



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 5

By authority: P. McMahon, Government Printer, South Australia

2015

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ISSN 0815-9157

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South Australian State Emergency Service

Financial report
for the year ended
30 June 2015

South Australian State Emergency Service

Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Employee benefits expenses	5	4,608	4,691
Supplies and services	6	6,798	7,353
Grants and subsidies	7	442	79
Depreciation and amortisation expense	8	1,450	2,214
Other expenses	9	-	478
Net loss from disposal of non-current assets	10	10	99
Total expenses		13,308	14,914
Income			
Grants and contributions	11	630	145
Interest revenues	12	36	39
Other income	13	132	286
Total income		798	470
Net cost of providing services		12,510	14,444
Revenues from SA Government			
Revenues from SA Government	14	15,037	14,811
Total revenues from SA Government		15,037	14,811
Net result		2,527	367
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus	18	-	(1,764)
Total other comprehensive income		-	(1,764)
Total comprehensive result		2,527	(1,397)

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

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

South Australian State Emergency Service
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	15	2,115	1,436
Receivables	16	327	306
Other financial assets	17	340	334
Total current assets		2,782	2,076
Non-current assets			
Property, plant and equipment	18	36,334	34,042
Total non-current assets		36,334	34,042
Total assets		39,116	36,118
Current liabilities			
Payables	21	1,461	943
Employee benefits	22	703	694
Provisions	23	126	144
Total current liabilities		2,290	1,781
Non-current liabilities			
Payables	21	54	45
Employee benefits	22	600	484
Provisions	23	395	558
Total non-current liabilities		1,049	1,087
Total liabilities		3,339	2,868
Net assets		35,777	33,250
Equity			
Asset revaluation surplus	24	5,152	5,152
Retained earnings	24	30,625	28,098
Total equity		35,777	33,250
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 State Emergency 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		6,916	27,731	34,647
Net result for 2013-14		-	367	367
Gain on revaluation of property, plant and equipment during 2013-14	24	(1,764)	-	(1,764)
Total comprehensive result for 2013-14		(1,764)	-	(1,764)
Balance at 30 June 2014	24	5,152	28,098	33,250
Net result for 2014-15		-	2,527	2,527
Total comprehensive result for 2014-15		-	30,625	35,777
Balance at 30 June 2015	24	5,152	30,625	35,777

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

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

South Australian State Emergency Service

Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(4,641)	(4,357)
Supplies and services payments		(7,390)	(8,323)
Grants and subsidies payments		(442)	(79)
Cash used in operations		(12,473)	(12,759)
Cash inflows			
Receipts from grants and contributions		630	145
Interest received		36	41
GST recovered from the Australian Taxation Office		900	883
Other receipts		116	276
Cash generated from operations		1,682	1,345
Cash flows from SA Government			
Contributions from Community Emergency Services Fund	14	14,794	14,606
Other receipts from SA Government	14	243	205
Cash generated from SA Government		15,037	14,811
Net cash provided by operating activities	25	4,246	3,397
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(3,600)	(4,234)
Purchase of investments		(6)	(222)
Cash used in investing activities		(3,606)	(4,456)
Cash inflows			
Proceeds from sale of property, plant and equipment		39	14
Cash generated from investing activities		39	14
Net cash used in investing activities		(3,567)	(4,442)
Net increase/(decrease) in cash and cash equivalents		679	(1,045)
Cash and cash equivalents at the beginning of the period		1,436	2,481
Cash and cash equivalents at the end of the period	15	2,115	1,436

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

South Australian State Emergency Service

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For the Year Ended 30 June 2015

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South Australian State Emergency 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 State Emergency Service (SES) was established on 1 October 2005 under the *Fire and Emergency Services Act 2005* (the Act) with the following objectives:

- to assist the Commissioner of Police, South Australian Metropolitan Fire Service and South Australian Country Fire Service in dealing with any emergency
- to assist the State Co-ordinator, in accordance with the State Emergency Management Plan, in carrying out prevention, preparedness, response or recovery operations under the *Emergency Management Act 2004*
- to deal with any emergency where the emergency is caused by flood or storm damage, or where there is no other body or person with lawful authority to assume control of operations for dealing with the emergency
- to deal with any emergency until such time as any body or person that has the lawful authority to assume control of operations for dealing with the emergency
- to respond to emergency calls and where appropriate, provide assistance in any situation of need whether or not the situation constitutes an emergency
- to undertake rescues.

Funding arrangements

Funding of SES is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by Units through fund raising activities are held locally for expenditure in the local community.

These funds are recognised as part of the 'other income' within SES's financial statements.

2 Summary of significant accounting policies

(a) Statement of compliance

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

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

SES has applied Australian Accounting Standards that are applicable to not-for-profit entities as SES is a not-for-profit entity.

Except for AASB 2015-7 which SES has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by SES for the reporting period ending 30 June 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 SES'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. SES has elected not to utilise this threshold that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed.
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee targeted voluntary separation package information

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Basis of preparation (continued)

- (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.

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

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

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

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

(c) Reporting entity

Under the Act, SES is a separate body corporate acting on behalf of the Crown and part of the consolidated Emergency Services sector.

The financial statements include all the controlled activities of SES.

SES does not control any other entity and has no interest in unconsolidated structured entities. In forming this view, SES considered its involvement with various volunteer marine rescue organisations and determined that it does not control these entities.

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

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

(d) Trust funds

SES administers, but does not control, certain activities on behalf of the Australian Council of State and Territory Emergency Services. It is accountable for the transactions relating to those trust activities but does not have the discretion, for example, to deploy the resources for the achievement of SES's own objectives.

Transactions and balances relating to the trust assets are not recognised as SES's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Trust Funds.'

The accrual basis of accounting and applicable accounting standards have been adopted.

(e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (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).

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

(h) Taxation

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

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

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

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

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

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

(i) Events after the reporting period

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

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

(j) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to SES will occur and can be reliably measured.

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

The following are specific recognition criteria:

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as income when SES obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable that is the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by SES have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Fees and charges

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

Other income

Other income consists of donations received, unit fundraising and other minor revenues.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

(k) Expenses

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

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

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 salaries and leave entitlements. These are recognised when incurred.

Superannuation

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

Operating leases

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

Loss from disposal of non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

Depreciation and amortisation

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

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

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

Land is not depreciated.

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

Class of asset	Useful life (years)
Buildings	40
Vehicles	20
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

Grants and Subsidies

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

All contributions paid by SES have been contributions with unconditional stipulations attached.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

(l) Current and non-current classification

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

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

(m) Assets

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

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and short-term highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

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

Cash is measured at nominal value.

Receivables

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

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

Collectability of receivables is reviewed on an ongoing basis. 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 SES will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets

SES measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

Non-current assets

Acquisition and recognition

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

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

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

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

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.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

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

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

Impairment

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

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. SES only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

Subsequent expenditure on intangible assets has not been capitalised. This is because SES has been unable to attribute this expenditure to the intangible asset rather than to SES as a whole.

Fair value measurement

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

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

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

Non-financial assets

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

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

Refer 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

SES does not recognise any financial assets at fair value.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

(n) Liabilities

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

Payables

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

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

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

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

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

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

Employee benefits

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

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

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

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

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.

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(o) Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 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.

SES is responsible for the payment of workers compensation claims.

(p) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include those 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 SES has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SES for the period ending 30 June 2015. SES has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of SES.

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

- Included a comprehensive new note 'Budgetary reporting and explanations of major variances' (note 30). The notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary amounts:
 - SES 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, SES has reviewed its control assessments (i.e. SES'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. SES does not currently control another entity and does not have any joint arrangement within the scope of AASB 11.

SES 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 State Emergency Service

In achieving its objectives, SES provides these services classified under one activity titled 'state emergency service'.

South Australian State Emergency Service
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5 Employee benefits expenses

	2015	2014
	\$'000	\$'000
Salaries and wages	3,457	3,422
Annual leave	282	323
Skills and experience retention leave	17	14
Long service leave	159	146
Employment on-costs - superannuation	395	379
Payroll tax	188	186
Targeted voluntary separation packages (refer below)	-	63
Workers compensation	52	104
Other employment related expenses	58	54
Total: Employee benefits expenses	4,608	4,691

Targeted voluntary separation packages (TVSPs)

	2015	2014
	\$'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 SES	-	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:

	2015	2014
	Number	Number
\$141 500 – \$151 499	2	1
\$151 500 – \$161 499	1	1
\$161 500 – \$171 499	1	-
\$181 500 – \$191 499	-	1
\$201 500 – \$211 499	1	-
\$231 500 – \$241 499	-	1
\$241 500 – \$251 499	1	-
Total	6	4

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 \$1.0 million (2014: \$0.7 million).

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6 Supplies and services

	2015	2014
	\$'000	\$'000
Accommodation	33	27
Auditor's remuneration	28	26
Communications	278	300
Computing costs	381	365
Consultancy, contractors and legal fees	165	470
Consumables	325	431
Energy	143	167
Government radio network	2,017	1,968
Insurance premiums	105	98
Minor plant and equipment	445	419
Operating lease costs	660	633
Operational costs	170	244
Repairs and maintenance	804	801
Shared Services SA payments	-	3
Travel and training	590	704
Uniforms and protective clothing	233	416
Other expenses	421	281
Total: Supplies and services	6,798	7,353

Consultants

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

	2015	2014	2015	2014
	Number	Number	\$'000	\$'000
Below \$10 000	1	-	5	-
Total paid/payable to the consultants engaged	1	-	5	-

Auditor's remuneration

	2015	2014
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's		
Department relating to the audit of financial statements	28	26
Total: Audit fees	28	26

Other Services

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

7 Grants and subsidies

	2015	2014
	\$'000	\$'000
Grants and subsidies	442	79
Total: Grants and subsidies	442	79

8 Depreciation and amortisation expense

	2015	2014
	\$'000	\$'000
Depreciation		
Buildings	665	708
Vehicles	439	1,107
Computers	2	4
Plant and equipment	140	194
Communications	204	195
Total: Depreciation	1,450	2,208

South Australian State Emergency Service
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	2015 \$'000	2014 \$'000
Amortisation		
Software	-	6
Total: Amortisation	-	6
Total: Depreciation and amortisation	1,450	2,214

Revision of accounting estimates

During the year, SES reassessed the useful lives of vehicles, resulting in an increase in the estimated useful life from 15 to 20 years.

This has resulted in a decrease of \$0.651 million in the amount of depreciation calculated on these assets in the 2014-15 financial year.

The lower depreciation expense will also be reflected in future years.

9 Other expenses

	2015 \$'000	2014 \$'000
Assets revaluation decrement	-	478
Total: Other expenses	-	478

10 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	-	(101)
Net gain/(loss) from disposal of land and buildings	-	(101)
Vehicles		
Proceeds from disposal	39	14
Less: Net book value of assets disposed	(49)	(12)
Net gain/(loss) from disposal of vehicles	(10)	2
Total: Assets		
Total proceeds from disposal	39	14
Less: Total value of assets disposed	(49)	(113)
Total: Net loss from disposal of non-current assets	(10)	(99)

11 Grants and contributions

	2015 \$'000	2014 \$'000
Private industry and local government	-	100
State government	630	45
Total: Grants and contributions	630	145

State Government grants and contributions consists of funding for the Small Business Innovation Research Pilot Program, National Disaster Resilience Program funding for SES Strategic Recruitment Strategy project, a grant received to support the 2014-15 Community Flood Safe Program and funding to support the operation of the Water Safety Committee.

12 Interest revenues

	2015 \$'000	2014 \$'000
Interest on deposit accounts	36	39
Total: Interest revenues	36	39

South Australian State Emergency Service
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13 Other income	2015	2014
	\$'000	\$'000
Donations	1	29
Unit fundraising	-	91
Other	131	166
Total: Other income	132	286

14 Revenues from SA Government	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	14,794	14,606
Other revenues from SA Government	243	205
Total: Revenues from SA Government	15,037	14,811

Revenues from SA Government consists of \$11.473m (2014: \$10.838m) for operational funding, \$3.551m (2014: \$3.960m) for capital projects and \$0.013m (2014: \$0.013m) Volunteer Marine Rescue Council funding.
For details on the expenditure associated with the operational funding and capital funding refer notes 5, 6, 7, 18 and 19.

15 Cash and cash equivalents	2015	2014
	\$'000	\$'000
Cash on hand	-	1
Deposits with the Treasurer	1,224	516
Cash at bank	141	135
Cash at bank - Units	682	681
Short-term deposits - Units	20	57
Short-term deposits	48	46
Total: Cash and cash equivalents	2,115	1,436

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.

16 Receivables	2015	2014
	\$'000	\$'000
Current		
Receivables	96	60
	96	60
Accrued revenues	3	2
GST input tax recoverable	228	244
Total: Receivables current	327	306

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information
Refer note 31.

South Australian State Emergency Service
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17 Other financial assets	2015	2014
	\$'000	\$'000
Medium term deposits - Units	340	334
Total: Other financial assets	340	334

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information
Refer note 31.

18 Property, plant and equipment	2015	2014
	\$'000	\$'000
Land		
At valuation	3,546	3,546
Total: Land	3,546	3,546
Buildings		
At valuation	15,770	15,770
At cost (deemed fair value)	2,726	28
Less: Accumulated depreciation	(990)	(325)
Total: Buildings	17,506	15,473
Vehicles		
At valuation	9,459	9,520
At cost (deemed fair value)	2,016	416
Less: Accumulated depreciation	(935)	(508)
Total: Vehicles	10,540	9,428
Communications equipment		
At valuation	1,089	1,089
At cost (deemed fair value)	616	306
Less: Accumulated depreciation	(291)	(87)
Total: Communications equipment	1,414	1,308
Computer equipment		
At valuation	2	2
At cost (deemed fair value)	978	-
Less: Accumulated depreciation	(2)	-
Total: Computer equipment	978	2
Plant and equipment		
At valuation	899	899
At cost (deemed fair value)	435	13
Less: Accumulated depreciation	(212)	(72)
Total: Plant and equipment	1,122	840
Capital work in progress		
At cost (deemed fair value)	1,228	3,445
Total: Capital work in progress	1,228	3,445
Total: Property, plant and equipment	36,334	34,042

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.

South Australian State Emergency Service
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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	Comms. Equipment \$'000	Computer Equipment \$'000	Plant & equipment \$'000	Work in progress \$'000	2015 Total \$'000	2014 Total \$'000
2015									
Carrying amount at the beginning of the period	3,546	15,473	9,428	1,308	2	840	3,445	34,042	
Acquisitions	-	-	60	-	-	-	3,732	3,792	
Transfers to/(from)									
Capital WIP	-	2,698	1,541	310	978	422	(5,949)	-	
Depreciation expense	-	(665)	(439)	(204)	(2)	(140)	-	(1,450)	
Disposals	-	-	(50)	-	-	-	-	(50)	
Carrying amount at the end of the period	3,546	17,506	10,540	1,414	978	1,122	1,228	36,334	
2014									
Carrying amount at the beginning of the period	2,807	17,320	10,376	1,456	29	1,358	1,713		35,059
Acquisitions	-	27	25	-	-	13	3,480		3,545
Transfers to/(from)									
Capital WIP	495	561	389	306	(1)	(1)	(1,748)		1
Depreciation expense	-	(708)	(1,107)	(195)	(4)	(194)	-		(2,208)
Net revaluation increment	260	(1,642)	(243)	-	-	(139)	-		(1,764)
Disposals	(16)	(85)	(12)	-	-	-	-		(113)
Net revaluation decrement expensed	-	-	-	(259)	(22)	(197)	-		(478)
Carrying amount at the end of the period	3,546	15,473	9,428	1,308	2	840	3,445		34,042

19 Intangible assets

	2015 \$'000	2014 \$'000
Computer software	328	328
Less: Accumulated amortisation	(328)	(328)
Total: Intangible assets	-	-

Movement reconciliation of intangible assets

	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	-	6
Amortisation expense	-	(6)
Carrying amount at the end of the period	-	-

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

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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. SES categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

SES 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)	1,249	2,297	3,546
Buildings (note 18)	5,295	12,211	17,506
Vehicles (note 18)	-	10,540	10,540
Communication equipment (note 18)	-	1,414	1,414
Computer equipment (note 18)	-	978	978
Plant and equipment (note 18)	-	1,122	1,122
Total recurring fair value measurements	6,544	28,562	35,106

Fair value measurements at 30 June 2014

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land (note 18)	1,249	2,297	3,546
Buildings (note 18)	2,723	12,750	15,473
Vehicles (note 18)	-	9,428	9,428
Communication equipment (note 18)	-	1,308	1,308
Computer equipment (note 18)	-	2	2
Plant and equipment (note 18)	-	840	840
Total recurring fair value measurements	3,972	26,625	30,597

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

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 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 \$'000	Buildings \$'000	Vehicles \$'000	Comm equipment \$'000	Computer equipment \$'000	Plant & equipment \$'000	Total \$'000
Opening balance at the beginning of the period	2,297	12,750	9,428	1,308	2	840	26,625
Acquisitions	-	-	60	-	-	-	60
Capitalised subsequent expenditure	-	-	1,541	310	978	422	3,251
Depreciation	-	(539)	(439)	(204)	(2)	(140)	(1,324)
Disposals	-	-	(50)	-	-	-	(50)
Total gains/(losses) recognised in net result	2,297	12,211	10,540	1,414	978	1,122	28,562
Carrying amount at the end of the period	2,297	12,211	10,540	1,414	978	1,122	28,562

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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	1,865	14,117	10,376	1,456	29	1,358	29,201
Acquisitions	-	-	25	-	-	13	38
Capitalised subsequent expenditure	-	-	389	306	(1)	(1)	693
Revaluation increment/(decrement)	448	(690)	(243)	-	-	(139)	(624)
Depreciation	-	(592)	(1,107)	(195)	(4)	(194)	(2,092)
Disposals	(16)	(86)	(12)	-	-	-	(114)
Total gains/(losses) recognised in net result	2,297	12,750	9,428	1,567	24	1,037	27,102
Gains/(losses) for the period recognised in other comprehensive income							
Revaluation increment/(decrement)	-	-	-	(259)	(22)	(197)	(478)
Total gains/(losses) recognised in other comprehensive income	-	-	-	(259)	(22)	(197)	(478)
Carrying amount at the end of the period	2,297	12,750	9,428	1,308	2	840	26,625

21 Payables

Current payables	2015	2014
	\$'000	\$'000
Accrued expenses	364	160
Creditors	988	675
Fringe benefits tax payable	-	13
Employment on-costs	109	95
Total: Current payables	1,461	943

Non-current payables	2015	2014
	\$'000	\$'000
Employment on-costs	54	45
Total: Non-current payables	54	45

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 decreasing from 2014 (40%) to 2015 (37%), and the average factor for the calculation of employer superannuation cost on-cost 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 \$0.003m and employee benefit expense of \$0.003m. 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 31.

22 Employee benefits

	2015	2014
	\$'000	\$'000
Employee benefits current		
Accrued salaries and wages	30	58
Annual leave	401	394
Skills and experience retention leave	30	19
Long service leave	242	223
Total: Employee benefits current	703	694

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	2015 \$'000	2014 \$'000
Employee benefits non-current		
Long service leave	600	484
Total: Employee benefits non-current	<u>600</u>	<u>484</u>

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 \$0.037 million and employee benefits expense of \$0.037 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 \$0.004 million and employee benefits by \$0.004 million.

23 Provisions

	2015 \$'000	2014 \$'000
Current liabilities		
Provision for workers compensation	126	144
Total: Provisions current	<u>126</u>	<u>144</u>
Non-current liabilities		
Provision for workers compensation	395	558
Total: Provisions non-current	<u>395</u>	<u>558</u>
Total: Provisions	<u>521</u>	<u>702</u>
Provision movement		
Carrying amount at the beginning of the period	702	680
Additional provisions recognised / (released)	51	105
Reductions arising from payments	(232)	(83)
Carrying amount at the end of the period	<u>521</u>	<u>702</u>

SES has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Department of the Premier and Cabinet.

24 Equity

	2015 \$'000	2014 \$'000
Accumulated surplus	30,625	28,098
Asset revaluation surplus	5,152	5,152
Total equity	<u>35,777</u>	<u>33,250</u>

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

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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	2,115	1,436
Balance as per the Statement of Cash Flows	2,115	1,436
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	4,246	3,397
Less revenues from SA Government	(15,037)	(14,811)
Add/(less) non-cash items		
Depreciation and amortisation	(1,450)	(2,214)
Assets revaluation decrement recognised in Statement of Comprehensive Income	-	478
Net loss from disposal of non-current assets	(10)	(99)
Movement in assets and liabilities		
(Decrease)/Increase in receivables	21	20
Decrease/(Increase) in payables	(336)	50
(Increase)/decrease in employee benefits	(125)	(287)
Decrease/(Increase) in provisions	181	(22)
Net cost of providing services	(12,510)	(13,488)

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	681	314
Later than one year but not later than five years	1,875	1,054
Later than five years	1,071	1,113
Total: Operating lease commitments	3,627	2,481

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on consumer price index movement.

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	143	588
Total: Capital commitments	143	588

Prior capital commitments were for property.

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	165	442
Later than one year but not later than five years	-	168
Total: Remuneration commitments	165	610

Amounts disclosed include commitments arising from executive contracts. SES 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	53	38
Later than one year but not later than five years	80	118
Total: Other commitments	133	156

Contractual commitments relate to information technology contract.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

27 Contingent assets and liabilities

Contingent assets

In 2009-10 SES made prepayments for capital works projects of \$170 720 for works that did not materialise. Recovery of the prepayment has been sought. SES is aware of a possible contingent asset in relation to the recovery of costs associated with a defective asset. The financial impact cannot be determined at this stage.

Contingent liabilities

There were no contingent liabilities as at 30 June 2015.

28 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

29 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>	300	4,308	4,608	345	3,987	4,691
6 <i>Supplies and services</i>						
Accommodation	15	18	33	16	11	27
Auditor's remuneration	28	-	28	26	-	26
Communications	37	241	278	34	266	300
Computing costs	70	311	381	97	268	365
Consultancy, contractors and legal fees	11	154	165	92	378	470
Consumables	-	325	325	-	431	431
Energy	36	107	143	50	117	167
Government radio network	2,017	-	2,017	1,968	-	1,968
Insurance premiums	90	15	105	79	19	98
Minor plant and equipment	-	445	445	7	412	419
Operating lease costs	482	178	660	451	182	633
Operational costs	8	162	170	3	241	244
Repairs and maintenance	42	762	804	60	741	801
Shared Services SA payments	-	-	-	3	-	3
Travel and training	7	583	590	24	680	704
Uniforms and protective clothing	-	233	233	-	416	416
Other expenses	107	314	421	88	193	281
7 <i>Grants and subsidies</i>	-	442	442	-	79	79
8 <i>Depreciation and amortisation expense</i>	-	1,450	1,450	-	2,214	2,214
9 <i>Other Expenses</i>						
Assets revaluation decrement	-	-	-	-	478	478
10 <i>Net loss from disposal of non-current assets</i>	-	-	-	-	-	-
	-	10	10	-	99	99
TOTAL EXPENSES	3,250	10,058	13,308	3,343	11,212	14,914
INCOME						
11 <i>Grants and contributions</i>						
Private industry and local government	-	-	-	-	100	100
State Government	630	-	630	45	-	45
12 <i>Interest revenues</i>	36	-	36	39	-	39
13 <i>Other income</i>						
Donations	-	1	1	-	29	29
units fundraising	-	-	-	-	91	91
Other	2	129	131	7	159	166
14 <i>Revenues from / payments to SA Government</i>	15,037	-	15,037	14,811	-	14,811
TOTAL INCOME	15,705	130	15,835	14,902	379	15,281

South Australian State Emergency 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						
16 <i>Receivables</i>						
Receivables	81	15	96	-	60	60
Accrued revenues	3	-	3	2	-	2
GST input tax recoverable	-	228	228	-	244	244
17 <i>Other financial assets</i>	-	340	340	-	334	334
TOTAL FINANCIAL ASSETS	84	583	667	2	638	640
FINANCIAL LIABILITIES						
21 <i>Payables</i>						
Accrued expenses	91	273	364	47	113	160
Creditors	193	795	988	191	484	675
Fringe benefits tax payable	-	-	-	13	-	13
Employment on-costs	84	79	163	63	77	140
TOTAL FINANCIAL LIABILITIES	368	1,147	1,515	314	674	988

30 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		4,512	4,608	96
Supplies and services		6,663	6,798	135
Depreciation and amortisation expense	(a)	2,316	1,450	(866)
Grant expense		-	442	442
Net loss from disposal of non-current assets		-	10	10
Total expenses		13,491	13,308	(183)
Income				
Grants and contributions		-	630	630
Interest revenues		23	36	13
Other income		83	132	49
Total Income		106	798	692
Net cost of providing services		13,385	12,510	(875)
Revenues from / payments to SA Government				
Revenues from SA Government		14,918	15,037	119
Total revenues from / payments to SA Government		14,918	15,037	119
Total comprehensive result		1,533	2,527	994

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) Depreciation and amortisation expenses were lower than original budget due increase in assessment useful life of vehicles from 15 years to 20 years.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

	Original Budget ¹ 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Note			
Investing expenditure summary			
Total new projects	150	203	53
Total annual programs	3,551	3,589	38
Total investing expenditure	3,701	3,792	91

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.

There were no variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

31 Financial instruments / financial risk management

31.1 Financial Risk Management

Risk management is managed by SES corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

31.2 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 31.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables and payables measured at cost.

SES does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 16 and 21).
- 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 17).

31.3 Liquidity risk

Liquidity risk arises from the possibility that SES is unable to meet its financial obligations as they fall due. SES is funded principally from the Fund. SES works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows. SES settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount recorded in table 31.3 represent SES's maximum exposure.

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

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

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 31.3: Categorisation and maturity analysis of financial assets and liabilities

Financial statements item	Notes	2015 Carrying amount/Fair value (\$'000)	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years
2015						
Financial assets						
Cash and cash equivalents	15	2,115	2,115	-	-	-
Receivables ⁽¹⁾⁽²⁾	16	99	99	-	-	-
Other financial assets	17	340	340	-	-	-
Total financial assets		2,554	2,554	-	-	-
Financial liabilities						
Payables ⁽¹⁾	21	1,325	1,325	-	-	-
Total financial liabilities		1,325	1,325	-	-	-

Financial statements item	Notes	2014 Carrying amount/Fair value (\$'000)	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years
2014						
Financial assets						
Cash and cash equivalents	15	1,436	1,436	-	-	-
Receivables ^{(1) (2)}	16	62	62	-	-	-
Other financial assets	17	334	334	-	-	-
Total financial assets		1,832	1,832	-	-	-
Financial liabilities						
Payables ⁽¹⁾	21	809	809	-	-	-
Total financial liabilities		809	809	-	-	-

⁽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.

31.4 Credit risk

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

SES has minimal concentration of credit risk. SES has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SES does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by SES.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 16 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 31.3 represents SES's maximum exposure to credit risk.

South Australian State Emergency Service
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

Table 31.4 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⁾	83	-	-	16	99
Other financial assets	340	-	-	-	340
2014					
Not impaired					
Receivables ⁽¹⁾	46	-	-	16	62
Other financial assets	334	-	-	-	334

⁽¹⁾ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

31.5 Market risk

SES has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SES's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

32 Trust Funds

	2015	2014
	\$'000	\$'000
Cash at Bank	337	289
	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. SES 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.

South Australian State Emergency Service

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian State Emergency Service:

- 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 State Emergency Service
- presents a true and fair view of the financial position of the South Australian State Emergency 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 State Emergency 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.



Chris Beattie
Chief Officer
South Australian State Emergency Service

17 September 2015



Iolanda Calabrese
Business Manager
South Australian State Emergency Service

18 September 2015



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To the Chief Officer South Australian State Emergency Service

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 120(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian State Emergency Service for the financial year ended 30 June 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

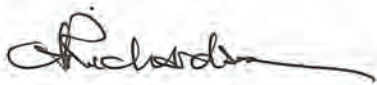
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical 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 State Emergency 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 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson
Auditor-General
18 September 2015

South Australian
Superannuation Board

Financial report
for the year ended
30 June 2015

South Australian Superannuation Board

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Administration expenses		18 285	16 921
Other expenses	4	20	17
Total expenses		18 305	16 938
Income			
Fees and charges	5	18 400	17 913
Interest revenues	6	307	342
Total income		18 707	18 255
Total comprehensive result	10	402	1 317

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	7	14 836	13 498
Receivables	8	43	41
Non current assets			
Loan Receivable	8, 16	524	512
Total assets		15 403	14 051
Current liabilities			
Payables	9	1 484	534
Total liabilities		1 484	534
Net assets		13 919	13 517
Equity			
Retained earnings	10	524	512
Reserves	10	13 395	13 005
Total Equity		13 919	13 517

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

South Australian Superannuation Board

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Note	Retained earnings \$'000	Reserves \$'000	Total \$'000
Balance at 30 June 2013		-	17 380	17 380
Total comprehensive result for 2013-14		1 317	-	1 317
Transferred to reserves		(805)	805	-
Transferred from reserves		-	(5 180)	(5 180)
Balance at 30 June 2014		512	13 005	13 517
Total comprehensive result for 2014-15		402	-	402
Transferred to reserves	10	(390)	390	-
Balance at 30 June 2015		524	13 395	13 919

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash outflows			
Administration expenses paid		(17 338)	(18 395)
Other expenses		(17)	(17)
Cash (used in) operations		(17 355)	(18 412)
Cash inflows			
Interest received		296	340
Fees and charges paid		18 397	19 730
Cash generated from operations		18 693	20 070
Net cash provided by operating activities	12	1 338	1 658
Cash flows from financing activities			
Cash outflows			
Provision of Loan to the Minister for Finance	16	-	(500)
Transfers from reserves		-	(5 180)
Cash (used in) financing activities		-	(5 680)
Net cash (used in) financing activities		-	(5 680)
Net increase/(decrease) in cash and cash equivalents		1 338	(4 022)
Cash and cash equivalents at the beginning of the period		13 498	17 520
Cash and cash equivalents at the end of the period	7, 12	14 836	13 498

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

South Australian Superannuation Board

Note 1 Objectives and funding

a) Objectives of the South Australian Superannuation Board

The South Australian Superannuation Board (the Board) was established under Section 6 of the *Superannuation Act 1988* (the Act) and is responsible to the Minister for Finance for all aspects of the administration of the Act (Pension and Lump Sum schemes), and the *Southern State Superannuation Act 2009* (Triple S Scheme, Flexible Rollover Product and Income Stream), except for investment matters relating to the schemes and products. Under clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared that the Board act as Trustee of the SA Ambulance Service Superannuation Scheme and be responsible for administering the Trust Deed and Rules.

The Act provides that the Board may make use of the staff or facilities of an administrative unit of the SA Public Sector. The State Superannuation Office, a branch of the Department of Treasury and Finance, provides administrative services to the Board. The State Superannuation Office adopts the "Super SA" name as administrator of the Board schemes and products. The superannuation legislation also provides for the Board to charge administration costs.

