	-
Net Result After Income Tax Equivalent	(3 222)	(19 777)	(25 307)	(26 619)	(13 217)	(21 532)	(23 669)	(22 381)	(40 344)	(42 792)	(105 759)	(133 101)

South Australian Housing Trust 2014-15

DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES
As at 30 June 2015

Refer Note 5	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Program Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets												
Cash and cash equivalents	271 388	249 337	1	1	-	-	-	-	-	-	271 389	249 338
Receivables	10 886	33 877	4 533	3 700	-	-	-	-	-	-	15 838	37 577
Inventories	82 427	83 266	-	-	419	-	-	-	-	-	82 427	83 266
Non-current assets classified as held for sale	29 249	23 957	-	-	-	-	-	-	-	-	29 249	23 957
Property, Plant and Equipment	7 821 257	7 858 868	688 169	596 119	1 255 554	1 205 407	-	-	7	8	9 764 987	9 660 402
Intangible Assets	5 565	7 059	-	-	-	-	-	-	-	-	5 565	7 059
Total Assets	8 220 772	8 256 364	692 703	599 820	1 255 973	1 205 407	-	-	7	8	10 169 455	10 061 599
Liabilities												
Payables	44 831	73 973	1 326	871	-	-	-	-	-	-	46 157	74 844
Staffing Entitlements	16 425	15 381	2 617	2 425	836	845	1 808	1 555	1 543	1 333	23 229	21 539
Provisions	3 925	5 413	-	14	20	23	-	-	-	-	3 945	5 450
Other Liabilities	13 722	13 912	-	-	-	-	-	-	-	-	13 722	13 912
Total Liabilities	78 903	108 679	3 943	3 310	856	868	1 808	1 555	1 543	1 333	87 053	115 745

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Note 1 Objectives of the South Australian Housing Trust

1.1 Objectives

The South Australian Housing Trust (the Trust) is the State's principal housing authority. The Trust's roles and powers are based on the *South Australian Housing Trust Act 1995 (The Act)*, the *South Australian Co-operative and Community Housing Act 1991 (SACCH Act)*, the *Community Housing Providers (National Law) (South Australia) Act 2013* and the *Housing Improvement Act 1940*. As per Section 8 of *The Act*, the SAHT is subject to the control and direction of the Minister. The Board's ability to meet its objectives and financial obligations is dependent on government policy and the decisions of the Minister.

In December 2014 the responsibility for all of these relevant Acts was transferred from the Minister for Social Housing to the Minister for Housing and Urban Development. The SAHT has established a service level administrative arrangement (SLAA) with Renewal SA (RSA) under which RSA will provide, on behalf of the SAHT, services for all asset and maintenance strategy, the development and delivery of projects that will renew the SAHT's housing stock, and management of not-for-profit community housing growth strategies and transfers, including relevant financial management.

Department for Communities and Social Inclusion (DCSI), under a new SLAA, will continue to deliver social housing services through Housing SA (including property maintenance services as funded by SAHT) to tenants and clients. Housing SA will also continue to provide other key housing related programmes and responsibilities as required.

The Minister for Social Housing has responsibility for selected functions under the Housing Improvement Act and the SAHT Act, DCSI will continue to report to the Minister for Social Housing in relation to the provision of social housing services, with the Minister responsible for leading the transformation of service delivery for state-owned and managed social housing that will increasingly target services to community members with the greatest housing and support needs.

The Board of the Trust is responsible to the Minister for Housing and Urban Development, for overseeing the operations of the Trust. This responsibility may be formalised in a Ministerial Performance Agreement, in accordance with section 28 of the Act that defines the objectives and responsibilities of the Trust.

The primary objective of the Trust includes the provision of affordable housing to households and families on low to moderate incomes, including affordable home purchase opportunities, homelessness and support services; and the funding and regulation of Community Housing. The Board is responsible to the Minister for overseeing the operations of the Trust with the goals of:

- Ensuring the sound administration of the Act and the implementation of the Minister's Housing policies and plans
- Achieving continuing improvements in the provision of secure and affordable public housing [S16 (1) (a)]
- Providing transparency and value in managing the resources available to the Trust and meeting Government and community expectations as to probity and accountability [S16 (1) (b)]
- Achieving appropriate social justice objectives and the fulfilment of the Housing Trust's community service obligations [S16 (1) (c)]

Note 2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The South Australian Housing Trust has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*, and section 27 of the Act.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with:

- Treasurer's Instructions and the Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*
- Relevant Australian Accounting Standards.

The Trust has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

Except for AASB 2015-7 which the Trust has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the reporting period ending 30 June 2015. Refer to Note 4.

2.2 Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in these financial statements:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Trust's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that have been revalued.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

2.3 Reporting Entity

The South Australian Housing Trust's financial statements include only Trust activities and do not incorporate any administered items. The Trust's financial statements include assets, income, expenses and liabilities, controlled or incurred by the Trust in its own right.

2.4 Transferred Functions

On 26 April 2012, pursuant to the provisions of Section 23 of the Act, a transfer of properties from the Trust to the newly formed RSA, was effected by Government Gazettal. These properties consisted of all the non-tenanted properties of the Woodville West and River Street, Marden urban renewal projects.

Subsequently properties that were tenanted at the time of the original transfer were transferred to RSA by Government Gazettal on 15 August 2013 (refer to note 35). All properties from the Woodville West and River Street, Marden urban renewal project have now been transferred.

2.5 Comparative Figures

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of specific revised Accounting Policy Statements or Australian Accounting Standards.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.6 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.7 Income and Expenses

Income and expenses are recognised in the Trust's Statement of Comprehensive Income when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by another accounting standard.

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.

Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

Expenses

Staffing Costs

Staffing costs 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 Trust to the superannuation plan in respect of current services of current Trust staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Finance costs

All finance costs, including borrowing costs, are recognised as expenses.

Grants and Subsidy Expenses

Expenses are generally recognised when paid, which occurs in accordance with relevant funding agreements.

Income

Rent Receivable

Rent receivable in respect of each property is recognised as revenue and charged to tenants weekly, in advance.

The Trust determines a market rent for each property, structured on the basis of regional rental markets. This represents the potential rental income derivable from the rental stock. The Trust's rental policy is that no tenant will be required to pay more than 25 percent of their household income in rent. The difference between the assessed rent for the property and the market rent is recognised as a rental rebate subsidy provided to tenants.

Revenues from Government

Revenues received from SA Government are recognised as revenues when the Trust obtains control over them, normally upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Trust and the appropriation is recorded as contributed equity.

Grants Received

Grants for program funding are recognised as revenues when the Trust obtains control over the funding. Control over the funding is normally obtained upon receipt.

Disposal of Non-Current Assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been determined by comparing proceeds with carrying amount.

Gains on disposal of real property asset sales are recognised by the Trust when settlements are complete, which is determined to be the point when control of the asset has passed to the buyer. Refer to note 14 for further details.

When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Recoveries

Recoveries for costs on-charged to tenants by the Trust are included as income.

2.8 Taxation

In accordance with section 25 of the Act, the Trust may be required to pay to the State Government tax equivalents. Tax Equivalent Payments are required in respect of income tax and land tax equivalents.

In determining its income tax equivalent commitments, the trust utilises the accounting profit model. Under this model, income tax expense is calculated by applying the company income tax rate (currently 30%) to the accounting profit for the year, adjusted for any items approved by the Under Treasurer for exclusion from the profit figure. Treasury reimburses the full cost of an Income Tax Expense resulting in a nil effect of these payments on the net result.

Land Tax Expense is no longer fully reimbursed by the State Government, as part of a budget arrangement to transfer the benefit of housing debt relief from Housing SA to the broader State budget. The shortfall in funding impacting the net result for 2014-15 is \$88.283m (\$78.951m).

The Trust is liable for the cost of Payroll Tax, Fringe Benefits Tax, Stamp Duty and Goods and Services Tax (GST).

With respect to GST, the Trust is part of a GST group of which the nominated representative of the group is DCSI, which is responsible for paying GST on behalf of the Trust and is entitled to claim input tax credits. Administrative arrangements between DCSI and the Trust provide for the reimbursement of the GST consequence incurred/earned by the Trust. The reimbursement receivable from/payable to the Trust has been recognised as a payable/receivable in the Statement of Financial Position.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

2.9 Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. The Trust has a clearly identifiable operating cycle of twelve months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank, cash on hand, including petty cash, cash management funds and deposits at call that are readily converted to cash and are used in the cash management function on a day-to-day basis and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

2.11 Receivables

Receivables include amounts receivable from debtors, GST input tax credits recoverable, prepayments and other accruals.

The majority of receivables relate to rent in respect of rental properties. Rents are recognised as revenue and charged to tenants weekly, in advance.

Trade receivables that arise in the normal course of selling goods and services to other agencies and to the public are normally settled within 30 days.

Other debtors that arise outside the normal course of selling goods and services to other agencies and to the public are subject to 30 days settlement terms.

The provision for doubtful debts/impairment loss is based on an actuarial review conducted by the consulting actuaries Brett & Watson Pty Ltd in June 2015 (refer note 24). The actuarial assessment conducted by Brett & Watson Pty Ltd was based on the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*. The basic assumptions used in calculating the impairment loss included a discount rate of 2.8 per cent per annum, based on the risk free rate as at 30 June 2015, an estimated future debt write off of 2.8 per cent per annum and an assumption that 65 per cent of first arrangements will be written off by the end of their twelfth year. The provision covers variations to the net present value of debts as well as the debts not expected to be recovered. The next actuarial review will be undertaken in 2018.

2.12 Inventories

Inventories include capital work in progress, developed properties and vacant land that are expected to be sold in the ordinary course of business. Inventories are carried at the lower of cost and net realisable value. The amount of any inventory write-down to net realisable value is recognised as an expense in the period the write-down occurred. Any write-down reversals are recognised as an expense reduction.

- (i) Capital work in progress relates to development projects containing both land and building components that are expected to be sold on completion.
- (ii) Developed properties relates to land and building components that have been developed and may be sold in its current condition or transferred to capital work in progress as part of a development project. It is carried at cost.
- (iii) Vacant land consists of land that is expected to be sold.

2.13 Non-current Assets Held for Sale

Non-Current Assets classified as Held for Sale relate to rental properties and administrative properties that are no longer required for public rental or occupation and are expected to be sold, through the private property market, within the next 12 months. These assets are measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated, pending sale.

2.14 Property, Plant and Equipment

- (i) Acquisition and recognition

Assets acquired at no value, or minimal value, are recorded at their fair value in the Statement of Financial Position unless they are acquired as part of a restructuring of administrative arrangement, in which case they are recorded at the value recorded by the transferor prior to transfer.

All other assets are initially brought to account as follows:-

Rental Properties, Administrative Properties, Commercial Properties, Leasehold Improvements, Vacant Land and Plant and Equipment

These assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition and are depreciated as outlined below. The Trust capitalises assets with a value of \$5 000 or greater.

Subsequent costs are included in the asset's carrying amount, as appropriate, including capitalised maintenance costs on rental properties.

Assets Under Arrangement

Assets under arrangement are tenantable properties which have had their legal title transferred to, a Community Housing Organisation (CHO) in return for which the CHO has issued a debenture at fair value, or to a Preferred Growth Provider (PGP) under a legal arrangement with similar control provisions. Properties transferred to PGP's are those built using Nation Building Economic Stimulus Plan funding. Recognition is based on the Trust's ability to control the future service potential of the assets and that these are probable and can be reliably measured. Control of these properties resides with the Trust through the SACCH Act and Funding Agreements which prescribe how the properties are to be used and managed on behalf of the government, the eligible tenants that are entitled to use them and the rent that can be charged by the CHO or PGP.

The SACCH Act provides for members of Housing Co-operatives and tenants of Associations to

acquire equity in the properties they occupy, by the Co-operative or Association issuing equity shares to members. The equity shares reflect a proportional interest in the value of a specific Co-operative property.

Assets under arrangement are initially recognised at market value.

Remote Indigenous Leased Properties

The Minister for Social Housing has entered into lease arrangements ranging between 40 and 50 years with numerous indigenous communities to lease parcels of land to allow the construction of new houses and the upgrade of existing houses in remote areas utilising National Partnership Agreement funding. The Trust, as agent for the Minister, will oversee all capital works on the properties and overall management of the agreement. Under the terms of the Ground Lease, ownership of the new dwellings will pass to the governing body that manages the land at the end of the lease term.

The constructed assets are recorded as capital works in progress and once complete are recognised as Remote Indigenous Leased Properties.

Capital Work in Progress

Capital work in progress reflects assets under construction that will either be sold or utilised in the Trust's operation.

The carrying amount for capital work in progress includes all construction costs, charges for administrative expenses and a revaluation increment or decrement where the property has previously been revalued but excludes any borrowing costs and feasibility or pre-construction costs.

(ii) Valuation

Rental Properties, Administrative Properties, Commercial Properties, Vacant Land and Assets Under Arrangement

In compliance with AASB 116 *Property, Plant & Equipment* and APF III *Asset Accounting Framework*, all land and buildings are subsequently measured at fair value less accumulated depreciation.

The Trust revalues all land and buildings annually using the Valuer-General's values for rating purposes, issued as at 1 July 2014 reflecting "the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale" in accordance with the *Valuation of Land Act 1971* and is determined in line with the property market evidence at that time. This value is deemed to be fair value for financial reporting purposes.

Revaluation occurred at 31 October 2014, using the 1 July 2014 values, for all land and buildings acquired or completed before 31 October 2013.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or de-recognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Remote Indigenous Leased Properties

Remote Indigenous Leased Properties are amortised over the period of the relevant ground lease, forty or fifty years, respectively. Each property is revalued every three years, using Valuer-General's

values for rating purposes, if available, or depreciated replacement cost. The replacement cost is derived from information provided by Housing SA construction programs for similarly configured properties being constructed remotely. Due to the remoteness of many of these leased properties, there is no observable market for these properties, nor consistent Valuer-Generals information that could be applied to an alternative valuation method. The first of these revaluations occurred at 31 October 2014.

Leasehold Improvements

The value of leasehold improvements is recorded at cost (deemed fair value).

Capital Work in Progress

The carrying value of a constructed asset is compared to its market value upon transfer out of work in progress, either for use or for future sale and an adjustment is affected to ensure that the carrying amount does not exceed fair value.

Plant and Equipment

Plant and equipment is brought to account at historical cost (deemed fair value).

(iii) Depreciation and Amortisation

Property, plant and equipment assets have a limited useful life and are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential ranging from 3 to 50 years. The useful lives of all major assets held by the Trust are reassessed on an annual basis.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land, vacant land and capital work in progress are not depreciated.

Depreciation of property, plant and equipment is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Rental Properties (Dwellings)*	Straight Line	50
Administrative Properties	Straight Line	10 – 30
Commercial Properties	Straight Line	20
Assets under Arrangement	Straight Line	50
Remote Indigenous Leased Properties	Straight Line	40 - 50
Leasehold Improvements	Straight Line	3 - 10
Plant and Equipment	Straight Line	3 - 10

* An estimated useful life of 50 years is assumed for rental dwellings and depreciation expense is calculated at a rate of 2 percent per annum on the opening revalued amount for each property.

2.15 Intangibles

Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Trust only has intangible assets with finite lives.

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset as outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$5 000. Amortisation is calculated on a straight-line basis over 3 years from the date that the asset is ready for use.

All research and development projects that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

2.16 Impairment

Receivables were tested for indications of impairment by way of an actuarial review at 30 June as detailed in note 2.11. The impairment loss has been offset against receivables and has been recognised in the Statement of Comprehensive Income under Impairment Expenses.

All other non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. If the amount by which the asset's carrying amount exceeds the recoverable amount is material it is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the asset revaluation surplus.

2.17 Payables

Payables include creditors, accrued expenses and staff entitlement on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Trust.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff entitlement on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

Paid Parental Leave Scheme

The Commonwealth paid parental leave scheme payable represents amounts which the DCSI & RSA has received from the Commonwealth Government to forward on to eligible employees via the Trust's standard payroll processes. That is the Trust is acting as a conduit through which the payment is made to eligible employees on behalf of the Family Assistance Office.

2.18 Staff Entitlements

Under Section 17 of the *South Australian Housing Trust Act 1995* the Trust utilises staff of the DCSI & RSA for the provision of services. The delivery of housing services is undertaken by DCSI and RSA.

Benefits accrue for staff as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Annual leave, skills and experience retention leave and sick leave

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as sick leave is non-vesting and the anticipated average sick leave to be taken in future years by staff is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The current/non-current classification of the Trust's long service leave liabilities has been calculated based on historical usage patterns.

Staff entitlement on-costs

Staff entitlement on-costs of payroll tax and superannuation are recognised separately under payables.

2.19 Provisions

Insurance

The Trust has arranged, through South Australian Government Financing Authority SAICORP Division (SAICORP), to insure all major risks of the Trust. The excess payable under this arrangement varies depending on each class of insurance held. The amount of insurance expense recognised is the premium paid to SAICORP and any losses met by the Trust as deductibles under the cover.