The Board is responsible for payment of the Service Level Agreement (SLA) Fee to the Department of Treasury and Finance for costs incurred in the administration of the schemes and products. This amount is then recouped from the various schemes and products as per the SLA.

The Board has carefully considered anticipated future expenditure and sets aside money to cover expected future specific purposes.

Note 2 Summary of significant accounting policies

a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant 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. 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.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- 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:
 - 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. A threshold of \$100,000 for separate identification of these items applies.
 - board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention except as otherwise noted.

South Australian Superannuation Board

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 comparative information is presented.

c) 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 required a change.

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

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

d) Rounding

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

e) Taxation

The Board is not subject to income tax.

The Board is not registered for Goods and Services Tax (GST) and no GST is recoverable or payable to the Australian Taxation Office (ATO).

f) 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.

g) 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 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:

Income

Fees and charges are derived from the recovery of administration fees from the superannuation schemes and products which the Board administers. Revenue is recognised when earned.

Interest comprises of the interest received on the loan to the Minister for Finance and cash held in the Board's Deposit Account, with the Department of Treasury and Finance, which receives interest at the applicable SA Government rate. Interest is recognised when it is earned.

Expenses

Administration expenses are the payment of the administration fees to the Department of Treasury and Finance for the provision of services to the Board. This expense is recognised upon delivery of the service.

South Australian Superannuation Board

h) 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 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.

i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes deposits held in the deposit account held with the Treasurer.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as outlined above.

Cash is measured at nominal value.

j) Receivables

Receivables include amounts owing from services provided prior to the end of the reporting period that are unpaid at the end of the reporting period. Receivables include all amounts not received relating to the normal operations of the Board.

Refer to note 16 regarding the Loan Receivable.

k) Payables

Payables include creditors and accrued expenses.

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

Accrued expenses represent 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, as per Treasurer's Instruction 11.

Note 3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2014-15.

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.

Note 4 Other expenses

	2015	2014
	\$'000	\$'000
Other expenses ⁽ⁱ⁾	20	17
Total other expenses	20	17

- (i) Other expenses includes amounts paid or due and payable to the Auditor-General's Department for the audit of the Board for the reporting period which were \$20,000 (2014 \$17,000). No other services have been provided by the Auditor-General's Department.

South Australian Superannuation Board

Note 5 Fees and charges

	2015	2014
	\$'000	\$'000
Recovery of administration fees	18 400	17 913
Total fees and charges	18 400	17 913

Note 6 Interest revenues

	2015	2014
	\$'000	\$'000
Bank account	295	330
Loan	12	12
Total interest revenues	307	342

Note 7 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash at bank	14 836	13 498
Total cash and cash equivalents	14 836	13 498

Interest Rate Risk

Cash at bank, which represents deposits held with the Treasurer, earns a floating interest rate, based on the daily bank deposit rate. The carrying amount of cash and cash equivalents represents fair value.

Note 8 Receivables

	2015	2014
	\$'000	\$'000
Current Receivables		
Sundry debtors	23	24
Audit fee recovery	20	17
Total Current Receivables	43	41
Non-Current Receivables		
Loan Receivable ⁽ⁱ⁾	524	512
Total Non-Current Receivables	524	512
Total receivables	567	553

All current receivables will be settled within 12 months of the reporting date.

(i) Refer note 16

Note 9 Payables

	2015	2014
	\$'000	\$'000
Audit fee payable	20	17
Administration fee payable	1 464	517
Total payables	1 484	534

All payables are normally settled within 30 days from the date of the invoice or date the invoice is first received.

South Australian Superannuation Board

Note 10 Retained earnings and reserves

	Opening Balance \$'000	Total Comprehensive Result \$'000	Transfers To Reserve \$'000	2015 \$'000	2014 \$'000
Retained Earnings	512	402	(390)	524	512
Reserves	Opening Balance \$'000	Transfers To Reserve \$'000	Transfers From Reserve \$'000	2015 \$'000	2014 \$'000
General Reserve ⁽ⁱ⁾	13 005	390	-	13 395	13 005
Total Reserves	13 005	390	-	13 395	13 005

- i. The *General Reserve* was established in December 2013. The funding was received by transferring the 31 December 2013 balances of the *Board Election Reserve*, *Office Administration Reserve* and the *Capital and Development Reserve* into the *General Reserve*. The Transfers to Reserve amount represents interest allocated from July 2014 to June 2015 plus the refund from DTF of the under spend on the SLA fee for 2014-15.

The purpose of the *General Reserve* is to account for under and over spend in office expenditure, to provide for project expenditure as required from time to time and to provide funding for the triennial Board Election.

Note 11 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2014-15 financial year were:

The South Australian Superannuation Board

Philip Jackson (Presiding Member)	1 July 2014 - 30 June 2015
Bill Griggs* (Aaron Chia* - Deputy)	1 July 2014 - 30 June 2015
Virginia Deegan (Liz Hlipala - Deputy)	1 July 2014 - 30 June 2015
Jan McMahon (Leah York** - Deputy)	1 July 2014 - 30 June 2015
Deborah Black (John Wright*** - Deputy)	1 July 2014 - 30 June 2015

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

	2015	2014
\$0	1	2
\$1 - \$9 999	2	1
\$20 000 - \$29 999	3	3
\$30 000 - \$39 999	1	1
Total number of members	7	7

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 \$119,000 (2014 \$107,000).

Amounts paid to a superannuation plan for board/committee members were \$11,000 (2014 \$10,000)

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

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

** Ms L York is a deputy for Jan McMahon and was eligible for sitting fees for attending meetings during the year.

*** Mr J Wright is a deputy for Deborah Black and was eligible for sitting fees for attending meetings during the period 13 November 2014 to 30 June 2015.

South Australian Superannuation Board

Note 12 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 Financial Position	14 836	13 498
Balance as per the Statement of Cash Flows	14 836	13 498

Reconciliation of total comprehensive result to net cash provided by operating activities:

Total comprehensive result	402	1 317
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Movement in operational assets and liabilities

(Increase)/Decrease in receivables	(14)	1 815
Increase/(Decrease) in payables	950	(1 474)

Net cash provided by operating activities	1 338	1 658
--	--------------	--------------

Note 13 Financial instruments

The Board holds all cash in a Deposit Account with the Department of Treasury and Finance which receives interest at the applicable SA Government rate. The Board's current receivables and payables are non-interest bearing, while its Loan Receivable is interest bearing. There are no fair value differences as carrying values approximate fair value and there is minimal exposure to interest rate or market risk due to the nature of the financial assets and liabilities held.

The Board does not have any assets that are past due or impaired, and there is no concentration of credit risk. The Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Note 14 Transactions within SA Government

	2015	2014
	\$'000	\$'000
Total Expenses	18 305	16 938
Total Income	18 707	18 255
Receivables	567	553
Payables	1 484	534

Note 15 Events after the reporting period

There were no significant events after the reporting period.

South Australian Superannuation Board

Note 16 Southern Select Corporation Loan Arrangement

At the 8 June 2012 Board meeting, the Board agreed to provide funding of \$500,000 from its then Capital and Development Reserve account for the purpose of establishing a new fund; Super SA Select (the Fund).

The terms of the loan are set out in Schedule 2 of the *Public Corporations (Southern Select Super Corporation) Regulations 2012* (the Regulations) and the tri-partite Funding Deed between the Board, the Minister for Finance and the Southern Select Super Corporation (the Trustee). The Funding Deed was executed on 28 June 2013 with a drawdown date of 5 July 2013.

The repayment of the loan by the Trustee from the Fund, together with interest, will be in accordance with Schedule 2 of the Regulations. If at the end of the financial year the Fund has a net surplus, defined as Net Assets exceeding Liability for Accrued Benefits Allocated to Members' Accounts, the interest receivable in that year must be received on or before 31 July of the following financial year. If the Fund does not have a net surplus at the end of the financial year, the interest receivable for that year will be capitalised into the principal amount receivable. At the end of 2014-15 the Fund did not have a net surplus, therefore the amount of interest capitalised into the principal amount receivable was \$11,684 (2014 \$12,083).

Principal repayments are required when administration fees charged to members of the Fund for the financial year exceed the cost of the administration of the Fund (other than investment management charges). For 2014-15 there was no principal repayment required (refer to the Fund's Financial Report).

Analysis of the current and likely future cash requirements of the Fund has been undertaken and it has determined that a further loan of up to \$160,000 will cover the operating and cash requirements of the Fund for the next three years to 30 June 2018. This will continue to support the objective of the Fund to receive the Low Income Superannuation Contribution until at least 30 June 2017.

The Board has confirmed their commitment to support an additional loan of \$160,000 to meet the ongoing operational costs of the Fund.

South Australian Superannuation Board

Certification of the financial statements

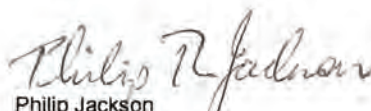
We certify that the attached general purpose financial statements for the South Australian Superannuation Board (the Board):

- 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 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.



John Montague
GENERAL MANAGER
STATE SUPERANNUATION OFFICE



Philip Jackson
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Robert Drusetta FCPA
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT
STATE SUPERANNUATION OFFICE

Date 17 September 2015



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To the Presiding Member South Australian 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 South Australian Superannuation 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 Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

The members of the South Australian Superannuation Board's Responsibility for the Financial Report

The members of the South Australian 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 South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Andrew Richardson
Auditor-General
19 September 2015

South Australian
Ambulance Service
Superannuation Scheme

Financial report
for the year ended
30 June 2015

SA Ambulance Service Superannuation Scheme

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

	Note	2015 \$'000	2014 \$'000
NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period		197 523	176 871
INVESTMENT AND OTHER REVENUE:			
Investment Revenue		19 321	23 611
Other Revenue		16	16
Contribution Revenue:			
Contributions by Employers	3	10 864	10 800
Contributions by Members		1 378	1 320
Rollovers from Other Schemes		245	185
Spouse Contributions		4	4
Government Co-Contributions		13	12
Total Contribution Revenue		12 504	12 321
Total Revenue		31 841	35 948
EXPENSES:			
Direct Investment Expenses	5	1 252	1 086
Administration Expenses	4	410	383
Benefit Expenses	6	7 830	10 444
Total Expenses		9 492	11 913
INCOME TAX EXPENSE	11(a),(b)	3 061	3 383
NET INCREASE IN FUNDS		19 288	20 652
NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period	10	216 811	197 523

The Statement of Changes in Net Assets should be read in conjunction with the accompanying notes

Statement of Net Assets as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENTS:			
Inflation Linked Securities B		22 552	21 961
Property B		19 810	22 398
Australian Equities B		49 805	43 375
International Equities B		45 239	40 878
Long Term Fixed Interest		16 906	10 433
Short Term Fixed Interest		5 007	7 246
Diversified Strategies Growth B		14 411	11 858
Diversified Strategies Income		33 548	27 413
Cash		11 481	13 147
		218 759	198 709
OTHER ASSETS:			
Cash and Cash Equivalents		512	486
Contributions Receivable		2	-
Receivables		9	8
		523	494
Total Assets		219 282	199 203
CURRENT LIABILITIES:			
Benefits Payable		167	1
Payables		60	30
Unearned Revenue		136	182
Current Tax Liability	11(c)	-	801
		363	1 014
NON-CURRENT LIABILITIES:			
Deferred Tax Liability	11(d)	2 108	666
		2 108	666
Total Liabilities		2 471	1 680
NET ASSETS AVAILABLE TO PAY BENEFITS	10	216 811	197 523

The Statement of Net Assets should be read in conjunction with the accompanying notes

SA Ambulance Service Superannuation Scheme

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and Funding

(a) SA Ambulance Service Superannuation Scheme

On 29 June 2006, the Treasurer declared the South Australian Ambulance Service Superannuation Scheme (the Scheme) a scheme and fund established pursuant to Clause 2 of Schedule 3 of the *Superannuation Act 1988* (the Act). The net assets of the SA Ambulance Service Superannuation Fund (the former scheme) as at 30 June 2006 were transferred to the Scheme. The Scheme is an exempt public sector superannuation scheme in terms of schedule 1AA of the *Superannuation Industry (Supervision) Regulations 1994* (Cwth). The Scheme is a taxed scheme by virtue of schedule 4 of the *Income Tax Assessment Regulations 1997* (Cwth).

The Scheme is governed by a Trust Deed and Rules pursuant to the Act and became effective from 1 July 2006. The Scheme's membership includes contributory, non-contributory, spouse, and preserved members. The main benefit for contributory members is a defined benefit. Non-contributory, spouse and preserved members are entitled to accumulation benefits. A member, other than a spouse member, has the option of transferring between the category of being a contributory and non-contributory member. The Scheme provides benefits to members on retirement, resignation, death, permanent or temporary disablement and serious ill health.

Member and Employer contributions are deposited by the Treasurer into the fund established for the Scheme (the Fund). The Scheme was closed to further new members with effect from 1 July 2008.

(b) South Australian Superannuation Board

Pursuant to Clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared the South Australian Superannuation Board (the Board) the Trustee of the Scheme from 1 July 2006. As Trustee of the Scheme, the Board is responsible for administering the Trust Deed and Rules.

(c) Superannuation Funds Management Corporation of South Australia (Funds SA)

Pursuant to Clause 2(1)(c) of Schedule 3 of the Act, the Treasurer declared the Fund to be invested and managed by Funds SA from 1 July 2006.

For further information on the investment of the Fund, reference should be made to the annual report of Funds SA.

(d) Funding Arrangements

For the year ended 30 June 2015, contributory members contributed 5 percent of post tax salary or 5.9 percent of pre-tax salary. Members could also make additional voluntary contributions on either a pre-tax or post-tax basis. The employer contributed at the rate of 12 percent of member salaries. For members who were entitled to the SA Ambulance Service Award superannuation benefit under the Scheme, the employer contributed an additional 3 percent of salaries (3.72 percent for Elective Services employees and Emergency Services staff).

The 12 percent employer contribution comprises: 10.16 percent for the defined benefit employer contribution; 0.63 percent represents administration expenses; and 1.21 percent represents insurance premiums. The components, which comprise contributions by employers, are provided in Note 3.

Non-contributory members are employees employed on a casual basis or those employees who elected prior to 30 June 2006 to not be a defined benefit member. Non-contributory members may make voluntary post-tax or pre-tax contributions. The employer contribution for non-contributory members is 9.5 percent (2014 9.25 percent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The recent triennial actuarial review as at 30 June 2014 has recommended that the current employer contribution for the defined benefit scheme members be reduced from 12 percent to 9.5 percent, effective from 1 July 2015. This contribution rate should maintain the value of the Scheme's assets at least equal to 105 percent of vested defined benefits. The 9.5 percent employer contribution will comprise: 7.84 percent for the defined benefit employer contribution; 0.83 percent represents administration expenses; and 0.83 percent represents insurance premiums.

The insurance cover for Death, Total and Permanent Disablement and Income Protection was provided as a self-insurance arrangement within the fund from 1 July 2006. The actuarial review as at 30 June 2014 has recommended that the insurance contribution be reduced from 1.21 percent to 0.83 percent, and of this; 0.59 percent represents insurance premiums for Death, Total and Permanent Disablement and Serious Ill-Health cover; and 0.24 percent represents premiums for Income Protection cover.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" 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.

SA Ambulance Service Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Scheme's financial statements commencing 1 July 2016. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

(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 as provided by Funds SA.

(i) Inflation Linked Securities B

The Inflation Linked Securities portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

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 balance date was performed by an independent valuer.

(ii) Property B

The Property B portfolio comprises two sub-sectors:

Listed Property Trusts

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

Unlisted Property Vehicles

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

(iii) Australian Equities B

The Australian Equities B portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

(iv) International Equities B

The International Equities B portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(v) Short Term and Long Term Fixed Interest

The Short Term and Long Term Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth B

The Diversified Strategies Growth B portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cashflows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and 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 balance date where applicable.

(vii) Diversified Strategies Income

The Diversified Strategies Income portfolio comprises investments in discretely managed investments and Australian and international pooled funds, 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 the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

SA Ambulance Service Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

(viii) Cash

The Cash portfolio is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(c) **Income Tax**

The Scheme is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 and accordingly the concessional tax rate of 15% has been applied.

Current Tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial report and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, which affect neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Scheme expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

(d) **Operation of Investment Portfolio**

Funds SA operates a multi-layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2015, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options. The SA Ambulance Service Superannuation Scheme is fully invested in the Balanced option.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

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

(f) **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.

(g) **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position include 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.

SA Ambulance Service Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

(h) Receivables and Payables

Contributions receivable are contributions relating to the 2014-15 financial year received by the Scheme after 30 June 2015.

Receivables are carried at nominal amounts due which approximate fair value.

Benefits payable comprises the entitlements of members who ceased employment and provided the Scheme with appropriate notification prior to 30 June 2015 but had not been paid until after 30 June 2015.

Unearned revenue are contributions relating to the 2015-16 financial year received by the Scheme prior to 30 June 2015.

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (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.

Regulation 70.5.03 of A New Tax System (Goods and Services Tax) Regulations 1999 specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Net Assets are shown inclusive of GST.

(j) 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 unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

3. Contributions by Employers

	2015 \$'000	2014 \$'000
Employer Contributions	9 897	9 828
Insurance Premiums	636	639
Administration Charges	331	333
	10 864	10 800

4. Administration Expenses

	2015 \$'000	2014 \$'000
Administration Fees ⁽ⁱ⁾	349	346
Other Expenses ⁽ⁱⁱ⁾	25	24
Consultancy Expenses ⁽ⁱⁱⁱ⁾	36	13
	410	383

- (i) Administration expenses incurred by the Board in administering the Scheme are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Board monthly.
- (ii) Other Expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled \$23,100 (2014 \$22,500). No other services were provided by the Auditor-General's Department.
- (iii) Consultancy Expenses comprise of actuarial services provided by Mercer Consulting (Australia) Pty Ltd relating to self-insurance arrangements and advice pertaining to cost of Manager Patient Services allowance for the Scheme.

5. Direct Investment Expenses

Direct Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount based on the Scheme's proportionate investment. In 2014-15 the increase in investment management expenses were largely attributable to:

- Increased funds under management driven by strong share market performance (costs are applied on a percentage basis of funds under management); and
- An increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

SA Ambulance Service Superannuation Scheme

6. Benefit Expenses

	2015 \$'000	2014 \$'000
Retirement	6 711	7 766
Resignation	936	1 236
Total and Permanent Disablement	111	1 341
Salary Continuance	72	101
	<u>7 830</u>	<u>10 444</u>

7. Liability for Accrued Benefits

Actuarial valuations to determine the liability for accrued benefits are conducted at least every three years. The most recent actuarial valuation was undertaken as at 30 June 2014 and the next review to be undertaken as at 30 June 2017. The liability was determined on the basis of the present value of the expected future payments that will arise from membership of the Scheme up to 30 June 2014. The figure reported has been determined by reference to the expected future salary level increases (4 percent) and by application of the market-based, risk-adjusted discount rate after tax (6 percent).

	2014 \$'000	2011 \$'000
Liability for Accrued Benefits	<u>191 917</u>	<u>141 768</u>

8. Vested Benefits

Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which members were entitled to receive had they terminated their Scheme membership as at the reporting date.

	2015 \$'000	2014 \$'000
Vested Benefits	<u>205 979</u>	<u>186 044</u>

9. Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

SA Ambulance Service Superannuation Scheme

10. Net Assets Available To Pay Benefits

(a) Assets Available To Pay Benefits	2015 \$'000	2014 \$'000
Funds held at 1 July	195 967	172 658
Less:-		
Prior Year Adjustment on Insurance Reserve	469	-
Add:-		
Contributions by Members	1 378	1 320
Contributions by Employers	10 228	10 161
Investment Revenue	19 139	23 365
Transfers from Insurance Reserve	-	3 000
Rollovers from Other Schemes	245	185
Spouse Contributions	4	4
Government Co-Contributions	13	12
Other Revenue	16	16
	31 023	38 063
Less:-		
Benefit Expenses	7 702	9 908
Direct Investment Expense	1 252	1 086
Administration Expenses	404	377
Income Tax Expense	3 061	3 383
	12 419	14 754
Assets Available To Pay Benefits	214 102	195 967
(b) Insurance Reserve	2015 \$'000	2014 \$'000
Opening Balance of Insurance Reserve	1 063	4 213
Add:		
Prior Year Adjustment	469	-
Add:		
Premiums and Charges	636	639
Investment Revenue on Insurance Reserve @ 8.13%	142	229
	778	868
Less:		
Total and Permanent Disablement	56	435
Temporary Disablement	72	101
	128	536
Less:		
Transfer to the Scheme	-	3 000
Transfer to Operational Risk Reserve	-	476
Consultancy Expenses	6	6
	6	3 482
Closing Balance of Insurance Reserve	2 176	1 083
(c) Operational Risk Reserve	2015 \$'000	2014 \$'000
Opening Balance of Operational Risk Reserve	493	-
Add:		
Transfer from Insurance Reserve	-	476
Investment Revenue on Operational Risk Reserve @ 8.13%	40	17
Closing Balance of Operational Risk Reserve	533	493
Net Assets Available To Pay Benefits	216 811	197 523

SA Ambulance Service Superannuation Scheme

11. Taxation

	2015 \$'000	2014 \$'000
(a) Major components of Tax Expense		
Current income tax		
Current tax charge	1 652	1 725
Adjustment to current tax for prior periods	(32)	(54)
Deferred income tax		
Relating to the originating and reversal of temporary differences	1 392	1 712
Adjustment to deferred tax for prior periods	49	-
Income Tax Expense	3 061	3 383
(b) Income Tax Expense		
Changes in net assets before tax	22 349	24 217
Tax applicable at the rate of 15% (2014: 15%)	3 352	3 633
Tax effect of income and losses that are not assessable/or deductible in determining taxable income		
Investment revenue	(753)	(792)
Member contributions	(209)	(204)
Transfers in	(37)	(28)
Tax effect of expenses that are not deductible in determining taxable income		
Benefit Expenses	1 175	1 567
Tax effect of other adjustments		
Imputation and foreign tax credits	(399)	(739)
Self-insurance deduction	(85)	-
Over provision prior period	17	(54)
Income Tax Expense	3 061	3 383
(c) Current Tax Liabilities		
Balance at beginning of year	801	1 172
Income tax paid - prior periods	(854)	(1 087)
Income tax paid - current period	(1 567)	(924)
Current years income tax provision	1 652	1 725
(Over) provision prior period	(32)	(85)
Current Tax Liability	-	801
(d) Deferred Tax Liability		
The amount of deferred tax liability recognised in the Statement of Net Assets at reporting date is made up as follows:		
Accrued expenses	(4)	(4)
Prepaid contributions/Contributions Receivable	(18)	-
Realised capital losses carried forward (discounted)	(1 423)	(1 759)
Unrealised capital gains carried forward (discounted)	3 553	2 429
	2 108	666

12. Related Parties

The Board acts as Trustee for the SA Ambulance Service Superannuation Scheme. For details of Board membership and remuneration refer to the Super SA Board's financial statements.

13. 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.

SA Ambulance Service Superannuation Scheme

Financial Instruments (Continued)

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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, by Funds SA.

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.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

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 their forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option in the year ahead. The following tables show the standard deviation around expected nominal returns for each investment option for each scheme.

2015

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
Balanced	Nominal standard deviation	6.3%	7.9%

SA Ambulance Service Superannuation Scheme

Financial Instruments (Continued)

2014

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
Balanced	Nominal standard deviation	7.0%	7.7%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

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 and there is no concentration of credit risk.

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 redemptions requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions.
- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the tables 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	167	167	167
Payables (i)	34	34	34
Unearned Revenue	136	136	136
Vested benefits (ii)	205 979	205 979	205 979
Total	206 316	206 316	206 316

SA Ambulance Service Superannuation Scheme

Financial Instruments (Continued)

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	1	1	1
Unearned Revenue	182	182	182
Vested benefits (ii)	186 044	186 044	186 044
Total	186 227	186 227	186 227

- (i) Payable amounts disclosed here exclude amounts relating to statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).
- (ii) 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

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

218 759

218 759

30 June 2014

Unlisted managed investment schemes
Funds SA

198 709

198 709

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.

14. Events after the reporting period

There were no significant events after the reporting period.

SA Ambulance Service Superannuation Scheme

Certification of the Financial Report

We certify that the attached general purpose financial report for the SA Ambulance Service Superannuation Scheme:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Scheme; and
- presents a true and fair view of the financial position of the Scheme 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 Scheme for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague
GENERAL MANAGER
STATE SUPERANNUATION OFFICE



Philip Jackson
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Robert Drusetta FCPA
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT
STATE SUPERANNUATION OFFICE

Date 17 September 2015



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**To the Presiding Member
South Australian Superannuation Board
South Australian Ambulance Service Superannuation Scheme**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the accompanying financial report of the South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Changes in Net Assets for the year ended 30 June 2015
- a Statement of Net Assets as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

**The members of the South Australian Superannuation Board's
Responsibility for the Financial Report**

The members of the South Australian 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 South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

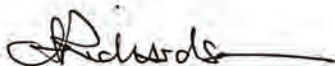
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian 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 South Australian Ambulance Service Superannuation Scheme as at 30 June 2015 and its financial performance for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

19 September 2015

South Australian Superannuation Scheme

Financial report
for the year ended
30 June 2015

South Australian Superannuation Scheme
Operating Statement for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENT AND OTHER REVENUE:			
Investment Revenue		513 308	692 817
Other Revenue	17	36 261	37 644
CONTRIBUTION REVENUE:			
Contributions for Past Service Liability	1(d), 14	360 195	360 907
Contributions by Employers	15	65 365	77 205
Contributions by Members		22 297	25 472
Rollovers from Other Schemes		1 424	1 588
Government Co-Contributions	18	46	64
Total Contribution Revenue		449 327	465 236
Total Revenue		998 896	1 195 697
EXPENSES:			
Direct Investment Expenses	4	34 923	32 562
Co-Contributions Transferred to Other Scheme	18	46	64
Higher Education Superannuation Costs	20	8 993	9 263
Administration Expenses	5	2 780	2 543
Benefits Expense	8	689 770	787 337
Total Expenses		736 512	831 769
OPERATING RESULT FOR THE PERIOD		262 384	363 928

The Operating Statement should be read in conjunction with the accompanying notes

Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENTS:			
Inflation Linked Securities A		360 469	372 841
Property A		712 054	685 409
Australian Equities A		1 184 035	1 156 496
International Equities A		1 266 589	1 325 617
Long Term Fixed Interest		99 824	81 820
Short Term Fixed Interest		12 722	35 454
Diversified Strategies - Growth A		480 801	411 221
Diversified Strategies - Income		683 983	680 348
Cash		176 942	142 807
Socially Responsible		3 355	2 662
	10	4 980 774	4 894 675
OTHER ASSETS:			
Cash and Cash Equivalents	12	5 628	9 285
Contributions Receivable	3	1 922	2 010
Other Revenue Receivable	16	5 614	8 511
Receivables	19	412	426
		13 576	20 232
Total Assets		4 994 350	4 914 907
CURRENT LIABILITIES:			
Benefits Payable		27 175	16 791
Payables	13	91	155
Total Liabilities		27 266	16 946
NET ASSETS AVAILABLE TO PAY BENEFITS	8	4 967 084	4 897 961
Less: LIABILITY FOR ACCRUED BENEFITS	8	10 298 353	10 491 614
EXCESS OF LIABILITIES OVER NET ASSETS		(5 331 269)	(5 593 653)

The Statement of Financial Position should be read in conjunction with the accompanying notes

South Australian Superannuation Scheme

Statement of Cash Flows for the year ended 30 June 2015

			2015	2014
		Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)
		\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Contributions Received:				
Contributions for Past Service Liability		360 925		359 417
Contributions by Employers		65 463		77 217
Contributions by Members		22 288		25 511
Rollovers from Other Schemes		1 424		1 592
Government Co-Contributions		<u>46</u>		<u>64</u>
			450 146	463 801
GST Recovered from the ATO			149	146
Other Income:				
Reimbursement from Other Sources:				
Public Authorities		38 137		37 010
Temporary Disability Reimbursements		84		40
Interest Received		<u>210</u>		<u>232</u>
			38 431	37 282
Benefits Paid:				
Pensions		(598 284)		(574 775)
Commutation of Pension Benefits		(28 034)		(25 810)
Lump Sums		<u>(246 445)</u>		<u>(191 327)</u>
			(872 763)	(791 912)
Administration Expenses Paid			(2 867)	(2 708)
Co-Contributions Transferred to Other Scheme			(46)	(64)
Higher Education Superannuation Costs			<u>(8 992)</u>	<u>(18 520)</u>
Net Cash (used in) Operating Activities	11		<u>(395 942)</u>	<u>(311 975)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Receipts from Funds SA			826 054	806 178
Payments to Funds SA			<u>(433 769)</u>	<u>(491 411)</u>
Net Cash provided by Investing Activities			<u>392 285</u>	<u>314 767</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD			<u>(3 657)</u>	<u>2 792</u>
CASH AND CASH EQUIVALENTS AT 1 JULY			<u>9 285</u>	<u>6 493</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	12		<u>5 628</u>	<u>9 285</u>

South Australian Superannuation Scheme

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Objectives and Funding

(a) **South Australian Superannuation Scheme**

The South Australian Superannuation Scheme (the Scheme) is a voluntary superannuation scheme which exists pursuant to the *Superannuation Act 1988* (the Act). It previously existed in different forms under various other legislation. The Act provides for superannuation benefits for persons employed by the SA Government and other prescribed persons and makes provisions for the families of such persons. It is not available to Members of Parliament, the judiciary or to police officers who are each provided for under separate legislation.

Contributors to the Scheme may be either old scheme contributors, who are entitled to a pension based benefit, or new scheme contributors who are entitled to a lump sum based benefit. The old scheme contributors segment of the Scheme was closed to new members in May 1986. The new scheme contributors segment of the scheme was closed to new members in May 1994.

Contributors make contributions from after tax salary based on a percentage of their salary, with the standard contribution rate being between 5 and 6 percent. Contributors may elect to vary their contribution rate in accordance with section 23 of the Act. A contribution account is maintained for each contributor. If a member ceases to contribute they will be automatically covered by the Southern State Superannuation Scheme (Triple S), to meet the minimum requirements of the Commonwealth legislation. At this point the member will be recognised as a Triple S member and their Scheme account will be maintained to reflect the contribution points previously accrued.

Since October 1989, the Act has required that contributions be paid to the Treasurer, who in turn deposits those contributions into the South Australian Superannuation Fund (the Fund), which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Act requires the Fund to be treated as being made up of two divisions, being the Old Scheme Division and the New Scheme Division. Each division consists of the contributions and the accretions arising from the investment of those contributions in respect of relevant old or new scheme contributors. Consistent with the accounts of the Fund the accounts of the Scheme are also maintained in respect of each division.

(b) **South Australian Superannuation Board**

The Act charges the South Australian Superannuation Board (the Board), a body corporate, with responsibility for all aspects of the administration of the Act except for the management and investment of the Fund. The Act also provides the Board with the necessary powers to administer the Scheme. The Board has contracted the Department of Treasury and Finance (DTF) to provide administrative services in accordance with the Act. A portion of the administrative costs are recovered from the Scheme. The Board's financial report provides the total administration cost paid to DTF.

Under the Act, the Board is required to determine rates of return to be credited to each division of the Fund, with those rates being credited to each contribution account at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by Funds SA for each division of the Fund.

(c) **Superannuation Funds Management Corporation of South Australia**

Funds SA is a SA Government Entity established under the *Superannuation Funds Management Corporation of South Australia Act 1995*. Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Fund and the South Australian Superannuation Scheme Contribution Account (the Account), reference should be made to the annual report of Funds SA. The investment assets, liabilities, income and expense contained in this financial report are related to the investment activities of Funds SA.

(d) **Funding Arrangements**

Under section 20B of the Act, any payment made to a contributor must be made out of the Consolidated Account or a Special Deposit Account with DTF established for that purpose. The Treasurer may subsequently reimburse the Consolidated Account or Special Deposit Account from the Fund the proportion of any such payment charged against the contributor's contribution account. The prescribed proportion of that payment or benefit payments to be charged to the old scheme contributor's accounts is determined by the Board in accordance with section 47C and 47D of the Act. During the year ended 30 June 2015 no payments (2014 \$Nil) were made to the Consolidated Account.

The Treasurer may also seek reimbursement of the employer portion of any such payments from certain employer bodies under agreements made between the Treasurer and/or the Board and those employer bodies. The employer portion of benefits is met from the Account established by the Treasurer to record employer superannuation contributions. The employer portion of payments may be in relation to State Government Departments, Statutory Authorities and former State Government employees now employed by the Commonwealth Government. Employer contributions for these agencies were 26 percent (2014 26 percent) for old scheme contributors and 14.75 percent (2014 14.75 percent) for new scheme contributors.

Funding for the employer portion of payments met from the Account is from monies deposited under arrangements with respective employers. Monies deposited in the Account are invested and managed by Funds SA but do not form part of the Fund. The Treasurer seeks reimbursement from the Account balances as benefits are paid. The arrangements with employers are:

South Australian Superannuation Scheme

Funding Arrangements (Continued)

(i) State Government Departments

State Government Departments pay fortnightly employer contributions to the Treasurer for their emerging superannuation liabilities which are deposited by the Treasurer into the Account. During the reporting period \$48.366 million (2014 \$56.373 million) was received or receivable from State Government Departments.

Since 30 June 1994 the Government has commenced a process of funding its accrued past service superannuation liabilities. During the year ended 30 June 2015 the Government transferred a total of \$356.7 million (2014 \$357.4 million) into the Account. Current Government policy is that it will continue to pay contributions to the Account to meet the accrued past service liability so that the liability will be fully funded by 30 June 2034.

(ii) Statutory Authorities

Where the employer proportion of a payment relates to Statutory Authorities, three different funding arrangements exist. These arrangements are made by the Board, which has entered into agreements with individual authorities pursuant to section 5 of the Act. The terms agreed in any such arrangements must be approved by the Minister. The three arrangements are:

- **State Government Liability for Statutory Authorities**

These authorities have made arrangements with the Board to fund their emerging superannuation liabilities by making regular payments to the Treasurer based on an actuarial assessment. These monies are deposited in the Account. In addition, the Government has commenced a process of funding the past service superannuation liability for these authorities as outlined in Note 1(d)(i).

- **Employer Contribution Accounts**

Certain public sector employers have made arrangements with the Board to fund their superannuation liabilities by making regular payments to the Treasurer based on an actuarial assessment performed every three years. The Treasurer deposits these monies in the Account into what are referred to as the Employer Contribution Accounts. The Treasurer seeks reimbursement from the Employer Contribution Account balances as benefits are paid.

Contributions of \$2.492 million (2014 \$2.396 million) have also been received from SA Water, \$549,000 (2014 \$528,000) from WorkCoverSA and \$454,500 (2014 \$583,000) from Forestry SA to fund their accrued superannuation liabilities.

- **Public Authorities Accounts (Universities)**

Some public authorities make provisions in their own accounts for their future superannuation liabilities and no balances are maintained in the Account. The Treasurer seeks reimbursement from the Account in the first instance and simultaneously seeks reimbursement directly from these authorities as benefits are paid.

Of the total contributions received from Statutory Authorities, \$16.692 million (2014 \$20.585 million) relates to amounts received or receivable from SA Government entities and \$307 000 (2014 \$247 000) relates to amounts received from non SA Government entities.

The liability for future benefits is funded to the extent of benefits to be reimbursed from the Fund, the Account, and the Public Authorities Accounts referred to in Note 1(d)(ii) above. The liability for future benefits is only partially funded in respect of benefits to be reimbursed from State Government Departments and the State Government liability for Statutory Authorities. The net assets figure shown in this report represents the amount available to meet these future benefits.

Refer to notes 14 and 15 for tables showing breakdown of revenue.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" 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.

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Scheme's financial statements commencing 1 July 2016. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

South Australian Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

(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, as provided by Funds SA.

(i) Inflation Linked Securities A

The Inflation Linked Securities portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

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 balance date was performed by an independent valuer.

(ii) Property A

The Property A portfolio comprises two sub-sectors:

Listed Property Trusts

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

Unlisted property vehicles

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this 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 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 balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(v) Short Term and Long Term Fixed Interest

The Short Term and Long Term Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth A

The Diversified Strategies Growth A portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and 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 balance date where applicable.

(vii) Diversified Strategies Income

The Diversified Strategies Income portfolio comprises investments in discretely managed investments and Australian and international pooled funds, 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 the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(viii) 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.

(ix) Socially Responsible Investment

The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

South Australian Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

(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) 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 SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

During the financial year all of the above investment options were available to members for assets invested in the South Australian Superannuation Fund Account (New Scheme Division). The assets of the South Australian Superannuation Fund Account (Old Scheme Division) and the South Australian Superannuation Scheme Contribution Account are invested in the Growth option.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

(e) Revenue

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

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

(f) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Scheme 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.

(g) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include 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. Cash is measured at nominal value.

(h) Receivables and Payables

Contributions receivable are contributions relating to the 2014-15 financial year received by the Scheme after 30 June 2015.

Other receivables are carried at nominal amounts due that approximate fair value. Other 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.

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of the Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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.

Regulation 70.5.03 of *A New Tax System (Goods and Services Tax) Regulations 1999* specifies the rate at which GST can be recovered through reduced input tax credits.

(j) 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 unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

South Australian Superannuation Scheme

3. Contributions Receivable

	2015	2014
	\$'000	\$'000
Contributions Receivable from Members	433	424
Contributions Receivable from Employers	1 489	1 586
	<u>1 922</u>	<u>2 010</u>

4. Direct Investment Expenses

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. In 2014-15 the increase in direct investment expenses was largely attributable to an increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

5. Administration Expenses

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	2014 \$'000
Administration Expenses (i)	1 437	1 176	2 613	2 416
Bank Fees	8	-	8	8
Other Expenses (ii)	100	37	137	75
Consultancy Expenses (iii)	19	3	22	44
Total Administration Expenses	<u>1 564</u>	<u>1 216</u>	<u>2 780</u>	<u>2 543</u>

(i) Administration Expenses comprises the costs incurred by the Department of Treasury and Finance in administering the Scheme, which are met in the first instance from the Department of Treasury and Finance Operating Account. The Board recovers a share of the administration cost from the Scheme. The cost is recovered in two components:

- Subsection 17(7) of the Act requires that the Fund meet a prescribed portion of these costs, currently 30 percent.
- 70 percent of costs were deducted from the employer contributions received during the year.

(ii) Other Expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled \$76,700 (2014 \$74,800). No other services were provided by the Auditor-General's Department.

(iii) Consultancy Expenses are in relation to actuarial services provided by PricewaterhouseCoopers regarding the valuation of accrued benefits liability in accordance with AAS25.

South Australian Superannuation Scheme

6. Net Assets available to Pay Benefits

Net assets available to pay benefits consist of the combined balances of the South Australian Superannuation Fund and the South Australian Superannuation Scheme Contribution Account. Movements in the balances of these accounts are detailed below:

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	2014 \$'000
(a) SA Superannuation Fund Account (Employee Component)				
Funds held at 1 July	1 411 409	665 566	2 076 975	1 932 775
Add: Contributions	3 636	18 661	22 297	25 472
Rollovers from Other Schemes	1	1 423	1 424	1 588
Investment Revenue	146 395	65 812	212 207	283 640
Government Co-contributions	3	43	46	64
Other Revenue	34	28	62	68
	<u>150 069</u>	<u>85 967</u>	<u>236 036</u>	<u>310 832</u>
Less: Benefits Paid/Payable	91 120	88 232	179 352	152 598
Direct Investment Expenses	10 108	4 463	14 571	13 215
Co-Contributions Transferred to Other Scheme	3	43	46	64
Administration Expenses	<u>453</u>	<u>364</u>	<u>817</u>	<u>755</u>
	<u>101 684</u>	<u>93 102</u>	<u>194 786</u>	<u>166 632</u>
Funds held at 30 June	1 459 794	658 431	2 118 225	2 076 975
(b) SA Superannuation Scheme Contribution Account (Employer Component)				
			2015 \$'000	2014 \$'000
Funds held at 1 July			2 820 986	2 612 358
Add: Employer Contributions:				
State Government Departments		48 366		56 373
Statutory Authorities		16 999		20 832
Contribution for Past Service Liability		<u>360 195</u>		<u>360 907</u>
			425 560	438 112
Investment Revenue			301 101	409 177
Other Revenue - Public Authorities			35 972	37 324
Other Revenue - Interest Received			145	156
Other Revenue - Temporary Disability			<u>82</u>	<u>96</u>
			<u>762 860</u>	<u>884 865</u>
Less: Benefits Paid/Payable:				
Old Scheme Contributors		545 856		520 759
New Scheme Contributors		<u>157 823</u>		<u>125 080</u>
			703 679	645 839
Direct Investment Expenses			20 352	19 347
Higher Education Superannuation Costs			8 993	9 263
Administration Expenses			<u>1 963</u>	<u>1 788</u>
			<u>734 987</u>	<u>676 237</u>
Funds held at 30 June			2 848 859	2 820 986
Total Net Assets Available to Pay Benefits			4 967 084	4 897 961

South Australian Superannuation Scheme

7. Benefits Paid/Payable

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2014 \$'000
Pensions:						
Funded from: SA Superannuation Fund	84 342	94	84 436	80 511	96	80 607
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	27 315	-	27 315	26 519	-	26 519
Public Authorities	34 484	1	34 485	33 360	2	33 362
SA Government Employer Account	453 204	676	453 880	435 190	738	435 928
Gross Scheme Costs	599 345	771	600 116	575 580	836	576 416
Commutations:						
Funded from: SA Superannuation Fund	3 925	-	3 925	3 613	-	3 613
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	3 779	-	3 779	5 159	-	5 159
Public Authorities	105	-	105	595	-	595
SA Government Employer Account	20 225	-	20 225	16 443	-	16 443
Gross Scheme Costs	28 034	-	28 034	25 810	-	25 810
Lump Sums:						
Funded from: SA Superannuation Fund	2 561	87 564	90 125	1 834	64 556	66 390
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	2 130	41 701	43 831	761	29 204	29 965
Public Authorities	-	1 488	1 488	57	3 404	3 461
SA Government Employer Account	3 724	112 991	116 715	2 675	88 933	91 608
Gross Scheme Costs	8 415	243 744	252 159	5 327	186 097	191 424
Retrenchments:						
Funded from: SA Superannuation Fund	9	-	9	-	79	79
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	-	-	-	-	195	195
Public Authorities	-	-	-	-	-	-
SA Government Employer Account	206	-	206	-	-	-
Gross Scheme Costs	215	-	215	-	274	274
Targeted Separation Packages:						
Funded from: SA Superannuation Fund	283	574	857	72	1 837	1 909
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	-	-	-	-	494	494
Public Authorities	-	-	-	-	-	-
SA Government Employer Account	684	966	1 650	-	2 110	2 110
Gross Scheme Costs	967	1 540	2 507	72	4 441	4 513
Total Benefits Paid/Payable	636 976	246 055	883 031	606 789	191 648	798 437
Total Benefit Payments:						
Funded from: SA Superannuation Fund	91 120	88 232	179 352	86 030	66 588	152 598
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	33 224	41 701	74 925	32 439	29 893	62 332
Public Authorities	34 589	1 489	36 078	34 012	3 406	37 418
SA Government Employer Account	478 043	114 633	592 676	454 308	91 781	546 089
Gross Scheme Costs	636 976	246 055	883 031	606 789	191 648	798 437

8. Liability for Accrued Benefits

The accrued liabilities of the Scheme as determined by Ms Catherine Nance, Fellow of the Institute of Actuaries of Australia from PricewaterhouseCoopers are shown below.

For the old scheme contributors and the employer funded defined benefit component in respect of new scheme contributors, the accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2015.

For the employee funded, defined contribution component for new scheme contributors, the accrued liability is the balance of the employees' contribution accounts as at 30 June 2015.

The expected future benefit payments have been determined using the 2013 triennial review assumptions relating to mortality, disability, withdrawal, preservation and retirement. The review's salary promotion scale and economic assumptions have also been used, while general salary increases of 1.5 percent per annum above the Adelaide Consumer Price Index (CPI) have been allowed for. In accordance with Australian Accounting Standard AAS 25 "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 of 4.5 percent per annum above the CPI of 2.5 percent.

South Australian Superannuation Scheme

Liability for Accrued Benefits (continued)

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2014 \$'000
Changes in the Liability for Accrued Benefits:						
Liability for Accrued Benefits at 1 July	8 648 367	1 843 247	10 491 614	8 669 602	1 833 112	10 502 714
Add: Benefits Expense (i)	512 205	177 565	689 770	585 554	201 783	787 337
Less: Benefits Paid/Payable (ii)	636 976	246 055	883 031	606 789	191 648	798 437
Liability for Accrued Benefits at 30 June	8 523 596	1 774 757	10 298 353	8 648 367	1 843 247	10 491 614
Represented by:						
SA Superannuation Fund	1 199 676	671 176	1 870 852	1 217 167	672 788	1 889 955
SA Superannuation Scheme Contribution A/C:						
Employer Contribution Accounts	1 247 402	375 595	1 622 997	1 256 136	381 034	1 637 170
SA Government Employer Account	5 755 144	717 218	6 472 362	5 855 786	777 772	6 633 558
Public Authorities	321 374	10 768	332 142	319 278	11 653	330 931
Total	8 523 596	1 774 757	10 298 353	8 648 367	1 843 247	10 491 614

- (i) This figure represents the change in Liability for Accrued Benefits plus Benefits Paid for the year.
(ii) Refer to Note 7.

Although the total liability for accrued benefits shown above is \$10.298 billion, the SA Government is only responsible for funding the SA Government Employer Account of \$6.472 billion and part of the Employer Contribution Accounts. The remaining liability includes the members fund, commercial entities and the Commonwealth share of the universities.

Pursuant to the Act, actuarial reviews of the Scheme must be conducted on a three yearly basis to address the cost of the Scheme to the Government and the proportion of future benefits that can be met from the Fund. The last review was carried out as at 30 June 2013 by Ms Catherine Nance, Fellow of the Institute of Actuaries of Australia from PricewaterhouseCoopers. Her report to the Minister dated June 2014, was tabled in Parliament on 3 July 2014. These 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.

9. Vested Benefits

Vested benefits are benefits which are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which contributors would be entitled to receive on termination of their Scheme membership.

Resigning contributors have two options in the Old Scheme Division (Pension Scheme) and a third option in the New Scheme Division (Lump Sum Scheme). Firstly, they can elect to take a cash refund of their own contributions, accumulated with interest, with their employer Superannuation Guarantee entitlement preserved in the Scheme. Secondly, they can elect to take a fully vested, preserved benefit which will be based on their full accrued entitlement as at the date of resignation and will be increased during preservation in line with increases in investment earnings and the CPI. Alternatively, Lump Sum Scheme members can transfer their benefit to another scheme where the employer benefit is equal to twice the member balance (at standard rates) plus a productivity component.

The vested benefits shown below assume that all resignation benefits will be taken in the form of preserved or transferred benefits. The value of vested benefits has been calculated using the same actuarial and economic assumptions as for the calculation of accrued benefits.

As for accrued benefits, vested benefits have been calculated as at 30 June 2015.

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2014 \$'000
SA Superannuation Fund	1 194 674	671 176	1 865 850	1 205 968	672 788	1 878 756
SA Superannuation Scheme Contribution A/C:						
Employer Contribution Accounts	1 244 785	416 893	1 661 678	1 245 852	414 718	1 660 570
SA Government Employer Account	5 726 116	810 374	6 536 490	5 796 654	858 523	6 655 177
Public Authorities	321 494	11 693	333 187	318 968	12 557	331 525
Total	8 487 069	1 910 136	10 397 205	8 567 442	1 958 586	10 526 028

South Australian Superannuation Scheme

10. Summary of Investments

The Interests of the Fund and the South Australian Superannuation Scheme Contribution Account in the Unitised Investment Portfolio of Funds SA are as follows:	Fund-Old Scheme Division	Fund-New Scheme Division	Scheme Cont'n Accounts	Total 2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Inflation Linked Securities A	103 424	51 597	205 448	360 469	372 841
Property A	207 945	91 035	413 074	712 054	685 409
Australian Equities A	345 994	150 738	687 303	1 184 035	1 156 496
International Equities A	370 013	161 559	735 017	1 266 589	1 325 617
Long Term Fixed Interest	28 335	15 201	56 288	99 824	81 820
Short Term Fixed Interest	-	12 722	-	12 722	35 454
Diversified Strategies - Growth A	140 523	57 991	282 287	480 801	411 221
Diversified Strategies - Income	198 685	90 617	394 681	683 983	680 348
Cash	47 646	34 648	94 648	176 942	142 807
Socially Responsible	-	3 355	-	3 355	2 662
Total	1 442 565	669 463	2 868 746	4 980 774	4 894 675

11. Reconciliation of Operating Result to Net Cash (used in) Operating Activities

	2015 \$'000	2014 \$'000
Operating Result	262 384	363 928
Investment Revenue	(513 308)	(692 817)
Direct Investment Expenses	34 923	32 562
Decrease in Contributions Receivable	88	23
Decrease/(Increase) in Other Revenue Receivable	2 897	(1 859)
Decrease/(Increase) in Receivables	15	(122)
Increase in Benefits Payable	10 384	6 650
(Decrease) in Payables	(64)	(9 240)
(Decrease) in Liability for Accrued Benefits	(193 261)	(11 100)
Net Cash (used in) Operating Activities	(395 942)	(311 975)

12. Reconciliation of Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2015 \$'000	2014 \$'000
Cash and Cash Equivalents per Statement of Financial Position	5 628	9 285
Cash and Cash Equivalents per Statement of Cash Flows	5 628	9 285

13. Payables

	2015 \$'000	2014 \$'000
Audit Fees	87	80
Contributions Refundable	-	27
Overseas Pensions	-	15
Returned Benefit Payments	4	28
Other Payables	-	5
	91	155

South Australian Superannuation Scheme

14. Contributions for Past Service Liability

	2015 \$'000	2014 \$'000
SA Government	356 700	357 400
SA Water	2 492	2 396
Workcover	549	528
Forestry SA	454	583
	<u>360 195</u>	<u>360 907</u>

15. Contributions by Employers

	2015 \$'000	2014 \$'000
State Government Departments	48 366	56 373
Statutory Authorities - State Government Entities	16 692	20 585
Statutory Authorities - Non State Government Entities	307	247
	<u>65 365</u>	<u>77 205</u>

16. Other Revenue Receivable

	2015 \$'000	2014 \$'000
Public Authorities	5 517	8 411
Temporary Disability	97	100
	<u>5 614</u>	<u>8 511</u>

17. Other Revenue

	2015 \$'000	2014 \$'000
Interest	207	224
Public Authorities (i)	35 972	37 324
Temporary Disability	82	96
	<u>36 261</u>	<u>37 644</u>

(i) Refer to Note 1(d)

18. Government Co-Contributions

During the 2014-15 financial year, the Scheme received Co-contributions from the ATO amounting to \$46,000 (2014 \$64,000). Whilst members of the Scheme are eligible to receive the Co-contribution, the contributions are not retained in the Scheme and are immediately transferred to the Southern State Superannuation Scheme upon receipt for crediting to members' existing or newly created accounts.

19. Receivables

	2015 \$'000	2014 \$'000
Interest	13	16
Benefit Repayments	355	369
GST Recovered from the ATO	16	28
Overpaid Pensions	28	13
	<u>412</u>	<u>426</u>

20. Higher Education Superannuation Costs

An amount of \$8.993 million (2014 \$9.263 million) was paid to the Commonwealth Government which related to the South Australian share of the 2014-15 higher education superannuation costs under the Commonwealth – State agreement. This agreement provides that the employer component of the superannuation benefits payable to former employees of South Australian Universities who were members of one of the main State Schemes, be shared.

South Australian Superannuation Scheme

21. Financial Instruments

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Currency risk

Currency risk is the risk that the fair 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 which has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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, by Funds SA.

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.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

iii. Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- Ensuring a diversity of exposures to different financial markets and sub markets.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

South Australian Superannuation Scheme

Financial Instruments (Continued)

IV. Sensitivity analysis

The Funds SA Board has determined that their forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option in the year ahead. The following tables show the standard deviation around expected nominal returns for each investment option.

2015

Investment Option	Sensitivity variable	Expected Nominal Return	Standard Deviation
High Growth	Nominal standard deviation	8.2%	11.9%
Growth	Nominal standard deviation	7.5%	10.0%
Balanced	Nominal standard deviation	7.0%	8.8%
Moderate	Nominal standard deviation	6.1%	6.8%
Conservative	Nominal standard deviation	5.4%	5.1%
Capital defensive	Nominal standard deviation	4.5%	3.2%
Cash	Nominal standard deviation	2.9%	1.3%
Socially Responsible	Nominal standard deviation	6.2%	10.4%

2014

Investment Option	Sensitivity variable	Expected Nominal Return	Standard Deviation
High Growth	Nominal standard deviation	9.1%	12.1%
Growth	Nominal standard deviation	8.3%	9.9%
Balanced	Nominal standard deviation	7.8%	8.6%
Moderate	Nominal standard deviation	7.0%	6.6%
Conservative	Nominal standard deviation	6.3%	4.8%
Capital defensive	Nominal standard deviation	5.5%	3.0%
Cash	Nominal standard deviation	3.9%	1.5%
Socially Responsible	Nominal standard deviation	7.2%	10.6%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

b) Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired and there is no concentration of credit risk.

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.

South Australian Superannuation Scheme

Financial Instruments (Continued)

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	27 175	27 175	27 175
Payables (i)	4	4	4
Vested benefits (ii)	10 397 205	10 397 205	10 397 205
Total	10 424 384	10 424 384	10 424 384

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	16 791	16 791	16 791
Payables (i)	75	75	75
Vested benefits (ii)	10 526 028	10 526 028	10 526 028
Total	10 542 894	10 542 894	10 542 894

- (i) Payable amounts disclosed here exclude amounts relating to statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).
- (ii) 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

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

4 980 774

4 980 774

30 June 2014

Unlisted managed investment schemes

Funds SA

4 894 675

4 894 675

South Australian Superannuation Scheme

Financial Instruments (Continued)

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.

22. Related Parties

Details of the members of the Board and their remuneration for the 2014-15 financial year are disclosed in the notes to the Board's Financial Report.

23. Events after the reporting period

There were no significant events after the reporting period.

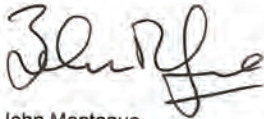
South Australian Superannuation Scheme

Certification of the Financial Report

We certify that the attached general purpose financial report for the South Australian Superannuation Scheme:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Scheme; and
- presents a true and fair view of the financial position of the Scheme 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 Scheme for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague
GENERAL MANAGER
STATE SUPERANNUATION OFFICE



Philip Jackson
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Robert Drusetta FCPA
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT
STATE SUPERANNUATION OFFICE

Date 17 September 2015



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**To the Presiding Member
South Australian Superannuation Board
South Australian Superannuation Scheme**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 20AB(2) of the *Superannuation Act 1988*, I have audited the accompanying financial report of the South Australian Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- an Operating Statement for the year ended 30 June 2015
- a Statement of Financial Position as at 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 Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

The members of the South Australian Superannuation Board's Responsibility for the Financial Report

The members of the South Australian 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 South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Andrew Richardson

Auditor-General

19 September 2015

Southern State Superannuation Scheme

Financial report
for the year ended
30 June 2015

Southern State Superannuation Scheme
Operating Statement for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENT AND OTHER REVENUE:			
Investment Revenue		1 156 572	1 421 898
Other Revenue		391	390
CONTRIBUTION REVENUE:			
Contributions by Members	1(a)	145 069	137 539
Contributions by Employers	1(a)	961 165	895 038
Rollovers from Other Schemes		231 176	199 338
Government Co-Contributions		1 750	1 840
Total Contribution Revenue		1 339 160	1 233 755
Total Revenue		2 496 123	2 656 043
EXPENSES:			
Direct Investment Expenses	3	76 750	64 368
Insurance Administration Expenses	13	2 116	2 103
Administration Expenses	4	10 579	10 424
Total Expenses		89 445	76 895
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		2 406 678	2 579 148

The Operating Statement should be read in conjunction with the accompanying notes

Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENTS:			
Inflation Linked Securities A		1 230 964	1 140 748
Property A		1 583 719	1 397 878
Australian Equities A		2 719 066	2 409 998
International Equities A		2 926 726	2 779 367
Long Term Fixed Interest		670 044	547 161
Short Term Fixed Interest		382 880	417 998
Diversified Strategies - Growth A		956 222	732 671
Diversified Strategies - Income		1 718 376	1 566 346
Cash		635 410	588 171
Socially Responsible		44 338	43 372
		12 867 745	11 623 710
OTHER ASSETS:			
Cash and Cash Equivalents	5	15 800	20 278
Contributions Receivable	6	22 848	18 422
Receivables	7	90	151
		38 738	38 851
Total Assets		12 906 483	11 662 561
CURRENT LIABILITIES:			
Benefits Payable	8	47 713	30 444
Payables	9	826	184
Total Liabilities		48 539	30 628
NET ASSETS AVAILABLE TO PAY BENEFITS	10	12 857 944	11 631 933
REPRESENTED BY:			
LIABILITY FOR ACCRUED BENEFITS:			
Allocated to Members' Accounts	11,17	12 681 781	11 470 116
Not Allocated to Members' Accounts	12	3 130	(13 006)
		12 684 911	11 457 110
RESERVES:			
Death, Invalidity and Income Protection Insurance Reserve	13	142 620	147 329
Administration Fee Reserve	14	3 985	2 833
Operational Risk Reserve	15	26 428	24 661
		173 033	174 823
		12 857 944	11 631 933

The Statement of Financial Position should be read in conjunction with the accompanying notes

Southern State Superannuation Scheme

Statement of Cash Flows for the year ended 30 June 2015

	Note	Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Contributions Received:				
Contributions by Members		145 061		137 361
Contributions by Employers		957 064		893 110
Rollovers from Other Schemes		231 372		199 387
Government Co-Contributions		1 766		1 840
			1 335 263	1 231 698
GST Recovered from the ATO			728	639
Interest Received			399	401
Benefits Paid:				
Retirement		(521 353)		(424 770)
Resignation		(587 605)		(401 471)
Retrenchment		(82)		-
Invalidity		(22 152)		(23 161)
Death		(15 682)		(19 060)
Payments to Unclaimed Monies		(205)		(656)
Transfers to Select Fund		(41)		(475)
Temporary Disability		(15 171)		(12 344)
			(1 162 291)	(881 937)
Insurance Administration Expenses Paid			(2 228)	(2 248)
Administration Expenses Paid			(11 131)	(10 940)
Net Cash provided by Operating Activities	18		160 740	337 613
CASH FLOWS FROM FINANCING ACTIVITIES:				
Transfers to Operational Risk Reserve			-	5 180
Payments from Operational Risk Reserve			(5)	(120)
Transfers from Death, Invalidity and Income Protection Insurance Reserve			(1 000)	(1 500)
Net Cash provided by Financing Activities			(1 005)	3 560
CASH FLOWS FROM INVESTING ACTIVITIES:				
Receipts from Funds SA			409 329	293 876
Payments to Funds SA			(573 542)	(627 635)
Net Cash (used in) Investing Activities			(164 213)	(333 759)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD			(4 478)	7 414
CASH AND CASH EQUIVALENTS AT 1 JULY			20 278	12 864
CASH AND CASH EQUIVALENTS AT 30 JUNE	5		15 800	20 278

The Statement of Cash Flows should be read in conjunction with the accompanying notes

Southern State Superannuation Scheme

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and Funding

(a) **Southern State Superannuation Scheme**

The Southern State Superannuation Scheme (the Scheme/the Triple S Scheme) is both a contributory and non-contributory superannuation scheme established pursuant to the *Southern State Superannuation Act 2009* (the Act). The Scheme commenced on 1 July 1995 pursuant to the *Southern State Superannuation Act 1994* and is continued under the *Southern State Superannuation Act 2009*. The *Southern State Superannuation Regulations 2009* provide the majority of the Scheme rules that, until 31 July 2009, were set out under the *Southern State Superannuation Act 1994*.

Members can elect to make contributions to the Scheme based on a percentage of their salary commencing from 1 percent, under Regulation 17. A member of the police force, an operations employee of the SA Ambulance Service who commenced employment after 1 July 2008 or a former standard contributory member of the SA Ambulance Service Superannuation Scheme who elected to transfer to the Triple S Scheme must contribute at a rate of at least 4.5 percent of salary. A separate contribution account is maintained for each member. Member and employer contributions and any rollover amounts and co-contribution amounts are deposited by the Treasurer into the Southern State Superannuation Fund which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

An employer is required to pay contributions to the Treasurer under section 21 of the Act. The employer contributes 9.50 (2014 – 9.25) percent of salary where the member has elected to contribute less than 4.5 percent of salary. Where the member has elected to contribute 4.5 percent or more of salary, the employer must contribute at a rate of 10 percent.

Benefits, represented by the balances of all member accounts, are available for employees who retire, resign, are retrenched, elect Transition to Retirement or Early Access to Super whilst still an employee of the SA Public Sector or die and for those who become terminally ill or terminate their employment because of invalidity. The balance of individual member entitlements is provided in annual statements forwarded to each member.

(b) **South Australian Superannuation Board**

The purpose of this financial report is to discharge the responsibilities of the Board under section 15 of the Act to maintain accounts of receipts and payments.