The Trust undertakes annual reviews of insurance risks and provides for losses or other charges that are not covered by the Treasurer's indemnity with respect to each category of potential loss or claim reflected below.

The provision for Public Risk and Professional Indemnity includes estimates for future claim payments for reported claims with an allowance for claims incurred but not reported at balance date. This provision is internally calculated.

For all classes of insurance, claims liabilities are measured as the present values of the expected future payments.

Workers Compensation

The workers compensation liability recognised for the staff who provide services to the Trust is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 30 June 2015 data.

2.20 Borrowings

The Trust measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

2.21 Leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased items are classified as Operating leases. Operating lease payments are charged to the Statement of Comprehensive Income on a straight line basis, which is representative of the pattern of benefits derived from the leased assets.

Finance Leases

Leases where the Trust as lessee assumes substantially all the risks and benefits associated with ownership of the assets are classified as Finance Leases. Finance Leases are recognised in accordance with AASB 117 Leases as assets and liabilities in the Statement of Financial Position at the lower of fair value or the present value of the minimum lease payments as determined at the inception of the lease.

2.22 Unearned Revenue

Unearned Revenue includes lump sums received for leases assigned on Trust properties which are progressively brought to account as income on a straight-line basis over the term of their respective agreements.

2.23 Unrecognised Contractual Commitments and Contingent Assets and Liabilities

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments are disclosed gross of the amount of GST recoverable from, or payable to DCSI. Contingencies are disclosed net of the amount of GST recoverable from, or payable to DCSI. If GST is not payable to, or recoverable from DCSI, the contingencies are disclosed on a net basis.

2.24 Fair Value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Trust classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Director, Corporate Services and Audit & Finance Committee at each reporting date.

2.25 Non-financial assets

In determining fair value, the Trust has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Trust's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Trust did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

2.26 Financial assets/liabilities

The Trust does not recognise any financial assets or financial liabilities at fair value.

Note 3 Financial Risk Management

While the Trust has significant financial assets and liabilities, such as cash on hand and on call, receivables and payables its exposure to market risk and cash flow risk is minimal.

The Trust is exposed to credit risk associated with the amounts due to it from tenants for rent and other charges. Credit risk is ameliorated by the fact that amounts due from individual tenants are relatively small. The Trust manages credit risk associated with its tenants by establishment of a Credit Policy which is communicated to Trust staff and tenants. The performance of individual tenants and of components of the total population of tenants are monitored and reported upon to Trust management and the Board.

The Trust is also exposed to risk arising from property values in the real estate market, due to its reliance on asset sales to fund capital works and debt repayment. The Trust manages any risk of not meeting its sales revenue requirements by regular monitoring and reporting of sales performance.

The fair value of the Trust's financial assets and liabilities which are subject to normal trade credit terms, is considered to be book value.

In relation to liquidity/funding risk, the continued existence of the Trust in its present form, and with its present programs, is dependent on Government policy for the Trust's administration and outputs.

Note 4 New and Revised Accounting Standards and Policies

In accordance with the new AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements, which became effective for the first time in 2014-15, the Trust has reviewed its control assessments (ie the Trust's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. The Trust does not currently control another entity and does not have any joint arrangements within the scope of AASB 11.

The Trust will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

Except for AASB 2015-7 which the Trust has early adopted, The Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective, have not been adopted by the Trust for the reporting period ending 30 June 2015. The Trust has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Trust.

Note 5 Activities of the South Australian Housing Trust

In achieving its objectives, the Trust has organised its operations into the following business activities:

Public Housing – management of public housing tenancies and assets, and promotion of the development of the social housing sector. Managing tenancies includes assessment of customers for eligibility, allocation of public houses to those in need, provision of rental subsidies, linking customers with appropriate support services, provision of transitional housing and management of supported tenancies by providing properties to support agencies. Managing assets includes maintenance, area regeneration and urban renewal programs, stock replacement programs (construction, purchase and disposal), modification of houses for those with a disability and strategic management and planning for future public housing stock needs. Promoting development of the social housing sector includes furthering the Government's strategies to address the key issues of affordable housing and homelessness, as well as promoting innovation and partnering with private sector organisations.

Indigenous Housing – management of tenancies and housing assets specifically for indigenous customers (who may also choose to access assistance via general Public Housing), and management of the Commonwealth Government's National Partnership Agreement for Remote Indigenous Housing. This Agreement provides funding for the purpose of addressing issues of overcrowding in remote indigenous communities by increasing the supply of new houses, improving the condition of existing houses and ensuring ongoing maintenance and management of rental houses in remote indigenous communities.

Community Housing – development, support and promotion of the community housing sector, including administering the *South Australian Co-operative and Community Housing Act 1991* and the *Community Housing Providers (National Law) (South Australia) Act 2013*, and assisting in the establishment, regulation and administration of Housing Co-operatives and Housing Associations in South Australia.

Private Rental Assistance – provision of financial assistance, information, referral, advocacy and counselling to assist households who are experiencing instability, poverty or housing difficulty in the private rental market.

Homelessness Services and Support – reforming and supporting the homelessness services sector to enable more integrated and responsive service provision. This includes provision and management of grant funding to non-Government organisations that deliver services aimed at stopping people from becoming homeless, lessening the impact of homelessness, and assisting people to transition from being homeless to having stable housing and employment.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2015 and 30 June 2014.

Note 6 Staffing Costs

	2015	2014
	\$'000	\$'000
Salaries and Wages	54 028	55 275
Superannuation	6 657	6 836
Annual Leave	5 443	5 967
Payroll Tax	3 537	4 119
Other staff expenses	2 252	2 677
Long Service Leave	2 508	2 134
Retention Leave	360	331
Workers Compensation	(247)	1 254
Targeted Voluntary Separation Packages	104	9 687
Board Fees	233	226
Charged to Capital Program	(5 237)	(3 551)
Total Staffing Costs	69 638	84 955

Targeted Voluntary Separation Packages (TVSPs)

Amount paid to staff

TVSPs	104	9 687
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Annual Leave, Retention Leave and Long Service Leave paid to those employees	8	2 868
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Recovery from the Department of Communities and Social Inclusion	104	9 542
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Net cost to Trust	8	3 013
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Number of employees who received a TVSP during the reporting period was:	1	79
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Remuneration of Staff

The number of staff whose remuneration received or receivable falls within the following bands:

	2015 No	2014 No
\$141 500 to \$151 499	3	3
\$151 500 to \$161 499	3	5
\$181 500 to \$191 499	3	3
\$191 500 to \$201 499	1	2
\$271 500 to \$281 499	1	1
\$291 500 to \$301 499	-	1*
\$301 500 to \$311 499	-	2*
\$341 500 to \$351 499	-	1*
\$401 500 to \$411 499	-	3*
Total number of employees	11	21

The table includes DCSI & RSA executives and staff paid by the Trust under their respective service level agreements who received remuneration equal to or greater than the base Executive Remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (ie there has been no increase in executive remuneration since 1 July 2013). Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these staff for the year was \$1.956 million (\$4.904 million).

*The table includes the TVSP component paid where the employee meets the \$141,500 threshold on normal remuneration. In 2014-15, there were no (seven) employees included in the table whom received a TVSP.

South Australian Housing Trust

2014-15

Remuneration of Board and Committee Members

Membership for various Boards and Committees during 2014-15 were:

SAHT Governing Board <i>(appointed by the Governor)</i>	South Australian Affordable Housing Trust Board <i>(appointed by the Board)</i>	Audit and Finance Committee <i>(appointed by the Board)</i>
M Patetsos (Chair)	M Patetsos (Chair)	J King (Chair)
J King	J King	M Patetsos
M Hemmerling	M Hemmerling	M Hemmerling
G Crafter	G Crafter	N Rantanen (ceased September 2014)
R Boorman (ceased June 2015)	R Boorman (ceased June 2015)	G Holdich (appointed February 2015)
C Holden	C Holden	
A Blair	A Blair	

The following additional committee has been disclosed in accordance with *Accounting Policy Framework II General Purpose Financial Reporting Framework APS 4.12*:

Housing Appeal Panel

(appointed by the Minister)

K McEvoy (ceased March 2015)*
M Castles (ceased January 2015)
U Dahl (ceased March 2015)*
K Dahl (ceased March 2015)*
A Faulkner (ceased March 2015)*
A King (ceased March 2015)*
A McLean (ceased March 2015)*

* The Housing Appeals Panel was dissolved in March 2015. Since April 2015, the South Australian Civil and Administrative Tribunal have undertaken the functions of the Housing Appeals Panel.

The fees paid to Board members in their capacity as Board Members are set by Executive Council.

Some Board members sit on more than one Board.

The number of Board and Committee members whose remuneration from the Trust falls within the following bands:

	2015	2014
\$0 - \$9 999	8	7
\$10 000 - \$19 999	-	2
\$20 000 - \$29 999	5	6
\$30 000 - \$39 999	2	1
\$40,000 - \$49,999	1	-
	16	16

	2015	2014
	\$'000	\$'000
Total remuneration received, or due and receivable by Board and Committee members	255	245
Amounts paid to a superannuation plan for Board and Committee members	22	19

Transactions with members were on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

South Australian Housing Trust

2014-15

Note 7 Supplies and Services

	2015	2014
	\$'000	\$'000
Operating Lease	7 245	6 817
Insurance	6 340	4 903
Contractors	2 755	3 649
Accommodation Expenses	3 151	2 641
Leased Property Expenses	2 377	1 407
Renewal SA Recharges	3 591	3 960
Administration Expenses	2 328	2 396
Fleet Management	2 140	2 368
Computer Expenses	4 246	2 815
Printing, Stationery and Postage	1 452	1 594
Travel and Accommodation	774	931
Communications	944	886
Tenant Relocation	799	752
Debt Management	788	652
Agent Fees	643	608
Other Customer Related Expenses	479	482
Staff Development	298	346
Audit Fees - Auditor-General's Department ⁽¹⁾	413	463
Consultants	83	394
Brokerage	87	108
Charged to Capital Program	(2 616)	(3 691)
Total Supplies and Services	38 317	34 481

(1) Audit fees paid/payable to the Auditor – General's Department relating to the audit of financial statements. No other services were provided by the Auditor-General's Department.

No penalty amounts were paid to small businesses as required by the *Late Payment of Government Debts (Interest) Act 2013* during the 2014-15 year.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2015	2015	2014	2014
	Number	\$'000	Number	\$'000
Below \$10 000	5	10	4	19
Above \$10 000	5	73	5	375
Total paid/payable to the consultants engaged	10	83	9	394

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Note 8 Business Service Fees

	2015	2014
	\$'000	\$'000
Computing Services and Processing Charges	7 816	7 797
Motor Vehicle Hire Charges	296	333
Legal & Financial Services	414	420
GST Expense	688	929
Staff Development	872	853
Human Resources Services	1 589	1 515
Records Management and Mail Services	741	697
Administration Premises Management	832	812
Procurement Services	920	897
Geographical Information Services	271	264
Payroll Services	629	635
Internal Audit	565	552
Business Planning, Strategy and Quality Assurance	270	263
Insurance	261	254
Media & Communications Services	299	344
SA Government Shared Services	1 835	1 952
Telecommunications Management and Charges	162	158
Total Business Service Fees	18 460	18 675

Note 9 Rental Property Expenses

	2015	2014
	\$'000	\$'000
Land Tax Equivalent	175 523	177 603
Maintenance	115 723	103 439
Council Rates	45 088	43 993
Water Rates	35 354	38 177
Construction Variances	314	1 800
Property Expenses	348	334
Emergency Services Levy	255	116
Stamp Duty & Search Fees	16	23
Valuations	-	152
Total Rental Property Expenses	372 621	365 637

Note 10 Depreciation and Amortisation

	2015	2014
Depreciation	\$'000	\$'000
Rental Properties	68 523	68 890
Assets under Arrangement	11 148	11 195
Plant and Equipment	598	672
Administrative Properties	161	207
Commercial Properties	77	62
Total Depreciation	80 507	81 026
Amortisation		
Intangible Assets	2 401	1 816
Leasehold Improvements	127	411
Remote Indigenous Leased Properties	4 301	2 507
Total Amortisation	6 829	4 734
Total Depreciation and Amortisation	87 336	85 760

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Note 11 Grants and Subsidies

	2015	2014
	\$'000	\$'000
National Affordable Housing Agreement: Specialist Homelessness Services	38 064	36 369
Private Rental Assistance	16 899	16 048
National Partnership Agreement: Homelessness	16 853	26 710
Community Housing Construction Stimulus	7 923	12 445
National Rental Affordability Scheme Subsidies	6 177	4 249
Funding Contribution to Woodville West Project (Renewal SA)	4 772	-
Subsidies to Other Housing Providers	2 397	2 373
Emergency Accommodation Assistance	2 149	1 872
National Partnership Agreement: Remote Indigenous Housing	865	5 262
Emergency Management Grants	713	98
Affordable Housing Grants	630	881
Funding Contribution to City of Playford	240	-
Homes for Homes Initiative	200	-
Indigenous Community Housing Program	43	96
Upgrade of Disability SA Housing	26	296
Community Housing Organisation Maintenance Liability	22	157
Subsidies to Community Housing Organisations	21	58
Other Recurrent Grants	1	1
Total Grants and Subsidies	97 995	106 915

Note 12 Finance Costs

	2015	2014
	\$'000	\$'000
Interest on borrowings	-	4 916
Treasurer's Guarantee Fee	-	1 743
Total Finance Costs	-	6 659

Note 13 Impairment Expenses

	2015	2014
	\$'000	\$'000
Asset Write-offs ⁽²⁾	8 007	5 965
Doubtful Debts Expense	8 738	10 606
Assets Held for Sale	979	897
Total Impairment Expenses	17 724	17 468

⁽²⁾ Expensing of book value of assets demolished.

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Note 14 Net Loss/Gain from Disposal of Assets

	2015	2014
	\$'000	\$'000
Rental Properties		
Proceeds from disposal	114 049	127 843
Less net book value of assets disposed ⁽³⁾	(117 849)	(132 894)
Net Loss from disposal of rental properties	(3 800)	(5 051)
Inventory - Capital Work in Progress		
Proceeds from disposal	22 534	59 996
Less net book value of assets disposed ⁽³⁾	(19 881)	(49 290)
Net Gain from disposal of completed assets	2 653	10 706
Inventory – Vacant Land		
Proceeds from disposal	3 764	7 190
Less net book value of assets disposed ⁽³⁾	(3 980)	(6 909)
Net Loss/Gain from disposal of vacant land	(216)	281
Plant and Equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	(46)	(15)
Net Loss from disposal of plant and equipment	(46)	(15)
Total Assets		
Total proceeds from disposal	140 347	195 029
Less net book value of assets disposed ⁽³⁾	(141 756)	(189 108)
Total Net Loss/Gain from Disposal of Assets	(1 409)	5 921

⁽³⁾The net book value of assets disposed comprises the carrying amount of the properties, plus the costs of marketing and agent fees and the cost of separating services and titles in respect of double units sold. In establishing the property value, the Valuer includes the impact of capital improvements effected by the tenants. Tenants purchasing properties are allowed discounts consistent with their personal investment in the property.

Note 15 Rental Income

	2015	2014
	\$'000	\$'000
Rent received/receivable from entities external to the SA Government		
Market Rent Income	497 774	493 351
less Rental Rebates	(224 531)	(221 123)
Other Rent	13 925	11 770
Total Rental Income	287 168	283 998

Note 16 Interest Revenue

	2015	2014
	\$'000	\$'000
Interest from entities within the SA Government	6 608	9 781
Interest from entities external to the SA Government	30	32
Total Interest Revenue	6 638	9 813

Note 17 Recoveries

	2015	2014
	\$'000	\$'000
TVSP Recoveries	104	9 542
Maintenance	5 069	5 484
Private Rental Assistance	8 258	7 683
Water charges	11 856	12 911
General Service Recoveries	92	885
Grant Recoveries	37	-
Insurance	1 618	3 082
Other	158	205
Total Recoveries	27 192	39 792

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Note 18 Recurrent Commonwealth Revenues

	2015	2014
	\$'000	\$'000
National Affordable Housing Agreement Base Funding	83 528	94 400
National Partnership Agreement: Homelessness	8 870	8 620
Sturt Street Accommodation Program	507	507
Total Recurrent Commonwealth Revenues	92 905	103 527

Note 19 Capital Commonwealth Revenues

	2015	2014
	\$'000	\$'000
National Partnership Agreement: Homelessness	-	6 750
Funding Contribution to Common Ground Mellor Street	-	550
Total Capital Commonwealth Revenues	-	7 300

Note 20 Other Revenue

	2015	2014
	\$'000	\$'000
Bad Debts Recovered	4 933	4 638
Assets Received Free of Charge	20	380
Interest Discount due to early repayment of loans	-	292
Shared Value Mortgages	-	78
Sundry Revenue	378	258
Total Other Revenue	5 331	5 646

Note 21 Recurrent Revenues from SA Government

	2015	2014
	\$'000	\$'000
Tax Equivalent Reimbursement	87 240	98 652
General Purpose Grant	-	18 530
National Partnership Agreement: Homelessness	8 870	8 620
National Rental Affordability Scheme	2 308	2 196
Housing Stimulus	45 000	-
Violence Intervention Program	545	533
Enterprise Bargaining Supplementation Funding	1 725	1 262
Equal Remuneration Order Supplementation Funding	2 077	1 241
Common Ground Funding	932	617
Emergency Management Reimbursement	750	-
Other State Grants	719	591
Total Recurrent Revenues from SA Government	150 166	132 242

Note 22 Capital Revenues from SA Government

	2015	2014
	\$'000	\$'000
Solar Hot Water Systems	5 500	-
Housing Stimulus	20 000	-
City Respite Facility	3 000	-
Total Capital Revenues from SA Government	28 500	-

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Note 23 Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Cash held at SAFA Cash Management Facility	182 442	177 419
Deposits with the Treasurer	87 578	70 322
Cash – Development Projects	1 349	1 560
Cash on hand	20	37
Total Cash and Cash Equivalents	271 389	249 338

Deposits with the Treasurer

Relates to working cash held in the Commonwealth Bank Working account through the SA Department of Treasury and Finance.