The Act charges the Board with responsibility for all aspects of the administration of the Act except for the management and investment of the Southern State Superannuation Fund (the Fund). The Act also provides the Board with the necessary powers to administer the Scheme.

The Board is required under section 13 of the Act to adjust a member's contribution account, rollover account and co-contribution account to reflect movements in the value of units allocated to each account.

Pursuant to section 14 of the Act, where a member or members have nominated a class of investments, or a combination of classes of investments, the Board shall adjust a member's contribution account, rollover account and co-contribution account to reflect the movement in the value of units held in the class of investments nominated by the member.

(c) **Superannuation Funds Management Corporation of South Australia**

Funds SA is a SA Government Entity 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.

Section 10(3) of the Act provides that the Fund is to be invested and managed by Funds SA.

For further information on investment activities, reference should be made to the annual report of Funds SA. The financial report of Funds SA discloses the investment assets, liabilities, income and expenses relating to the investment activities of Funds SA.

(d) **Funding Arrangements**

The Act requires that member contributions, employer contributions, rollovers from other schemes and co-contributions paid by the Commonwealth be paid to the Treasurer, who, in turn, deposits these amounts into the Fund, the Consolidated Account (which is appropriated to the necessary extent) or to a Special Deposit Account with the Department of Treasury and Finance established for that purpose. During the current reporting period contributions were made to a Special Deposit Account. All employer contributions are received from SA Government Entities.

Under section 10 of the Act, any payment to a member must be made out of the Consolidated Account (which is appropriated to the necessary extent) or from a Special Deposit Account established for that purpose. During the current reporting period payments were made from the Special Deposit Account.

2. Summary of Significant Accounting Policies

(a) **Basis of Accounting**

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" 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.

Southern State Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Scheme's financial statements commencing 1 July 2016. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

(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 as provided by Funds SA.

(i) Inflation Linked Securities A

The Inflation Linked Securities portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

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 balance date was performed by an independent valuer.

(ii) Property A

The Property A portfolio comprises two sub-sectors:

Listed Property Trusts

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

Unlisted property vehicles

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this 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 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 balance date where applicable.

(v) Short Term and Long Term Fixed Interest

The Short Term and Long Term Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth A

The Diversified Strategies Growth A portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cashflows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and 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 balance date where applicable.

Southern State Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

(vii) Diversified Strategies Income

The Diversified Strategies Income portfolio comprises investments in discretely managed investments and Australian and international pooled funds, 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 the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(viii) Cash

The Cash portfolio is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(ix) Socially Responsible Investment

The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

(c) **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 SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

During the financial year all of the above investment options were available to members of the Southern State Superannuation Scheme.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

(d) **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.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

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

(f) **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.

(g) **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position include 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.

Cash is measured at nominal value.

(h) **Receivables and Payables**

Contributions receivable are contributions relating to the 2014-15 financial year received by the Scheme after 30 June 2015.

Other receivables are carried at nominal amounts due that approximate fair value.

Other 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 comprises the entitlements of members who ceased employment and had provided the Scheme with appropriate notification, but where the benefits had not been paid prior to year end.

Southern State Superannuation Scheme

Summary of Significant Accounting Policies (Continued)

(i) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (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 the acquisition of the asset or as part of an item of the expense.

Regulation 70.5.03 of *A New Tax System (Goods and Services Tax) Regulations 1999* specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows 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.

(j) **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 unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

3. Direct Investment Expenses

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. In 2014-2015 the increase in direct investment expenses was largely attributable to:

- Increased funds under management driven by strong share market performance (costs are applied on a percentage basis of funds under management); and
- An increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

4. Administration Expenses

	2015 \$'000	2014 \$'000
Administration Expenses (i)	10 482	10 302
Other Expenses (ii)	97	89
Consultancy Expenses (iii)	-	33
	10 579	10 424

- (i) Regulation 16 provides for an administrative charge to be debited each year to members' employer contribution accounts and section 10 of the Act requires the amount to be paid from the Southern State Superannuation Fund. The purpose of this charge is to provide for existing and future costs of administering the Scheme. The amount of the charge is determined by the Board. For the year ended 30 June 2015, the charge was \$1.35 per week per member for all members, active and non-active. The charge for a member with an aggregate balance of \$1,000 or less, is the lesser of the charges applicable to members, or the amount of interest credited to the member's employer contribution account with a minimum of \$10. This charge is included on member annual statements. For the year ended 30 June 2015 the amount charged to members' employer contribution accounts was \$11.288 million (2014 \$11.953 million).

Administration expenses incurred by the Board in administering the Scheme are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Board monthly. The charge for the year ended 30 June 2015, based on actual costs of administering the Scheme, amounted to \$10.482 million (2014 \$10.302 million).

- (ii) Other expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled \$76,700 (2014 \$74,800). No other services were provided by the Auditor-General's Department.
- (iii) Consultancy Expenses are in relation to actuarial services provided by Mercer Consulting (Australia) Pty Ltd for the provision of updated Certificates for the Scheme, and PricewaterhouseCoopers for the triennial review of the self-insurance arrangements. Consultancy Expenses incurred during 2014-15 amounted to Nil (2014 \$33,200).

5. Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2015 \$'000	2014 \$'000
Cash and Cash Equivalents per Statement of Financial Position	15 800	20 278
Cash and Cash Equivalents per Statement of Cash Flows	15 800	20 278

Southern State Superannuation Scheme

6. Contributions Receivable

	2015 \$'000	2014 \$'000
Contributions from Members	1 387	1 378
Contributions from Employers	21 461	17 044
	<u>22 848</u>	<u>18 422</u>

7. Receivables

	2015 \$'000	2014 \$'000
GST to be Recovered from the ATO	61	117
Interest	29	34
	<u>90</u>	<u>151</u>

8. Benefits Payable

	2015 \$'000	2014 \$'000
Benefits Payable	47 713	30 444

9. Payables

	2015 \$'000	2014 \$'000
Audit Fees	80	78
Other Payables	441	87
Contributions Refundable	305	19
	<u>826</u>	<u>184</u>

10. Net Assets Available to Pay Benefits

	2015 \$'000	2014 \$'000
Funds held at 1 July	11 631 933	9 934 340
Add: Contributions by Members	142 774	136 576
Spouse Contributions	2 295	963
Employer Contributions	961 165	895 038
Rollovers from Other Schemes	231 176	199 338
Government Co-Contributions	1 750	1 840
Investment Revenue	1 156 572	1 421 898
Other Revenue	391	390
Transfer to Operational Risk Reserve	-	5 180
	<u>2 496 123</u>	<u>2 661 223</u>
Less: Benefits Paid and Payable	1 179 663	886 614
Direct Investment Expense	76 750	64 368
Administration Expenses	10 579	10 424
Payments from Operational Risk Reserve	4	121
Insurance Administration Expenses	2 116	2 103
Transfers to Other Schemes (i)	1 000	-
	<u>1 270 112</u>	<u>963 630</u>
Total Net Assets Available to Pay Benefits as at 30 June 2015	12 857 944	11 631 933

(i) In accordance with the Super SA Board's Unit Price Adjustment Policy (SUP 67) the Board at its 26 November 2014 meeting approved the transfer of \$1 million from the Southern State Superannuation Scheme's Death, Invalidity and Income Protection Insurance Reserve to partly offset against the Flexible Rollover Product's current investment fluctuation deficit.

11. Allocated to Members' Accounts

The value of funds which have been formally allocated to member accounts equals the Vested Benefits as per Note 17. The formal allocation of earnings to members' accounts has been determined for the 2015 year.

12. Not Allocated to Members' Accounts

All accumulation schemes carry a proportion of amounts yet to be allocated. This unallocated amount arises because the financial report of the Fund is prepared on an accrual basis while monies are allocated to investors on a cash basis.

Southern State Superannuation Scheme

13. Death, Invalidity and Income Protection Insurance Reserve

The Scheme provides an insurance benefit based on units of cover, subject to certain limitations, in the event of death or invalidity before age 65. An Income Protection Insurance benefit, subject to eligibility criteria, is also available in the event of a member becoming temporarily disabled before age 60.

The *Standard Insurance* benefit of two units of cover costs \$1.50 per week and is compulsory for most members of the scheme except casual employees who elect to opt out of insurance and those who opted out of an additional unit of cover under Item 1 Schedule 3 of the repealed *Southern State Superannuation Regulations 1995*, and those who are special category members in terms of Regulation 28. Police Officers and operations employees of the SA Ambulance Service, who commenced employment after 1 July 2008 or former standard contributory member of the SA Ambulance Service Superannuation Scheme who elected to transfer to the Triple S Scheme, are required to have at least 6 units of Standard Insurance cover. The value of a unit of Standard Insurance for members up to age 34 years is \$75,000. The value of a unit declines from age 35. Additional units can be purchased (subject to medical evidence) to provide permanent employees with cover up to \$1.5 million and casual employees up to \$750,000. Fixed Insurance closed to new applications in November 2014.

As required by Section 17 of the repealed Act, a report was obtained on the costs and liabilities of the insurance arrangements in existence as at 30 June 2013. The actuary concluded that the cost of standard cover exceeds the standard cover premium by \$0.25 per unit per week; an expected premium subsidy of \$3.3 million per annum results. There are sufficient reserves to maintain the current premium subsidy for at least the next three years. In accordance with section 17 of the Act, a report will be obtained on the costs and liabilities of the insurance arrangements in existence as at 30 June 2016.

To be eligible for the Income Protection Insurance benefit, a member must be an active member, working full-time or part-time and receiving an employer contribution. Casual employees not automatically provided with the benefit can apply and be accepted for cover subject to medical evidence. Income Protection payments can continue for 24 months for members employed full or part time. Casual employees can be paid for up to 12 months.

	2015 \$'000	2014 \$'000
Opening balance of the Death, Invalidity and Income Protection Insurance Reserve	147 329	132 197
Add: Investment Earnings on Insurance Reserve @ 9.38% (i)	13 831	18 255
Premiums and Charges	25 218	24 765
	39 049	43 020
Less: Benefit Payments		
Invalidity	6 562	7 091
Death	4 396	4 780
Disability Pensions	15 209	12 381
Administration Fees (ii)	2 116	2 103
Actuarial Review of Insurance Pool	-	33
Transfer from Reserve (iii)	16 000	-
Transfer (from)/to Triple S Operational Risk Reserve	(525)	1 500
	43 758	27 888
Net Transfer Value (from)/to the Death, Invalidity and Income Protection Insurance Reserve	(4 709)	15 132
Closing balance of Reserve	142 620	147 329

(i) The Insurance Reserve is notionally invested in the Balanced Option.

(ii) The amount relates to the annual administration fee paid for administering the insurance arrangements.

(iii) In accordance with the Super SA Board's Unit Price Adjustment Policy (SUP 67), the Board at its 26 November 2014 meeting approved the transfer of \$16 million from the Death, Invalidity and Income Protection Insurance Reserve to partly offset against the investment fluctuation deficit for the Southern State Superannuation Scheme (\$15 million) and the Flexible Rollover Product (\$1 million).

14. Administration Fee Reserve

This Reserve has been set aside for future scheme requirements. The movement in the reserve reflects the difference between administration fees collected from members and the cost of administering the scheme during the year.

	2015 \$'000	2014 \$'000
Opening balance of Administration Fee Reserve	2 833	10 994
Add: Investment earnings on Administration Fee Reserve @ 9.38% (i)	340	1 177
Premiums and Charges		
- Member Fees	11 288	11 952
- Switching Fees	6	6
	11 634	13 135
Less: Payments		
Administration Fees (ii)	10 482	10 302
Transfer to Operational Risk Reserve (iii)	-	10 994
	10 482	21 296
Net Transfer Value to/(from) the Administration Fee Reserve	1 152	(8 161)
Closing balance of Reserve	3 985	2 833

(i) The Administration Fee Reserve is notionally invested in the Balanced Option.

(ii) The amount relates to the annual service level agreement paid for administering the Scheme (refer Note 4).

(iii) The opening balance of the reserve was transferred to contribute to the establishment of the Scheme's Operational Risk Reserve (refer Note 15).

Southern State Superannuation Scheme

15. Operational Risk Reserve

The Operational Risk Reserve was established in the Scheme in December 2013 using existing reserves. In accordance with Prudential Standard SPS114 it is to be accumulated to 0.25% of Funds Under Management. It is currently 0.21% of Funds Under Management.

	2015 \$'000	2014 \$'000
Opening balance of Operational Risk Reserve	24 661	-
Add: Investment earnings on Operational Risk Reserve @ 9.38% (i)	2 295	1 010
Transfer to Reserve (ii)	-	23 771
	<u>2 295</u>	<u>24 781</u>
Less: Payments from Reserve	528	120
	<u>528</u>	<u>120</u>
Net Transfer Value to the Reserve	1 767	24 661
Closing balance of Reserve	<u>26 428</u>	<u>24 661</u>

(i) The Operational Risk Reserve is notionally invested in the Balanced Option

(ii) The 2013-14 amount is made up of \$5.180 million transferred from the existing Triple S Operational Risk Reserve invested with the Board, \$10.994 million transferred from the Scheme's Administration Fee Reserve (refer Note 14), \$1.5 million transferred from the Scheme's Insurance Reserve (refer Note 13) and \$6.097 million recognised from the Scheme's Sundry Revenue and Fee surplus.

16. Liability for Accrued Benefits

The liability for accrued benefits is the obligation to pay benefits to members and beneficiaries, calculated as the balance of member accounts plus the value of reserves and amounts not allocated to member accounts.

	2015 \$'000	2014 \$'000
Liability for Accrued Benefits at 1 July	11 631 933	9 934 340
Add: Increase in Accrued Benefits	2 405 674	2 584 207
Less: Benefits Paid and Payable	1 179 663	886 614
Liability for Accrued Benefits at 30 June	<u>12 857 944</u>	<u>11 631 933</u>

17. Vested Benefits

Vested Benefits are benefits which are not conditional upon continued membership of the Scheme, or any other factor other than resignation from the Scheme. Vested Benefits include benefits which members are entitled to receive had they terminated their membership as at the reporting date.

	2015 \$'000	2014 \$'000
Vested Benefits	<u>12 681 781</u>	<u>11 470 116</u>

18. Reconciliation of Benefits Accrued as a result of Operations to Net Cash provided by Operating Activities

	2015 \$'000	2014 \$'000
Benefits Accrued as a Result of Operations	2 406 678	2 579 148
Benefits Paid and Payable	(1 179 663)	(886 614)
Investment Revenue	(1 156 572)	(1 421 898)
Direct Investment Expense	76 750	64 368
(Increase) in Contributions Receivable	(4 426)	(2 123)
Decrease/(Increase) in Receivables	62	(10)
Increase in Payables	642	91
Increase in Benefits Payable	17 269	4 651
Net Cash provided by Operating Activities	<u>160 740</u>	<u>337 613</u>

Southern State Superannuation Scheme

19. Financial Instruments

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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, by Funds SA.

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.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

iii. Other market price risk

Other market price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- Ensuring a diversity of exposures to different financial markets and sub markets
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

Southern State Superannuation Scheme

Financial Instruments (Continued)

IV. Sensitivity analysis

The Funds SA Board has determined that their forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option in the year ahead. The following tables show the standard deviation around expected nominal returns for each investment option.

2015

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.2%	11.9%
Growth	Nominal standard deviation	7.5%	10.0%
Balanced	Nominal standard deviation	7.0%	8.8%
Moderate	Nominal standard deviation	6.1%	6.8%
Conservative	Nominal standard deviation	5.4%	5.1%
Capital defensive	Nominal standard deviation	4.5%	3.2%
Cash	Nominal standard deviation	2.9%	1.3%
Socially Responsible	Nominal standard deviation	6.2%	10.4%

2014

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	9.1%	12.1%
Growth	Nominal standard deviation	8.3%	9.9%
Balanced	Nominal standard deviation	7.8%	8.6%
Moderate	Nominal standard deviation	7.0%	6.6%
Conservative	Nominal standard deviation	6.3%	4.8%
Capital defensive	Nominal standard deviation	5.5%	3.0%
Cash	Nominal standard deviation	3.9%	1.5%
Socially Responsible	Nominal standard deviation	7.2%	10.6%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

b) Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired and there is no concentration of credit risk.

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.

Southern State Superannuation Scheme

Financial Instruments (Continued)

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	47 713	47 713	47 713
Payables (i)	728	728	728
Vested benefits (ii)	12 681 781	12 681 781	12 681 781
Total	12 730 222	12 730 222	12 730 222

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	30 444	30 444	30 444
Payables (i)	94	94	94
Vested benefits (ii)	11 470 116	11 470 116	11 470 116
Total	11 500 654	11 500 654	11 500 654

- (i) Payable amounts disclosed here exclude amounts relating to statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).
- (ii) 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

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

12 867 745

12 867 745

30 June 2014

Unlisted managed investment schemes
Funds SA

11 623 710

11 623 710

Southern State Superannuation Scheme

Financial Instruments (Continued)

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.

20. Related Parties

Details of the members of the Board and their remuneration for the 2014-15 financial year are disclosed in the notes to the Board's Financial Report.

21. Events after the reporting period

There were no significant events after the reporting period.

Southern State Superannuation Scheme

Certification of the Financial Report

We certify that the attached general purpose financial report for the Southern State Superannuation Scheme:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Scheme; and
- presents a true and fair view of the financial position of the Scheme 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 Scheme for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague
GENERAL MANAGER
STATE SUPERANNUATION OFFICE



Philip Jackson
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Robert Drusetta FCPA
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT
STATE SUPERANNUATION OFFICE

Date 17 September 2015



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**To the Presiding Member
South Australian Superannuation Board
Southern State Superannuation Scheme**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 15(3) of the *Southern State Superannuation Act 2009*, I have audited the accompanying financial report of the Southern State Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- an Operating Statement for the year ended 30 June 2015
- a Statement of Financial Position as at 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 Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

The members of the South Australian Superannuation Board's Responsibility for the Financial Report

The members of the South Australian 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 South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian 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 Southern State 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 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

19 September 2015

Super SA Retirement Investment Fund

Financial report
for the year ended
30 June 2015

Super SA Retirement Investment Fund

Operating Statement for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENT AND OTHER REVENUE:			
Investment Revenue		178 456	172 704
Other Revenue		5 086	3 243
CONTRIBUTION REVENUE:			
Contributions by Investors	1(a)	81 506	70 831
Government Co-Contributions		69	84
Rollovers from Other Schemes		845 617	645 179
Total Contribution Revenue		927 192	716 094
Total Revenue		1 110 734	892 041
EXPENSES:			
Direct Investment Expenses	3	12 023	8 183
Administration Expenses	4	1 965	1 916
Total Expenses		13 988	10 099
INCOME TAX EXPENSE	18 (a), (b)	81 258	59 173
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		1 015 488	822 769

The Operating Statement should be read in conjunction with the accompanying notes

Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
INVESTMENTS:			
Inflation Linked Securities B		282 610	220 260
Property B		201 273	183 851
Australian Equities B		481 191	331 574
International Equities B		444 735	320 435
Long Term Fixed Interest		159 976	99 311
Short Term Fixed Interest		181 043	116 547
Diversified Strategies - Growth B		118 526	75 637
Diversified Strategies - Income		383 329	257 757
Cash		356 573	386 279
Socially Responsible		47 911	35 041
		2 657 167	2 026 692
OTHER ASSETS:			
Cash and Cash Equivalents	5	22 206	21 888
Receivables	13	884	114
		23 090	22 002
Total Assets		2 680 257	2 048 694
CURRENT LIABILITIES:			
Benefits Payable	6	4 469	3 193
Payables	14	36	46
PAYG Withholding Tax		92	77
Current Tax Liabilities	18 (c)	18 455	16 071
		23 052	19 387
NON-CURRENT LIABILITIES:			
Deferred Tax Liabilities	18 (d)	5 600	2 189
		5 600	2 189
Total Liabilities		28 652	21 576
NET ASSETS AVAILABLE TO PAY BENEFITS REPRESENTED BY:	7	2 651 605	2 027 118
LIABILITY FOR ACCRUED BENEFITS:			
Allocated to Investors' Accounts	8,16	2 650 051	2 023 049
Not Allocated to Investors' Accounts	9	(5 439)	(1 526)
		2 643 612	2 021 523
RESERVES:			
Administration Fee Reserve	10	3 573	1 793
Insurance Reserve	11	1 186	836
Operational Risk Reserve	12	3 234	2 966
		7 993	5 595
	15	2 651 605	2 027 118

The Statement of Financial Position should be read in conjunction with the accompanying notes

Super SA Retirement Investment Fund

Statement of Cash Flows for the year ended 30 June 2015

		Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Contributions Received:				
Contributions by Investors		81 505		70 833
Government Co-Contributions		69		84
Rollovers from Other Schemes		844 794		645 164
			926 368	716 081
GST Recovered from the ATO			103	83
Interest Received			711	643
Transfer from SSS Insurance Reserve			1 000	-
Benefits Paid:				
Full Withdrawal		(57 872)		(36 996)
Death		(860)		(1 919)
Partial Withdrawal		(72 430)		(59 773)
Income Stream Pension Payments		(117 161)		(83 771)
Income Stream Commutations		(141 357)		(98 004)
			(389 680)	(280 463)
Administration Expenses Paid			(2 067)	(1 992)
Income Tax Expenses			(75 464)	(56 190)
Net Cash provided by Operating Activities	17		460 971	378 162
CASH FLOWS FROM INVESTING ACTIVITIES:				
Receipts from Funds SA			352 351	240 286
Payments to Funds SA			(813 004)	(618 899)
Net Cash (used in) Investing Activities			(460 653)	(378 613)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD			318	(451)
CASH AND CASH EQUIVALENTS AT 1 JULY			21 888	22 339
CASH AND CASH EQUIVALENTS AT 30 JUNE	5		22 206	21 888

The Statement of Cash Flows should be read in conjunction with the accompanying notes

Super SA Retirement Investment Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and Funding

(a) **Super SA Retirement Investment Fund (the Fund)**

The Flexible Rollover Product and the Super SA Income Stream Product were introduced from April 2005 under the now repealed *Southern State Superannuation Act 1994*.

The Fund continues in existence under Section 30(9) of the *Southern State Superannuation Act 2009* ("the Act") which provides that the Governor may make regulations enabling the South Australian Superannuation Board ("the Board") to provide investment services and the provision of other products and services for the benefit of persons who have retired or otherwise ceased to be employed.

Part 3 Division 4 of the *Southern State Superannuation Regulations 2009* ("the Regulations") provides that the Board may accept money from public sector superannuation beneficiaries or the spouses of public sector beneficiaries.

The Fund comprises of two different products; the Flexible Rollover Product and the Income Stream.

The Flexible Rollover Product may receive after-tax investor contributions and rollovers from investors.

The Income Stream may only receive rollovers from investors.

The Fund offers investors the opportunity to reinvest funds, providing them with tax advantages, low fees and choice of investment options.

The Fund is only available to investors who have retired, are reaching retirement age, or have terminated employment with the SA public sector. The Fund allows investors in the Flexible Rollover Product to maintain their current insurance through the Triple S Scheme, and provides access to non-preserved benefit amounts.

Benefits, represented by the balances of investors' accounts, are available to investors. The balance of individual investor entitlements is provided on annual statements forwarded to each investor.

Investor contributions are deposited by the Treasurer into the Fund which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

(b) **South Australian Superannuation Board**

The purpose of this financial report is to discharge the responsibilities of the Board under section 15 of the Act and Section 45 of the Regulations, to maintain proper accounts of receipts and payments.

The Act charges the Board with responsibility for all aspects of the administration of the Act except for the management and investment of the assets relating to the Flexible Rollover Product and Income Stream.

(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 funds pursuant to strategies formulated by Funds SA. The Fund is not Crown property and therefore operates in a taxed environment.

For further information on investment activities, reference should be made to the annual report of Funds SA. The financial report of Funds SA discloses the investment assets, liabilities, income and expenses relating to the investment activities of Funds SA (a SA Government Entity).

(d) **Funding Arrangements**

Investments by investors in one or more of the products available in the Fund are paid to the Board, and invested by Funds SA. All investments are the personal property of the investor who makes the investment, and, as such, are subject to tax on investment earnings where applicable.

2. Summary of Significant Accounting Policies

(a) **Basis of Accounting**

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" 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.

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Fund's financial statements commencing 1 July 2016. The Fund does not plan to adopt this standard early and the extent of the impact has not yet been determined.

Super SA Retirement Investment Fund

Summary of Significant Accounting Policies (Continued)

(b) **Basis of Valuations of Assets and Liabilities**

The basis for the valuation of assets and liabilities is provided below. Assets of the Fund have been measured at net market value as provided by Funds SA.

(i) **Inflation Linked Securities B**

The Inflation Linked Securities portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

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 balance date was performed by an independent valuer.

(ii) **Property B**

Property B portfolio comprises two sub-sectors:

Listed property trusts

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

Unlisted property vehicles

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

(iii) **Australian Equities B**

The Australian Equities B portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

(iv) **International Equities B**

The International Equities B portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(v) **Short Term and Long Term Fixed Interest**

The Short Term and Long Term Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) **Diversified Strategies Growth B**

The Diversified Strategies Growth B portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cashflows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and 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 balance date where applicable.

(vii) **Diversified Strategies Income**

The Diversified Strategies Income portfolio comprises investments in discretely managed investments and Australian and international pooled funds, 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 the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(viii) **Cash**

The Cash portfolio is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(ix) **Socially Responsible Investment**

The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

Super SA Retirement Investment Fund

Summary of Significant Accounting Policies (Continued)

(c) **Income Tax**

The Board is a body corporate established under the *Superannuation Act 1988* (SA) and is responsible for the administration of a number of schemes that are constitutionally protected superannuation funds in terms of Section 295-15 of the *Income Tax Assessment Act 1997*, Regulation 995-1.04 (Schedule 4) of the Regulations to that Act. The constitutionally protected superannuation funds are exempt from income tax. The Fund, which comprises the Flexible Rollover Product and Income Stream, is subject to income tax.

The Flexible Rollover Product and the Income Stream commenced on 1 April 2005 and are entitled to concessional tax treatment at the rate of 15 percent.

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial report and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

(d) **Operation of Investment Portfolio**

Funds SA operates a multi-layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2015, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

During the financial year all of the above investment options were available to investors in the Flexible Rollover Product and the Income Stream.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

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

(f) **Receivables and Payables**

Receivables are carried at nominal amounts due which approximate fair value.

Payables are recognised when the Fund is obligated to make future payments for services received and are carried at the amount payable on demand.

Benefits payable comprises the entitlements of investors who requested payment and had provided the Fund with appropriate notification, but where the benefits had not been paid prior to year end.

Super SA Retirement Investment Fund

Summary of Significant Accounting Policies (Continued)

(g) 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.

(h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include 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.

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (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 the acquisition of the asset or as part of an item of the expense.

Regulation 70.5.03 of *A New Tax System (Goods and Services Tax) Regulations 1999* specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows 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.

(j) 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 unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

3. Direct Investment Expenses

Direct investment expenses comprise of fees paid to Funds SA. Funds SA advises the amount based on the Fund's proportionate investment.

In 2014-15 the increase in investment management expenses were largely attributable to:

- Increased funds under management driven by positive investor cash flows and strong share market performance (costs are applied on a percentage basis of funds under management); and
- An increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

4. Administration Expenses

	2015 \$'000	2014 \$'000
Administration Expenses (i)	1 927	1 882
Other Expenses (ii)	38	34
	1 965	1 916

- (i) Administration expenses incurred by the Board in administering the Fund are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Board monthly. The charge for the year ended 30 June 2015, based on actual costs of administering the Fund, amounted to \$1.927 million (2014 \$1.882 million).

- (ii) Other expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Fund for the reporting period totalled \$30,700 (2014 \$29,900). No other services were provided by the Auditor-General's Department.

Super SA Retirement Investment Fund

5. Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2015 \$'000	2014 \$'000
Cash and cash equivalents - Flexible Rollover Product	6 012	6 573
Cash and cash equivalents - Income Stream	16 194	15 315
Cash and cash equivalents per Statement of Financial Position	<u>22 206</u>	<u>21 888</u>
Cash and cash equivalents per Statement of Cash flows	<u>22 206</u>	<u>21 888</u>

6. Benefits Payable

	2015 \$'000	2014 \$'000
Benefits Payable - Flexible Rollover Product	1 717	1 804
Benefits Payable - Income Stream	2 752	1 389
	<u>4 469</u>	<u>3 193</u>

7. Net Assets Available to Pay Benefits

	2015 \$'000	2014 \$'000
(a) Income Stream		
Funds held at 1 July	1 427 004	1 014 728
Add: Rollovers from Other Schemes	546 086	375 266
Internal Transfers (i)	216 255	166 006
Investment Revenue	128 576	119 978
Other Revenue	3 578	2 785
	<u>894 495</u>	<u>664 035</u>
Less: Benefits Paid and Payable	259 934	177 739
Direct Investment Expense	8 700	5 724
Administration Expense	1 033	990
Internal Transfers (i)	52 702	37 863
Income Tax	47 484	29 443
	<u>369 853</u>	<u>251 759</u>
Funds held at 30 June	<u>1 951 646</u>	<u>1 427 004</u>
(b) Flexible Rollover Product		
Funds held at 1 July	600 114	465 988
Add: Contributions by Investors	80 778	70 251
Government Co-Contributions	69	84
Rollovers from Other Schemes	299 531	269 913
Internal Transfers (i)	42 530	33 099
Spouse Contributions	728	580
Investment Revenue	49 880	52 726
Other Revenue (ii)	1 508	458
	<u>475 024</u>	<u>427 111</u>
Less: Benefits Paid and Payable	131 067	98 628
Direct Investment Expense	3 323	2 459
Administration Expense	932	926
Internal Transfers (i)	206 083	161 242
Income Tax	33 774	29 730
	<u>375 179</u>	<u>292 985</u>
Funds held at 30 June	<u>699 959</u>	<u>600 114</u>
Total Net Assets Available to Pay Benefits	<u>2 651 605</u>	<u>2 027 118</u>

(i) Internal transfers are transfers between the Income Stream and the Flexible Rollover Product that do not appear in the Operating Statement as they occur within the Products. Difference in Internal Transfers between IS and FRP are due to transfers within the individual schemes, usually relating to family law splits.

(ii) In accordance with the Super SA Board's Unit Price Adjustment Policy (SUP 67) the Board at its 26 November 2014 meeting approved the transfer of \$1 million from the Southern State Superannuation Scheme's Death, Invalidity and Income Protection Insurance Reserve to partly offset against the Flexible Rollover Product's current investment fluctuation deficit.

Super SA Retirement Investment Fund

8. Allocated to Investors' Accounts

The value of funds which have been formally allocated to investor accounts equals the Vested Benefits as per Note 16. The formal allocation of earnings to investors' accounts has been determined for the 2015 year.

9. Not Allocated to Investors' Accounts

All accumulation schemes carry a proportion of amounts yet to be allocated. This unallocated amount arises because the financial report of the Fund is prepared on an accrual basis while monies are allocated to investors on a cash basis.

10. Administration Fee Reserve

The surplus attributable to administration fees for both Income Stream and Flexible Rollover Product included in Funds Under Management was initially recognised in March 2014 as an Administration Reserve. The reserve is credited with administration fees deducted from member accounts and debited with the costs incurred in administering the funds. The reserve is invested in the Balanced option and earnings are applied based on the unit price for that option.

	2015 \$'000	2014 \$'000
Opening Balance of the Administration Fee Reserve	1 793	-
Add: Transfer to/(from) Reserve	-	1 498
Investment Earnings on Administration Fee Reserve @ 8.13% FRP; 9.45% IS	320	65
Premiums and Charges	3 387	704
	<u>3 707</u>	<u>2 267</u>
Less: Administration Fees (i)	1 927	474
Closing Balance of Reserve	<u>3 573</u>	<u>1 793</u>

(i) The amount relates to the annual service level agreement paid for administering the Scheme (refer to Note 4)

11. Insurance Reserve

The surplus attributable to the insurance pool for the Flexible Rollover Product was initially recognised in March 2014 as an Insurance Reserve. This reserve is credited with insurance deductions from member accounts and debited with the value of benefits paid to members. The reserve is invested in the Balanced option and earnings are applied based on the unit price for that option.

	2015 \$'000	2014 \$'000
Opening Balance of the Insurance Reserve	836	-
Add: Transfer to Reserve	-	844
Investment Earnings on Insurance Reserve @ 8.13%	76	18
Premiums and Charges	286	59
	<u>362</u>	<u>921</u>
Less: Benefit Payments	12	85
Closing Balance of Reserve	<u>1 186</u>	<u>836</u>

12. Operational Risk Reserve

The Operational Risk Reserve for Income Stream and Flexible Rollover Product were established at 31 December 2012 of 0.20 percent of Funds Under Management. The reserves are invested in the Balanced option and earnings are applied based on the unit price for that option.

	2015 \$'000	2014 \$'000
Opening Balance of the Operational Risk Reserve	2966	2 657
Add: Investment Earnings on Operational Risk Reserve @ 8.13% FRP; 9.45% IS	268	310
Less: Transfer from Reserve	-	1
Closing Balance of Reserve	<u>3 234</u>	<u>2 966</u>

Super SA Retirement Investment Fund

13. Receivables

	2015 \$'000	2014 \$'000
Refund from ATO for GST	27	25
Bank Interest Receivable	46	60
Overpaid Commutation Receivable	-	29
Rollovers Receivable	811	-
	<u>884</u>	<u>114</u>

14. Payables

	2015 \$'000	2014 \$'000
Rollovers Refundable to Other Schemes	-	12
BPAY Contributions Payable	-	1
Audit Fees Payable	36	33
	<u>36</u>	<u>46</u>

15. Liability for Accrued Benefits

The liability for accrued benefits is the obligation to pay benefits to beneficiaries, calculated as the balance of investors' accounts plus the value of reserves and amounts not allocated to accounts.

	2015 \$'000	2014 \$'000
Liability for accrued benefits at 1 July	2 027 118	1 480 716
Add: Increase in Accrued Benefits	1 015 488	822 769
Less: Benefits Paid and Payable	<u>391 001</u>	<u>276 367</u>
Liability for Accrued Benefits at 30 June	<u>2 651 605</u>	<u>2 027 118</u>

16. Vested Benefits

Vested Benefits are benefits which are not conditional upon continued membership of the Fund, or any other factor. Vested Benefits include benefits which investors are entitled to receive had they terminated their membership as at the reporting date.

	2015 \$'000	2014 \$'000
Vested Benefits - Income Stream	1 951 710	1 423 980
Vested Benefits - Flexible Rollover Product	<u>698 341</u>	<u>599 069</u>
	<u>2 650 051</u>	<u>2 023 049</u>

17. Reconciliation of Benefits Accrued as a result of Operations to Net Cash provided by Operating Activities

	2015 \$'000	2014 \$'000
Benefits Accrued as a Result of Operations	1 015 488	822 769
Benefits Paid and Payable	(391 001)	(276 367)
Investment Revenue	(178 456)	(172 704)
Direct Investment Expense	12 023	8 183
Investors Admin Fee Received	(3 389)	(2 594)
(Increase) in Receivables	(770)	(51)
Increase/(Decrease) in Benefits Payable	1 276	(4 094)
(Decrease)/Increase in Payables	(10)	10
Increase in PAYG Withholding Tax	15	28
Increase/(Decrease) in Current Tax Liabilities	2 384	(416)
Decrease in Deferred Tax Asset	-	1 209
Increase in Deferred Tax Liabilities	3 411	2 189
Net Cash provided by Operating Activities	<u>460 971</u>	<u>378 162</u>

Super SA Retirement Investment Fund

18. Income Tax

	2015 \$'000	2014 \$'000
(a) Major Components of Tax Expense		
Current income tax		
Current tax charge	77 173	55 679
Adjustment to current tax for prior periods	674	152
Deferred income tax		
Relating to the originating and reversal of temporary differences	3 245	3 342
Adjustment to deferred tax for prior periods	166	-
Income Tax Expense	81 258	59 173
(b) Income Tax Expense		
Benefits accrued before tax	1 096 746	881 954
Tax applicable at the rate of 15% (2014: 15%)	164 512	132 293
Tax effect of expenses that are not deductible in determining taxable income		
Non deductible expenses	113	121
Tax effect of income/(losses) that is not assessable/deductible in determining taxable income		
Investment revenue	(1 926)	(1 788)
Member Contributions and Transfer in	(59 717)	(48 612)
Exempt pension income	(18 543)	(18 106)
Tax effect of other adjustments		
Imputation and foreign tax credits	(3 905)	(4 887)
Over provision prior period	841	152
Self-Insurance Deduction	(49)	-
Anti-Detriment Deductions	(68)	-
Income Tax Expense	81 258	59 173
(c) Current Tax Liabilities		
Balance at beginning of year	16 071	16 487
Income tax paid - current period	(58 718)	(39 608)
Income tax paid - prior periods	(16 745)	(16 583)
Current years income tax provision	77 173	55 679
Over provision prior period	674	96
	18 455	16 071
(d) Deferred Tax Liabilities		
The amount of deferred tax liabilities recognised in the Statement of Financial Position at reporting date is made up as follows:		
Accrued Expenses	(2)	(2)
Realised capital losses carried forward (discounted)	(2 084)	(3 086)
Unrealised capital gains carried forward (discounted)	7 686	5 277
	5 600	2 189

Super SA Retirement Investment Fund

19. Financial Instruments

The Fund'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 Fund and is in accordance with the Fund'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 Fund'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 Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Fund's investment risk management framework.

The Fund's investment risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund'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 Fund's activities.

The Board receives regular reports from Funds SA concerning compliance with the Fund'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 Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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, by Funds SA.

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.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

iii. Other market price risk

Other market price risk is the risk that the value of the financial 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 Fund's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- Ensuring a diversity of exposures to different financial markets and sub markets.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

Super SA Retirement Investment Fund

Financial Instruments (Continued)

IV. Sensitivity analysis

The Funds SA Board has determined that their forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option in the year ahead. The following tables show the standard deviation around expected nominal returns for each investment option for each scheme.

Income Stream

2015

Income Stream Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.5%	11.9%
Growth	Nominal standard deviation	7.8%	10.0%
Balanced	Nominal standard deviation	7.2%	8.8%
Moderate	Nominal standard deviation	6.3%	6.8%
Conservative	Nominal standard deviation	5.5%	5.1%
Capital Defensive	Nominal standard deviation	4.6%	3.3%
Cash	Nominal standard deviation	2.9%	1.3%
Socially Responsible	Nominal standard deviation	6.6%	10.3%

2014

Income Stream Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	9.4%	12.2%
Growth	Nominal standard deviation	8.6%	9.9%
Balanced	Nominal standard deviation	8.0%	8.6%
Moderate	Nominal standard deviation	7.2%	6.6%
Conservative	Nominal standard deviation	6.4%	4.8%
Capital Defensive	Nominal standard deviation	5.5%	3.1%
Cash	Nominal standard deviation	3.9%	1.5%
Socially Responsible	Nominal standard deviation	7.6%	10.5%

Flexible Rollover Product

2015

FRP Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	7.5%	10.7%
Growth	Nominal standard deviation	6.8%	9.0%
Balanced	Nominal standard deviation	6.3%	7.9%
Moderate	Nominal standard deviation	5.5%	6.1%
Conservative	Nominal standard deviation	4.8%	4.5%
Capital Defensive	Nominal standard deviation	4.0%	2.9%
Cash	Nominal standard deviation	2.5%	1.1%
Socially Responsible	Nominal standard deviation	9.3%	5.8%

Super SA Retirement Investment Fund

Financial Instruments (Continued)

2014

FRP Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.2%	11.0%
Growth	Nominal standard deviation	7.5%	8.9%
Balanced	Nominal standard deviation	7.0%	7.7%
Moderate	Nominal standard deviation	6.2%	5.9%
Conservative	Nominal standard deviation	5.5%	4.3%
Capital Defensive	Nominal standard deviation	4.8%	2.7%
Cash	Nominal standard deviation	3.3%	1.3%
Socially Responsible	Nominal standard deviation	6.6%	9.5%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

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 Fund.

The net market value of financial assets, included in the Statement of Financial Position represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund 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 Fund does not have any assets which are past due or impaired and there is no concentration of credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund'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 Fund's reputation.

The Fund's liquidity position is monitored on a daily basis. The Fund'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 Fund's financial liabilities based on the earliest date on which the Fund 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	4 469	4 469	4 469
Vested Benefits (ii)	2 650 051	2 650 051	2 650 051
Total	2 654 520	2 654 520	2 654 520

Super SA Retirement Investment Fund

Liquidity Risk (Continued)

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	3 193	3 193	3 193
Payables (i)	13	13	13
Vested Benefits (ii)	2 023 049	2 023 049	2 023 049
Total	2 026 255	2 026 255	2 026 255

- (i) Payable amounts disclosed here exclude amounts relating to statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).
- (ii) 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 Fund 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

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 Fund

**Level 2
\$'000**

30 June 2015

Unlisted managed investment schemes
Funds SA

2 657 167

2 657 167

30 June 2014

Unlisted managed investment schemes
Funds SA

2 026 692

2 026 692

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.

20. Related Parties

Details of the members of the Board and their remuneration for the 2014-15 financial year are disclosed in the notes to the Super SA Board's financial statements.

21. Events after the reporting period

There were no significant events after the reporting period.

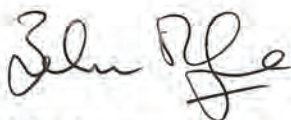
Super SA Retirement Investment Fund

Certification of the Financial Report

We certify that the attached general purpose financial report for the Super SA Retirement Investment Fund:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Fund; and
- presents a true and fair view of the financial position of the Fund 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 Fund for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague
GENERAL MANAGER
STATE SUPERANNUATION OFFICE



Philip Jackson
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Robert Drusetta FCPA
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT
STATE SUPERANNUATION OFFICE

Date: 17 September 2015



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**To the Presiding Member
South Australian Superannuation Board
Super SA Retirement Investment Fund**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 15(3) of the *Southern State Superannuation Act 2009*, I have audited the accompanying financial report of the Super SA Retirement Investment Fund for the financial year ended 30 June 2015. The financial report comprises:

- an Operating Statement for the year ended 30 June 2015
- a Statement of Financial Position as at 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 Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

The members of the South Australian Superannuation Board's Responsibility for the Financial Report

The members of the South Australian 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 South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian 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 Super SA Retirement Investment Fund 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', followed by a long horizontal flourish.

Andrew Richardson
Auditor-General
19 September 2015

South Australian Tourism Commission

Financial report
for the year ended
30 June 2015

SOUTH AUSTRALIAN TOURISM COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
EXPENSES			
Employee benefits expenses	5	10 210	11 105
Advertising and promotion	6	21 091	24 316
Industry assistance	7	11 052	7 058
Administration and accommodation	8	6 100	6 682
Event operations		11 310	11 334
Depreciation expense	9	497	494
Impairment of financial assets	10	-	400
Net loss from the disposal of non-current assets	14	-	1
TOTAL EXPENSES		60 260	61 390
INCOME			
Participation fees	11	5 282	5 002
Entry fees, merchandise sales and commission	12	857	1 191
Refunds and recoups		858	485
Other income	13	887	953
Net gain from the disposal of non-current assets	14	1	-
TOTAL INCOME		7 885	7 631
NET COST OF PROVIDING SERVICES		52 375	53 759
REVENUES FROM SA GOVERNMENT			
Revenues from SA Government	15	54 483	53 584
TOTAL REVENUES FROM SA GOVERNMENT		54 483	53 584
NET RESULT		2 108	(175)
OTHER COMPREHENSIVE INCOME			
Changes in plant and equipment revaluation reserve	18	146	-
TOTAL OTHER COMPREHENSIVE INCOME		146	-
TOTAL COMPREHENSIVE RESULT		2 254	(175)

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	16	4 410	1 287
Receivables	17	1 049	1 311
TOTAL CURRENT ASSETS		5 459	2 598
NON-CURRENT ASSETS			
Plant and equipment	18	1 869	2 059
TOTAL NON-CURRENT ASSETS		1 869	2 059
TOTAL ASSETS		7 328	4 657
LIABILITIES			
CURRENT LIABILITIES			
Payables	20	2 717	2 356
Other current liabilities	21	154	218
Employee benefits	22	1 050	1 040
Provisions	23	11	12
TOTAL CURRENT LIABILITIES		3 932	3 626
NON-CURRENT LIABILITIES			
Payables	20	120	115
Other non-current liabilities	21	321	475
Employee benefits	22	1 530	1 242
Provisions	23	25	53
TOTAL NON-CURRENT LIABILITIES		1 996	1 885
TOTAL LIABILITIES		5 928	5 511
NET ASSETS		1 400	(854)
EQUITY			
Contributed capital		64	64
Retained earnings		1 190	(918)
Asset revaluation surplus		146	-
TOTAL EQUITY	24	1 400	(854)
The total equity is attributable to the SA Government as owner.			
Unrecognised contractual commitments	25		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
BALANCE AT 30 JUNE 2013		64	-	(743)	(679)
Net result for 2013-14		-	-	(175)	(175)
Total comprehensive result for 2013-14		-	-	(175)	(175)
BALANCE AT 30 JUNE 2014		64	-	(918)	(854)
Net result for 2014-15		-	-	2 108	2 108
Gain on revaluation of plant and equipment during 2014-15	18	-	146	-	146
Total comprehensive result for 2014-15		-	146	2 108	2 254
BALANCE AT 30 JUNE 2015	24	64	146	1 190	1 400
All changes in equity are attributed to the SA Government as owner.					

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

		2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
CASH OUTFLOWS			
Employee benefits payments		(9 914)	(11 162)
Payments for supplies and services		(52 831)	(56 619)
Payments for Paid Parental Leave scheme		(54)	(19)
CASH USED IN OPERATIONS		(62 799)	(67 800)
CASH INFLOWS			
Receipts from the sale of goods and services		8 413	8 293
GST recovered from the ATO		3 126	3 881
Receipts for Paid Parental Leave scheme		60	19
CASH GENERATED FROM OPERATIONS		11 599	12 193
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		54 483	53 584
CASH GENERATED FROM SA GOVERNMENT		54 483	53 584
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	28	3 283	(2 023)
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH OUTFLOWS			
Purchase of plant and equipment		(161)	(164)
CASH USED IN INVESTING ACTIVITIES		(161)	(164)
CASH INFLOWS			
Proceeds from sale of plant and equipment		1	22
CASH GENERATED FROM INVESTING ACTIVITIES		1	22
NET CASH USED IN INVESTING ACTIVITIES		(160)	(142)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3 123	(2 165)
CASH AND CASH EQUIVALENTS AT 1 JULY		1 287	3 452
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	4 410	1 287

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

DISAGGREGATED DISCLOSURES – EXPENSES AND INCOME

FOR THE YEAR ENDED 30 JUNE 2015

(Refer to Note 4)

	Tourism Development		Tourism Events		Tourism Marketing		Total
	2015	2014	2015	2014	2015	2014	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
EXPENSES							
Employee benefits expenses	1 390	2 318	2 696	2 373	6 124	6 414	10 210
Advertising and promotion	748	980	2 582	2 943	17 761	20 393	21 091
Industry assistance	1 776	3 299	6 475	2 552	2 801	1 207	11 052
Administration and accommodation	687	954	1 510	1 613	3 903	4 115	6 100
Event operations	89	159	10 994	11 162	227	13	11 310
Depreciation expense	44	63	234	209	219	222	497
Impairment of financial assets	-	66	-	98	-	236	400
Net loss from the disposal of non-current assets	-	-	-	1	-	-	1
TOTAL EXPENSES	4 734	7 839	24 491	20 951	31 035	32 600	60 260

INCOME

Participation fees	-	130	4 391	4 456	891	416	5 282	5 002
Entry fees, merchandise sales and commission	-	-	850	1 179	7	12	857	1 191
Refunds and recoups	80	70	304	148	474	267	858	485
Other income	-	-	583	659	304	294	887	953
Net gain from the disposal of non-current assets	-	-	-	-	1	-	1	-
TOTAL INCOME	80	200	6 128	6 442	1 677	989	7 885	7 631

NET COST OF PROVIDING SERVICES

REVENUES FROM SA GOVERNMENT	4 654	7 639	18 363	14 509	29 361	31 611	52 375	53 759
Revenues from SA Government	4 809	7 569	19 360	14 259	30 314	31 756	54 483	53 584

TOTAL REVENUES FROM SA GOVERNMENT

NET RESULT	155	(70)	997	(250)	956	145	2 108	(175)
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OTHER COMPREHENSIVE INCOME

Changes in plant and equipment revaluation reserve	18	-	41	-	87	-	146	-
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TOTAL OTHER COMPREHENSIVE INCOME

TOTAL COMPREHENSIVE RESULT	173	(70)	1 038	(250)	1 043	145	2 254	(175)
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the South Australian Tourism Commission

The purpose of the South Australian Tourism Commission (the Commission) established under the *South Australian Tourism Commission Act 1993* is to assist in securing economic and social benefits for the people of South Australia through the promotion of South Australia as a tourism destination and the further development and improvement of the State's tourism industry. The principal goals of the Commission are to:

- add value to the efforts of the tourism industry and other government agencies, by ensuring a coordinated approach to the promotion of South Australia which results in an increase in visitor numbers to all regions of the State thereby increasing the value of tourism to the economy and generating employment for South Australians;
- attract, develop, own and support major and strategic events that generate substantial economic and social benefits for South Australia and promote the image and profile of Adelaide and South Australia;
- ensure the development of South Australia's tourism resources in a socially responsible way with emphasis on the continued maintenance and preservation of South Australia's environmental and cultural heritage and the profitability and effective utilisation of infrastructure; and
- achieve a strong corporate team and positive corporate culture that uses its resources in the most effective and efficient manner.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

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

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

Except for AASB 2015-7 which the Commission has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Commission for the reporting period ending 30 June 2015. Refer to note 3.

(b) Basis of Preparation

The preparation of the financial statements requires:

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

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

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

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

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

(c) Reporting Entity

The Commission is a statutory authority of the State of South Australia, established pursuant to the *South Australian Tourism Commission Act 1993*.

The financial statements and accompanying notes include all the controlled activities of the Commission. The Commission does not control any other entity and has no interests in unconsolidated structured entities. In forming this view, the Commission considered its involvement with Australian Tourism Data Warehouse Limited (ATDW) and determined that it does not control ATDW. In making this assessment, the Commission considered its power over ATDW, its exposure or rights including protective and substantive rights to variable returns from its involvement with ATDW and the ability to use its power to affect return amounts (that is the ability to direct relevant major activities).

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

Transactions and balances relating to administered resources are not recognised as Commission income, expenses, assets and liabilities. As administered items are insignificant in relation to the Commission's overall financial performance and position, they are disclosed separately in note 33. Administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

(d) Financial Arrangements

The Commission's principal source of funding consists of monies appropriated by Parliament. The Commission is reliant on the continued provision of funding by SA Government. The financial activities of the Commission are primarily conducted through a Special Deposit Account pursuant to section 21 of the *Public Finance and Audit Act 1987*.

(e) 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 or machinery of government changes. The budget process is not subject to audit.

(f) Comparative Information

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

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable. 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 Commission is not subject to income tax. The Commission is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

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

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

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

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

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

(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 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 the Commission will occur and can be reliably measured.

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

The following are specific recognition criteria:

Contributions received

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable, that is, the earlier of when the receiving entity has formally been advised that the contribution has been approved; the agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Commission have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Revenues from SA Government

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

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

Participation fees

The Commission earns income from participants in the tourism industry through cooperative marketing schemes, sponsorship of events, subscriptions and training fees.

Entry fees, merchandise sales and commission

Income from entry fees and merchandise sales is derived in respect of events owned and managed by the Commission. Commission consists of income earned on online sales made through the Commission's website (southaustralia.com).

Other income

Other income consists of supply commissions, gain on foreign exchange and sundry income.

Net gain from the disposal of non-current assets

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

(k) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

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

Industry assistance

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by the Commission have been contributions with unconditional stipulations attached.

Depreciation

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

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

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

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

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

<i>Class of asset</i>	<i>Useful life (years)</i>
General and events plant and equipment	3-10
Pageant plant and equipment	3-32
Fitouts	10-11

(l) Current and Non-Current Classification

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

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

(m) Assets

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

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

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

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

Cash is measured at nominal value.

Receivables

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

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

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

Non-current assets

Acquisition and recognition

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

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised. All Pageant Floats, regardless of their value, are recognised as non-current assets in the Statement of Financial Position. Pageant Floats are recorded at historic cost less accumulated depreciation.

Revaluation of non-current assets

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

Every three years, the Commission revalues its fitouts using internal estimates based on indices or recent transactions. A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

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

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

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

Fair Value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date. The Commission classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

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

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

Non-financial assets

In determining fair value, the Commission has taken into account the characteristic of the asset, such as the condition and location of the asset and any restrictions on the sale or use of the asset, and the asset's highest and best use (that is physically possible, legally permissible and financially feasible). The Commission's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Commission has not identified any factors to suggest an alternative use, fair value measurement is based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition which was less than \$1 million, or an estimated useful life that was less than three years, are deemed to approximate fair value. Refer to notes 18 and 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

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

(n) Liabilities

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

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

Payables

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

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

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

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

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

Employee benefits on-costs include payroll tax, workers compensation levies and superannuation contributions in respect to outstanding liabilities for salary and wages, long service leave, annual leave and skills and experience retention leave.

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Commission has entered into operating leases.

Operating leases

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

Lease incentives

All incentives for the operating lease for office accommodation are recognised as an integral part of the net consideration agreed for the use of the leased accommodation. Incentives received to enter into operating leases are recognised as a liability.

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

The lease incentive received is in the form of fitouts, and as such is capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the asset, whichever is shorter.

Employee Benefits

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

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

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

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

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

Long service leave

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

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

Current long service leave reflects the portion of leave expected to be settled within the next twelve months based on previous experience. All other long service leave is classified as non-current.

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged by the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

(o) Unrecognised Contractual Commitments and Contingent Assets and Liabilities

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

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

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

(p) Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Associated currency gains and losses, where material, are disclosed separately in note 8 and note 13 to the Statement of Comprehensive Income.

3. New and Revised Accounting Standards and Policies

In accordance with the new AASB 1055 *Budgetary Reporting*, which became effective for the first time in 2014-15, the Commission has included a comprehensive new note "Budgetary reporting and explanations of major variances" (note 30). This note discloses, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for controlled amounts:

- the Commission's original budget as published in Budget Paper 4;
- a comparison of the original budget to actual results; and
- explanations of major variances.

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

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

Except for AASB 2015-7 which the Commission has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Commission for the period ending 30 June 2015. The Commission has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Commission.

4. Activities of the Commission

In achieving its objective, the Commission provides a range of services classified into the following activities:

Activity 1: Tourism Development

Promote and assist tourism development, improve visitor access into and around the state, and advise industry in terms of research, policy and planning.

Activity 2: Tourism Events

To strategically build and promote the state's event calendar by developing and attracting new events and managing and growing existing events.

Activity 3: Tourism Marketing

Develop and implement marketing activities and campaigns to increase the number of international and national visitors to and within South Australia.

The disaggregated disclosures schedule presents expenses and income information attributable to each of the activities for the years ended 30 June 2015 and 30 June 2014. Expenses and income attributed to the Commission as a whole have been allocated to each of the activities on the basis of full time equivalent employees in each of the activities. A disaggregated disclosure of the Commission's assets and liabilities has not been provided as the information is not reliably available.

5. Employee Benefits Expenses

	2015 \$'000	2014 \$'000
Salaries and wages	7 747	8 004
TVSPs (refer below)	-	661
Long service leave	317	253
Annual leave	680	681
Skills and experience retention leave	20	16
Employment on-costs – superannuation	809	820
Employment on-costs – other	480	502
Board fees	157	168
Total employee benefits expenses	10 210	11 105

Targeted Voluntary Separation Packages (TVSPs)

	2015 \$'000	2014 \$'000
Amount paid during the reporting period to separated employees:		
TVSPs	-	661
Annual leave and long service leave paid to those employees	-	229
Recovery from the Department of Treasury and Finance	-	661
Net cost to the Commission	-	229

The number of employees who received a TVSP during the reporting period was 0 (5).

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	1	2
\$161 500 - \$171 499	-	1
\$171 500 - \$181 499	1	1
\$191 500 - \$201 499	1	4
\$201,500 - \$221,499	1	-
\$271 500 - \$281 499	-	2
\$321 500 - \$331 499	-	1
\$341,500 - \$351,499	1	-
Total number of employees	5	11

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The base executive remuneration level for 2014-15 is the same as 2013-14. There has been no increase in executive remuneration since 1 July 2013. Remuneration of employees reflects all costs of employment and includes salaries and wages, termination payments, TVSPs, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1 063 000 (\$2 298 000).

6. Advertising and Promotion

	2015 \$'000	2014 \$'000
Consumer advertising	7 265	9 447
Cooperative consumer marketing	3 334	3 893
Familiarisations	1 501	1 573
Other consumer marketing	247	124
Production	3 514	4 253
Marketing research	922	897
Trade marketing	1 401	931
Other advertising and promotion	2 907	3 198
Total advertising and promotion	21 091	24 316

7. Industry Assistance

	2015 \$'000	2014 \$'000
Sponsorship of events	7 600	2 950
Tourism infrastructure grants	231	1 176
Tourism marketing boards/information centre grants	354	20
Marketing/industry support	2 798	2 872
Trade show subsidies/membership of tourism industry bodies	69	40
Total industry assistance	11 052	7 058

8. Administration and Accommodation

	2015 \$'000	2014 \$'000
Communication and computing	1 971	2 006
Stationery, postage, couriers and freight	101	127
Contractors and consultants	246	269
Motor vehicles, taxis and car parking	246	355
Domestic and international travel	578	611
Seminars, courses and training	118	153
Accommodation and service costs	2 067	2 187
Loss on foreign exchange	20	81
Insurance	171	212
Audit, legal and other fees	322	343
Other	260	338
Total administration and accommodation	6 100	6 682

Consultants

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

	2015		2014	
	No.	\$'000	No.	\$'000
\$10 000 to \$50 000	1	37	2	40
Total paid/payable to the consultants engaged	1	37	2	40

9. Depreciation Expense	2015	2014
	\$'000	\$'000
General and events plant and equipment	88	101
Pageant plant and equipment	132	116
Fitouts	277	277
Total depreciation expense	497	494
Change in Depreciation due to a Revaluation		
The Commission revalued its fitouts upward during 2014-15. As a result, depreciation on these assets will increase in future years by \$46 000. The depreciation expense remained unchanged in the current reporting period.		
10. Impairment of Financial Assets	2015	2014
	\$'000	\$'000
Impairment of investments	-	400
Total impairment of financial assets	-	400
11. Participation Fees	2015	2014
	\$'000	\$'000
Cooperative marketing/advertising	116	353
Sponsorship revenue	4 319	4 370
Trade/consumer show participation/workshops/training	563	128
In-kind revenue	284	151
Total participation fees	5 282	5 002
12. Entry Fees, Merchandise Sales and Commission	2015	2014
	\$'000	\$'000
Event entry fees	824	1 138
Sale of merchandise	28	48
Commission on sales	5	5
Total entry fees, merchandise sales and commission	857	1 191
13. Other Income	2015	2014
	\$'000	\$'000
Service fees and supply commissions	219	229
Gain on foreign exchange	286	282
Sundry income	382	442
Total other income	887	953
14. Net Gain (Loss) from the Disposal of Non-Current Assets	2015	2014
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	1	22
Net book value of assets disposed	-	23
Total net gain (loss) from the disposal of non-current assets	1	(1)
15. Revenues from SA Government	2015	2014
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	53 335	52 884
Other revenues from SA Government	1 148	700
Total revenues from SA Government	54 483	53 584

Total revenues from SA Government consist of \$54 353 000 (\$53 458 000) of operational funding and \$130 000 (\$126 000) for capital purposes. For details on the expenditure associated with the operational and capital funding received refer to notes 5 to 10 and note 18. There was no material variance between the amount appropriated and the expenditure associated with this appropriation.

The original amount appropriated to the Commission under the annual *Appropriation Act* was \$50 502 000. An additional \$2 833 000 was received from the Treasurer via the Governor's Appropriation Fund.

16. Cash and Cash Equivalents	2015	2014
	\$'000	\$'000
Cash on hand	3	3
Cash at bank	2 859	621
Deposits with the Treasurer	1 548	663
Total cash and cash equivalents	4 410	1 287

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, and can only be used in accordance with the Treasurer's or Under Treasurer's approval.

Interest Rate Risk

Cash on hand and at bank is non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

17. Receivables	2015	2014
	\$'000	\$'000
Current:		
Receivables	317	448
Allowance for doubtful debts	-	-
	317	448
GST input tax recoverable	630	370
Accrued revenues	-	1
Prepayments	102	492
Total receivables	1 049	1 311

Movement in the Allowance for Doubtful Debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (that is, calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss would be recognised under "administration and accommodation" in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

Interest Rate and Credit Risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

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

Refer to note 31 for categorisation of financial instruments, maturity analysis of receivables and risk exposure information.