Cash - Development Projects

Relates to the ANZ accounts held for the Playford development projects.

Note 24 Receivables

	2015	2014
	\$'000	\$'000
Receivables	30 533	37 596
Less allowance for doubtful debts	(19 573)	(19 944)
Accrued revenues	3 449	19 147
GST receivable from Department for Communities and Social Inclusion	645	686
Prepayments	784	92
Total Current Receivables	15 838	37 577
Total Receivables	15 838	37 577

As a result of the actuarial assessment performed by Brett & Watson Pty Ltd, both the discount rate (based on the risk free rate) and the rate of estimated future debt write-offs increased from 2.6% to 2.8%. The rate of first arrangements written off by the end of the twelfth year decreased from 72% to 65%.

These rates provided by the actuary are used in the allowance for doubtful debts calculation. The net financial effect of the changes in the current financial year is a decrease in the allowance for doubtful debts and doubtful debts expense of \$2.108m. The estimated impact on 2016 and 2017 is considered impracticable to estimate.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Rent is payable in advance and charged weekly. All other receivables are subject to a term of 30 days.

Other than what is recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being received on demand. The credit risk is concentrated in the rental area due to the nature of the business of the Trust.

Prepayments, accrued revenues and the majority of receivables are non-interest bearing.

Allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment has been recognised in impairment expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	19 944	18 958
Increase in the provision	8 738	10 606
Amounts written off	(9 109)	(9 620)
Carrying amount at the end of the period	19 573	19 944

Bad and doubtful debts

The Trust has recognised a doubtful debts expense of \$8.738m (\$10.606m) in the Statement of Comprehensive Income.

Provision for doubtful debts policy – refer to Note 2.11

Maturity analysis of receivables – refer to table 38.3 in Note 38

Categorisation of financial instruments and risk exposure information – refer to Note 38

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Note 25 Inventories

	2015	2014
	\$'000	\$'000
Current		
Capital Work in progress	67 149	68 473
Developed properties	6 753	2 915
Vacant land	7 990	10 990
Total Current Inventories	81 892	82 378
Non-Current		
Capital Work in progress	535	888
Total Non-Current Inventories	535	888
Total Inventories	82 427	83 266

Note 26 Non-Current Assets Classified as Held for Sale

	2015	2014
	\$'000	\$'000
Land	16 675	14 116
Buildings	12 574	9 841
Total Non-Current Assets Classified as Held for Sale	29 249	23 957

Note 27 Property, Plant and Equipment

	2015	2014
	\$'000	\$'000
Rental Properties		
Land		
Land at fair value	4 781 145	4 775 948
Buildings		
Buildings at fair value	3 446 341	3 392 429
Accumulated depreciation	(45 740)	(45 411)
Total Buildings	3 400 601	3 347 018
Total Rental Properties	8 181 746	8 122 966
Administrative Properties		
Land		
Freehold Land	1 957	2 031
Buildings		
Buildings	3 632	3 514
Accumulated depreciation	(123)	(131)
Total Buildings	3 509	3 383
Leasehold Improvements		
Leasehold Improvements at cost (deemed fair value)	7 527	7 411
Accumulated depreciation	(6 746)	(6 619)
Total Leasehold Improvements	781	792
Total Administrative Properties	6 247	6 206
Commercial Properties		
Land		
Commercial Properties	167	306
Buildings		
Buildings	1 740	1 165
Accumulated depreciation	(58)	(55)
Total Commercial Properties - Buildings	1 682	1 110
Total Commercial Properties	1 849	1 416

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Assets Under Arrangement

Land

Assets Under Arrangement	657 442	650 304
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Buildings

Assets Under Arrangement	554 393	555 659
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Accumulated depreciation	(7 412)	(7 477)
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Total Assets Under Arrangement - Buildings	546 981	548 182
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Total Assets Under Arrangement	1 204 423	1 198 486
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Vacant Land

Land

Freehold Land	51 709	53 566
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Total Vacant Land	51 709	53 566
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Remote Indigenous Leased Properties

Remote Indigenous Buildings	217 794	126 411
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Accumulated amortisation	(3 760)	(4 585)
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Total Remote Indigenous Leased Properties	214 034	121 826
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Plant and Equipment

Plant and Equipment at cost (deemed fair value)	6 708	7 321
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Accumulated depreciation	(2 644)	(2 199)
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Total Plant and Equipment	4 064	5 122
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Capital Works in Progress

Buildings & Land	100 915	150 814
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Total Capital Works in Progress	100 915	150 814
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Total Property, Plant and Equipment	9 764 987	9 660 402
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Total property, plant and equipment at fair value	9 716 320	9 561 333
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Total property, plant and equipment at cost	115 150	165 546
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Total accumulated depreciation	(66 483)	(66 477)
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Total Property, Plant and Equipment	9 764 987	9 660 402
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Note 28 Intangible Assets

	2015	2014
Computer Software	\$'000	\$'000
Internally Generated Computer software	16 366	12 532
Accumulated amortisation	(11 474)	(9 208)
Total Computer Software	4 892	3 324

Work in progress Computer System Development	673	3 735
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Total Work in progress Computer Systems Development	673	3 735
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Total Intangible Assets	5 565	7 059
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An expense of \$2.175m (\$0.255m) for research and development costs has been recognised in 2014-15. Refer Note 7.

	Internally Generated Software		Work in Progress Computer System Development		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	3 324	3 466	3 735	3 800	7 059	7 266
Additions	3 969	1 674	907	1 609	4 876	3 283
Transfers to Internally Generated Software	-	-	(3 969)	(1 674)	(3 969)	(1 674)
Amortisation	(2 401)	(1 816)	-	-	(2 401)	(1 816)
Closing Balance	4 892	3 324	673	3 735	5 565	7 059

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Note 29 Payables

	2015	2014
Current	\$'000	\$'000
Creditors	26 890	52 139
Accrued expenses	16 742	20 322
Staff oncosts	1 338	1 223
Total Current Payables	44 970	73 684
Non-Current		
Staff oncosts	1 187	1 160
Total Non-Current Payables	1 187	1 160
Total Payables	46 157	74 844

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has decreased from the 2014 rate of 40% to 37% and the average factor for the calculation of employer superannuation cost on-cost has remained at the 2014 rate of 10.3%.

These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost and staffing costs expense of \$0.054m. The estimated impact on 2016 and 2017 is considered to be immaterial.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Maturity analysis of payables - refer to table 38.3 in Note 38.

Categorisation of financial instruments and risk exposure information - refer to Note 38

Note 30 Staff Entitlements

	2015	2014
Current	\$'000	\$'000
Annual leave	5 458	5 298
Long service leave	3 486	3 031
Retention leave	531	427
Accrued Salaries and Wages	489	271
Total Current Staff Entitlements	9 964	9 027
Non-Current		
Long service leave	13 265	12 512
Total Non-Current Staff Entitlements	13 265	12 512
Total Staff Entitlements	23 229	21 539

AASB119 *Employee Benefits* contains the calculation methodology for long service liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave liability. AASB119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service liability. The yield on long term Commonwealth Government bonds has decreased from 2014 (3.50%) to 2015 (3.00%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$0.557m and staffing costs expense of \$0.607m. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability. As a result, the net financial effect of the changes in the current financial year is a decrease in the annual leave liability of \$0.053m, retention leave liability of \$0.005m and staffing costs expense of \$0.067m. The estimated impact on 2016 and 2017 is considered to be immaterial.

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Note 31 Provisions

	2015	2014
Current	\$'000	\$'000
Public Risk & Professional Indemnity	69	77
Workers Compensation	909	1 173
Other Warranties	17	2
Total Current Provisions	995	1 252
Non-Current		
Public Risk & Professional Indemnity	677	753
Workers Compensation	2 269	3 425
Other Warranties	4	20
Total Non-Current Provisions	2 950	4 198
Total Provisions	3 945	5 450

An asset of \$0.060m (\$0.072m) for workers compensation recoveries has been recognised for 2014-15. Refer Note 24.

2014-15	Public Risk & Professional Indemnity	Workers Compensation	Other Warranties	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of financial year	830	4 598	22	5 450
Additional provisions recognised	297	-	-	297
Reduction in provisions	(291)	(247)	(1)	(539)
Payments made	(90)	(1 173)	-	(1 263)
Carrying amount at end of financial year	746	3 178	21	3 945

Note 32 Other Liabilities

	2015	2014
Current	\$'000	\$'000
Rent received in advance	8 243	7 805
Deposits Held:		
Tenant deposits held	2 539	2 496
Sale deposits held	18	57
Unearned revenue	160	188
Managed houses scheme	243	243
Total Current Other Liabilities	11 203	10 789
Non-Current		
Unearned revenue	1 001	1 362
Managed houses scheme	1 518	1 761
Total Non-Current Other Liabilities	2 519	3 123
Total Other Liabilities	13 722	13 912

Note 33 Unrecognised Contractual Commitments

	2015	2014
Remuneration Commitments	\$'000	\$'000
Commitments for payment of salaries and other remuneration under fixed-term employment contracts in existence at reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Not later than one year	10 269	10 015
Later than one year but not later than five years	3 223	7 463
Later than five years	-	-
Total Remuneration Commitments	13 492	17 478

Amounts disclosed include commitments arising from executive and other service contracts. The Trust does not offer fixed-term contracts greater than 5 years.

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

Not later than one year	14 881	39 691
Later than one year but not later than five years	9 629	4 022
Later than five years	-	-
Total Capital Commitments	24 510	43 713

Recurrent Commitments

The Trust's recurrent commitments are for agreements for expenditure on operations, maintenance and grant funded programs contracted but not provided for and payable, are as follows:

Not later than one year	3 509	72 068
Later than one year but not later than five years	718	825
Later than five years	-	-
Total Recurrent Commitments	4 227	72 893

Responsibility for grant funded expenditure for Homelessness services was transferred to DCSI and therefore does not appear as commitments to the Trust as at 30 June 2015.

Management Agreement Commitments

The Trust's management agreement commitments are to manage houses subject to lease arrangements with Funds SA (formerly Colonial First State and Motor Accident Commission) which are contracted but not provided for are payable as follows:

Not later than one year	336	321
Later than one year but not later than five years	4 750	5 472
Later than five years	3 881	6 039
Total Management Agreement Commitments	8 967	11 832

Operating Lease Commitments

The Trust's operating leases are for office accommodation. The leases are non-cancellable with terms ranging up to 10 years with some leases having the right of renewal.

Commitments under non-cancellable operating leases at the reporting date that are not recognised as liabilities in the financial statements, are payable as follows:

Not later than one year	4 138	4 036
Later than one year but not later than five years	5 482	6 050
Later than five years	-	102
Total Operating Lease Commitments	9 620	10 188

Note 34 Contingent Assets and Liabilities**Contingent Assets****Shared Value Affordable Home Initiative**

The Shared Value Affordable Home Initiative, funded by the Commonwealth Government in conjunction with Local Government, allows eligible buyers the opportunity to purchase a property at a price less than market value. Each purchase is subject to a shared appreciation arrangement and a mortgage is affixed to the property. Under this arrangement when the property is sold or the mortgage discharged, the amount of the original discount, plus a share in any appreciation or depreciation in value, must be paid to the Trust for reinvestment in Affordable Housing outcomes. There are currently 26 (16) properties under this scheme with a total discount provided of \$1.543m (\$1.088m). The current share of depreciation of these properties is approximately \$0.145m.

Contingent Liabilities**Progressive Purchase Scheme**

Under this scheme the Trust owns portions of properties as tenant in common with other persons. Where the Trust has signed agreements with lending institutions advancing persons mortgage monies, the Trust can be called upon in cases of default to purchase the defaulter's interest at current market value. The 17 (22) properties included in the scheme are subject to mortgages with a collective loan balance of \$0.321m (\$0.384m). The Tenant's share of the value of the properties subject to mortgage is estimated to be \$2.154m (\$2.642m), based on the Valuer-General's overall capital value.

Rental Purchase and Sale Under Agreement House Purchase Schemes

The rental purchase and sale under agreement portfolio was transferred to HomeStart Finance on 10 December 1993 and due to conditions in some of the agreements, the Trust remains responsible to make good for loss or damage to the subject properties for specific events. There are 12 (13) properties currently under this scheme. The Trust remains the

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legal owner of these properties until they are transferred to the purchasers upon completion of this agreement. The properties included in the scheme that are subject to indemnity clauses have a collective estimated replacement value of \$2.290m (\$2.562m). These properties together with the Trust's rental properties are subject to an agency agreement with South Australian Government Financing Authority, SAICORP Division (SAICORP) and in the event of a claim will be indemnified by the Treasurer so as to limit the exposure of the Trust to \$1.0m.

Bond Guarantee Scheme

Under the bond guarantee scheme a guarantee for the bond is given to the landlord. In the event of a claim by a landlord, the Residential Tenancies Branch makes a payment. The Trust then reimburses the Residential Tenancies Branch and the private rental customer becomes liable to the Trust for the amount. The value of bond guarantees issued and outstanding at 30 June 2015 is \$50.178m (\$43.984m). The value of claims made this financial year is \$7.955m (\$7.304m).

The Trust pays interest at an agreed market determined rate to the Residential Tenancies Branch based on the daily outstanding balance of bond guarantees issued.

Equity Shares

The *South Australian Co-operative and Community Housing Act 1991* provides for members of Housing Co-operatives and tenants of Associations to acquire equity in the properties they occupy, by the Co-operative or Association issuing equity shares to members. The equity shares reflect a proportional interest in the value of a specific Co-operative or Association property. The Trust is obliged to repurchase the equity shares from holders who leave relevant Co-operatives or Associations at a value reflecting their proportion of the current value of the property at the time the equity shares are redeemed. The value of these equity shares at 30 June 2015 is \$9.751m (\$9.683m).

Note 35 Transferred Functions

The following assets and liabilities were transferred to RSA

	2015 \$'000	2014 \$'000
Transferred Out		
Non Current Assets		
Property, Plant and Equipment	-	4 036
Total Non Current Assets	-	4 036
Total Net Assets Transferred Out	-	4 036

Transfer of properties to RSA

On 26 April 2012, pursuant to the provisions of Section 23 of the South Australian Housing Trust Act 1995, a transfer of properties from the Trust to the newly formed RSA, was effected by Government Gazettal. These properties consisted of all the non-tenanted properties of the Woodville West and River Street, Marden urban renewal projects.

Subsequently in August 2013, a transfer of 13 properties from the Trust to RSA, was effected by Government Gazettal. These properties consisted of remaining non-tenanted properties of the Woodville West urban renewal project. All properties from the Woodville West and River Street, Marden urban renewal project have now been transferred.

Note 36 Unexpended Funding Commitments

Unspent Grant Commitments

The following table shows grant revenue received during the financial year, but which remained unspent at year-end.

	2015 \$'000	2014 \$'000
<i>Unspent SA Government Revenues</i>		
2014 State Election Commitments	8 382	-
Public Housing Stimulus	20 000	-
Total Unspent SA Government Commitments	28 382	-
<i>Unspent Commonwealth Revenues</i>		
Sturt Street Supported Tenancy Accommodation	229	70
Total Unspent Commonwealth Grant Commitments	229	70
Total Unspent Grants	28 611	70

All grants are subject to written agreements outlining the conditions of the funding, including the objectives, outcomes, performance criteria and reporting obligations. Non-compliance with these conditions may result in the Commonwealth or State recovering parts of the funding in accordance with the Implementation Plans (where applicable) for each agreement. The conditions attached to these grants can be summarised as:

2014 State Election Commitments

Funding for the cost of commitments made by the state government during the 2014 election. The specific initiatives being funded are: the establishment of a new disability respite facility in Adelaide, to be developed and managed in partnership with the private and non-government sectors; and the installation of solar hot water systems on more than 1,000 SAHT properties, replacing electric and LPG hot water heaters.