18. Plant and Equipment	2015	2014
	\$'000	\$'000
General, events and Pageant plant and equipment		
Plant and equipment at cost (deemed fair value)	2 152	2 449
Accumulated depreciation at the end of the period	1 239	1 477
Total general, events and Pageant plant and equipment	913	972
Fitouts		
Fitouts at fair value	1 272	2 809
Accumulated depreciation at the end of the period	316	1 722
Total fitouts	956	1 087
Total plant and equipment	1 869	2 059

Valuation of Fitouts

An independent valuation of the fitout of the Commission's leased office accommodation as at 30 June 2015 was performed in May 2015. The professional valuers engaged to perform the independent valuation were Finn Sievwright, Member American Society of Appraisers and Andrea Carolan BAppSc PRM FAPI Certified Practising Valuer of Maloney Field Services (Australia) Pty Ltd. The valuers used depreciated replacement cost as the best indicator of fair value, considering the need for ongoing provision of government services and assuming the assets are held for continued use. The valuers assessed the current cost of replacing the assets with their modern equivalents less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Carrying Amount of Plant and Equipment

In accordance with APF III all items of plant and equipment that had a fair value at the time of acquisition which was less than \$1 million or an estimated useful life less than three years have not been revalued. The carrying values of these items are deemed to approximate fair value. These assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Plant and equipment includes \$410 000 (\$396 000) of fully depreciated plant and equipment still in use.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2015.

Reconciliation of Non-Current Assets

The following table shows the movement of non-current assets during 2014-15

2015	General & Events Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Fitouts \$'000	Total \$'000
Carrying amount at 1 July	127	845	1 087	2 059
Additions	-	161	-	161
Revaluation increment	-	-	146	146
Depreciation	(88)	(132)	(277)	(497)
Carrying amount at 30 June	39	874	956	1 869

The following table shows the movement of non-current assets during 2013-14

2014	General & Events Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Fitouts \$'000	Total \$'000
Carrying amount at 1 July	246	802	1 364	2 412
Additions	-	164	-	164
Disposals	(18)	(5)	-	(23)
Depreciation	(101)	(116)	(277)	(494)
Carrying amount at 30 June	127	845	1 087	2 059

19. Fair Value Measurement**Fair Value Hierarchy**

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

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

The Commission had no valuations categorised into level 1 or level 2.

Level 3	2015 \$'000	2014 \$'000
Recurring fair value measurements		
General, events and Pageant plant and equipment	913	972
Fitouts	956	1 087
Total recurring fair value measurements	1 869	2 059

Valuation Techniques and Inputs

Valuation techniques used to derive level 3 fair values are at note 18. There were no changes in valuation techniques during 2015.

Reconciliation of Level 3 Recurring Fair Value Measurements

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3)

	2015 \$'000	2014 \$'000
Plant and Equipment		
Opening balance at 1 July	2 059	2 412
Capitalised subsequent expenditure	161	164
Disposals	-	(23)
Losses for the period recognised in net result		
Depreciation	(497)	(494)
Gains for the period recognised in other comprehensive result		
Revaluation increment	146	-
Carrying amount at 30 June	1 869	2 059

20. Payables	2015	2014
	\$'000	\$'000
Current:		
Creditors	1 579	219
Accrued expenses	963	1 961
Employment on-costs	169	176
Paid Parental Leave scheme payable	6	-
Total current payables	2 717	2 356
Non-Current:		
Employment on-costs	120	115
Total non-current payables	120	115
Total payables	2 837	2 471

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the average proportion of long service leave taken as leave at a whole of government level decreased from an estimate of 40% (2014) to 37% (2015). In accordance with APF IV, management has determined that the Commission's experience has been sufficiently different over several years to render the use of this average unreliable. The percentage of long service leave taken as leave is 26.7%. The average factor for the calculation of employer superannuation contribution 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 employment on-costs of \$26 000. The estimated impact on 2016 and 2017 is \$27 000 and \$28 000 respectively.

Interest Rate and Credit Risk

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

Refer to note 31 for categorisation of financial instruments, maturity analysis of payables and risk exposure information.

21. Other Liabilities	2015	2014
	\$'000	\$'000
Current:		
Lease incentive	154	154
Foreign exchange forward contracts	-	64
Total current other liabilities	154	218
Non-Current:		
Lease incentive	321	475
Total non-current other liabilities	321	475
Total other liabilities	475	693

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

22. Employee Benefits	2015	2014
	\$'000	\$'000
Current:		
Annual leave	598	603
Long service leave	259	289
Skills and experience retention leave	31	19
Accrued salaries and wages	162	129
Total current employee benefits	1 050	1 040
Non-Current:		
Long service leave	1 530	1 242
Total non-current employee benefits	1 530	1 242
Total employee benefits	2 580	2 282

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance has provided the basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 3.5% (2014) to 3.0% (2015). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the change in the bond rate in the current financial year is an increase in the long service leave liability of \$68 000, employment on-costs payables of \$5 000 and employee benefits expense of \$73 000. The impact in future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions, of which a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.0% for long service leave liability and revised the salary inflation rate down from 4.0% (2014) to 3.0% (2015) for annual leave liability and skills, experience and retention leave liability. The net financial effect resulting from changes in the salary inflation rate in the current financial year is a decrease in the annual leave liability and skills, experience and retention leave liability of \$6 000, employment on-costs payables of \$1 000 and employee benefits expense of \$7 000. The estimated impact in 2016 is \$13 000, \$2 000 and \$15 000 respectively. The estimated impact in 2017 is \$20 000, \$3 000 and \$23 000 respectively.

23. Provisions	2015	2014
	\$'000	\$'000
Current:		
Provision for workers compensation	11	12
Total current provisions	11	12
Non-Current:		
Provision for workers compensation	25	53
Total non-current provisions	25	53
Total provisions	36	65
Carrying amount at 1 July	65	64
Additional provisions recognised	7	10
Reductions resulting from re-measurement or settlement without cost	(36)	(9)
Carrying amount at 30 June	36	65

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

24. Equity	2015	2014
	\$'000	\$'000
Contributed capital	64	64
Retained earnings	1 190	(918)
Asset revaluation surplus	146	-
Total equity	1 400	(854)

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

25. Unrecognised Contractual Commitments

(a) Operating Lease Commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	2015	2014
	\$'000	\$'000
Within one year	1 657	1 608
Later than one year but not longer than five years	3 158	4 827
Total operating lease commitments	4 815	6 435

The Commission's operating leases are for office accommodation and warehousing. These commitments have been calculated at rates specified in the lease agreements. The leases are non-cancellable with terms ranging up to 11 years with some leases having the right of renewal. Rent is payable monthly in advance.

(b) Expenditure Commitments – 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:	2015	2014
	\$'000	\$'000
Within one year	6 561	5 615
Later than one year but not longer than five years	6 211	7 386
Total remuneration commitments	12 772	13 001

Amounts disclosed include commitments arising from executive and other service contracts. The Commission does not offer fixed-term employment contracts greater than five years.

(c) Expenditure Commitments – Other

Other expenditure commitments in existence at the reporting date but not recognised as liabilities are payable as follows:	2015	2014
	\$'000	\$'000
Within one year	8 143	15 112
Later than one year but not longer than five years	6 218	9 087
Total other commitments	14 361	24 199

The Commission's other commitments arise from agreements for marketing services, tourism development projects, event sponsorship and other cooperative and service contracts. There are no purchase options available to the Commission.

26. Auditor's Remuneration

	2015	2014
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	123	112
Total auditor's remuneration	123	112

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of audit, legal and other fees in note 8.

27. Remuneration of Board Members

Members of the Board during the 2014-15 financial year were:

South Australian Tourism Commission Board

B Hayes	J Irving	J Turbill	S Keenihan (from 14 May 2015)	K Lloyd (until 30 June 2015)
I Horne	J Jeffreys	M Young	A Bullock (until 30 June 2015)	L Tuit (until 30 September 2014)

The number of members whose total remuneration received or receivable falls within the following bands:	2015	2014
	Number	Number
\$0 - \$9 999	2	1
\$10 000 - \$19 999	7	8
\$20 000 - \$29 999	1	1
Total number of members	10	10

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$172 000 (\$184 000). Amounts paid to a superannuation plan for board members was \$15 000 (\$16 000).

In accordance with Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board duties during the financial year. Unless otherwise disclosed, transactions between members and the Commission are on conditions no more favourable than those that it is reasonable to expect the Commission would have adopted if dealing with the related party at arm's length in the same circumstances.

28. Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	4 410	1 287
Balance as per the Statement of Cash Flows	4 410	1 287
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	3 283	(2 023)
Revenues from SA Government	(54 483)	(53 584)
Non cash items		
Depreciation expense	(497)	(494)
Impairment of financial assets	-	(400)
Net gain (loss) from disposal of non-current assets	1	(1)
Movement in assets and liabilities		
Receivables	(262)	88
Employee benefits	(298)	52
Provisions	29	(1)
Other liabilities	218	90
Payables	(366)	2 514
Net cost of providing services	(52 375)	(53 759)

29. Transactions with SA Government

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

	2015	2014
	\$'000	\$'000
EXPENSES		
Employee benefits expenses	478	501
Advertising and promotion	171	33
Industry assistance	610	424
Administration and accommodation	1 745	1 808
Event operations	292	330
TOTAL EXPENSES	3 296	3 096
INCOME		
Participation fees	330	364
Refunds and recoups	91	74
TOTAL INCOME	421	438
NET COST OF PROVIDING SERVICES	2 875	2 658
REVENUES FROM SA GOVERNMENT		
Revenues from SA Government	54 483	53 584
TOTAL REVENUES FROM SA GOVERNMENT	54 483	53 584
NET RESULT	51 608	50 926
TOTAL COMPREHENSIVE RESULT	51 608	50 926
FINANCIAL ASSETS		
Receivables	-	19
TOTAL FINANCIAL ASSETS	-	19
FINANCIAL LIABILITIES		
Payables		
Creditors	48	-
Accrued expenses	149	168
Employment on-costs	169	289
TOTAL FINANCIAL LIABILITIES	366	457

30. Budgetary Reporting and Explanations of Major Variances between Budget and Actual Amounts

The following table discloses variances between original budget and actual amounts. No expenses or income variances exceed the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

2015	Original Budget ⁽¹⁾ \$'000	Actual \$'000	Variance \$'000
EXPENSES			
Employee benefits expenses	9 090	10 210	1 120
Advertising and promotion	21 636	21 091	(545)
Industry assistance	9 414	11 052	1 638
Administration and accommodation	8 159	6 100	(2 059)
Event operations	9 498	11 310	1 812
Depreciation expense	494	497	3
TOTAL EXPENSES	58 291	60 260	1 969
INCOME			
Participation fees	5 883	5 282	(601)
Entry fees, merchandise sales and commission	1 196	857	(339)
Refunds and recoups	311	858	547
Other income	744	887	143
Net gain from the disposal of non-current assets	-	1	1
TOTAL INCOME	8 134	7 885	(249)
NET COST OF PROVIDING SERVICES	50 157	52 375	2 218
REVENUES FROM SA GOVERNMENT			
Revenues from SA Government	50 502	54 483	3 981
TOTAL REVENUES FROM SA GOVERNMENT	50 502	54 483	3 981
NET RESULT	345	2 108	1 763
OTHER COMPREHENSIVE INCOME			
Changes in plant and equipment revaluation reserve	-	146	146
TOTAL OTHER COMPREHENSIVE INCOME	-	146	146
TOTAL COMPREHENSIVE RESULT	345	2 254	1 909

⁽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.

2015	Original Budget ⁽²⁾ \$'000	Actual \$'000	Variance \$'000
INVESTING EXPENDITURE SUMMARY			
Total annual programs	130	161	31
TOTAL INVESTING EXPENDITURE	130	161	31

⁽²⁾ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

31. Financial Instruments / Financial Risk Management

(a) Financial Risk Management

Risk management is managed by the Commission's Finance and Business Services group. Risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines. The Commission is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

(b) Categorisation of Financial Instruments

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

The Commission does not recognise any financial assets or financial liabilities at fair value. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short-term nature. All of the resulting fair value estimates are included in level 2 as all significant inputs are observable.

(c) Liquidity Risk

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

The Commission settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from the date of resolution.

The Commission's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in table 31.1 represents the Commission's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by the Commission. The Commission has assessed the maturity of its financial assets and financial liabilities as being less than one year.

Table 31.1 Categorisation of Financial Assets and Financial Liabilities

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying Amount	
			2015 \$'000	2014 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	16,28	4 410	1 287
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	17	317	430
	Total financial assets		4 727	1 717
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	20	2 345	2 012
	Other current liabilities	21	-	64
	Total financial liabilities		2 345	2 076

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 17 as 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.

(d) Credit Risk

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations resulting in financial loss to the Commission. The Commission measures credit risk on a fair value basis and monitors risk on a regular basis. The carrying amount of financial assets as detailed in table 31.1 represents the Commission's maximum exposure to credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

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

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

Table 31.2 Ageing Analysis of Financial Assets

	Past due by <30 days \$'000	Past due by 30-60 days \$'000	Past due by >60 days \$'000	Total \$'000
2015				
Not impaired				
Receivables ⁽¹⁾	67	241	1	309
Impaired				
Receivables	-	-	-	-
2014				
Not Impaired				
Receivables ⁽¹⁾	61	12	112	185
Impaired				
Receivables	-	-	-	-

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

(e) Market Risk

The Commission does not engage in high risk hedging for its financial assets. To manage exchange risk for 2015-16, at 30 June 2015 the Commission had in place 7 (11) foreign exchange forward contracts totalling \$3 512 000 (\$5 412 000). In 2014-15 the Commission had 11 (15) foreign exchange forward contracts mature totalling \$5 412 000 (\$5 421 000). The forward contracts are to cover commitments denominated in foreign currencies, including for the payment of representation fees, event participation fees and marketing activity in overseas offices. As with all hedges there are financial risks. Cashflows from foreign exchange forward contracts in 2014-15 are included in the Statement of Comprehensive Income, and where material are shown separately as losses in note 8 and as gains in note 13.

(f) Sensitivity Disclosure Analysis

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

(g) Credit Standby Arrangements

The Commission has a \$283 000 (\$283 000) purchasing card facility with the ANZ Bank. The unused portion of this facility as at 30 June 2015 was \$194 000 (\$231 000).

32. Events after the Reporting Period

The *Statutes Amendment (Boards and Committees – Abolition and Reform) Act 2015* dissolved the South Australian Motor Sport Board (SAMSAB) and vested all assets and liabilities of the SAMSAB at 1 July 2015 in the Commission. Estimated net assets of SAMSAB at 30 June 2015 were \$14 957 000. By notice in the Government Gazette all employees of SAMSAB were transferred to employment by the employing authority under the *South Australian Tourism Commission Act 1993* from 1 July 2015. The financial effect of these changes has not been reflected in the financial statements.

33. Administered Items

Until 30 June 2011 the Commission was responsible for the operation of the South Australian Visitor and Travel Centre, which arranged bookings of tourism products on behalf of tourism operators. The following table discloses the financial details for residual carryover items.

	2015 \$'000	2014 \$'000
South Australian Visitor and Travel Centre		
Expenditure to tourism operators	-	15
Total Administered Expenses	-	15

SOUTH AUSTRALIAN TOURISM COMMISSION

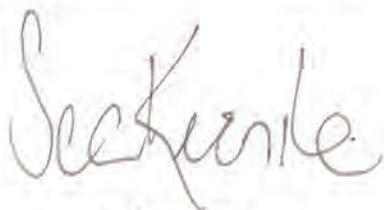
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the South Australian Tourism Commission (the Commission):

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

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

Signed in accordance with a resolution of the board members.



S. Keenihan
Chairman

South Australian Tourism
Commission Board

15/09/2015



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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(3) the *South Australian Tourism Commission Act 1993*, I have audited the accompanying financial report of the South Australian Tourism Commission for the financial year ended 30 June 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 Certificate from the Chairman, Chief Executive Officer and the Chief Financial Officer.

The Board of Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

South Australian Water Corporation

Financial report
for the year ended
30 June 2015

South Australian Water Corporation
Statement of comprehensive income
For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Income			
Revenue from ordinary activities	5	1,423,702	1,373,776
Other income	6	4,248	7,802
Total income		1,427,950	1,381,578
Expenses			
Depreciation and amortisation expense	7	(311,481)	(318,195)
Borrowing costs	7	(313,707)	(225,325)
Electricity expense		(48,511)	(68,919)
Services and supplies		(165,080)	(177,281)
Operational and service contracts		(190,696)	(181,544)
Employee benefits expense		(119,714)	(126,456)
Total expenses		(1,149,189)	(1,097,720)
Profit before income tax equivalents		278,761	283,858
Income tax expense	8	(81,452)	(83,960)
Profit after income tax equivalents		197,309	199,898
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
(Loss)/gain on revaluation of infrastructure, plant and equipment assets	29(a)	(134,519)	347,543
Revaluation of financial assets		1,391	2,525
Income tax relating to components of other comprehensive income	8(c)	40,374	(104,664)
Other comprehensive income for the year, net of tax		(92,754)	245,404
Total comprehensive result		104,555	445,302
Total comprehensive result for the year is attributable to:			
The SA Government as owner		104,555	445,302

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

South Australian Water Corporation
Statement of financial position
As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	26	1,141	1,507
Receivables	9	199,513	188,436
Inventories	10	6,800	5,586
Other current assets	11	7,426	6,231
Total current assets		214,880	201,760
Non-current assets			
Available-for-sale financial assets	12	27,835	26,444
Deferred tax assets	13	38,314	37,777
Intangible assets	14	190,952	199,460
Infrastructure, plant and equipment	15	13,485,734	13,663,201
Total non-current assets		13,742,835	13,926,882
Total assets		13,957,715	14,128,642
LIABILITIES			
Current liabilities			
Payables	16	156,973	152,896
Financial liabilities/borrowings	17	32,210	8,567
Tax liabilities	18	3,073	15,476
Provisions	19	16,477	16,202
Other current liabilities	20	30,238	26,987
Total current liabilities		238,971	220,128
Non-current liabilities			
Payables	21	2,510	2,247
Financial liabilities/borrowings	22	6,329,030	3,676,990
Deferred tax liabilities	23	1,647,087	1,702,389
Provisions	24	30,822	29,360
Other non-current liabilities	25	389,680	398,489
Total non-current liabilities		8,399,129	5,809,475
Total liabilities		8,638,100	6,029,603
Net assets		5,319,615	8,099,039
EQUITY			
Contributed equity		173,610	173,610
Asset revaluation surplus	29(a)	4,844,100	7,638,068
Retained earnings	29(b)	301,905	287,361
Total equity		5,319,615	8,099,039

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

South Australian Water Corporation
Statement of changes in equity
For the year ended 30 June 2015

		Contributed equity	Asset revaluation surplus	Retained earnings	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014		173,610	7,638,068	287,361	8,099,039
Profit for the year		-	-	197,309	197,309
(Loss)/gain on revaluation on infrastructure, plant and equipment assets	29	-	(134,519)	-	(134,519)
Revaluation of investment in unlisted shares	29	-	1,391	-	1,391
Transfer to retained profits on disposal	29	-	(1,214)	-	(1,214)
Transfer from infrastructure, plant and equipment revaluation surplus	29	-	-	1,214	1,214
Income tax relating to components of other comprehensive income	8(c)	-	40,374	-	40,374
Total comprehensive result for the period		-	(93,968)	198,523	104,555
Transactions with the SA Government in their capacity as owners:					
Dividend - debt transfer from the SA Government	33	-	(2,700,000)	-	(2,700,000)
Dividends provided for or paid	33	-	-	(183,979)	(183,979)
		-	(2,700,000)	(183,979)	(2,883,979)
Balance at 30 June 2015		173,610	4,844,100	301,905	5,319,615

		Contributed equity	Asset revaluation surplus	Retained earnings	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013		173,610	7,395,614	280,684	7,849,908
Profit for the year		-	-	199,898	199,898
(Loss)/gain on revaluation on infrastructure, plant and equipment assets	29	-	347,543	-	347,543
Revaluation of investment in unlisted shares	29	-	2,525	-	2,525
Transfer to retained profits on disposal	29	-	(2,950)	-	(2,950)
Transfer from infrastructure, plant and equipment revaluation surplus	29	-	-	2,950	2,950
Income tax relating to components of other comprehensive income	8(c)	-	(104,664)	-	(104,664)
Total comprehensive result for the period		-	242,454	202,848	445,302
Transactions with the SA Government in their capacity as owners:					
Dividends provided for or paid	33	-	-	(196,171)	(196,171)
Balance at 30 June 2014		173,610	7,638,068	287,361	8,099,039

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

South Australian Water Corporation
Statement of cash flows
For the year ended 30 June 2015

Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Receipts from customers	1,298,280	1,283,642
Payments to suppliers and employees	(578,109)	(602,136)
Interest received	521	1,158
Receipts from Community Service Obligation funding	128,989	125,614
Receipts from contributions	7,558	18,575
Receipts from Government Grants	836	5,842
Borrowing costs paid	(294,418)	(223,143)
Income taxes paid	(109,320)	(140,060)
Net cash inflow from operating activities	27 <u>454,337</u>	<u>469,492</u>
Cash flows from investing activities		
Payments for construction and purchase of infrastructure, plant and equipment	(238,812)	(288,683)
Payments for intangible assets	(12,493)	(13,803)
Proceeds from sale of intangible assets	3,405	15,438
Proceeds from sale of infrastructure, plant and equipment	1,493	292
Net cash (outflow) from investing activities	<u>(246,407)</u>	<u>(286,756)</u>
Cash flows from financing activities		
Proceeds from borrowings*	867,700	1,139,100
Repayment of borrowings	(884,900)	(1,119,650)
Dividends paid*	33 (183,979)	(196,171)
Repayments of finance lease liability	(7,117)	(6,364)
Net cash(outflow) from financing activities	<u>(208,296)</u>	<u>(183,085)</u>
Net (decrease) in cash and cash equivalents	(366)	(349)
Cash and cash equivalents at the beginning of the financial year	1,507	1,856
Cash and cash equivalents at end of period	26 <u>1,141</u>	<u>1,507</u>

* Borrowings increased by \$2.7 billion due to debt transfer from the SA Government, however this occurred through government mechanisms that did not involve a cash transfer, hence no cash flows are shown on the Statement of Cash Flow (Refer to Note 33).

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

1 Summary of significant accounting policies

The South Australian Water Corporation ("SA Water" or the "Corporation") was established on 1 July 1995, as a State owned statutory corporation by the *South Australian Water Corporation Act 1994*, to which the provisions of the *Public Corporations Act 1993* apply. SA Water provides retail water supply and sewerage services in accordance with its licence, provided by the *Water Industry Act 2012* (the Act) which came into operation on 1 July 2012. The Act repealed the *Waterworks Act 1932*, *Sewerage Act 1929* and *Water Conservation Act 1936*.

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

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

The Corporation has applied Australian Accounting Standards that are applicable to for profit entities, as the Corporation is a for profit entity.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2015.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. South Australian Water Corporation is a for-profit entity for the purpose of preparing the financial statements.

The preparation of financial statements requires:

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

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

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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.

The financial statements are authorised for issue by the Board.

Change in accounting policy

There were no changes in accounting policy during the financial period.

Historical cost convention

The financial statements have been prepared in accordance with the historical cost convention, except for infrastructure, plant, equipment, and available-for-sale financial assets, which are stated using fair value as detailed in the relevant notes.

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.

Rounding

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

(b) Jointly controlled operations

The Corporation's jointly controlled operation is brought to account by including its proportionate share of the operation's assets, liabilities, expenses and revenues on a line by line basis. For disclosure of the Corporation's interest in the joint controlled operation refer to note 31.

(c) Revenue recognition

Rates and charges

Revenue from water usage is based on water consumed throughout the year by customers. The annual water and sewer rates charges for a financial year are earned and billed during that financial year. Other rates and charges are based on amounts billed during the financial year. Refer to note 5.

Unbilled revenue

SA Water accrues the consumption and associated revenue that is calculated to have been consumed throughout the year. The underlying revenue recognition principle is to recognise revenue in the period it is earned, rather than billed. The calculation is based on state-wide water supplied, customer billing information, and an assessment of non-revenue water.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

Community service obligations (CSOs)

The Corporation is required under its charter to provide a number of non commercial services to the community on behalf of the Government. The Government, after negotiations with SA Water, provides SA Water with funding to compensate for these non commercial activities. The main CSOs relate to under recovery of country water and wastewater services (due to the requirement for state wide pricing) and the provision of water and wastewater concessions to certain properties e.g. charities, churches, public schools and remote communities.

The CSO revenue is recognised as the services are provided.

Contributed assets

Contributed assets principally arise from:

- (i) Consumers who make a contribution where a service or connection has been requested which requires construction of a new main; and
- (ii) Developers who make contributions where either:
 - a) water and sewerage infrastructures are constructed by developers and transferred to SA Water. The contribution recognised is equivalent to the Corporation's estimated cost of construction; or
 - b) the Corporation constructs the infrastructure at the developer's request.

Contributed assets are recognised when the assets are received. Contributions to constructed assets are recognised when the assets are constructed. Revenue recorded in advance of the assets construction is recognised as unearned revenue.

Disposal of non-current assets

The gain or loss on disposal of non current assets is recognised at the date that control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and net proceeds from the sale. Upon disposal or derecognition, any asset revaluation surplus relating to a particular asset being sold is transferred to retained earnings.

Recoverable works

Revenue derived from the provision of services to external parties is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured.

Government grants

In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions to the grant.

Government grants relating to construction of infrastructure, plant and equipment are initially recognised as unearned revenue (current and non-current liability) and then transferred to income over the periods, and in the proportions, in which depreciation on those assets is charged.

This year, the Corporation received grant funding of \$0.627m (2014: \$4.15m), which related to grant funding received for the Port Wakefield Supply upgrade. Refer to note 20 and 25.

(d) Expenses

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

1 Summary of significant accounting policies (continued)

(d) Expenses (continued)

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

Superannuation

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

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Corporation. These items are recognised as an expense in the reporting period in which they are incurred. The Corporation undertakes major cyclical maintenance on its infrastructure assets. Costs associated with this are recorded as an expense unless they add to the service potential of the existing asset.

Operational and service contracts

Operational and service contracts include the Adelaide Services Alliance Agreement (Allwater), Adelaide Desalination Plant (ADP) operations and maintenance contract, contracts relating to information and communications technology, treatment plants and miscellaneous operational and service contracts. These items are recognised as an expense in the reporting period in which they are incurred.

Depreciation

Refer to Note 1(e).

Borrowing costs

Borrowing costs include interest expense, government guarantee fees, South Australian Finance Authority (SAFA) margins and finance lease charges.

In accordance with the *Accounting Policy Framework (APF II) General Purpose Financial Statements Framework* and *AASB 123 Borrowing Costs*, borrowing costs attributable to the acquisition or construction of infrastructure, plant and equipment are capitalised after considering materiality.

The Corporation has not capitalised borrowing costs in the year as the proportion related to the acquisition and construction of infrastructure was assessed as not material.

(e) Non-current assets

Infrastructure, plant and equipment

Acquisition

Items of infrastructure, plant and equipment are initially recorded at cost in accordance with *AASB 116 Property, Plant and Equipment*, and are depreciated as outlined below. Assets acquired under Build Own Operate Transfer (BOOT) agreements are brought to account when commissioned. Refer to Note 15.

1 Summary of significant accounting policies (continued)

(e) Non-current assets (continued)

Infrastructure, plant and equipment (continued)

Acquisition (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Valuations

To comply with the *Accounting Policy Framework (APF) III Asset Accounting Framework*, AASB 13 and AASB 116, the Corporation has adopted the fair value method for measuring and reporting land and buildings and infrastructure assets in the Statement of Financial Position. Refer to note 3 for disclosures regarding fair value levels. The Corporation uses both independent valuation and Directors' valuation methods to measure fair value. Depending on the class, Directors' valuation is performed using the Producer Price Index (PPI) or current contract rates. PPI measures changes over time in the price of new construction outputs. The PPI used is the Australian Bureau of Statistics Index Number 3101 "Road and Bridge Construction South Australia". Current contract rates are based on recently determined market contract rates for supplying and installing equivalent assets or components.

The Corporation's valuation methodologies, for all major classes of infrastructure assets, are subject to independent review when a change in the valuation method occurs. In addition to this, a complete independent review of these methodologies was completed by Aquentia Consulting Pty Ltd in April 2015. This review endorsed how individual classes are classified and concluded the assumptions/positions adopted by SA Water in its valuation methodologies are reasonable.

Revaluation adjustments are taken to the asset revaluation surplus on a class basis, with the exception of land and buildings which are adjusted on an asset by asset basis.

Infrastructure assets

In the majority of cases, the fair value of SA Water's infrastructure assets is the lower of modern equivalent reproduction or replacement cost. The cost of replacing or reproducing excess capacity or over engineering of the asset is excluded from the value. The modern equivalent reproduction or replacement cost is determined through an independent valuation process. The valuation is then reduced to allow for the age of the asset.

Infrastructure assets were valued as follows:

- The unit rates for water mains/connections and sewer mains/connections, were independently determined by Aquentia Consulting as at 1 July 2014. These rates are applied to the actual lengths of pre-defined modern equivalent asset types for water mains and sewer mains.
- Other infrastructure assets are independently valued on a cyclical basis for at least every 5 years. In the intervening periods the assets are indexed annually as at 1 July using the appropriate PPI. Assets independently valued during the financial period were: the waste water treatment plants independently valued by Aquentia Consulting as at 1 July 2014.

1 Summary of significant accounting policies (continued)

(e) Non-current assets (continued)

Infrastructure, plant and equipment (continued)

Valuations (continued)

Infrastructure assets (continued)

The previous independent valuations were:

- Water dosing stations and earth storages were independently valued by Aquentia Consulting as at 1 July 2012. Reservoirs were independently valued by Entura (Hydro Tasmania) as at 1 July 2012.
- Leased water treatment plants, water pumping stations, water tanks, and bores and wells were independently valued by Aquentia Consulting as at 1 July 2011.
- Water filtration plants were independently valued by Aquentia Consulting as at 1 July 2013.
- Sewerage pumping stations were independently valued by Aquentia Consulting as at 1 July 2010.

Land and buildings

Land is independently valued at market value generally using valuations as at 1 July provided from the State Valuer General. In isolated cases, the Corporation may use independent valuations performed by an appropriately qualified valuer. The Valuer General uses site values of generically similar allotments to arrive at a unit rate used to assign a value to individual parcels. Rates depend on whether the site is residential, industrial or commercial.

Buildings and depots were last independently valued by WT Partnership as at 1 July 2010 and have been indexed as at 1 July 2014 using the PPI. Buildings are valued using depreciated replacement cost.

Plant and equipment

Plant and equipment is valued at historical cost which is deemed to be its fair value.

Other assets

Other assets are valued at cost and indexed annually using the PPI.

Unobservable inputs

SA Water's infrastructure, plant and equipment, with the exception of land, is disclosed as Level 3 in the fair value measurement hierarchy described in Note 3.

This is due to the fair value of the assets being determined with reference to unobservable inputs. The main unobservable input is the useful life of the asset and rates supplied from the independent valuation.

Depreciation

Infrastructure, buildings, plant and equipment and other assets are depreciated using the straight line method over their estimated useful lives ranging from 2 to 170 years. The useful lives of assets are reviewed annually and have been assessed as follows:

<u>Class of assets</u>	<u>Useful life (years)</u>
-Water and sewer	7 - 170 years
-Water and sewer leased assets	20 - 50 years
-Buildings	50 years
-Other	2 - 50 years
-Plant and equipment	3 - 15 years

1 Summary of significant accounting policies (continued)

(e) Non-current assets (continued)

Infrastructure, plant and equipment (continued)

Depreciation (continued)

The method of depreciation has regard to the underlying nature of the assets and their expected use in operations of the Corporation. Work in progress is not depreciated until assets are completed and have been commissioned for operation.