Public Housing Stimulus

Funding to enable SAHT to progress planning and delivery of a number of projects and programs to help stimulate activity in the state's housing construction sector and improve the quality of public housing.

National Partnership Agreement: Homelessness (State Matching Funds)

A matching contribution by the State Government to assist in implementing programs that reduce homelessness in key groups including rough sleepers, people escaping violence, indigenous people, and people exiting social housing, institutional care or adult prisons.

National Partnership Agreement: Homelessness (A Place to Call Home)

The Commonwealth Government provides grants to assist in implementing programs that reduce homelessness in key groups including rough sleepers, people escaping violence, indigenous people, and people exiting social housing, institutional care or adult prisons. This is supported by the state matching component.

Sturt Street Supported Tenancy Accommodation

Funding has been provided by the Commonwealth Government for the purpose of providing intensive support for 6 Indigenous women/family groups at any one time for 3-6 months in purpose-built transitional accommodation in Sturt Street Adelaide and other support services. The project will also provide post-transition support to the groups for up to 6-12 months after they exit the accommodation.

All Commonwealth & State revenues reported as unspent for the 30 June 2014 year have now been fully expended. Of the revenue reported as unspent in previous years \$0.307m remains unspent at 30 June 2015. This total comprises, \$0.293m for the National Partnership Agreement - Homelessness (State matching funds) and \$0.014m for the National Partnership Agreement: Homelessness (A Place to Call Home). These amounts have been incorporated into approved budgets for future expenditure.

Note 37 Cash Flow Reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Statement of Cash Flows	271 389	249 338
Statement of Financial Position	271 389	249 338
Reconciliation of Net Cash Inflows from Operating Activities to Net (Revenue from)/Cost of Providing Services:		
Net Cash provided by/(used in) Operating Activities	(249)	28 108
Less Receipts from SA Government	(180 865)	(132 242)
	(181 114)	(104 134)
Add/Less non cash items		
Depreciation and Amortisation	(87 336)	(85 760)
Loss/Gain on Revaluation of Non-current Assets	510	(790)
Net (loss)/gain from disposal of assets	(1 409)	5 921
Donated Assets	(669)	-
Buildings and Other Assets Written Off	(8 986)	(6 862)
Construction Variance, surplus on property	(314)	(1 800)
Allowance for Doubtful Debts	371	(986)
Assets received free of charge	20	380
Interest Discount due to early repayment of loans	-	292
Provision adjustment	242	(1 177)
Loan Amortisation	243	243
	(97 328)	(90 539)
Changes in Assets / Liabilities		
(Decrease) Increase in Receivables	(19 911)	17 457
(Decrease) Increase in Property, Plant and Equipment	(14 279)	(57 283)
Decrease (Increase) in Payables	28 687	(33 813)
(Increase) Decrease in Staff Entitlements	(1 690)	829
Decrease (Increase) in Provisions	1 263	1 296
(Increase) Decrease in Other Liabilities	(53)	844
	(5 983)	(70 670)
Net Revenue from/(Cost of) Providing Services	(284 425)	(265 343)

South Australian Housing Trust **2014-15**

Note 38 Financial instruments/Financial Risk Management

Table 38.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 *Summary of Significant Accounting Policies*.

Category of financial assets	Note	Statement of Financial Position line item	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000	Carrying Amount 2014 \$'000	Fair Value 2014 \$'000
Financial Assets						
Cash and cash equivalents	23	Cash and cash equivalents	271 389	271 389	249 338	249 338
Loans and Receivables	24	Receivables (at cost)	14 409	14 409	36 799	36 799
Financial Liabilities						
Payables	29	Payables (at cost)	42 647	42 647	70 991	70 991
Borrowings	32	Other Liabilities	1 761	1 761	2 004	2 004

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables

Credit risk

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Trust does not hold any collateral as security to any of its financial assets.

Table 38.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

2015	Overdue for < 30 days \$'000	Overdue for 30 - 90 days \$'000	Overdue for > 90 days \$'000	Total \$'000
Not Impaired Receivables	897	189	6 696	7 782
Impaired Receivables	1 666	351	12 436	14 453
2014				
Not Impaired Receivables	651	121	4 779	5 551
Impaired Receivables	1 674	311	12 288	14 273

Receivable amounts disclosed here exclude amounts relating to statutory receivables.

Table 38.3: Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

2015	Carrying Amount \$'000	<1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial Assets				
Cash & cash equivalents	271 389	271 389	-	-
Receivables ⁽⁵⁾	14 409	14 409	-	-
Total financial assets	285 798	285 798		
Financial Liabilities				
Payables	42 647	42 647	-	-
Other Liabilities	1 761	243	972	546
Total financial liabilities	44 408	42 890	972	546

2014	Carrying Amount \$'000	<1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial Assets				
Cash & cash equivalents	249 338	249 338	-	-
Receivables ⁽⁵⁾	36 799	36 799	-	-
Total financial assets	286 137	286 137		
Financial Liabilities				
Payables	70 991	70 991	-	-
Other Liabilities	2 004	243	972	789
Total financial liabilities	72 995	71 234	972	789

(5) The total value of receivables, net of the provision for doubtful debts is \$10.960m (\$17.652m). Of this amount \$0.968m (\$10.764m) is SA Government debtors which are considered current. The remaining \$9.992m (\$6.888m) of non-SA Government debtors is a figure derived based on the application of an actuarial assessment of provisions which makes no judgement regarding age. Therefore any attempt to age this figure is problematical.

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables

Note 39 Fair Value Measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Trust categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2015.

The Trust had no valuations categorised into level 1.

	2015 \$'000	Level 2 \$'000	Level 3 \$'000
Fair Value Measurements at 30 June 2015			
Recurring fair value measurement			
Land (note 27)	5 440 711	5 440 711	-
Buildings (note 27)	3 952 773	3 952 773	-
Vacant Land (note 27)	51 709	51 709	-
Leasehold Improvements (note 27)	781	-	781
Plant and Equipment (note 27)	4 064	-	4 064
Remote Indigenous Leased Properties (note 27)	214 034	-	214 034
Capital Works in Progress (note 27)	100 915	100 915	-
Total recurring fair value measurements	9 764 987	9 546 108	218 879
Non-recurring fair value measurement			
Land held for sale (note 26) ⁽⁶⁾	16 675	16 675	-
Buildings held for sale (note 26) ⁽⁶⁾	12 574	12 574	-
Total non-recurring fair value measurements	29 249	29 249	-
TOTAL	9 794 236	9 575 357	218 879

	2014 \$'000	Level 2 \$'000	Level 3 \$'000
Fair Value Measurements at 30 June 2014			
Recurring fair value measurement			
Land (note 27)	5 428 589	5 428 589	-
Buildings (note 27)	3 899 693	3 899 693	-
Vacant Land (note 27)	53 566	53 566	-
Leasehold Improvements (note 27)	792	-	792
Plant and Equipment (note 27)	5 122	-	5 122
Remote Indigenous Leased Properties (note 27)	121 826	-	121 826
Capital Works in Progress (note 27)	150 814	150 814	-
Total recurring fair value measurements	9 660 402	9 532 662	127 740
Non-recurring fair value measurement			
Land held for sale (note 26) ⁽⁶⁾	14 116	14 116	-
Buildings held for sale (note 26) ⁽⁶⁾	9 841	9 841	-
Total non-recurring fair value measurements	23 957	23 957	-
TOTAL	9 684 359	9 556 619	127 740

(6) The Trust has measured land and buildings held for sale at fair value less costs to sell in accordance with AASB 5 when this was less than the carrying amount.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2015. The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 2. There were no changes in valuation techniques during 2015.

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Reconciliation of fair value measurements – Level 3

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2015 \$'000	2015 \$'000	2015 \$'000
Opening balance at the beginning of the period	5 122	792	121 826
Acquisitions	70	378	-
Transfer into level 3 ⁽⁷⁾	-	-	12 838
Transfer out of level 3 ⁽⁷⁾	-	(15)	(2 270)
Disposals	(530)	(247)	15
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	(598)	(127)	(4 301)
Total gains (losses) for the period recognised in other comprehensive income			
Revaluation increments	-	-	85 926
Carrying amount at the end of the period	4 064	781	214 034

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2014 \$'000	2014 \$'000	2014 \$'000
Opening balance at the beginning of the period	5 063	550	97 433
Acquisitions	64	739	-
Transfer into level 3 ⁽⁷⁾	682	-	28 612
Transfer out of level 3 ⁽⁷⁾	-	(12)	(1 712)
Disposals	(15)	(74)	-
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	(672)	(411)	(2 507)
Carrying amount at the end of the period	5 122	792	121 826

(7) Transfers into and out of level 3 relate to transfers from and to other asset classes disclosed in different fair value hierarchy levels.

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Note 40 Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2014-15:

	Rental Properties – Land		Rental Properties – Buildings		Admin Properties – Land	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	4 775 948	4 814 847	3 347 018	3 468 281	2 031	1 993
Additions	-	22	-	358	-	-
Transfer In from other asset category	61 641	25 740	102 181	39 553	81	230
Maintenance Upgrades	-	-	18 586	15 177	-	-
Assets Classified as Held for Sale	(1 293)	2 195	(2 733)	1 668	-	-
Disposals	(70 464)	(80 970)	(40 148)	(44 554)	-	-
Transfer out to other asset category	(41 561)	(31 772)	(13 455)	(12 705)	(163)	(230)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ^(a)	56 874	45 886	57 165	(52 424)	8	38
Depreciation and Amortisation expenses	-	-	(68 523)	(68 890)	-	-
Depreciation and Amortisation on disposals	-	-	510	554	-	-
Carrying Amount as at 30 June	4 781 145	4 775 948	3 400 601	3 347 018	1 957	2 031

	Admin Properties – Buildings		Admin Properties – Leasehold Improvements		Commercial Properties – Land	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	3 383	4 475	792	550	306	588
Additions	-	-	378	739	-	-
Transfer In from other asset category	248	63	-	-	-	178
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	-	-	(247)	(74)	-	-
Transfer out to other asset category	(157)	(65)	(15)	(12)	-	(177)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ^(a)	180	(886)	-	-	(139)	(283)
Depreciation and Amortisation expenses	(161)	(207)	(127)	(411)	-	-
Depreciation and Amortisation on disposals	16	3	-	-	-	-
Carrying Amount as at 30 June	3 509	3 383	781	792	167	306

	Commercial Properties – Buildings		Assets Under Arrangement – Land		Assets Under Arrangement – Buildings	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	1 110	1 411	650 304	641 619	548 182	552 198
Additions	-	-	-	-	-	-
Transfer In from other asset category	-	134	2 229	5 576	3 303	10 951
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	-	-	(953)	(304)	(177)	(261)
Transfer out to other asset category	-	(164)	(3 745)	(3 328)	(1 219)	(1 516)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ^(a)	649	(216)	9 607	6 741	8 030	(2 015)
Depreciation and Amortisation expenses	(77)	(62)	-	-	(11 148)	(11 195)
Depreciation and Amortisation on disposals	-	7	-	-	10	20
Carrying Amount as at 30 June	1 682	1 110	657 442	650 304	546 981	548 182

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	Vacant Land – Land		Remote Indigenous Leased Properties		Plant and Equipment	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	53 566	82 573	121 826	97 433	5 122	5 063
Additions	93	-	-	-	70	64
Transfer In from other asset category	3 934	27 671	12 838	28 612	-	682
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	(273)	(343)	-	-	(683)	(276)
Transfer out to other asset category	(9 359)	(43 718)	(2 270)	(1 788)	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁸⁾	3 748	(12 617)	85 926	-	-	-
Depreciation and Amortisation expenses	-	-	(4 301)	(2 507)	(598)	(672)
Depreciation and Amortisation on disposals	-	-	15	76	153	261
Carrying Amount as at 30 June	51 709	53 566	214 034	121 826	4 064	5 122

	Capital Work in Progress		Total Property, Plant and Equipment	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	150 814	128 312	9 660 402	9 799 343
Additions	98 431	110 592	98 972	111 775
Transfer In from other asset category	54 111	59 382	240 566	198 772
Maintenance Upgrades	-	-	18 586	15 177
Assets Classified as Held for Sale	-	-	(4 026)	3 863
Disposals	-	-	(112 945)	(126 782)
Transfer out to other asset category	(202 441)	(143 436)	(274 385)	(238 911)
Assets transferred due to Admin restructure	-	(4 036)	-	(4 036)
Revaluation Increment (Decrement) ⁽⁸⁾	-	-	222 048	(15 776)
Depreciation and Amortisation expenses	-	-	(84 935)	(83 944)
Depreciation and Amortisation on disposals	-	-	704	921
Carrying Amount as at 30 June	100 915	150 814	9 764 987	9 660 402

(8) Of the total \$222,048 million revaluation increment, \$221.538 million applied as an increase in revaluation surplus and \$0.510 million is recognised as a gain on revaluation.

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Note 41 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at 30 June 2015, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	EXPENSES					
6	3 537	4 119	66 101	80 836	69 638	84 955
7						
	1 366	1 344	1 785	1 297	3 151	2 641
	404	397	1 924	1 999	2 328	2 396
	-	-	643	608	643	608
	413	463	-	-	413	463
	-	-	87	108	87	108
	-	-	(2 616)	(3 691)	(2 616)	(3 691)
	475	442	469	444	944	886
	211	-	4 035	2 815	4 246	2 815
	-	-	83	394	83	394
	-	-	2 755	3 649	2 755	3 649
	522	395	266	257	788	652
	2 115	2 365	25	3	2 140	2 368
	213	-	6 127	4 903	6 340	4 903
	1 871	626	506	781	2 377	1 407
	6 426	5 473	819	1 344	7 245	6 817
	-	-	479	482	479	482
	-	-	1 452	1 594	1 452	1 594
	3 591	3 960	-	-	3 591	3 960
	-	-	298	346	298	346
	-	-	799	752	799	752
	-	-	774	931	774	931
	18 460	18 675	-	-	18 460	18 675
8						
9						
	-	-	314	1 800	314	1 800
	-	-	45 088	43 993	45 088	43 993
	255	116	-	-	255	116
	175 523	177 603	-	-	175 523	177 603

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Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Maintenance	-	-	115 723	103 439	115 723	103 439
	Property Expenses	-	-	348	334	348	334
	Stamp Duty & Search Fees	-	-	16	23	16	23
	Valuations	-	152	-	-	-	152
	Water Rates	35 345	38 177	-	-	35 354	38 177
10	Depreciation and Amortisation	-	-	87 336	85 760	87 336	85 760
11	Grants and Subsidies						
	Affordable Housing Grants	630	736	-	145	630	881
	Community Housing Construction Stimulus	-	-	7 923	12 445	7 923	12 445
	Community Housing Organisation Maintenance Liability	-	-	22	157	22	157
	Emergency Accommodation Assistance	-	-	2 149	1 872	2 149	1 872
	Emergency Management Grants	-	-	713	98	713	98
	Funding Contribution to City of Playford	-	-	240	-	240	-
	Funding Contribution to Woodville West Project (Renewal SA)	4 772	-	-	-	4 772	-
	Homes for Homes Initiative	-	-	200	-	200	-
	Indigenous Community Housing Program	-	-	43	96	43	96
	National Affordable Housing Agreement: Specialist Homelessness Services	1 261	1 489	36 803	34 880	38 064	36 369
	National Partnership Agreement: Homelessness	627	733	16 226	25 977	16 853	26 710
	National Partnership Agreement: Remote Indigenous Housing	334	3 787	531	1 475	865	5 262
	National Rental Affordability Scheme Subsidies	-	-	6 177	4 249	6 177	4 249
	Other Recurrent Grants	-	-	1	1	1	1
	Private Rental Assistance	9 228	8 493	7 671	7 555	16 899	16 048
	Subsidies to Community Housing Organisations	-	-	21	58	21	58
	Subsidies to Other Housing Providers	-	-	2 397	2 373	2 397	2 373
	Upgrade of Disability SA Housing	-	-	26	296	26	296
12	Finance Costs	-	6 659	-	-	-	6 659
13	Impairment Expenses (Incl doubtful debts)						
	Asset Write-offs	-	-	8 007	5 965	8 007	5 965
	Doubtful Debts Expense	-	-	8 738	10 606	8 738	10 606
	Assets Held for Sale	-	-	979	897	979	897
14	Net Loss from Disposal of Assets	-	-	1 409	-	1 409	-
	Donated Assets	-	-	669	-	669	-
	Loss on revaluation of non-current assets	-	790	-	-	-	790

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Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	TOTAL EXPENSES	267 579	276 994	436 590	444 346	704 169	721 340
	INCOME						
15	Rental Income	-	-	287 168	283 998	287 168	283 998
16	Interest Revenue	6 608	9 781	30	32	6 638	9 813
17	Recoveries						
	General Service Recoveries	-	276	92	609	92	885
	Grant Recoveries	-	-	37	-	37	-
	Insurance	1 618	3 016	-	66	1 618	3 082
	Maintenance	-	-	5 069	5 484	5 069	5 484
	Other	141	150	17	55	158	205
	Private Rental Assistance	-	-	8 258	7 683	8 258	7 683
	TVSP Recoveries	104	9 542	-	-	104	9 542
	Water charges	-	-	11 856	12 911	11 856	12 911
18	Recurrent Commonwealth Revenues	-	-	92 905	103 527	92 905	103 527
19	Capital Commonwealth Revenues	-	-	-	7 300	-	7 300
20	Other Revenue						
	Assets Received Free of Charge	-	-	20	380	20	380
	Bad Debts Recovered	-	-	4 933	4 638	4 933	4 638
	Interest Discount due to early repayment of loans	-	292	-	-	-	292
	Shared Value Mortgages	-	-	-	78	-	78
	Sundry Revenue	-	120	378	138	378	258
21	Recurrent Revenues from SA Government	150 166	132 242	-	-	150 166	132 242
22	Capital Revenues from SA Government	28 500	-	-	-	28 500	-
14	Net Gain on Disposal of Assets	-	-	-	5 921	-	5 921
	Gain on revaluation of non-current assets	510	-	-	-	510	-
	TOTAL INCOME	187 647	155 419	410 763	432 820	598 410	588 239
	FINANCIAL ASSETS						
24	Receivables						
	Accrued revenues	559	15 728	2 890	3 419	3 449	19 147
	Receivables	968	10 764	9 992	6 888	10 960	17 652
	TOTAL FINANCIAL ASSETS	1 527	26 492	12 882	10 307	14 409	36 799
29	FINANCIAL LIABILITIES						
	Payables						

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		SA Government		Non-SA Government		Total	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Accrued expenses	3 560	5 320	12 714	14 477	16 274	19 797
	Creditors	11 999	29 317	14 374	21 877	26 373	51 194
32	Other Financial Liabilities						
	Deposits Held	-	-	2 557	2 553	2 557	2 553
	Managed House Scheme	1 761	2 004	-	-	1 761	2 004
	TOTAL FINANCIAL LIABILITIES	17 320	36 641	29 645	38 907	46 965	75 548

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the South Australian Housing Trust:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Trust as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



M Patetsos
Chair
South Australian Housing Trust Board



J Hanlon
Chief Executive
Renewal SA



M Buchan
General Manager, Commercial & Corporate Services
Renewal SA

Date 9 Sept 2015

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chair South Australian Housing Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *South Australian Housing Trust Act 1995*, I have audited the accompanying financial report of the South Australian Housing Trust for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- Disaggregated Disclosures - Expenses and Revenues for the year ended 30 June 2015
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chair, South Australian Housing Trust Board, Chief Executive, Renewal SA and the General Manager, Commercial and Corporate Services, Renewal SA.

The Members of the South Australian Housing Trust's Responsibility for the Financial Report

The members of the South Australian Housing Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Housing Trust determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

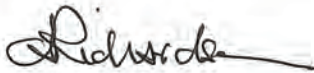
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Housing Trust, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Housing Trust as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
22 September 2015

South Australian
Metropolitan Fire Service

Financial report
for the year ended
30 June 2015

South Australian Metropolitan Fire Service

Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Employee benefits expenses	5	115,651	110,761
Supplies and services	6	13,300	13,217
Depreciation and amortisation expense	7	7,227	7,124
Other expenses	8	-	447
Net loss from disposal of non-current assets	9	79	7
Total expenses		136,257	131,556
Income			
Revenues from fees and charges	10	4,400	4,841
Grants and contributions	11	1,145	926
Interest revenues	12	204	182
Other income	13	1,387	1,254
Total income		7,136	7,203
Net cost of providing services		129,121	124,353
Revenues from SA Government			
Revenues from SA Government	14	124,914	121,016
Total revenues from SA Government		124,914	121,016
Net result		(4,207)	(3,337)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus	18	-	1,836
Total other comprehensive income		-	1,836
Total comprehensive result		(4,207)	(1,501)

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

South Australian Metropolitan Fire Service
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	15	6,355	10,844
Receivables	16	930	1,126
Non-current assets held for sale	17	40	40
Total current assets		7,325	12,010
Non-current assets			
Property, plant and equipment	18	140,701	138,001
Intangible assets	19	119	-
Total non-current assets		140,820	138,001
Total assets		148,145	150,011
Current liabilities			
Payables	21	5,745	5,129
Employee benefits	22	16,314	14,920
Provisions	23	2,565	2,078
Total current liabilities		24,624	22,127
Non-current liabilities			
Payables	21	1,512	1,495
Employee benefits	22	16,723	15,968
Provisions	23	6,892	7,820
Total non-current liabilities		25,127	25,283
Total liabilities		49,751	47,410
Net assets		98,394	102,601
Equity			
Asset revaluation surplus	24	98,445	98,445
Retained earnings	24	(51)	4,156
Total equity		98,394	102,601
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	26		
Contingent assets and liabilities	27		

The above statement should be read in conjunction with the accompanying notes

South Australian Metropolitan Fire Service
Statement of Changes in Equity
For the Year Ended 30 June 2015

	Note	Asset Revaluation Surplus	Retained Earnings	Total
		\$'000	\$'000	\$'000
Balance at 30 June 2013		96,609	7,493	104,102
Net result for 2013-14		-	(3,337)	(3,337)
Gain on revaluation of property, plant and equipment during 2013-14	18	1,836	-	1,836
Total comprehensive result for 2013-14		1,836	(3,337)	(1,501)
Balance at 30 June 2014	24	98,445	4,156	102,601
Net result for 2014-15		-	(4,207)	(4,207)
Total comprehensive result for 2014-15		-	(4,207)	(4,207)
Balance at 30 June 2015	24	98,445	(51)	98,394

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

South Australian Metropolitan Fire Service

Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(113,372)	(106,266)
Supplies and services payments		(15,514)	(15,301)
Payments for Paid Parental Leave Scheme		(40)	(22)
Cash used in operations		(128,926)	(121,589)
Cash inflows			
Fees and charges		5,324	5,229
Receipts from grants and contributions		1,145	926
Interest received		212	182
GST recovered from the Australian Taxation Office		1,474	1,088
Receipts for paid Parental Leave Scheme		44	22
Other receipts		1,378	1,267
Cash generated from operations		9,577	8,714
Cash flows from SA Government			
Contributions from Community Emergency Services Fund	14	123,845	120,793
Other receipts from SA Government	14	1,069	223
Cash generated from SA Government		124,914	121,016
Net cash provided by operating activities	25	5,565	8,141
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(10,054)	(5,711)
Cash used in investing activities		(10,054)	(5,711)
Cash inflows			
Proceeds from sale of property, plant and equipment		-	231
Cash generated from investing activities		-	231
Net cash used in investing activities		(10,054)	(5,480)
Net (decrease)/increase in cash and cash equivalents		(4,489)	2,661
Cash and cash equivalents at the beginning of the period		10,844	8,183
Cash and cash equivalents at the end of the period	15	6,355	10,844

The above statement should be read in conjunction with the accompanying notes

South Australian Metropolitan Fire Service

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For the Year Ended 30 June 2015

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South Australian Metropolitan Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

1 Objectives and funding

Objectives

The South Australian Metropolitan Fire Service (MFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in any fire district
- to provide efficient and responsive services in any fire district for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in any fire district
- to develop and maintain plans to cope with the effects of fires or emergencies in any fire district
- to provide services or support to assist with recovery in the event of a fire or other emergency in a fire district
- to perform any other function assigned to MFS by or under this or any other Act.

Funding arrangements

Funding of MFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

2 Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

MFS has applied Australian Accounting Standards that are applicable to not-for-profit entities as MFS is a not-for-profit entity.

Except for AASB 2015-7 which MFS has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by MFS for the reporting period ending 30 June 2015 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying MFS's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. MFS has elected not to utilise this threshold that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed.
- (b) expenses incurred as a result of engaging consultants
- (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
- (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

MFS's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

(c) Reporting entity

Under the Act, MFS is a separate body corporate acting on behalf of the Crown and part of the consolidated Emergency Services sector.

The financial statements include all the controlled activities of MFS. MFS does not control any other entity and has no interests in unconsolidated structured entities.

MFS has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

(d) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However these amounts have not been adjusted to reflect revised budgets. The budget process is not subject to audit.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(g) Taxation

MFS is not subject to income tax. MFS is liable for payroll tax, fringe benefits tax (FBT) and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to MFS will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as income when MFS obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

Grants and contributions are recognised as an asset and income when MFS obtains control of revenues or obtains the right to receive the revenues and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, MFS has obtained control or the right to receive for:

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable that is the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by MFS have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Other income

Other income consists of rent received, miscellaneous expense recoveries and other minor revenues.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from MFS will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by MFS to the superannuation plan in respect of current services of current MFS staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements for all Government managed funds.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Loss from disposal of non-current assets

Expenses from the disposal of non-current assets are recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Any loss on disposal are recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land and non-current assets held for sale are not depreciated.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life
Buildings	50
Vehicles	15
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, MFS has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and short-term highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. 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 MFS will not be able to collect the debt. Bad debts are written off when identified.

Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement costs. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective revaluation surplus.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. MFS only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because MFS has been unable to attribute this expenditure to the intangible asset rather than to MFS as a whole.

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

MFS classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in active market and are derived from unobservable inputs.

Non-financial assets

In determining fair value, MFS has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

MFS current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As MFS did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer notes 18 and 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

MFS does not recognise any financial assets at fair value.

(m) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables

Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of MFS.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts which MFS has received from the Commonwealth Government to forward onto eligible employees via MFS's standard payroll processes. That is, MFS is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include superannuation contributions, WorkCover levies and payroll tax in with respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

MFS makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention liability are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wages levels, experience of employee departure and periods of service. These assumptions are based on employee data over the police and emergency services sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

(n) Provisions

Provisions are recognised when MFS has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When MFS expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged through the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to MFS personnel as required under current legislation.

MFS is responsible for the payment of workers compensation claims.

(o) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and revised accounting standards and policies

Except for AASB 2015-7 which MFS has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by MFS for the period ending 30 June 2015. MFS has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of MFS.

In accordance with the new AASB 1055 Budgetary Reporting, which became effective for the first time in 2014-15, MFS has:

- Included a comprehensive new note 'Budgetary reporting and explanations of major variances' (note 32). The notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary amounts:
 - MFS original budget as published in 2014-15 Budget Paper 4
 - a comparison of the original budget information to actual results
 - explanations of major variances.

In accordance with the new AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements, which became effective for the first time in 2014-15, MFS has reviewed its control assessments (i.e. MFS's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc.) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. MFS does not currently control another entity and does not have any joint arrangement within the scope of AASB 11.

MFS will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

4 Activities of the South Australian Metropolitan Fire Service

In achieving its objectives, MFS provides services within six general areas: leadership, prevention, preparedness, response, recovery and business excellence. These services are classified under one activity titled 'metropolitan fire service'.

South Australian Metropolitan Fire Service
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5 Employee benefits expenses

	2015	2014
	\$'000	\$'000
Salaries and wages	78,221	75,542
Annual leave	9,982	9,661
Skills and experience retention leave	747	575
Long service leave	3,874	2,958
Employment on-costs - superannuation	11,433	11,027
Payroll tax	5,144	4,931
Workers compensation	5,819	5,714
Other employment related expenses	431	353
Total: Employee benefits expenses	115,651	110,761

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2015	2014
	Number	Number
\$141 500 – \$151 499	19	19
\$151 500 – \$161 499 [#]	19	14
\$161 500 – \$171 499	2	3
\$171 500 – \$181 499	4	7
\$181 500 – \$191 499	1	-
\$191 500 – \$201 499	2	-
\$201 500 – \$211 499	2	-
\$241 500 – \$251 499	1	-
\$251 500 – \$261 499	-	1
\$311 500 – \$321 499	-	1
\$561 500 – \$571 499 [^]	1	-
Total	51	45

[^] This band includes an early termination payment year 2015.

[#] This band includes 1 SAMFS Superannuation Scheme employee for both years 2015 and 2014.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration rate for 2014-15 is the same as the 2013-14 rate (i.e. there has been no increase in executive remuneration since 1 July 2013).

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$8.6 million (2014: \$7.2 million).

6 Supplies and services

	2015	2014
	\$'000	\$'000
Accommodation	229	227
Auditor's remuneration	29	26
Communications	541	493
Computing costs	914	887
Consultancy, contractor and legal fees	994	1,026
Consumables	948	1,091
Energy	643	688
Government radio network	1,722	1,680
Insurance premiums	307	382
Minor plant and equipment	515	756
Operating lease costs	647	652
Operational costs	206	224
Repairs and maintenance	2,777	2,513
Travel and training	730	787
Uniforms and protective clothing	1,265	991
Other expenses	833	794
Total: Supplies and services	13,300	13,217

South Australian Metropolitan Fire Service
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Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) fell within the following bands:

	2015 Number	2014 Number	2015 \$'000	2014 \$'000
Below \$10 000	5	4	19	13
Above \$10 000	1	1	23	11
Total paid/payable to the consultants engaged	6	5	42	24

Auditor's remuneration

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	29	26
Total: Audit fees	29	26

Other Services

No other services were provided by the Auditor-General's Department.

7 Depreciation and amortisation expense

	2015 \$'000	2014 \$'000
Depreciation		
Buildings	2,390	2,364
Vehicles	4,439	4,260
Computers	11	5
Plant	187	269
Communications	200	217
Total: Depreciation	7,227	7,115
Amortisation		
Software	-	9
Total: Amortisation	-	9
Total: Depreciation and amortisation	7,227	7,124

8 Other expenses

	2015 \$'000	2014 \$'000
Assets revaluation decrement	-	447
Total: Other expenses	-	447

9 Net loss from disposal of non-current assets

	2015 \$'000	2014 \$'000
Land and buildings		
Proceeds from disposal	-	231
Less: Net book value of assets disposed	-	(215)
Less: Costs of disposal	(1)	(17)
Net gain/(loss) from disposal of land and buildings	(1)	(1)
Vehicles		
Proceeds from disposal	-	-
Less: Net book value of assets disposed	-	(5)
Net gain/(loss) from disposal of vehicles	-	(5)

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	2015 \$'000	2014 \$'000
Communication equipment		
Proceeds from disposal	-	-
Less: Net book value of assets disposed	(78)	-
Net gain/(loss) from disposal	(78)	-
Plant and equipment		
Proceeds from disposal	-	-
Less: Net book value of assets disposed	-	(1)
Net gain/(loss) from disposal	-	(1)
Total: Assets		
Total proceeds from disposal	-	231
Less: Total value of assets disposed	(78)	(221)
Less: Total costs of disposal	(1)	(17)
Total: Net (loss)/gain from disposal of non-current assets	(79)	(7)

10 Revenues from fees and charges

	2015 \$'000	2014 \$'000
Fire alarm attendance fees	2,074	2,197
Fire safety fees	324	308
Fire alarm monitoring fees	1,994	1,893
Incident cost recoveries	-	436
Training and other recoveries	-	3
Salary recoveries	8	4
Total: Revenues from fees and charges	4,400	4,841

11 Grants and contributions

	2015 \$'000	2014 \$'000
Commonwealth Government	1,054	926
Grants - State government	80	-
Private industry and local government	11	-
Total: Grants and contributions	1,145	926

Commonwealth grant funding for MFS relates mainly to the cost of providing fire and emergency services to Commonwealth properties as well as payments in accordance with guidelines for Australian Apprenticeships Incentive Program.

There is a Memorandum of understanding in relation to the Commonwealth contribution for the provision for cost of fire and emergency services to Commonwealth properties. Conditions to other funding is based on completion of claims request of actual expenditure.

12 Interest revenues

	2015 \$'000	2014 \$'000
Interest on deposit accounts	204	182
Total: Interest revenues	204	182

13 Other income

	2015 \$'000	2014 \$'000
Rent received	1,046	981
Other	341	273
Total: Other income	1,387	1,254

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14 Revenues from SA Government

	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	123,845	120,793
Other revenues from SA Government	1,069	223
Total: Revenues from SA Government	124,914	121,016

Revenues from SA Government consists of \$118.041m (2014: \$113.480m) for operational funding and \$6.873m (2014: \$7.536m) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer note 5, 6, 18 and 19.

15 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash on hand	7	11
Deposits with the Treasurer	6,348	10,833
Total: Cash and cash equivalents	6,355	10,844

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

16 Receivables

	2015	2014
	\$'000	\$'000
Current		
Receivables	468	770
Less: allowance for doubtful debts	(32)	(49)
	436	721
Accrued revenues	23	91
GST input tax recoverable	471	314
Total: Receivables current	930	1,126

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	(49)	(163)
Amounts written off	31	45
Decrease/(increase) in allowance recognised in profit or loss	(14)	69
Carrying amount at the end of the period	(32)	(49)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 32.

South Australian Metropolitan Fire Service
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17 Non-current assets held for sale

	2015 \$'000	2014 \$'000
Land held for sale	40	40
Total: Non-current assets held for sale	40	40

The Burra site is surplus to requirements at balance date.