Financial assets (available-for-sale)

The Corporation was a participant to the funding arrangements for the Virginia Pipeline Scheme (VPS). SA Water's involvement in this scheme will result in an option at the end of the contract to acquire the scheme. The scheme distributes "Class A" reclaimed water from the Bolivar Wastewater Treatment Plant throughout the Virginia region for the irrigation of seasonal crops and fixed plantings. As part of the arrangement, the Corporation made advances to the operating company of VPS, Water Reticulation Systems (Virginia) Pty Ltd (WRS), a subsidiary of Euratech Limited. Advances to WRS were converted to non voting class B shares, issued at a price of \$1 per share.

The Corporation's investment in non voting class B shares has been measured at fair value, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Due to the nexus between the class B shares and the pipeline assets, the fair value of the shares has been determined using the projected written down current cost of the pipeline assets in 2018 discounted to net present value. The VPS is designated as an available-for-sale financial asset and all subsequent gains or losses arising from the changes in fair value are recognised in the available-for-sale revaluation surplus. The methodology of valuation of VPS was independently reviewed by Leadenhall VRG Pty Ltd in 2009, and no change to the valuation method has occurred since that review.

Intangible assets

Issued water licences

The South Australian Government has issued water licences to the Corporation under the *Natural Resources Management (NRM) Act 2004*. Some of these licences have conditions attached which restrict the use of the allocations endorsed thereon. In applying AASB 138 *Intangible Assets*, the Corporation has concluded that a reliable estimate of the fair value of these water licences cannot be determined because there are no active markets for the rights endorsed on the licences. As there is no active market, these licences are held by the Corporation at nominal value.

The details of these water licences are as follows:

Rights other than those relating to the River Murray are:

- Various South East Region licences;
- Various Murray Mallee Area licences;
- Various Eyre Peninsula Region licences;
- Licence 4484 McLaren Vale licence for the Aldinga Wastewater Treatment Plant;
- Licence 5706 Northern Adelaide Plains licence for the Bolivar Wastewater Treatment Plant; and
- Licence 222596 Western Mount Lofty Ranges.

River Murray water rights are conferred via multiple instruments:

- Licence 2333 River Murray licence for metropolitan Adelaide; and

1 Summary of significant accounting policies (continued)

(e) Non-current assets (continued)

Infrastructure, plant and equipment (continued)

Intangible assets (continued)

Issued water licences (continued)

- Licence 2334 River Murray licence for country towns.

Other Water rights - permanent

The Corporation owns a series of tradable water rights that it has purchased. The rights are perpetual and title is held by the Corporation under the relevant legislation in the jurisdiction of issue (as water access entitlements onto licences issued by the South Australian Government under the NRM Act 2004 (SA), as water shares issued by the Victorian Government under the Water Act 1989 (VIC), and as unit shares issued by the New South Wales Government under the Water Management Act 2000 (NSW)). These rights comprise:

- River Murray entitlements under the *Natural Resources Management Act (NRM) Act 2004 (SA)*;
- Goulburn Zone 1A and Murray Zone 7 high reliability water shares held under the *Water Act 1989 (VIC)*; and
- NSW Murray Regulated River high security unit shares held under the *Water Management Act 2000 (NSW)*.

The allocations made to these water rights are able to be transferred within the Southern Murray Darling Basin including South Australia.

In accordance with the requirements of *APF III* covering valuation of intangible assets, the water rights are valued at cost. The water rights have an indefinite useful life and as such are not subject to amortisation.

Seasonal water allocations

In addition to the permanent water rights above, during 2008-09 and 2009-10 the Government granted approval for SA Water to purchase seasonal water allocations to be used for critical human water needs in future years. SA Water also purchased water allocations for operational needs. Prior to June 2012 the Government has approved the water allocations being preserved beyond 2011-12 and retained as a reserve to meet critical human water needs in future years. These purchased water allocations are held as other assets in the accounts and are expensed as the water is used.

Prescription of the Mount Lofty Ranges

SA Water has previously contributed towards the prescription of the water resources for the Mount Lofty Ranges to provide long term protection of the water supply to Adelaide. On the 14th June 2013 SA Water was issued licence 222596 pertaining to storage and diversion rights for streams in the Western Mount Lofty Ranges.

Easements

In accordance with *APF III* Asset Accounting Framework, easements are classified as an intangible asset and valued at cost. Easements gifted to the Corporation are not valued.

Application software

Application software is valued at cost as per AASB 138 *Intangible Assets*. The useful life is reviewed annually and has been assessed at 5 years. The software is amortised using the straight line method.

1 Summary of significant accounting policies (continued)

(e) Non-current assets (continued)

Infrastructure, plant and equipment (continued)

Intangible assets (continued)

ADP intangible asset

An intangible asset exists in relation to the network connection agreement between SA Water and SA Power Networks. The agreement grants the Corporation the legal right to connect to the SA Power Networks substation constructed at Port Stanvac and thus acquire electricity for the Adelaide Desalination Plant (ADP) at the rates specified in the agreement. In accordance with AASB 138 *Intangible Assets*, this right was recognised in 2012/13 as an intangible asset and is measured at the construction cost of the SA Power Networks substation.

The useful life is based on the average useful life of the ADP assets belonging to SA Water upon which the intangible asset is dependant as per AASB 138 *Intangible Assets*. As with other non-current assets, remaining useful life of the intangible asset is assessed annually and is currently 41.75 years. The ADP intangible asset is amortised using the straight line method.

(f) Impairment of assets

All non-current tangible and intangible assets are reviewed for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets any impairment loss is offset against the relevant asset revaluation surplus until fully extinguished with any remaining amount expensed in the Statement of Comprehensive Income.

The Corporation has reviewed its assets as at 30 June 2015. There have been no indications of impairment, recoverable amounts have not been estimated and no impairment losses have been recorded.

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement in order to reflect the risks and benefits incidental to ownership.

Operating leases

Minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are recognised as an expense in the Statement of Comprehensive Income. Equal payments are made over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

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 Corporation in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

Finance leases

Leases for infrastructure assets, where substantially all the risks and benefits incidental to ownership of the asset but not the legal ownership are assumed by the Corporation, are classified as finance leases. Finance leases are capitalised and depreciated over the useful life of the asset in accordance with AASB 117 *Leases*.

1 Summary of significant accounting policies (continued)

(g) Leases (continued)

Finance leases (continued)

The Corporation has previously entered into Build Own Operate Transfer (BOOT) agreements for a number of infrastructure facilities. These BOOT agreements include the requirement for an ongoing availability tariff, as escalated over time by certain indices, for the term of the agreement.

BOOT agreements have been classified as finance leases, with a lease asset and lease liability being recognised upon commissioning of the underlying asset. The lease asset is brought to account at the fair value of the underlying assets constructed. The equivalent liability is recognised at the present value of the future availability charges. These have been determined at the inception of the lease and do not take account of any future estimated escalation.

Variation between the availability charges determined at the inception of the lease and the actual availability charges are brought to account as contingent rentals in accordance with AASB 117. Availability charges are allocated between interest expense and a reduction in the lease liability, with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income.

(h) Expenditure on behalf of State Government

Certain expenditure is incurred from time to time on behalf of the South Australian Government which is considered to be outside the normal course of the Corporation's business and for which no recovery is made or reimbursement received. These payments are made on behalf of the South Australian Government. There were nil payments for the year ended 30 June 2015 (2014: \$0).

(i) Taxes

SA Water is liable for income tax equivalents (income tax, land tax and council rates), payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

Income tax

From 1 July 2001, the Corporation has operated under the National Tax Equivalent Regime (NTER) pursuant to the Memorandum of Understanding on NTER between the Commonwealth of Australia, the Commissioner of Taxation and all of the States and Territories. The NTER is administered by the Australian Taxation Office.

Income tax expense is calculated in accordance with AASB 112 Income Taxes using the balance sheet liability method. The income tax expense for the period is the tax payable on the current period's taxable income measured at the current national income tax rate adjusted for permanent differences and movements in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled. Current and deferred tax is recognised as an expense in the Statement of Comprehensive Income except where it relates to items that are credited or debited to equity, in which case the deferred tax is also recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Taxation equivalents - land tax and council rates

The charge for land tax and council rate equivalents has been calculated by Revenue SA, based on valuations supplied by the Valuer General.

Goods and services tax

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

1 Summary of significant accounting policies (continued)

(i) Taxes (continued)

Goods and services tax (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; 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.

(j) Cash and cash equivalents

Cash on hand and at bank is stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

(k) Receivables

Receivables for rates and charges and sundry debtors are normally settled within 21 days. These are recognised in the accounts as amounts due. Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised based on a review of outstanding amounts at balance date.

Bad debts are written off when they are identified.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of goods and services, if any, manufactured by SA Water are on a full absorption cost basis.

Inventories are held for purposes of maintenance and construction and not for resale.

(m) 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 and 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

Liabilities arising in respect of long service leave expected to be settled within twelve months of balance date are measured at their nominal rates. All other long service leave entitlements are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on negotiable government guaranteed securities with terms of maturity that match, as closely as possible, the estimated future cash flows. The related on costs have been recognised in the Statement of Financial Position as payables.

1 Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

Long service leave (continued)

The Corporation's long service leave liability for 30 June 2015 was valued by KPMG Actuarial Pty Ltd.

Superannuation

Contributions are made by the Corporation to several superannuation schemes operated by the State Government. 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 superannuation schemes. The only liability outstanding at balance date relates to any contribution due but not yet paid to the superannuation schemes.

(n) Workers compensation

The Corporation is registered with ReturntoWorkSA as an exempt employer and is responsible for payment of workers compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The Corporation's provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by KPMG Actuarial Pty Ltd.

(o) Insurance

SAFA, SAICORP Division, has assumed responsibility and liability for, and will indemnify SA Water against, damage suffered to the Corporation's property or claims made against the Corporation subject to SA Water's deductible. In addition, insurance arrangements are in place for construction works, travel insurance and Director and Officer liabilities.

Workers compensation risks, for which the Corporation is responsible, are excluded from these arrangements.

(p) Payables

Liabilities, whether or not yet billed to the Corporation, are recognised as amounts to be paid in the future for goods and services received, including any related GST. Trade accounts payable are normally settled within 30 days.

Dividends paid and payable are recognised in the reporting period in which the dividends are declared or have been specifically determined and approved in consultation with the Treasurer and the Corporation's Minister.

(q) Provisions

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

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

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

Damages and claims

A provision is recognised for claims against the Corporation relating to property damage, personal injury and civil liability.

The amounts measured and recorded for claims are based on estimates of specified claims and the probability that the Corporation will be required to settle the obligation. Previous claims history and the Crown Solicitor's Office advice is used in the determination of the liability.

1 Summary of significant accounting policies (continued)

(q) Provisions (continued)

Asset disposal and site rehabilitation

A provision for the disposal and abandonment of assets is recognised when there is a present obligation to undertake further work to decommission surplus assets and ensure they are safe to the public and do not cause harm to the environment.

The estimated costs of site rehabilitation and decommissioning non-current assets are based on past experience and current market prices.

Employee benefits and workers compensation

SA Water provides for employee benefits expenditure and workers compensation claims as described in notes 1(m) and 1(n).

(r) Borrowings

All SA Water's borrowings are measured at their historical value. The Corporation has a long term and short term borrowing facility with the South Australian Government Financing Authority (SAFA). The loans are denominated in Australian dollars and carry both fixed and floating interest rates. The Government provides a guarantee in respect of these borrowings pursuant to the provisions of the *Public Finance and Audit Act 1987*.

Under a mandate from the State Treasurer, the Corporation transferred debt management responsibilities to SAFA effective from 1 July 2004. SA Water's debt portfolio is managed by SAFA under a Liability Management Service Agreement and within requirements outlined in SA Water's Treasury Risk Management Policies.

(s) Derivatives

Within the parameters of the Corporation's Permitted Treasury Instruments Policy, SA Water utilises derivative financial instruments to implement appropriate foreign exchange and commodity price risk mitigation strategies.

Foreign exchange derivatives

Foreign exchange risk represents the risk resulting from contractual obligations to buy or sell goods and or services in a currency other than Australian dollars or where the price is quoted in Australian dollars, and the quoted price is dependent upon a foreign currency price component. The foreign currency value of the goods or services to be bought or sold, or the value of the foreign currency price component is deemed to be the Corporation's exposure to price risk.

Foreign currency derivatives are used on a needs basis to ensure any identified foreign currency exposures are appropriately managed in line with SA Water's Foreign Exchange Risk Management Policy and Treasurer's Instruction 23 *Management of Foreign Currency Exposures*. Permitted foreign currency derivatives as outlined in SA Water's Permitted Treasury Instruments Policy include spot and forward foreign currency contracts and currency options to maximum maturity of 3 years. In all instances, SA Water's foreign exchange hedging requirements are arranged through SAFA.

As at 30 June 2015, SA Water had no outstanding foreign exchange derivatives.

Accounting for derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any changes in fair value are recognised immediately in profit or loss in other income or other expenses. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. All derivatives are categorised as financial assets or financial liabilities at fair value through profit and loss and classified as economic hedges in the statement of financial position as the Corporation has elected not to adopt hedge accounting under AASB 139: Recognition and Measurement.

1 Summary of significant accounting policies (continued)

(s) Derivatives (continued)

Accounting for derivatives (continued)

Consistent with SA Water's Treasury Policy, derivative financial instruments are transacted as economic hedges of cash flow exposures and are not held for speculative purposes.

(t) Administered items

The following administered items are not recognised in the Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows, but are separately disclosed as administered items in note 37.

River Murray levy

The Corporation is responsible for administering the Save the River Murray levy. The River Murray levy billed and collected on behalf of Government is not controlled by the Corporation.

Pensioner concessions

SA Water is responsible for the administration of Local Government pensioner concession payments. An amount is received from SA Government which is used to make payments to Local Government Councils. The amount collected on behalf of Government is not controlled by the Corporation.

(u) Adelaide Services Alliance Agreement

In March 2011 the Corporation entered into an Alliance contract to operate, manage and maintain Adelaide's metropolitan water, wastewater and recycled water services. The Alliance contract commenced on 1 July 2011 for a term of 10 years, plus an option for the Corporation to extend the contract for a further 6 years in 12 month increments. The Alliance contract includes flexible mechanisms to alter and adjust the scope of services and delivery parameters and is managed through an extensive performance management regime covering all elements of operational service delivery.

(v) Adelaide Desalination Plant (ADP)

In 2008/09 SA Water Corporation awarded the Design, Build, Operate and Maintain (DBOM), Transfer Pipeline System and ETSA (SA Power Networks) agreements for the Adelaide Desalination Project (ADP). These contracts comprise the design and construction of a seawater desalination plant, marine works, transfer pipeline system and power supply infrastructure to support a 100 GL/a capacity plant and also included ongoing operation and maintenance of the desalination plant for 20 years. Project handover of the 100 GL/a plant to the operator was achieved on 12 December 2012, with successful completion of the two year proving period in December 2014.

1 Summary of significant accounting policies (continued)

(v) Adelaide Desalination Plant (ADP) (continued)

In addition, the Corporation has entered into contracts to:

Operate and maintain the ADP from the project handover date for a term of 20 years and includes flexible mechanisms to manage the volume of water produced and requirements for scheduled maintenance.

Provide Green Power accredited renewable energy from sources in SA to operate the ADP and Transfer Pipeline System. The contract commenced on 1 June 2011 for a term of 20 years and includes the flexibility to purchase a minimum level of renewable energy certificates that can be banked for future use by the Corporation or used elsewhere in the business.

(w) New accounting standards and interpretations

The Corporation did not change any of its accounting policies during the year.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the period ending 30 June 2015. The Corporation has assessed the AASB 108 para 30 and 31 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 Corporation.

2 Financial risk management

(a) Market risk

(i) Interest rate risk exposures - financial liabilities

The Corporation's financial liabilities are exposed to interest rate risk. The Corporation constantly analyses its interest rate exposure and consideration is given to potential renewals of existing positions, use of alternative risk mitigation strategies and the mix of fixed and variable interest rates.

A key component of the Corporation's interest rate risk management framework is a permissible benchmark debt duration range, which reflects the average term to maturity of the Corporation's core debt portfolio. The permissible range of 2.1 to 4.9 years has been determined based on the size of the Corporation's borrowings, the level of interest rates and to ensure that risk on the Corporation's profitability from increases in interest rates is appropriate.

(ii) Summarised sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date, assuming all other variables are held constant. The movements in post tax profit and equity for the year are due to higher/lower interest costs from floating rate debt and cash balances. The movement in interest expense is estimated by applying the interest rate movement to the balance of floating rate debt and cash balances outstanding at balance date.

At 30 June 2015 it has been assumed that a reasonable possible shift in interest rates over the next reporting period could be 0.5% upwards and 0.5% downwards.

	Carrying amount \$'000	Interest rate risk -0.5%		+0.5%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
30 June 2015					
Financial assets					
Cash and cash equivalents	1,141	(4)	(4)	4	4
Financial liabilities					
Short term borrowings	(24,250)	85	85	(85)	(85)
Total increase/(decrease)		81	81	(81)	(81)

	Carrying amount \$'000	Interest rate risk -0.5%		+0.5%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
30 June 2014					
Financial assets					
Cash and cash equivalents	1,507	(5)	(5)	5	5
Financial liabilities					
Short term borrowings	(1,450)	5	5	(5)	(5)
Total increase/(decrease)		-	-	-	-

2 Financial risk management (continued)

(b) Credit risk

Credit management policies and procedures are in place to ensure an appropriate level of due diligence in relation to credit history and financial integrity for financial transactions undertaken by SA Water. In addition, receivable balances are monitored on an ongoing basis and actions to recover outstanding debt are instigated in accordance with the Corporation's collection policies and practices with the result that exposure to bad debts is not significant.

Under the Water Industry Act 2012, water rates are secured via a first charge on the property.

The Corporation has no significant concentration of credit risk.

(c) Liquidity risk

The Corporation has in place a Liquidity Risk Management Policy to provide a prudential framework for managing liquidity risk. SA Water is required to hold in cash or committed facilities appropriate capacity to meet immediate funding requirements and provide any unforeseen cash flow needs. Liquidity levels are reviewed on a daily basis.

Contractual maturities

The table below analyses the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The contractual cash flows remaining to maturity for borrowings include principal, interest, guarantee fees and SAFA margins. Maturing borrowings are included in the table at their maturity date.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
At 30 June 2015					
Non-derivatives					
Fixed rate borrowings	1,316,022	296,639	3,995,281	2,168,143	7,776,085
Finance lease liabilities	22,443	22,443	67,328	68,501	180,715
Non-interest bearing liabilities*	88,184	-	-	-	88,184
Floating rate borrowings	24,254	-	-	-	24,254
Total non-derivatives	1,450,903	319,082	4,062,609	2,236,644	8,069,238
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
At 30 June 2014					
Non-derivatives					
Fixed rate borrowings	999,027	629,521	1,070,696	1,742,979	4,442,223
Finance lease liabilities	22,466	22,466	67,396	91,067	203,395
Non-interest bearing liabilities*	98,856	-	-	-	98,856
Floating rate borrowings	1,456	-	-	-	1,456
Total non-derivatives	1,121,805	651,987	1,138,092	1,834,046	4,745,930

* Non-interest bearing liabilities disclosed are financial liabilities at cost and exclude amounts relating to statutory payables such as tax equivalents and commonwealth tax.

2 Financial risk management (continued)

(d) Fair value measurements

The fair value of financial assets and financial liabilities is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(i) Fair value of financial liabilities

The fair value for long term borrowings is estimated by discounting the anticipated future cash flows to their present value based on current market interest rates at the respective balance sheet dates.

A reliable estimate of the fair value for finance leases cannot be determined due to the unique nature of the leasing arrangements. Refer note 1(g).

The carrying amounts and fair values of long term borrowings at balance date are:

	2015		2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Long term borrowings	6,250,000	6,470,041	3,590,000	3,753,543

The fair values of all other financial liabilities approximate the carrying values.

(ii) Fair value of financial assets

The Corporation has invested in unlisted class B shares as part of the Build Own Operate and Transfer (BOOT) arrangements for the Virginia Pipeline Scheme. These shares have been measured at fair value, which includes some assumptions that are not supportable by observable market prices or rates. The fair value has been estimated using the written down current cost of the pipeline assets at the transfer date of 2018, discounted to their present value. In determining fair value a discount factor of 5.06% (30 June 2014: 5.06%) has been used which has been determined from SA Water's pre tax real weighted average cost of capital. If the discount rate was 1% higher, while all other variables were constant, the carrying amount of the shares would decrease by \$0.9m (30 June 2014: \$1.1m). If the discount rate was 1% lower, while all other variables were held constant, the carrying amount of the shares would increase by \$0.9m (30 June 2014: \$1.2m).

The carrying amounts and fair values of available for sale financial instruments at balance date are:

	2015		2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Unlisted shares	27,835	27,835	26,444	26,444

The fair values of all other financial assets approximate the carrying values.

3 Fair value measurements

The Corporation measures and recognises the following financial and non-financial assets at fair value on a recurring basis:

- Available-for-sale financial assets (note 12)
- Land and buildings (note 15)
- Leased water and sewer infrastructure (note 15)
- Water infrastructure (note 15)
- Sewer infrastructure (note 15)
- Plant and equipment (note 15)
- Other (note 15)

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Corporation's financial and non-financial assets measured and recognised at fair value at 30 June 2015.

The Corporation had no valuations categorised into level 1.

(i) Recognised fair value measurements

30 June 2015	2015 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements			
Financial assets			
Unlisted shares	27,835	-	27,835
Total financial assets	27,835	-	27,835
Non-financial assets			
Buildings	29,173	-	29,173
Land	364,288	364,288	-
Water infrastructure	8,669,816	-	8,669,816
Sewer infrastructure	3,863,537	-	3,863,537
Plant and equipment and other	122,282	-	122,282
Total non-financial assets	13,049,096	364,288	12,684,808
Total recurring financial and non-financial assets	13,076,931	364,288	12,712,643

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements (continued)

30 June 2014	2014 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements			
Financial assets			
Unlisted shares	26,444	-	26,444
Total financial assets	<u>26,444</u>	<u>-</u>	<u>26,444</u>
Non-financial assets			
Buildings	29,835	-	29,835
Land	357,163	357,163	-
Water infrastructure	8,757,720	-	8,757,720
Sewer infrastructure	3,924,188	-	3,924,188
Plant and equipment and other	127,035	-	127,035
Total non-financial assets	<u>13,195,941</u>	<u>357,163</u>	<u>12,838,778</u>
Total recurring financial and non-financial assets	<u>13,222,385</u>	<u>357,163</u>	<u>12,865,222</u>

There were no transfers between levels for recurring fair value measurements during the period.

The Corporation's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The Corporation has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of cash and cash equivalents, trade receivables, payables and other current liabilities are assumed to approximate their fair values due to their short-term nature. SA Water does not hold any non-current receivables.

The fair value of financial instruments that make up the long term borrowings disclosed in note 2d(i) have been deemed to be Level 2 in the Fair Value Hierarchy. The valuation is based on SAFA bond rates (market observable) which reflects the cost of funds. The carrying amount of short term borrowings approximates its fair value, as the impact of discounting is not significant.

(b) Valuation techniques used to derive level 3 fair values

(i) Recurring fair value measurements

The valuation techniques used to derive level 3 fair values are described in note 1(e).

Although unobservable inputs were used in determining fair value, and are subjective, the Corporation considers that the overall valuation would not be materially affected by changes to the existing assumptions. There were no changes in valuation techniques during the reporting period.

(ii) Non-recurring fair value measurements

SA Water has no non-recurring fair value measurements.

3 Fair value measurements (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following tables are reconciliations of fair value measurements for recurring fair value measurements using significant unobservable inputs (level 3):

	Buildings \$'000	Water Infrastructure \$'000	Sewer Infrastructure \$'000	Plant and Equipment and Other \$'000	Available for Sale Financial Assets \$'000	Total \$'000
Opening balance at 1 July 2014	29,835	8,757,720	3,924,188	127,035	26,444	12,865,222
Acquisitions	770	161,770	109,447	12,231	-	284,218
Total gain (losses) for the period in the net result:						
Asset write-off	-	(2,366)	(9,221)	-	-	(11,587)
Reversal of previous decrement	224	-	-	-	-	224
Depreciation	(2,373)	(188,071)	(79,672)	(20,380)	-	(290,496)
	(2,149)	(190,437)	(88,893)	(20,380)	-	(301,859)
Total gain (losses) for the period in other comprehensive income:						
Revaluation increment/ (decrement)	717	(59,237)	(81,205)	3,396	1,391	(134,938)
	717	(59,237)	(81,205)	3,396	1,391	(134,938)
Closing balance 30 June 2015	29,173	8,669,816	3,863,537	122,282	27,835	12,712,643

3 Fair value measurements (continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (continued)

	Buildings \$'000	Water Infrastructure \$'000	Sewer Infrastructure \$'000	Plant and Equipment and Other \$'000	Available for Sale Financial Assets \$'000	Total \$'000
Opening balance at 1 July 2013	27,670	8,204,738	3,851,753	124,684	23,919	12,232,764
Acquisitions	3,296	482,838	81,688	28,957	-	596,779
Disposals	-	-	-	(334)	-	(334)
Total gain (losses) for the period in the net result:						
Asset write-off	-	(5,211)	(2,013)	(6,516)	-	(13,740)
Reversal of previous decrement	245	-	-	-	-	245
Depreciation	(2,089)	(185,367)	(88,214)	(23,137)	-	(298,807)
	(1,844)	(190,578)	(90,227)	(29,653)	-	(312,302)
Total gain (losses) for the period in other comprehensive income:						
Revaluation increment/ (decrement)	713	260,722	80,974	3,381	2,525	348,315
	713	260,722	80,974	3,381	2,525	348,315
Closing balance 30 June 2014	29,835	8,757,720	3,924,188	127,035	26,444	12,865,222

(i) Valuation inputs and relationships to fair value

Refer note 1(e) for information relating to unobservable inputs and valuation processes.

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are listed below:

- Unbilled revenue (refer note 1(c));
- Contributed assets (refer note 1(c));
- Impairment of assets (refer note 1(f));
- Valuation and useful lives of assets (refer note 1(e));
- Provision for long service leave (refer note 1(m));
- Provision for workers compensation (refer note 1(n)); and
- Provisions (refer note 1(q)).

5 Revenue from ordinary activities

	2015 \$'000	2014 \$'000
Community service obligations	128,001	125,751
Water and wastewater rates and charges	1,157,124	1,096,751
Recoverable works	51,974	61,971
Fees and charges	36,223	31,274
Miscellaneous	124	155
Amortisation of government grant revenue	9,383	11,454
Contributed assets	38,968	44,769
Rents	1,299	1,422
Interest	606	229
	1,423,702	1,373,776

6 Other income

	2015 \$'000	2014 \$'000
Net gain on disposal of infrastructure, plant and equipment	662	-
Reversal of prior year minor plant write-off	-	4,840
Net gain on disposal of water rights/allocations	3,362	2,717
Reversal of prior year infrastructure, plant and equipment revaluation decrement	224	245
	<u>4,248</u>	<u>7,802</u>

7 Expenses

	2015 '000	2014 '000
Profit before income tax includes the following specific expenses:		
Depreciation (note 15)		
Buildings	2,373	2,089
Plant and equipment	2,737	5,154
Other	17,643	17,983
Infrastructure assets - sewer	79,672	88,214
Infrastructure assets - water	188,071	185,367
Amortisation (note 14)		
Computer software	19,284	17,688
ADP intangible	1,701	1,700
Total depreciation and amortisation	<u>311,481</u>	<u>318,195</u>

Borrowing costs		
Interest paid/payable for borrowings through profit and loss	303,240	214,105
Finance charges on capitalised leases	10,467	11,220
Total borrowing costs	<u>313,707</u>	<u>225,325</u>

Finance lease contingent rentals	4,826	4,650
Operating lease minimum lease payments	11,065	10,801
Net bad and doubtful debts (recovery)/expense including movements in allowance for doubtful debts	(40)	610
Infrastructure, plant and equipment revaluation decrement	46	311
Write-off in value of infrastructure, plant, equipment, and capital WIP	13,991	14,607

7 Expenses (continued)

Consultancy costs

Less than \$10,000 (Number 2015: 6; 2014: 3)	20	23
Between \$10,000 and \$50,000 (Number 2015: 5; 2014: 3)	95	183
Greater than \$50,000 (Number 2015: 3; 2014: 9)	512	316
	<u>627</u>	<u>522</u>

Superannuation contribution	16,039	16,935
Net loss on disposal of infrastructure, plant and equipment	-	41

8 Income tax expense

(a) Income tax expense

	2015 \$'000	2014 \$'000
Current tax	96,914	100,753
Deferred tax	(15,465)	(35,107)
Amounts under provided in prior years	3	18,314
	<u>81,452</u>	<u>83,960</u>

Deferred income tax (revenue) included in income tax expense comprises:

(Increase) decrease in deferred tax assets (note 13)	(537)	(1,250)
(Decrease) increase in deferred tax liabilities (note 23)	(14,928)	(33,857)
	<u>(15,465)</u>	<u>(35,107)</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 \$'000	2014 \$'000
Profit from continuing operations before income tax expense	278,761	283,858
Tax at the Australian tax rate of 30.0% (2014: 30.0%)	83,629	85,157
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
(Gain) on sale of land	(63)	-
ADP intangible asset amortisation	510	510
Revaluation decrement	14	-
Government grants	(2,619)	(2,590)
Provision for employee benefits	(22)	-
	<u>81,449</u>	<u>83,077</u>
Amounts under provided in prior years	3	883
Income tax expense	<u>81,452</u>	<u>83,960</u>

8 Income tax expense (continued)

(c) Tax expense (income) relating to items of other comprehensive income

	2015 \$'000	2014 \$'000
(Loss)/gain on revaluation of infrastructure, plant and equipment	(40,791)	103,906
Revaluation of investment in unlisted shares	417	758
	<u>(40,374)</u>	<u>104,664</u>

9 Current assets - Receivables

	2015 \$'000	2014 \$'000
Receivables		
Rates receivable (water and wastewater)	160,187	146,745
Sundry debtors	27,020	29,424
Allowance for doubtful debts	(615)	(655)
	<u>186,592</u>	<u>175,514</u>
Other receivables		
Community Service Obligations	12,921	12,922
	<u>199,513</u>	<u>188,436</u>

(a) Impaired trade receivables

An allowance for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

The ageing of these receivables is as follows:

	2015 \$'000	2014 \$'000
More than 90 days overdue	615	655

Movements in the provision for impairment of receivables are as follows:

Opening balance at 1 July	655	118
Provision for impairment recognised during the year	-	611
Amounts written off	(15)	(74)
Unused amounts reversed	(25)	-
Closing balance at 30 June	<u>615</u>	<u>655</u>

9 Current assets - Receivables (continued)

(b) Past due but not impaired

At 30 June, the aging of rates receivable that are past due but not impaired is as follows:

	2015 \$'000	2014 \$'000
Past due 0-69 days	20,049	16,202
More than 69 days	17,898	14,955
	<u>37,947</u>	<u>31,157</u>

The other balances within rates receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The carrying amount of past due rates receivables with renegotiated terms at balance date is \$12.686m (2014: \$13.495m).