18 Property, plant and equipment

	2015 \$'000	2014 \$'000
Land		
At valuation	46,879	46,879
Total: Land	46,879	46,879
Buildings		
At valuation	55,462	55,462
At cost (deemed fair value)	392	51
Less: Accumulated depreciation	(3,594)	(1,204)
Total: Buildings	52,260	54,309
Vehicles		
At valuation	32,076	32,076
At cost (deemed fair value)	3,058	1,617
Less: Accumulated depreciation	(6,586)	(2,147)
Total: Vehicles	28,548	31,546
Communication equipment		
At valuation	804	909
At cost (deemed fair value)	503	296
Less: Accumulated depreciation	(261)	(88)
Total: Communication equipment	1,046	1,117
Computer equipment		
At valuation	4	4
At cost (deemed fair value)	353	-
Less: Accumulated depreciation	(12)	(1)
Total: Computer equipment	345	3
Plant and equipment		
At valuation	676	676
At cost (deemed fair value)	607	190
Less: Accumulated depreciation	(279)	(92)
Total: Plant and equipment	1,004	774
Capital work in progress		
At cost (deemed fair value)	10,619	3,373
Total: Capital work in progress	10,619	3,373
Total: Property, plant and equipment	140,701	138,001

South Australian Metropolitan Fire Service
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Valuation of Assets

As at 30 June 2015 in accordance with SA Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time. At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPJ (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2015.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Vehicles	Commun- ication equipment	Computer equipment	Plant and equipment	Capital work in progress	2015 Total	2014 Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
2015										
Carrying amount at the beginning of the period	46,879	54,309	31,546	1,117	3	774	3,373	138,001		
Transfers between classes	-	-	-	-	-	-	(119)	(119)		
Acquisitions	-	-	-	-	-	-	10,124	10,124		
Transfers to/(from) Capital WIP	-	341	1,441	207	353	417	(2,759)	-		
Depreciation expense	-	(2,390)	(4,439)	(200)	(11)	(187)	-	(7,227)		
Disposals	-	-	-	(78)	-	-	-	(78)		
Carrying amount at the end of the period	46,879	52,260	28,548	1,046	345	1,004	10,619	140,701		
2014										
Carrying amount at the beginning of the period	40,920	53,537	32,679	1,338	12	1,247	8,164			137,897
Acquisitions	-	-	-	-	-	-	5,836			5,836
Transfers to/(from) Capital WIP	3,550	4,975	1,616	296	1	189	(10,627)			-
Depreciation expense	-	(2,364)	(4,260)	(217)	(5)	(269)	-			(7,115)
Gain/(loss) on revaluation of property, plant and equipment	2,409	(1,839)	1,516	-	(1)	(249)	-			1,836
Disposals	-	-	(5)	-	-	(1)	-			(6)
Net revaluation decrement expensed	-	-	-	(300)	(4)	(143)	-			(447)
Carrying amount at the end of the period	46,879	54,309	31,546	1,117	3	774	3,373			138,001

19 Intangible assets

	2015 \$'000	2014 \$'000
Computer software	443	324
Less: Accumulated amortisation	(324)	(324)
Total: Intangible assets	119	-

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	2015 \$'000	2014 \$'000
Movement reconciliation of intangible assets		
Carrying amount at the beginning of the period	-	9
Transfers from Capital WIP	119	
Amortisation expense	-	(9)
Carrying amount at the end of the period	119	-

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2015.

20 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. MFS categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

MFS had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land (note 18)	5,310	41,569	46,879
Buildings (note 18)	390	51,870	52,260
Vehicles (note 18)	-	28,548	28,548
Communication equipment (note 18)	-	1,046	1,046
Computer equipment (note 18)	-	345	345
Plant and equipment (note 18)	-	1,004	1,004
Total recurring fair value measurements	5,700	124,382	130,082
Non-recurring fair value measurements			
Land held for sale (note 17)	40	-	40
Total non-recurring fair value measurements	40	-	40
Total	5,740	124,382	130,122

Fair value measurements at 30 June 2014

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land (note 18)	5,310	41,569	46,879
Buildings (note 18)	51	54,258	54,309
Vehicles (note 18)	-	31,546	31,546
Communication equipment (note 18)	-	1,117	1,117
Computer equipment (note 18)	-	3	3
Plant and equipment (note 18)	-	774	774
Total recurring fair value measurements	5,361	129,267	134,628
Non-recurring fair value measurements			
Land held for sale (note 17)	40	-	40
Total non-recurring fair value measurements	40	-	40
Total	5,401	129,267	134,668

South Australian Metropolitan Fire Service
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There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2015. MFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 18. There were no changes in the valuation techniques during 2015.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3)

Reconciliation of Level 3 recurring fair value measurement at 30 June 2015

	Land	Building	Vehicles	Comm equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	41,569	54,258	31,546	1,117	3	774	129,267
Capitalised subsequent expenditure	-	-	1,441	207	353	417	2,418
Depreciation	-	(2,388)	(4,439)	(200)	(11)	(187)	(7,225)
Disposals	-	-	-	(78)	-	-	(78)
Total gains/(losses) recognised in net result	41,569	51,870	28,548	1,046	345	1,004	124,382
Carrying amount at the end of the period	41,569	51,870	28,548	1,046	345	1,004	124,382

Reconciliation of Level 3 recurring fair value measurement at 30 June 2014

	Land	Building	Vehicles	Comm equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	37,899	53,537	32,679	1,338	12	1,247	126,712
Capitalised subsequent expenditure	1,363	4,924	1,616	296	1	189	8,389
Revaluation increment/(decrement)	2,307	(1,839)	1,516	-	-	(249)	1,735
Depreciation	-	(2,364)	(4,260)	(217)	(5)	(269)	(7,115)
Disposals	-	-	(5)	-	-	(1)	(6)
Total gains/(losses) recognised in net result	41,569	54,258	31,546	1,417	8	917	129,715
Gains/losses for the period recognised in other comprehensive income							
Revaluation increment/decrement	-	-	-	(300)	(4)	(143)	(447)
Total gains/(losses) recognised in other comprehensive income	-	-	-	(300)	(4)	(143)	(447)
Carrying amount at the end of the period	41,569	54,258	31,546	1,117	3	774	129,267

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21 Payables

	2015	2014
	\$'000	\$'000
Current		
Accrued expenses	1,973	240
Creditors	991	2,573
Fringe benefits tax payable	-	91
Paid Parental Leave Scheme payable	4	-
Employment on-costs	2,777	2,225
Total: Payables current	5,745	5,129
Non-current		
Creditors	2	4
Employment on-costs	1,510	1,491
Total: Payables non-current	1,512	1,495

Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance, has resulted in the percentage of the proportion of long service leave taken as leave to decreasing from 2014 (40%) to 2015 (37%) and the average factor for the calculation of employer superannuation cost on-cost has remained the same as 2014 (10.3%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.073 million and employee benefit expense of \$0.073 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 32.

22 Employee benefits

	2015	2014
	\$'000	\$'000
Current		
Annual Leave	8,132	7,984
Skills and experience retention leave	940	938
Long Service Leave	3,836	3,073
Accrued Salaries and Wages	3,406	2,925
Total: Employee benefits current	16,314	14,920
Non-current		
Long Service Leave	16,723	15,968
Total: Employee benefits non-current	16,723	15,968

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2014 (3.5%) to 2015 (3%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$0.934 million and employee benefits expense of \$0.934 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

The net financial effect of the changes in the current financial year is a decrease in the annual leave and skills and experience retention leave liability of \$0.088 million and employee benefits by \$0.088 million.

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23 Provisions

	2015 \$'000	2014 \$'000
Current		
Provision for workers compensation	2,565	2,078
Total: Provisions current	2,565	2,078
	2015 \$'000	2014 \$'000
Non-current		
Provision for workers compensation	6,892	7,820
Total: Provisions non-current	6,892	7,820
Total: Provisions	9,457	9,898
Provision movement		
Carrying amount at the beginning of the period	9,898	7,074
Additional provisions recognised / (released)	3,791	5,732
Reductions arising from payments	(4,232)	(2,908)
Carrying amount at the end of the period	9,457	9,898

Amendments to what is now the *Return to Work Act 2014* came into effect during 2013-14 that provided presumptive coverage to firefighters for a range of cancers. These changes will provide additional workers compensation coverage for eligible firefighters subject to certain criteria.

The workers compensation provision as at 30 June 2015 is based on a valuation prepared by an actuary that assesses all known claims relating to the revised workers compensation legislation. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 28 to the financial statements.

Consequently, there may be a significant increase in workers compensation provision in future years as further claims are received and assessed.

24 Equity

	2015 \$'000	2014 \$'000
Accumulated surplus	(51)	4,156
Asset revaluation surplus	98,445	98,445
Total equity	98,394	102,601

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

South Australian Metropolitan Fire Service
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25 Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	6,355	10,844
Balance as per the Statement of Cash Flows	6,355	10,844
 Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash used in operating activities	5,565	8,141
Less revenues from SA Government	(124,914)	(121,016)
Add/(less) non-cash items		
Depreciation and amortisation	(7,227)	(7,124)
Assets revaluation decrement recognised in Statement of Comprehensive Income	-	(447)
Net loss from disposal of non-current assets	(79)	(7)
Movement in assets and liabilities		
(Decrease)/increase in receivables	(196)	247
(Increase)/decrease in payables	(562)	467
(Increase)/decrease in employee benefits	(2,149)	(1,790)
Decrease/(increase) in provisions	441	(2,824)
 Net cost of providing services	 (129,121)	 (124,353)

26 Unrecognised contractual commitments

	2015 \$'000	2014 \$'000
Operating lease commitments		
The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.		
Within one year	314	315
Later than one year but not later than five years	305	180
Total: Operating lease commitments	619	495

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Capital commitments

The total value of capital commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

Within one year	-	500
Total: Capital commitments	-	500

These capital commitments are for property and vehicles.

Expenditure commitments - remuneration

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	122	555
Later than one year but not later than five years	-	696
Total: Remuneration commitments	122	1,251

Amounts disclosed include commitments arising from executive contracts. MFS does not offer fixed-term remuneration contracts greater than five years.

South Australian Metropolitan Fire Service
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	2015 \$'000	2014 \$'000
Expenditure commitments - other		
The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.		
Within one year	215	407
Later than one year but not later than five years	354	553
Total: Other commitments	<u>569</u>	<u>960</u>

Contractual commitments relate to information technology, system and building maintenance contracts.

27 Contingent assets and liabilities

Contingent assets

MFS is not aware of any contingent assets.

Contingent liabilities

Amendments to what is now the *Return to Work Act 2014* came into effect during 2013-14 that provided presumptive coverage to firefighters for a range of cancers. These changes will provide additional workers compensation coverage for eligible firefighters subject to certain criteria.

The workers compensation provision as at 30 June 2015 recognises a liability for all known claims relating to the revised workers compensation legislation based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

28 Remuneration of board and committee members

Members of boards and committees, during 2015 were:

South Australian Metropolitan Fire Service Disciplinary Committee

Brendan West *
Charles Bailes
Christopher Smith *
Michael Vander-Jeugd *

The number of members whose remuneration received or receivable falls within the following bands:

	2015	2014
	No. of members	No. of members
\$nil	4	5
	<u>4</u>	<u>5</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$nil (2014: \$nil).

*In accordance with the Premier and Cabinet's Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members and MFS are on conditions no more favourable than those that it is reasonable to expect MFS would have adopted if dealing with a related party at arm's length in the same circumstances.

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

29 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

South Australian Metropolitan Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

30 Transactions with SA Government

	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
5 <i>Employee benefits expenses</i>	11,409	104,242	115,651	11,176	99,585	110,761
6 <i>Supplies and services</i>						
Accommodation	219	10	229	220	7	227
Auditor's remuneration	29	-	29	26	-	26
Communications	-	541	541	-	493	493
Computing costs	332	582	914	346	541	887
Consultancy, contractor and legal fees	87	907	994	53	973	1,026
Consumables	-	948	948	-	1,091	1,091
Energy	-	643	643	-	688	688
Government radio network	1,722	-	1,722	1,680	-	1,680
Insurance premiums	304	3	307	381	1	382
Minor plant and equipment	-	515	515	2	754	756
Operating lease costs	-	647	647	3	649	652
Operational costs	-	206	206	-	224	224
Repairs and maintenance	1,426	1,351	2,777	1,154	1,359	2,513
Travel and training	159	571	730	225	562	787
Uniforms and protective clothing	-	1,265	1,265	-	991	991
Other expenses	215	618	833	206	588	794
7 <i>Depreciation and amortisation expense</i>	-	7,227	7,227	-	7,124	7,124
8 <i>Other Expenses</i>						
Assets revaluation decrement	-	-	-	-	447	447
9 <i>Net loss from disposal of non-current assets</i>	-	79	79	-	7	7
TOTAL EXPENSES	15,902	120,355	136,257	15,472	116,084	131,556
INCOME						
10 <i>Revenues from fees and charges</i>						
Fire alarm attendance fees	407	1,667	2,074	424	1,773	2,197
Fire safety fees	12	312	324	12	296	308
Fire alarm monitoring fees	195	1,799	1,994	195	1,698	1,893
Incident cost recoveries	-	-	-	-	436	436
Training and other recoveries	-	-	-	3	-	3
Salary recoveries	-	8	8	-	4	4
11 <i>Grants and contributions</i>						
Commonwealth Government	-	1,054	1,054	-	926	926
Grants - State Government	80	-	80	-	-	-
Private industry and local government	-	11	11	-	-	-
12 <i>Interest revenues</i>	204	-	204	182	-	182
13 <i>Other income</i>						
Rent received	500	546	1,046	-	981	981
Other	24	317	341	35	238	273
14 <i>Revenues from / payments to SA Government</i>	124,914	-	124,914	121,016	-	121,016
TOTAL INCOME	126,336	5,714	132,050	121,867	6,352	128,219
FINANCIAL ASSETS						
16 <i>Receivables</i>						
Receivables	53	415	468	76	694	770
Less: allowance for doubtful debts	-	(32)	(32)	-	(49)	(49)
Accrued revenues	12	11	23	26	65	91
GST input tax recoverable	-	471	471	-	314	314
TOTAL FINANCIAL ASSETS	65	865	930	102	1,024	1,126

South Australian Metropolitan Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

	SA Gov	Non SA Gov	Total	SA Gov	Non SA Gov	Total
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL LIABILITIES						
21 <i>Payables</i>						
Accrued expenses	758	1,215	1,973	61	179	240
Creditors	273	720	993	1,463	1,114	2,577
Fringe benefits tax payable	-	-	-	91	-	91
Paid Parental Leave Scheme Payable	-	4	4	-	-	-
Employment on-costs	2,164	2,123	4,287	1,653	2,063	3,716
TOTAL FINANCIAL LIABILITIES	3,195	4,062	7,257	3,268	3,356	6,624

31 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

	Note	Original Budget ¹ 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits expenses	(a)	106,941	115,651	8,710
Supplies and services		10,735	13,300	2,565
Depreciation and amortisation expense		8,541	7,227	(1,314)
Net loss from disposal of non-current assets		-	79	79
Total expenses		126,217	136,257	10,040
Income				
Revenues from fees and charges		4,120	4,400	280
Grants and contributions		955	1,145	190
Interest revenues		112	204	92
Other income	(b)	280	1,387	1,107
Total income		5,467	7,136	1,669
Net cost of providing services		120,750	129,121	8,371
Revenues from / payments to SA Government				
Revenues from SA Government		123,926	124,914	988
Total revenues from / payments to SA Government		123,926	124,914	988
Total comprehensive result		3,176	(4,207)	(7,383)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2014-15 Budget Paper 4). These original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets.

(a) Employee benefit expenses was higher than original budget due to variance related to increase in the original budget for retention leave backfill and the Firefighters Enterprise Agreement. There was also increase expenditure on overtime and provisions for annual leave and long service leave.

(b) Other income was higher than original budget primarily due to lease of portion of Angle Park Training College.

South Australian Metropolitan Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

		Original Budget ¹	Actual	Variance
	Note	2015 \$'000	2015 \$'000	\$'000
Investing expenditure summary				
Total new projects	(c)	2,450	7,028	4,578
Total existing projects		-	97	97
Total annual programs	(d)	4,493	2,999	(1,494)
Total investing expenditure		6,943	10,124	3,181

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2014-15 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

- (c) Total new project investing expenditure was higher due to an adjustment of original budget to carryover of \$3.4 million for Salisbury fire station and the transfer of \$1.2 million from annual programs for aerial firefighting appliances.
- (d) Expenditure was lower than original budget due to the transfer of \$1.2 million from annual programs for the aerial firefighting appliances and the transfer of \$0.3 million to Salisbury fire station.

32 Financial instruments / financial risk management

32.1 Financial Risk Management

Risk management is managed by MFS corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian *Standard Risk Management Principles and Guidelines*.

MFS is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

32.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Refer note 32.3 for the carrying amounts of each of the following categories of financial assets and liabilities: receivables and payables measured at cost.

MFS does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 16 and 21).

32.3 Liquidity risk

Liquidity risk arises from the possibility that MFS is unable to meet its financial obligations as they fall due. MFS is funded principally from the Fund. MFS works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows. MFS settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

MFS's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in table 32.3 represent MFS's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by MFS including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

South Australian Metropolitan Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 32.3: Categorisation and maturity analysis of financial assets and liabilities

Financial statements item	Notes	2015 Carrying amount/Fair value \$'000	Contractual maturities			
			Current	Within 1 Year	More than 5 years	More than 5 years
			\$'000	\$'000	\$'000	\$'000
2015						
Financial assets						
Cash and cash equivalents	15	6,355	6,355	-	-	-
Receivables ⁽¹⁾⁽²⁾	16	491	491	-	-	-
Total financial assets		6,846	6,846	-	-	-
Financial liabilities						
Payables ⁽¹⁾	21	2,939	2,937	-	-	2
Total financial liabilities		2,939	2,937	-	-	2

Financial statements item	Notes	2014 Carrying amount/Fair value \$'000	Contractual maturities			
			Current	Within 1 Year	More than 5 years	More than 5 years
			\$'000	\$'000	\$'000	\$'000
2014						
Financial assets						
Cash and cash equivalents	15	10,844	10,844	-	-	-
Receivables ⁽¹⁾⁽²⁾	16	861	861	-	-	-
Total financial assets		11,705	11,705	-	-	-
Financial liabilities						
Payables ⁽¹⁾	21	2,791	2,787	-	-	4
Total financial liabilities		2,791	2,787	-	-	4

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32.4 Credit risk

Credit risk arises when there is the possibility of MFS's debtors defaulting on their contractual obligations resulting in financial loss to the department. MFS measures credit risk on a fair value basis and monitors risk on a regular basis.

MFS has minimal concentration of credit risk. MFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. MFS does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by MFS.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 16 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 32.3 represents MFS's maximum exposure to credit risk.

South Australian Metropolitan Fire Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 32.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Financial assets item	Current (Not overdue)	Overdue for < 30 days	Overdue for 30–60 days	Overdue for > 60 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Not impaired					
Receivables ⁽¹⁾	353	63	21	22	459
Impaired					
Receivables	-	-	-	32	32
2014					
Not impaired					
Receivables ⁽¹⁾	660	74	72	6	812
Impaired					
Receivables	-	-	-	49	49

⁽¹⁾ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

32.5 Market risk

MFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). MFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of MFS as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

South Australian Metropolitan Fire Service

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Metropolitan Fire Service:

- complies with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Metropolitan Fire Service
- presents a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Metropolitan Fire Service for the financial year over its financial statements and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Gregory Crossman
Chief Officer
South Australian Metropolitan Fire Service

18 September 2015



Lisa Lew
Business Manager
South Australian Metropolitan Fire Service

18 September 2015



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To the Chief Officer
South Australian Metropolitan Fire Service

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 52(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian Metropolitan Fire Service for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Officer and the Business Manager.

The Chief Officer's Responsibility for the Financial Report

The Chief Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

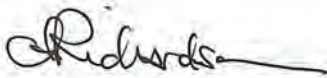
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Officer, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

18 September 2015

South Australian Motor Sport Board

Financial report
for the year ended
30 June 2015

SOUTH AUSTRALIAN MOTOR SPORT BOARD

Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
EXPENSES:			
Employee benefit expenses	4	1 597	1 579
Supplies and services	5	27 178	28 529
Depreciation and amortisation	10	1 805	2 415
Allowance for doubtful debts	9	5	-
Total expenses		30 585	32 523
INCOME:			
Interest	6	341	325
Revenue from fees and charges	7	17 600	18 326
Net gain from the disposal of non-current assets		441	1
Total income		18 382	18 652
NET COST OF PROVIDING SERVICES		12 203	13 871
REVENUES FROM SA GOVERNMENT	1	11 181	9 786
OPERATING (DEFICIT)		(1 022)	(4 085)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Operating Result			
Changes in asset revaluation surplus	2,10,10	-	1968
TOTAL COMPREHENSIVE RESULT		(1 022)	(2 117)

The operating deficit and total comprehensive result are attributable to the SA Government as owner

SOUTH AUSTRALIAN MOTOR SPORT BOARD

Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	8	4 805	4 030
Receivables	9	382	165
Total current assets		5 187	4 195
NON-CURRENT ASSETS:			
Receivables	9	756	-
Concrete barriers, patron facilities, other racing infrastructure, plant and equipment and leasehold improvements	10	13 216	14 760
Total non-current assets		13 972	14 760
Total assets		19 159	18 955
CURRENT LIABILITIES:			
Payables	11	2 330	1 874
Employee benefits	12	218	178
Provisions	13	1	1
Other liabilities	14	1 591	853
Total current liabilities		4 140	2 906
NON-CURRENT LIABILITIES:			
Payables	11	8	8
Employee benefits	12	53	60
Provisions	13	1	2
Total non-current liabilities		62	70
Total liabilities		4 202	2 976
NET ASSETS		14 957	15 979
EQUITY:			
Reserve for extreme weather	2.11	1 100	1 100
Retained earnings		11 354	12 308
Asset revaluation surplus		2 503	2 571
TOTAL EQUITY		14 957	15 979

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	15
Contingent assets and liabilities	16

SOUTH AUSTRALIAN MOTOR SPORT BOARD

Statement of Changes in Equity for the year ended 30 June 2015

	Reserve for extreme weather \$'000	Asset revaluation surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2013	1 100	603	3 569	5 272
Adjustment arising from the adoption of AASB 1004 (Note 2.15)	-	-	12 824	12 824
Adjusted balance at June 2013	1 100	603	16 393	18 096
Net result for 2013-14	-	-	(2 663)	(2 663)
Adjustment arising from adoption of AASB 1004 (Note 2.15)	-	-	(1 422)	(1 422)
Adjusted net result for 2013-14	-	-	(4 085)	(4 085)
Gain on revaluation of plant and equipment during 2013-14 (Note 10)	-	1 968	-	1 968
Total comprehensive result for 2013-14	-	1 968	(4 085)	(2 117)
Balance at 30 June 2014	1 100	2 571	12 308	15 979
Net result for 2014-15	-	-	(1 022)	(1 022)
Realised revaluation gain on sale of assets	-	(68)	68	-
Total comprehensive result for 2014-15	-	(68)	(954)	(1 022)
Balance at 30 June 2015	1 100	2 503	11 354	14 957

All changes in equity are attributable to the SA Government as owner

SOUTH AUSTRALIAN MOTOR SPORT BOARD

Statement of Cash Flows for the year ended 30 June 2015

		2015	2014
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee benefit payments		(1 566)	(1 537)
Payments for supplies and services		(29 440)	(32 141)
Cash used in operations		(31 006)	(33 678)
CASH INFLOWS			
Receipts from fees and charges		20 040	20 443
Interest received		341	325
GST recovered from the ATO		864	1 033
Cash generated from operations		21 245	21 801
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		11 181	9 786
Cash generated from SA Government		11 181	9 786
Net cash (used in) provided by operating activities	17.2	1 420	(2 091)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of plant and equipment		-	5
Cash generated from investing activities		-	5
CASH OUTFLOWS:			
Purchase of racing infrastructure, plant and equipment		(645)	(511)
Cash used in investing activities		(645)	(511)
Net cash provided by investing activities		(645)	(506)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		775	(2 597)
CASH AND CASH EQUIVALENTS AT 1 JULY		4 030	6 627
CASH AND CASH EQUIVALENTS AT 30 JUNE	17.1	4 805	4 030

SOUTH AUSTRALIAN MOTOR SPORT BOARD 2014-15

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Organisational structure, objectives and funding

The South Australian Motor Sport Board (the Board) was established pursuant to the *South Australian Motor Sport Act 1984*.

The principal objectives of the Board are to:

- enter into agreements on behalf of the State under which motor sport events, whether promoted by the Board or by some person approved by the Minister, are held in the State;
- undertake on behalf of the State the promotion of motor sport events;
- establish a temporary motor racing circuit and conduct and manage motor racing events promoted by the Board;
- provide advisory consultancy, management or other services on the conduct of sporting, entertainment or other special events or projects, whether within or outside the State.

The *Statutes Amendment (Boards and Committees—Abolition and Reform) Act 2015* came into operation on 1 July 2015 with the effect of transferring the activities and management of the South Australian Motor Sport Board to the South Australian Tourism Commission ("the Commission"). The legislation has enabled the transition of existing contracts to the Commission.

The Commission has the right to stage a motor sport event for a period of 7 years concluding in 2021. Pursuant thereto the event is known as the 'Clipsal 500 Adelaide'. The Commission is responsible for the staging of the 2015 World Solar Challenge.

During the year, the Board received funding of \$10.831 million for operating activities and \$350 000 for event staging capital from the State Government. The State Government received signage, hospitality and other promotional benefits from the event under the South Australian branding.

2. Summary of significant accounting policies

2.1. Statement of compliance

The Board has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian accounting standards, Treasurer's instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

The Board has applied Australian accounting standards that are applicable to not for profit entities, as the Board is a not for profit entity.

Except for AASB 2015-7 which the Board has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2015. Refer to Note 3.

2.2 Basis of accounting

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and

SOUTH AUSTRALIAN MOTOR SPORT BOARD 2014-15

- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in these financial statements:
 - (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 (refer note 19).
 - (c) Employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Board to those employees (refer note 4).
 - (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 (refer note 20.3).

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 the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented.

2.3 Reporting entity

The financial statements cover the Board as an individual reporting entity. It is a statutory authority of the State of South Australia, established pursuant to the *South Australian Motor Sport Act 1984*.

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.6 Taxation

The Board is exempt from income tax.

The Board is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

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- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

2.7 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

2.8 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 Board will occur and can be reliably measured.

Income and 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.

Income

The following are specific recognition criteria:

Revenues from user charges

Revenues from user charges are derived from the provision of goods and services to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

The revenue is recognised when:

- the amount of the revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Board.

Revenues from sales

Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.

Interest income

Interest income includes interest received on term deposits and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Net gain from 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.

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When re-valued non-current assets are sold, the revaluation surplus is transferred to retained earnings.

Expenses

The following are specific recognition criteria:

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 the contributions made by the Board to the superannuation plan in respect of current services of current Board employees.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the lease, whichever is shorter.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

<i>Class of asset</i>	<i>Useful life (years)</i>
Concrete safety barriers and debris fencing	4 - 20
Overpasses, shade structures and seating	2 - 20
Pit building structure	4 - 20
Other racing infrastructure, plant and equipment	2 - 20
Leasehold improvements	Life of lease

2.9 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 twelve 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 twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Assets and liabilities

Assets and 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.

Assets

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.

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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 receivable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt. Bad debts are written off when identified.

Non-current assets

The Board does not own any land or permanent buildings.

- **Acquisition and recognition**

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

- **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 Board re-values its concrete safety barriers and debris fencing, overpasses, shade structures and seating and pit building structure. 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 re-valued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are re-valued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the re-valued amounts of the asset.

Upon disposal or de-recognition, any revaluation surplus relating to that asset is transferred to retained earnings.

- **Impairment**

All non-current assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An

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amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For re-valued assets, an impairment loss is offset against the respective asset revaluation surplus.

Fair Value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Board classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Board at each reporting date.

Liabilities

Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, WorkCover SA levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave and annual leave.

The Board makes contributions to externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Board has entered into operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

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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*
The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

- *Long service leave*
The liability for long service leave represents the present value of the estimated future payments to be made in respect of services provided by Board employees up to the reporting date.

In determining the liability, consideration is given to future increases in salary and wage rates and the Board's experience of employee retention and leave taken.

Workers compensation provision

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Board is responsible for the payment of workers compensation claims.

Other liabilities

Funds held in trust represent advance ticket sales, exclusive of GST, for the year 2016 event.

2.11 Reserve for extreme weather

The Board believes that rain or excessive heat over the period of the event will have a significant impact on the financial position of the organisation. The Board have considered that it is prudent and commercially sound to create a Reserve for Extreme Weather at future events. This Reserve (\$1.1 million) has been created by transfers to/from Retained Earnings and is reviewed annually by the Board.

2.12 Staffing arrangements

The Chief Executive of the Department of Treasury and Finance is the 'employing authority' of all staff of the Board. The Chief Executive of the Department of Treasury and Finance has delegated all of his powers and functions relating to the employment of staff to the Chief Executive of the Board.

The Treasurer has also issued a direction to the Board to make payments with respect to any matter arising in connection with the employment of a person under the *South Australian Motor Sport Act 1984*.

As a consequence, the Board is no longer able to be registered as a non-exempt employer with Return to Work Corporation of South Australia under Section 128(1) of the *Return to Work Act 2014*. As an exempt (self-insured) employer the Board is required to recognise in the accounts a liability for outstanding workers compensation claims where applicable.

2.13 Unrecognised contractual commitments and contingent assets and liabilities

Operating lease and event staging commitments arising from contractual sources are disclosed at their nominal value.

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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.

2.14 Insurance

The Board has arranged, through the SA Government Captive Insurance Corporation (SAICORP), a division of the South Australian Government Financing Authority (SAFA), to insure major risks of the Board. The excess payable under this arrangement varies depending on each class of insurance held.

2.15 Adjustment arising from adoption of AASB 1004

The State Government since 1999 has provided a total of \$15.104 million for race staging capital. A further \$23 million was provided for the infrastructure upgrade of which \$4.33 million has been spent on non-capital items. The balance of \$18.67 million was previously held as a liability 'deferred State Government grant -infrastructure' and was being amortised over the estimated useful life of the assets acquired. This treatment followed the IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. This application meant that the Board was amortising the capital grants received for event staging over five years or the remaining number of years the Board is committed to staging the race, whichever is shorter.

The Board has now adopted AASB 1004 Contributions and Accounting Policy Framework V Income Framework. This requires that a contribution to a not-for-profit entity must be recognised as an asset and income when the entity obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

This has resulted in a restatement of the Retained earnings balance in the Statement of Changes in Equity as at 30 June 2013 from \$3.569 million to \$16.393 million. Further it has resulted in a restatement of comparatives in 2013-14 as follows:

	Restated AASB 1004 APF V 2013-14 \$'000	Previously presented IAS 20 2013-14 \$'000
Revenues from SA Government	9 786	8 936
Amortisation of capital grants	-	843
Amortisation of infrastructure grants	-	1 429
Net (deficit)	<u>(4 085)</u>	<u>(2 663)</u>
Assets	18 955	18 955
Liabilities	<u>2 976</u>	<u>14 378</u>
Equity	<u>15 979</u>	<u>4 577</u>

3. New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies in 2014-15. Refer to note 2.15 regarding the adoption of AASB 1004.

The Board has early adopted AASB 2015-7. All other Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2015. 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.

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4. Employee benefit expenses	2015 \$'000	2014 \$'000
Salaries, wages, annual and sick leave	1 199	1 179
Long service leave	32	30
Employment on-costs - superannuation	125	128
Employment on-costs - other	70	70
Board and Committee fees	171	172
Total employee benefit expenses	1 597	1 579

Remuneration of employees

The number of employees who received or were due to receive remuneration within the following bands were:

	2015 Number	2014 Number
\$171 500 - \$181 499	-	1
\$181 500 - \$191 499	1	-
\$271 500 - \$281 499	-	1
\$281 500 - \$291 499	1	-
Total number of employees	2	2

The table includes all employees who received remuneration equal to or greater than the base executive level remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any other fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$470 000 (\$458 000).

5. Supplies and services	2015 \$'000	2014 \$'000
Supplies and services provided by entities within the SA Government:		
Administration	152	128
Event staging and contracts	56	59
Marketing, advertising and media	77	94
Circuit construction	124	65
Total supplies and services - SA Government entities	409	346

Supplies and services provided by entities external to the SA Government:

Circuit construction	14 579	14 464
Hospitality, sponsorship and ticketing costs	170	217
Catering and merchandise costs	662	970
Event staging and contracts	4 586	4 565
Patron entertainment	1 681	2 600
Security and ground staff	1 235	1 423
Administration	1 228	1 106
Marketing, advertising and media	2 628	2 838
Total supplies and services - non-SA Government entities	26 769	28 183
Total supplies and services	27 178	28 529

6. Interest	2015 \$'000	2014 \$'000
Interest from entities within the SA Government	318	305
Interest from entities external to the SA Government	23	20
Total interest	341	325

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7. Revenue from fees and charges

	2015 \$'000	2014 \$'000
Fees and charges received/receivable from entities within the SA Government:		
Other income	16	15
Catering and Merchandise	1	-
Sponsorship	70	65
Total fees and charges - SA Government entities	87	80
User charges received/receivable from entities external to the SA Government:		
Hospitality and sponsorship	8 059	8 772
Ticketing sales	6 485	5 923
Catering and merchandise	1 929	2 228
Entry fees	417	508
Hire of assets	-	16
Bad debts recovered	-	9
Other income	623	790
Total fees and charges - non-SA Government entities	17 513	18 246
Total fees and charges	17 600	18 326

8. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Short-term deposits with SAFA	4 562	3 883
Cash on hand and at bank	243	147
	4805	4 030

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. They are lodged with SAFA and earn interest at the 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. The carrying amount of cash and cash equivalents represents fair value.

9. Receivables

	2015 \$'000	2014 \$'000
Current:		
Trade debtors	387	22
Allowance for doubtful debts	(5)	-
GST Receivable	-	142
Prepayments	-	1
Total current	382	165
Non-current:		
Trade debtors	756	-
Total non-current	756	-
Total receivables	1 138	165

SA Government/non-SA Government receivables:

Receivables from SA Government entities		
Trade debtors	-	15
Total Receivables from SA Government entities	-	15

Receivables from non-SA Government entities

Trade debtors	1 143	7
Allowance for doubtful debts	(5)	-
GST Receivable	-	142
Prepayments	-	1
Total Receivables from non-SA Government entities	1 138	150
Total receivables	1 138	165

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Receivables amounting to \$1 185 000 (\$1 319 000) and the corresponding liability relating to Advanced ticket sales exclusive of GST for Year 2016 event (refer note 11) have not been recognised as they have been treated as agreements equally proportionately unperformed.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

	2015 \$'000	2014 \$'000
Carrying amount at 1 July	-	141
(Decrease) Increase in the allowance	5	(9)
Amounts written off	-	(132)
Carrying amount at 30 June	5	-

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

Refer to note 21 for maturity analysis of receivables, categorisation of financial instruments and risk exposure information.

10. Non-current assets comprising concrete barriers, patron facilities, other racing infrastructure, plant and equipment and leasehold improvements

	2015 \$'000	2014 \$'000
Concrete safety barriers and debris fencing:		
At valuation	1 527	1 447
Less: Accumulated depreciation	(169)	-
	1 358	1 447
Overpasses, shade structures and seating:		
At valuation	3 824	4 208
Less: Accumulated depreciation	(682)	-
	3 142	4 208
Pit Building Structure		
At valuation	8 111	8 038
Less: Accumulated depreciation	(499)	-
	7 612	8 038
Other racing infrastructure, plant and equipment:		
At Cost (deemed fair value)	9 037	8 545
Less: Accumulated depreciation	(8 063)	(7 627)
	974	918
Leasehold Improvements		
At Cost (deemed fair value)	171	171
Less: Accumulated depreciation	(41)	(22)
	130	149
Total concrete barriers, patron facilities, other racing infrastructure, plant and equipment and leasehold improvements	13 216	14 760

Valuation of non-current assets

A valuation of concrete barriers and debris fencing, overpasses, shade structures and seating and the demountable pit building was undertaken by independent valuers and property consultants, Valcorp Australia Pty Ltd. The items were inspected in February 2014. The valuation has been conducted as at 30 June 2014.

The written down current cost approach was used having regard to the use of the items and their specialised construction and use. It is considered that no widely accepted secondary market exists. The depreciated replacement cost considered the need for ongoing specialised use; specialised

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nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

Reconciliation of non-current assets 2013-14

	Concrete safety barriers & debris fencing \$'000	Overpasses, shade structures & seating \$'000	Pit Building Structure \$'000	Other racing infrastructure plant & equipment \$'000	Leasehold Improvements \$'000	Total non-current assets \$'000
Carrying amount at the beginning of the period	1 303	4 087	7 915	1 227	168	14 700
Additions	-	-	64	447	-	511
Disposals	-	(4)	-	-	-	(4)
Depreciation	(252)	(834)	(563)	(747)	(19)	(2 415)
Revaluation increment	375	1 148	445	-	-	1 968
Transfers between asset classes	21	(189)	177	(9)	-	-
Carrying amount at the end of the period	1 447	4 208	8 038	918	149	14 760

Reconciliation of non-current assets 2014-15

	Concrete safety barriers & debris fencing \$'000	Overpasses, shade structures & seating \$'000	Pit Building Structure \$'000	Other racing infrastructure plant & equipment \$'000	Leasehold Improvements \$'000	Total non-current assets \$'000
Carrying amount at the beginning of the period	1 447	4 208	8 038	918	149	14 760
Additions	80	-	73	492	-	645
Disposals	-	(384)	-	-	-	(384)
Depreciation	(169)	(682)	(499)	(436)	(19)	(1 805)
Carrying amount at the end of the period	1 358	3 142	7 612	974	130	13 216

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Board categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2015.

The Board had no valuations categorised into level 1 or 2

Fair value measurements at 30 June

	2015 \$'000	Level 3 \$'000
Recurring fair value measurements		
Pit Building and Fit-out (note 10)	7 612	7 612
Concrete Barriers and Debris Fence Panels (note 10)	1 358	1 358
Overpasses (note 10)	159	159
Shade Structures (note 10)	2 983	2 983
	12 112	12 112

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Fair value measurements at 30 June 2014

	2014	Level 3
	\$'000	\$'000
Recurring fair value measurements		
Pit Building and Fit-out (note 10)	8 038	8 038
Concrete Barriers and Debris Fence Panels (note 10)	1 447	1 447
Overpasses (note 10)	159	159
Shade Structures (note 10)	3 569	3 569
Seating (note 10)	480	480
	<u>13 693</u>	<u>13 693</u>

Other racing infrastructure, plant and equipment and leasehold improvements totaling \$1.104 million (\$1.067 million) are also at level 3 with the only inputs being cost, useful life and assessed condition. These items are not revalued.

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values are at note 10. There were no changes in valuation techniques during 2015.

The only movements in the categories are those outlined in the movement schedules above.

11. Payables	2015	2014
	\$'000	\$'000
Current:		
Trade creditors	980	1 006
Other creditors and accruals	1 315	842
GST Payable	4	-
Employment on-costs	31	26
Total current payables	<u>2 330</u>	<u>1 874</u>
Non-current:		
Employment on-costs	8	8
Total non-current payables	<u>8</u>	<u>8</u>
Total payables	<u>2 338</u>	<u>1 882</u>
SA Government/non-SA Government payables:		
Payables to SA Government entities		
Trade creditors	4	3
Other creditors and accruals	41	57
Employment on-costs	37	34
Total Payables to SA Government entities	<u>82</u>	<u>94</u>
Payables to non-SA Government entities		
Trade creditors	976	1 003
Other creditors and accruals	1 274	785
GST Payable	4	-
Employment on-costs	2	-
Total Payables to non-SA Government entities	<u>2 256</u>	<u>1 788</u>
Total payables	<u>2 338</u>	<u>1 882</u>

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 represents fair value due to the amounts being payable on demand.

Refer to note 21 for maturity analysis of payables, categorisation of financial instruments and risk exposure information.

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12. Employee benefits	2015	2014
	\$'000	\$'000
Current:		
Annual leave	109	108
Long service leave	109	70
Total current employee benefits	218	178
Non-current:		
Long service leave	53	60
Total non-current employee benefits	53	60
Total employee benefits	271	238

13. Provisions	2015	2014
	\$'000	\$'000
Current:		
Provision for workers compensation	1	1
Total current provisions	1	1
Non-current:		
Provision for workers compensation	1	2
Total non-current provisions	1	2
Total provisions	2	3
Carrying amount at 1 July	3	2
Provisions recognised	-	1
Reductions arising from re-measurement	(1)	-
Carrying amount at 30 June	2	3

The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

14. Other Liabilities	2015	2014
	\$'000	\$'000
Current:		
Funds held in trust	1 591	853
Total current other liabilities	1 591	853
SA Government/non-SA Government other liabilities:		
Other liabilities to non -SA Government entities		
Funds held in trust	1 591	853
Total other liabilities to non-SA Government entities	1 591	853

Funds held in Trust represent advanced ticket sales exclusive of GST for year 2016 event.

15. Unrecognised contractual commitments

15.1 Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2015	2014
	\$'000	\$'000
Within one year	222	214
Later than one year but not longer than five years	1 474	222
Total operating lease commitments	1 696	436

The lease is for office accommodation leased from Tamrae Pty Limited. The lease is non-cancellable and expires in May 2022. Rent is payable monthly in advance.

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15.2 Event staging commitments

The Board has commitments for the staging of future events. Commitments contracted at the reporting date but not recognised as liabilities are payable as follows:

	2015	2014
	\$'000	\$'000
Within one year	5 614	16 588
Later than one year but not longer than five years	21 315	1 444
Total event staging commitments	<u>26 929</u>	<u>18 032</u>

15.3 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:

	2015	2014
	\$'000	\$'000
Within one year	1 123	1 080
Later than one year but not longer than five years	1 002	448
Total remuneration commitments	<u>2 125</u>	<u>1 528</u>

Amounts disclosed include commitments arising from executive and other service contracts. The Board does not offer fixed-term remuneration contracts greater than five years.

16. Contingent assets and liabilities

The Board is not aware of any contingent assets or liabilities in relation to the Board's activities.

In addition, the Board has made no guarantees.

17. Cash flow reconciliation

17.1 Reconciliation of cash and cash equivalents at 30 June:

	2015	2014
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	4 805	4 030
Balance as per the Statement of Cash Flows	<u>4 805</u>	<u>4 030</u>

17.2 Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash (used in) provided by operating activities	1 420	(2 091)
Less revenues from SA Government	(11 181)	(9 786)
Add/Less non-cash income and expense items:		
Depreciation and amortisation	(1 805)	(2 415)
Net gain from the disposal of non-current assets	441	1
Transfers to provisions		
Doubtful debts	(5)	-
Changes in assets and liabilities:		
Increase (Decrease) in assets:		
Receivables	153	(252)
Decrease (Increase) in liabilities:		
Employee benefits	(33)	(50)
Payables	(456)	331
Other liabilities	(738)	391
Provisions	1	-
Net cost of providing services	<u>(12 203)</u>	<u>(13 871)</u>

18. Auditor's remuneration

Amounts due and receivable by the Auditor-General's Department for the audit of the Board's financial statements for the reporting period total \$33 000 (\$34 000). No other services were provided by the Auditor-General's Department.

SOUTH AUSTRALIAN MOTOR SPORT BOARD 2014-15

19. Consultants

There were no consultants engaged where individual amounts exceeded \$10 000. Payments to consultants amounted to \$4 000 (\$8 000).

20. Key management personnel

20.1 Board members

The *South Australian Motor Sport Act 1984* requires two members to be nominated by the Corporation of the City of Adelaide and one member to be nominated by the Confederation of Australian Motor Sport. The following persons held the position of governing Board member during the reporting period:

A Ford – Chairman	M Llewellyn-Smith, AM (Resigned 16 February 2015)
G Boulton, AM - Deputy Chairman	N Malani
H Abiad (Appointed 17 February 2015)	A Rischbieth
S Ciccarello	T Schenken
N Govan	C Smerdon

20.2 Other key management personnel

The following persons also held authority and responsibility for planning, directing and controlling the activities of the Board, directly or indirectly during the financial year:

M Warren	Chief Executive
A Muecke	Marketing Manager (resigned 3 April 2015)
N Cayzer	Commercial Manager
V Moreland	Marketing Manager (appointed 11 May 2015)

20.3 Remuneration of governing Board members

The number of governing Board members who received or were due to receive remuneration within the following bands were:

	2015 Number	2014 Number
\$0 - \$9 999	2	-
\$10 000 - \$19 999	6	7
\$20 000 - \$29 999	2	2
Total number of governing Board members	<u>10</u>	<u>9</u>

The total remuneration received or receivable by the governing Board members was \$187 000 (\$189 000), which includes superannuation contributions of \$16 000 (\$16 000).

20.4 Board member transactions

Board members and their related parties conduct transactions with entities within the economic entity that occur within a normal staffing, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Board member or related party at arm's length in similar circumstances.

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:

T Schenken	CAMS Ltd	\$170 520	Licence fees, permit fees and insurance
T Schenken	CAMS Ltd	\$2 200	Display site
C Smerdon	Travellink Pty Ltd	\$19 741	Travel wholesaler commission, hospitality and merchandise
N Malani, M Llewellyn-Smith AM H Abiad	Adelaide City Council	\$85 140	Circuit construction and operating costs

All corporate facilities purchased by Board Members or their related parties are at arm's length rates.

There are no loans to Board members.

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21. 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 2 'Summary of Significant Accounting Policies'.

Category	Statement of Financial Position line item	Note	Carrying Amount/Fair Value 2015 \$'000	Carrying Amount/Fair Value 2014 \$'000
Financial assets				
Cash and cash equivalents	Cash and Cash Equivalents	8	4 805	4 030
Loans and receivables at cost	Receivables ^{(i) (ii)}	9	1 143	22
Total financial assets			5 948	4 052
Financial Liabilities				
Financial liabilities at cost	Payables ⁽ⁱ⁾	11	2 262	1 814
	Other liabilities	14	1 591	853
Total financial liabilities			3 853	2 667

- (i) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- (ii) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 9 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair Value

The Board does not recognise any financial assets or financial liabilities at fair value (refer to Note 2 Summary of Significant Accounting Policies and Note 8, 9, 11 and 14).

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 carrying amount of financial assets as detailed in the categorisation of financial instruments table represents the Board's maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the Board.

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. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 9 for information on the allowance for impairment in relation to receivables.

SOUTH AUSTRALIAN MOTOR SPORT BOARD 2014-15

Ageing Analysis of Financial Assets

The following table discloses the ageing of financial assets past due:

	Current (not overdue)	Past due by			
		Overdue for < 30 days \$'000	Overdue for 30 – 60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
2015					
Not impaired:					
Receivables ⁽ⁱ⁾	915	-	-	223	1 138
Impaired:					
Receivables ⁽ⁱ⁾	-	-	-	5	5
	915	-	-	228	1 143
2014					
Not impaired:					
Receivables ⁽ⁱ⁾	20	-	2	-	22
Impaired:					
Receivables ⁽ⁱ⁾	-	-	-	-	-
	20	-	2	-	22

- (i) Receivable amounts disclosed here exclude amounts relating to statutory receivables and amounts owing to Government

Maturity Analysis of Financial Assets and Financial Liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities:

2015	Carrying Amount \$'000	Contractual maturities		
		< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000
Financial assets				
Cash and cash equivalents	4 805	4 805	-	-
Receivables	1 143	387	756	-
Total financial assets	5 948	5 192	756	-
Financial Liabilities				
Payables	2 262	2 262	-	-
Other liabilities	1 591	1 591	-	-
Total financial liabilities	3 853	3 853	-	-
2014				
	Carrying Amount \$'000	< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000
Financial assets				
Cash and cash equivalents	4 030	4 030	-	-
Receivables	22	22	-	-
Total financial assets	4 052	4 052	-	-
Financial Liabilities				
Payables	1 814	1 814	-	-
Other liabilities	853	853	-	-
Total financial liabilities	2 667	2 667	-	-

Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they are due to be settled. The continued existence of the Board is dependent on State Government policy and on continuing appropriations by Parliament for the Board's operations. The Board 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 Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

SOUTH AUSTRALIAN MOTOR SPORT BOARD 2014-15

The carrying amount of financial liabilities recorded in the table above represent the Board's maximum exposure to financial liabilities.

Market risk

Market risk for the Board is primarily through interest rate risk. The Board's only exposure to interest rate risk relates to cash at bank and short-term deposits with SAFA. Movement in SAFA interest rates are monitored on a daily basis.

There is no exposure to other price risks.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Board as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

22. Events after the reporting period

On 25 June 2015 the Governor proclaimed that the *Statutes Amendment (Boards and Committees - Abolition and Reform) Act 2015* to come into operation on 1 July 2015. This had the effect of abolishing the Board as at 1 July 2015 and the activities and management of the Board transferring to the South Australian Tourism Commission. The financial effect of this machinery of government change has not been reflected in the financial statements. This transfer includes all employees and total net assets of \$14.957 million. The legislation has also enabled the transition of existing contracts to the Commission.

SOUTH AUSTRALIAN MOTOR SPORT BOARD

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Motor Sport Board (the Board):

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Board as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

Signed in accordance with a resolution of the board members.



S. Keenihan
Chairman

South Australian Tourism
Commission Board

15/09/2015

R. Harrex
Chief Executive Officer

South Australian Tourism
Commission

15/09/2015

S. Rozokos
Chief Financial Officer

South Australian Tourism
Commission

15/09/2015



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To the Chairman South Australian Tourism Commission Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* I have audited the accompanying financial report of the South Australian Motor Sport Board for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman, the Chief Executive Officer and the Chief Financial Officer.

The Board's Responsibility for the Financial Report

The board of directors of the South Australian Tourism Commission are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the board of directors of the South Australian Tourism Commission determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

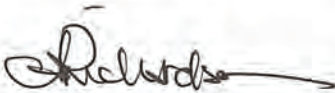
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the board of directors of the South Australian Tourism Commission, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Motor Sport Board as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson
Auditor-General
19 September 2015