At 30 June, the aging of sundry debtors that are past due but not impaired is as follows:

	2015 \$'000	2014 \$'000
Past due 0-30 days	3,059	2,868
Past due more than 30 days	756	972
	<u>3,815</u>	<u>3,840</u>

The other balances within sundry debtor receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The carrying amount of past due sundry debtor receivables with renegotiated terms at balance date is \$0.947m (2014: \$0.950m).

Balances for other receivables relate to Community Service Obligations and do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Corporation and the credit quality of the Corporation's receivables.

10 Current assets - Inventories

	2015 \$'000	2014 \$'000
Raw materials and stores	7,437	6,246
Allowance for obsolete stock	(1,377)	(1,391)
Work in progress	740	731
	<u>6,800</u>	<u>5,586</u>

11 Current assets - Other current assets

	2015 \$'000	2014 \$'000
Interest receivable	174	89
Prepayments	4,143	2,984
Renewable Energy Certificates *	3,109	3,158
	<u>7,426</u>	<u>6,231</u>

*SA Water purchases Renewable Energy Certificates (RECs) in order to meet Green House Gas (GHG) emission targets. SA Water does not purchase RECs with the intention of trading for gain. Unused RECs accumulated as at 30 June are recorded at their cost. These RECs are expected to be utilised in satisfying the Corporation's 2015-16 GHG emission targets and will be expensed at time of surrender.

12 Non-current assets - Available-for-sale financial assets

	2015 \$'000	2014 \$'000
Unlisted shares at fair value	27,835	26,444

13 Non-current assets - Deferred tax assets

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Doubtful debts	184	197
Obsolete stock	413	417
Infrastructure, plant and equipment	5,788	6,566
Pooled assets	36	47
Payables	1,287	1,210
Audit fee payable	143	126
Government grants	11,739	11,706
Employee benefits	12,809	12,020
Deferred lease incentives	333	373
Unearned income-customer contributions	3,008	2,275
Provision for site rehabilitation	-	41
Provision for asset disposal	19	28
Provision for damages and claims	-	150
Provision for workers compensation	220	286
	35,979	35,442
<i>Amounts recognised directly in equity</i>		
Unearned income-customer contributions	2,335	2,335
Total deferred tax assets	38,314	37,777

	2015 \$'000	2014 \$'000
Movements:		
Opening balance at 1 July	37,777	36,527
Credited to the Statement of Comprehensive Income (note 8)	537	1,250
Closing balance at 30 June	38,314	37,777
Deferred tax assets expected to be recovered within 12 months	11,101	10,483
Deferred tax assets expected to be recovered after more than 12 months	27,213	27,294
	38,314	37,777

14 Non-current assets - Intangible assets

Year ended 30 June 2015

Opening net book amount
Additions from external acquisitions
Amortisation charge
Closing net book amount

Easements \$'000	Prescription rights \$'000	Computer software \$'000	ADP intangible \$'000	Purchased water rights \$'000	Seasonal Water Allocations \$'000	Total \$'000
6,213	4,500	44,786	66,375	23,178	54,408	199,460
-	-	12,477	-	-	-	12,477
-	-	(19,284)	(1,701)	-	-	(20,985)
6,213	4,500	37,979	64,674	23,178	54,408	190,952

6,213	4,500	144,773	70,982	23,178	54,408	304,054
-	-	(106,794)	(6,308)	-	-	(113,102)
6,213	4,500	37,979	64,674	23,178	54,408	190,952

At 30 June 2015

Cost
Accumulated amortisation
Net book amount

14 Non-current assets - Intangible assets (continued)

	Easements \$'000	Prescription rights \$'000	Computer software \$'000	ADP intangible \$'000	Purchased water rights \$'000	Seasonal Water Allocations \$'000	Total \$'000
Year ended 30 June 2014							
Opening net book amount	6,213	4,500	33,799	68,075	31,598	54,408	198,593
Additions from external acquisitions	-	-	28,675	-	-	-	28,675
Amortisation charge	-	-	(17,688)	(1,700)	-	-	(19,388)
Disposals	-	-	-	-	(8,420)	-	(8,420)
Closing net book amount	6,213	4,500	44,786	66,375	23,178	54,408	199,460
At 30 June 2014							
Cost	6,213	4,500	132,297	70,982	23,178	54,408	291,578
Accumulated amortisation	-	-	(87,511)	(4,607)	-	-	(92,118)
Net book amount	6,213	4,500	44,786	66,375	23,178	54,408	199,460

15 Non-current assets - Infrastructure, plant and equipment

Consolidated entity	Work in progress \$'000	Land \$'000	Buildings \$'000	Leased sewer infrastructure \$'000	Plant and equipment \$'000	Water infrastructure \$'000	Sewer infrastructure \$'000	Leased water infrastructure \$'000	Other property, plant and equipment \$'000	Total \$'000
Year ended 30 June 2015										
Opening net book amount	467,260	357,163	29,835	23,615	19,431	8,666,421	3,900,573	91,299	107,604	13,663,201
Revaluation increment/(decrement)	-	-	-	-	-	-	-	-	-	-
Additions	243,126	1,764	941	744	-	(62,118)	(81,949)	2,881	3,396	(134,341)
Transfers	(271,344)	6,167	770	-	699	161,770	109,447	-	11,532	533,511
Depreciation charge	-	-	-	-	-	-	-	-	-	(271,344)
Asset write down	(2,404)	-	(2,373)	(775)	(2,737)	(183,426)	(78,897)	(4,645)	(17,643)	(290,496)
Disposals	-	(806)	-	-	-	(2,366)	(9,221)	-	-	(13,991)
Closing net book amount	436,638	364,288	29,173	23,584	17,393	8,580,281	3,839,953	89,535	104,889	13,485,734
At 30 June 2015										
Cost	436,638	-	-	-	43,790	-	-	-	-	480,428
Valuation	-	364,288	81,152	30,402	-	14,216,802	6,402,303	207,840	251,787	21,554,574
Accumulated depreciation	-	-	(51,979)	(6,818)	(26,397)	(5,636,521)	(2,562,350)	(118,305)	(146,898)	(8,549,268)
Net book amount	436,638	364,288	29,173	23,584	17,393	8,580,281	3,839,953	89,535	104,889	13,485,734

15 Non-current assets - Infrastructure, plant and equipment (continued)

Consolidated entity	Work in progress \$'000	Land \$'000	Buildings \$'000	Leased sewer infrastructure \$'000	Plant and equipment \$'000	Water infrastructure \$'000	Sewer infrastructure \$'000	Leased water infrastructure \$'000	Other property, plant and equipment \$'000	Total \$'000
Year ended 30 June 2014										
Opening net book amount	765,943	355,719	27,670	23,551	27,040	8,111,235	3,828,202	93,503	97,644	13,330,507
Revaluation										
Increment/(decrement)	-	1,444	958	816	-	257,486	80,158	3,236	3,381	347,479
Additions	296,582	-	3,296	-	4,395	482,815	81,688	23	24,562	893,361
Transfers	(594,398)	-	-	-	-	-	-	-	-	(594,398)
Depreciation charge	-	-	(2,089)	(752)	(5,154)	(179,904)	(87,462)	(5,463)	(17,983)	(298,807)
Asset write down	(867)	-	-	-	(6,516)	(5,211)	(2,013)	-	-	(14,607)
Disposals	-	-	-	-	(334)	-	-	-	-	(334)
Closing net book amount	467,260	357,163	29,835	23,615	19,431	8,666,421	3,900,573	91,299	107,604	13,663,201
At 30 June 2014										
Cost	467,260	-	-	-	43,091	-	-	-	-	510,351
Valuation	-	357,163	77,926	29,473	-	14,189,301	6,472,404	201,483	232,969	21,560,719
Accumulated depreciation	-	-	(48,091)	(5,858)	(23,660)	(5,522,880)	(2,571,831)	(110,184)	(125,365)	(8,407,869)
Net book amount	467,260	357,163	29,835	23,615	19,431	8,666,421	3,900,573	91,299	107,604	13,663,201

15 Non-current assets - Infrastructure, plant and equipment (continued)

(a) Carrying amounts that would have been recognised

If revalued assets were stated on the historical cost basis, the amounts would be as follows:

	2015 \$'000	2014 \$'000
Freehold land		
Cost	50,198	44,850
Net book amount	<u>50,198</u>	<u>44,850</u>
Buildings		
Cost	46,302	45,533
Accumulated depreciation	(23,116)	(21,246)
Net book amount	<u>23,186</u>	<u>24,287</u>
Leased sewer infrastructure		
Cost	18,792	18,792
Accumulation depreciation	(4,698)	(4,228)
Net book Amount	<u>14,094</u>	<u>14,564</u>
Water infrastructure		
Cost	4,376,648	4,248,637
Accumulated depreciation	(966,658)	(886,572)
Net book amount	<u>3,409,990</u>	<u>3,362,065</u>
Sewer infrastructure		
Cost	2,013,514	1,936,579
Accumulated depreciation	(807,976)	(735,704)
Net book amount	<u>1,205,538</u>	<u>1,200,875</u>
Leased water infrastructure		
Cost	124,183	124,183
Accumulation depreciation	(68,554)	(65,864)
Net book amount	<u>55,629</u>	<u>58,319</u>
Other		
Cost	202,401	190,869
Accumulated depreciation	(112,693)	(97,225)
Net book amount	<u>89,708</u>	<u>93,644</u>

16 Current liabilities - Payables

	2015 \$'000	2014 \$'000
Interest payable	58,949	39,661
Trade creditors	86,697	95,036
Other creditors	11,327	18,199
	<u>156,973</u>	<u>152,896</u>

17 Current liabilities - Financial liabilities/borrowings

	2015 \$'000	2014 \$'000
Lease liabilities note (note 30)	7,960	7,117
Short term borrowings	24,250	1,450
	<u>32,210</u>	<u>8,567</u>

The Corporation has a \$150m short term borrowing facility with SAFA, bearing interest at SAFA's daily cash rate.

(a) Risk exposures

Information regarding interest rate risk and liquidity risk exposure is set out in note 2.

(b) Fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 2.

Due to the short term nature of these interest bearing liabilities, their carrying value is assumed to approximate their fair value. Refer to note 2.

18 Current liabilities - Tax liabilities

	2015 \$'000	2014 \$'000
Provision for current income tax movements during the year were as follows:		
Balance at the beginning of the year	15,476	36,469
Income tax paid	(109,320)	(140,060)
Current year's income tax provision	96,914	100,753
Amounts under provided in prior years	3	18,314
	<u>3,073</u>	<u>15,476</u>

19 Current liabilities - Provisions

	2015 \$'000	2014 \$'000
Employee benefits	14,474	14,289
Asset disposal	20	20
Site rehabilitation	-	135
Damages and claims	22	532
Workers compensation	1,961	1,226
	<u>16,477</u>	<u>16,202</u>

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2015 Current	Asset disposal \$'000	Site rehabilitation \$'000	Damages and claims \$'000	Workers compensation \$'000	Total \$'000
Carrying amount at 1 July	20	135	532	1,226	1,913
Provisions recognised	-	-	262	962	1,224
Payments made during year	(27)	(92)	(606)	(936)	(1,661)
Re-measurement adjustments	-	(43)	(166)	709	500
Transfer from non-current	27	-	-	-	27
Carrying amount at 30 June	<u>20</u>	<u>-</u>	<u>22</u>	<u>1,961</u>	<u>2,003</u>

20 Current liabilities - Other current liabilities

	2015 \$'000	2014 \$'000
Government grants	10,062	9,952
Lease incentives	134	134
Unearned income	18,795	15,367
Deposits from contractors	1,247	1,534
	<u>30,238</u>	<u>26,987</u>

21 Non-current liabilities - Payables

	2015 \$'000	2014 \$'000
Other payables	2,510	2,247

22 Non-current liabilities - Financial liabilities/borrowings

	2015 \$'000	2014 \$'000
Lease liabilities (note 30)	79,030	86,990
Long term borrowings*	6,250,000	3,590,000
	<u>6,329,030</u>	<u>3,676,990</u>

* Long term borrowings increased by \$2.7 billion due to debt transfer from the SA Government. Refer to note 33.

23 Non-current liabilities - Deferred tax liabilities

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Prepayments	329	338
Unlisted shares at fair value	(2,406)	(2,406)
Seasonal Water Allocations	16,322	16,322
Depreciation and amortisation	21,409	36,327
	<u>35,654</u>	<u>50,581</u>
<i>Amounts recognised directly in equity</i>		
Revaluation of infrastructure, plant and equipment	1,605,132	1,645,924
Unlisted shares at fair value	6,301	5,884
Sub-total other	<u>1,611,433</u>	<u>1,651,808</u>
Total deferred tax liabilities	<u>1,647,087</u>	<u>1,702,389</u>
Movements:		
Opening balance at 1 July	1,702,389	1,631,583
Credited to the Statement of Comprehensive Income (note 8)	(14,928)	(16,427)
Charged to equity (note 29)	(40,791)	103,906
Unlisted shares at fair value	417	758
Amounts under provided in prior years	-	(17,431)
Closing balance at 30 June	<u>1,647,087</u>	<u>1,702,389</u>

23 Non-current liabilities - Deferred tax liabilities (continued)

Deferred tax liabilities to be settled within 12 months	329	338
Deferred tax liabilities expected to be settled after more than 12 months	1,646,758	1,702,051
	<u>1,647,087</u>	<u>1,702,389</u>

24 Non-current liabilities - Provisions

	2015 \$'000	2014 \$'000
Employee benefits	28,221	25,777
Workers compensation	2,556	3,511
Asset disposal	45	72
	<u>30,822</u>	<u>29,360</u>

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2015 Non-current	Workers compensation \$'000	Asset disposal \$'000	Total \$'000
Carrying amount at 1 July	3,511	72	3,583
Transfer from current provision	-	(27)	(27)
Re-measurement adjustments	(955)	-	(955)
Carrying amount at 30 June	<u>2,556</u>	<u>45</u>	<u>2,601</u>

25 Non-current liabilities - Other non-current liabilities

	2015 \$'000	2014 \$'000
Government grants	388,704	397,379
Lease incentives	976	1,110
	<u>389,680</u>	<u>398,489</u>

26 Reconciliation of cash

	2015 \$'000	2014 \$'000
Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the items in the Statement of Financial Position as follows:		
Cash and cash equivalents	<u>1,141</u>	<u>1,507</u>

(a) Fair Value

Due to the short term nature of cash and cash equivalents, their carrying value is assumed to approximate their fair value.

27 Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 \$'000	2014 \$'000
Net profit for the year	197,309	199,898
Add/(less) non-cash items:		
Depreciation and amortisation	311,481	318,195
Amortisation of government grant revenue	(9,383)	(11,454)
Contributed assets	(31,518)	(26,218)
Net (gain)/loss on disposal of infrastructure, plant and equipment	(687)	41
Net (gain) on disposal of purchased water rights/allocations	(3,405)	(2,717)
Infrastructure, plant and equipment revaluation decrement reversal	(224)	(245)
Infrastructure, plant and equipment revaluation decrement	46	311
Write-off in value of infrastructure, plant and equipment	11,587	7,223
Write-off in value of capital works in progress and minor plant	2,404	7,383
Reversal of prior year minor plant writeoff	-	(4,840)
Change in assets and liabilities:		
(Increase)/decrease in rates and sundry receivables	(10,902)	24,851
(Increase) in inventories	(1,214)	(472)
(Increase)/decrease in prepayments	(1,159)	290
(Increase)/decrease in other operating assets	(36)	4,337
(Increase) in deferred tax assets	(537)	(1,250)
Increase in trade creditors	3,806	1,266
Increase/(decrease) in provision for employee benefits	2,629	(5,596)
(Decrease)/increase in provision for workers compensation	(220)	455
Increase in other operating liabilities	11,527	7,282
Increase in government grants	836	5,842
(Decrease) in provision for deferred income tax	(14,928)	(33,857)
(Decrease) in other provisions	(672)	(240)
(Decrease) in provision for income taxes payable	(12,403)	(20,993)
Net cash inflow from operating activities	<u>454,337</u>	<u>469,492</u>

28 Capital risk management

Capital is managed within the parameters outlined in the Financial Ownership Framework for SA Water, which encompasses the Corporation's relationship with its owner in respect of capital structure, community service obligations and dividends.

When managing capital, management's objective is to ensure the Corporation continues as a going concern as well as maintaining optimal returns to the State Government (as sole shareholder).

Gearing increased in 2014-15 primarily due to the transfer of \$2,700 million of debt from the State Government.

The Gearing ratios based on continuing operations at 30 June 2014 and 30 June 2015 were as follows:

	2015 \$'000	2014 \$'000
Interest bearing borrowings (note 17, 22)	6,361,240	3,685,557
Less: Cash and cash equivalents (note 26)	<u>(1,141)</u>	<u>(1,507)</u>
Net debt	6,360,099	3,684,050
Total Assets	<u>13,957,715</u>	<u>14,128,642</u>
Gearing ratio	46%	26%

Outside of the Financial Ownership Framework, the Corporation is not subject to any externally imposed capital requirements.

SA Water and the SA Government continue to review the parameters of the Financial Ownership Framework to ensure the appropriateness of the targets. The target range for the gearing ratio is currently being reviewed by the Department of Treasury and Finance.

29 Asset revaluation surplus and retained profits

(a) Asset revaluation surplus

	2015 \$'000	2014 \$'000
Revaluation surplus - property, plant and equipment	4,829,397	7,624,339
Available-for-sale financial assets	14,703	13,729
	<u>4,844,100</u>	<u>7,638,068</u>

Movements:

Infrastructure, plant and equipment revaluation surplus

Opening balance at 1 July	7,624,339	7,383,652
Revaluation of infrastructure, plant and equipment*	(134,519)	347,543
Movements in deferred tax liability (note 23)	40,791	(103,906)
Transfer to retained profits on disposal	(1,214)	(2,950)
Dividend - debt transfer from the SA Government (note 33)	(2,700,000)	-
Closing balance at 30 June	<u>4,829,397</u>	<u>7,624,339</u>

Available-for-sale investments revaluation surplus

Opening balance at 1 July	13,729	11,962
Revaluation of investment in unlisted shares	1,391	2,525
Movements in deferred tax liabilities (note 23)	(417)	(758)
Closing balance at 30 June	<u>14,703</u>	<u>13,729</u>

* The 2013/2014 revaluation increase relates to moderate increases (around 3%) in pipe replacement prices, together with similar increase in other assets.

The 2014/2015 revaluation decrease relates to a decrease (around 1%) in infrastructure asset valuations, principally pipe assets and waste water treatment plants.

29 Asset revaluation surplus and retained profits (continued)

(b) Retained profits

Movements in retained profits were as follows:

Opening balance at 1 July	287,361	280,684
Net profit for the period	197,309	199,898
Dividends (note 33)	(183,979)	(196,171)
Transfers from Infrastructure, plant and equipment revaluation surplus	1,214	2,950
Closing balance at 30 June	301,905	287,361

(c) Nature and purpose of other asset revaluation surplus

(i) Infrastructure plant and equipment revaluation surplus

The infrastructure, plant and equipment revaluation surplus is the cumulative balance of asset revaluation increments and decrements.

(ii) Available-for-sale revaluation surplus

Changes in the fair value of unlisted shares are taken to the available-for-sale revaluation surplus.

30 Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are committed as follows:

	2015 \$'000	2014 \$'000
Within one year	47,625	58,188
Later than one year but not later than five years	22,335	29,660
	<u>69,960</u>	<u>87,848</u>

The capital commitments relate to the Corporation's capital program in delivering water and waste water infrastructure, property, plant & equipment assets.

(b) Operating lease commitments

	2015 \$'000	2014 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are committed as follows:		
Within one year	11,973	11,330
Later than one year but not later than five years	48,060	46,870
Later than five years	44,328	55,921
	<u>104,361</u>	<u>114,121</u>

The operating lease commitments relate to property leases which are non cancellable leases. The rental is payable monthly and reviewed annually. The annual increases are based on either CPI, 1.7%, 2.5%, 3%, 3.5% or 4%. Options exist to renew the leases at the end of the term of the leases.

The Corporation has an operating lease commitment for accommodation effective from 2008/09 which expires after 15 years with a market rent review renegotiation in year 10. The lease has escalation clauses and no purchase options.

(c) Other expenditure commitments

	2015 \$'000	2014 \$'000
Future other expenditure commitments not provided for in the financial statements are committed as follows:		
Within one year	160,359	166,095
Later than one year but not later than five years	599,227	621,915
Later than five years	826,365	1,067,567
	<u>1,585,951</u>	<u>1,855,577</u>

Other expenditure commitments include commitments pursuant to contracts to:

Operate, manage and maintain the Adelaide metropolitan water and wastewater networks and treatment plants. Refer to Note 1(u).

Operate, maintain and provide energy for the Adelaide Desalination Project. Refer to note 1(v).

30 Commitments and contingencies (continued)

(c) Other expenditure commitments (continued)

Other expenditure commitments reported are based on minimum contracted amounts payable at balance date and include an estimate for escalation of charges.

(d) Finance leases

	2015 \$'000	2014 \$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	17,584	17,584
Later than one year but not later than five years	70,335	70,335
Later than five years	46,055	63,639
Minimum lease payments	<u>133,974</u>	<u>151,558</u>
Future finance charges	(46,984)	(57,451)
Recognised as a liability	<u>86,990</u>	<u>94,107</u>
Representing lease liabilities:		
Current (note 17)	7,960	7,117
Non-current (note 22)	79,030	86,990
	<u>86,990</u>	<u>94,107</u>
The present value of finance lease liabilities is as follows:		
Within one year	7,960	7,117
Later than one year but not later than five years	42,479	37,969
Later than five years	36,551	49,021
Minimum lease payments	<u>86,990</u>	<u>94,107</u>

Future finance lease payments are amounts contracted with private sector providers to construct, own and operate water and wastewater treatment facilities.

(e) Contingent rentals

The above finance leases comprise a base amount plus an incremental contingent rental. Contingent rentals are based on the consumer price and related indexes. Commitments in relation to contingent rentals are payable as follows:

	2015 \$'000	2014 \$'000
Within one year	4,859	4,882
Later than one year but not later than five years	19,436	19,527
Later than five years	22,446	27,428
	<u>46,741</u>	<u>51,837</u>

The amount of contingent rentals paid during the year is disclosed in note 7.

(f) Other contingencies

At balance date there were no other known contingent assets or liabilities.

30 Commitments and contingencies (continued)

(g) Remuneration commitments

	2015 \$'000	2014 \$'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	14,695	13,682
Later than one year but not later than five years	21,796	25,045
	<u>36,491</u>	<u>38,727</u>

31 Joint Operation

Jointly controlled operations

The Corporation holds an interest of 50% in the output of the Jointly controlled operation named SA Water/Lofty Ranges Power - Jointly controlled operation whose principal activity is the generation of electricity from the use of water energy stored in and by the Corporation's infrastructure at Hope Valley.

Included in the assets and liabilities of the Corporation are the following items which represent the Corporation's interest in the assets and liabilities employed in the Jointly controlled operation, recorded in accordance with the accounting policies described in note 1(b), under the following classifications:

	2015 \$'000	2014 \$'000
Current assets		
Cash and cash equivalents	47	9
Receivables	3	31
Total current assets	<u>50</u>	<u>40</u>
Non-current assets		
Infrastructure, plant and equipment	1,604	1,611
Total assets	<u>1,654</u>	<u>1,651</u>
Current liabilities		
Payables	27	26
Total liabilities	<u>27</u>	<u>26</u>
Net assets	<u>1,627</u>	<u>1,625</u>

32 Remuneration of auditors

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor General's Department relating to:		
Financial statement audit	406	383
Regulatory accounts audit	35	35
	<u>441</u>	<u>418</u>

33 Dividends

	2015 \$'000	2014 \$'000
Dividends paid (a)	183,979	196,171
Dividend - debt transfer from the SA Government (b)	2,700,000	-
	<u>2,883,979</u>	<u>196,171</u>

(a) Dividends paid to the South Australian Government were based on the recommendation of the Board and approved by the Treasurer pursuant to section 30 of the Public Corporations Act 1993.

(b) On 1 July 2014 the SA Government announced that \$2.7 billion of debt would be transferred to SA Water. On 16 September 2014 the Treasurer requested the Board recommend an interim dividend of \$2.7 billion and on 18 September that recommendation was made by the Board. The transfer of debt occurred on 8 October 2014 by way of dividend from asset revaluation reserve and through government mechanisms that did not involve a cash transfer. The transfer of debt has increased long term borrowings and decreased the equity of the Corporation.

34 Remuneration of employees

	Current employees 2015	Ex-Employees 2015	Current employees 2014	Ex-Employees 2014
The number of employees whose remuneration paid and payables falls within the following bands is:				
\$141,500 - 151,499	36	2	41	1
\$151,500 - 161,499	34	2	21	-
\$161,500 - 171,499	18	-	13	1
\$171,500 - 181,499	7	-	8	-
\$181,500 - 191,499	5	-	5	-
\$191,500 - 201,499	6	-	7	-
\$201,500 - 211,499	5	1	5	-
\$211,500 - 221,499	3	1	-	1
\$221,500 - 231,499	-	-	1	-
\$231,500 - 241,499	2	-	1	1
\$241,500 - 251,499	-	-	1	-
\$251,500 - 261,499	3	-	1	1
\$261,500 - 271,499	-	-	2	1
\$281,500 - 291,499	2	-	1	1
\$291,500 - 301,499	1	-	1	-
\$301,500 - 311,499	2	-	2	1
\$311,500 - 321,499	-	-	1	3
\$321,500 - 331,499	1	-	1	2
\$331,500 - 341,499	-	-	2	-
\$341,500 - 351,499	1	-	-	-
\$371,500 - 381,499	1	-	-	-
\$381,500 - 391,499	-	1	-	-
\$391,500 - 401,499	-	-	-	2
\$401,500 - 411,499	-	-	-	1
\$411,500 - 421,499	-	1	-	2
\$421,500 - 431,499	-	-	1	2
\$461,500 - 471,499	-	-	-	1
\$531,500 - 541,499	-	-	-	1
\$551,500 - 561,499	-	-	1	-
\$581,500 - 591,499	1	-	-	-
\$591,500 - 601,499	-	-	-	1
\$891,500 - 901,499	-	-	-	1
Total	128	8	116	24

The total remuneration paid and payable for those employees was \$24.7m (2014: \$30.1m). This amount includes separation payments, lump sum payments for annual leave and long service leave, fringe benefits and superannuation payments.

34 Remuneration of employees (continued)

	2015 \$'000	2014 \$'000
Targeted voluntary separation packages(TVSPs)		
Amount paid during the reporting period to separated employees:		
TVSPs	3,750	4,488
Annual leave and long service leave paid to those employees	1,233	1,996
Net cost to SA Water	4,983	6,484

The number of employees who received TVSPs during the reporting period was 24 (2014: 27).

35 Remuneration of directors

The Board of SA Water was established under the South Australian Water Corporation Act 1994 and consists of up to seven members including the Chief Executive Officer. Note: Although a member of the Board, the Chief Executive Officer does not receive additional remuneration as a Board member. The remuneration of the Chief Executive Officer is included in Notes 34 and 36.

Remuneration of Directors (excluding the Chief Executive) is shown in the table below.

	2015 Number of directors	2014 Number of directors
The number of Directors of the Corporation (excluding the Chief Executive) whose remuneration paid and payable falls within the following bands is:		
\$0 - \$9,999	1	-
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	2
\$50,000 - \$59,999	2	2
\$80,000 - \$89,999	1	1
Total	7	6

The total remuneration paid and payable for those Directors was \$0.30m (2014: \$0.31 m) which includes fringe benefits and superannuation contributions.

36 Related party disclosures

(a) Directors

The following persons held the position of Director of the Corporation during the financial year:

S.G.M. Blencowe, S.M. Filby, K.A. Maywald, K.G. Osborn, L.W. Owens, C.A. Pickles, J.F. Ringham and I.F. Stirling.

Ms Blencowe is a Specialist Member of the City of Port Adelaide and Enfield Development Assessment Panel and a member of the Advisory Board of Monopoly Property Group.

36 Related party disclosures (continued)

(a) Directors (continued)

Ms Filby is a member of the Development Policy Advisory Committee.

Ms Maywald is Managing Director of Maywald Consultants Pty Ltd, Director of Sturt Fleurieu Education and Training, Deputy Chair of International Centre of Excellence in Water Resources Management, Advisory Council Member of Flinders University New Venture Institute, Board Member of Adelaide International 3 Day Event, Partner in DR and KA Maywald and Local Recovery Coordinator for the Sampson Flat Bushfire. She was formerly Chair of the National Water Commission.

Mr Osborn is Director of Pateka Pty Ltd., Tristar Properties Pty Ltd., Port Adelaide Football Club, Australian Institute of Company Directors and the Accounting Professional & Ethical Standards Board (APESB).

Mr Owens is Chair of SA Water, SA Country Arts Trust, a Director of Regional Arts Australia Ltd, a Reconciliation Ambassador for Reconciliation SA, Member of Resources and Energy Sector Infrastructure Council and Member of the City of Marion Audit Committee. He was formerly a Director of Petrathern.

Ms Pickles is the Chair of the South Australia State Library Foundation.

Mr Ringham is a Director and Chief Executive of SA Water, Deputy Chair Wateraid Australia and Director of Water Services Association of Australia (WSAA).

Mr Stirling is Executive Chairman of Stirling Advisory Pty Ltd and a Director and SA President of CEDA, a Director of Botanic Gardens of SA and the Botanic Gardens Foundation, and a member of the University of Adelaide Business School Advisory Board.

All financial benefits provided by SA Water to related parties are provided on arm's length terms.

(b) Key management personnel

Key management personnel compensation for the years ended 30 June 2015 and 2014 is set out below. The key management personnel are the Directors of the Corporation (including the Chief Executive) and the Senior Leadership Team who have responsibility for the strategic direction and management of the Corporation.

	Number of key management personnel	Short-term benefits \$'000	Post-employment benefits \$'000	Long-term benefits \$'000	Termination benefits \$'000	Total \$'000
2015*	17	2,220	1,017	181	-	3,418
2014*	17	2,348	1,497	79	308	4,232

*Both 2015 and 2014 include an overlap of SLT members resulting from the organisational restructure.

37 Statement of Administered items

	2015		2014	
Consolidated entity	River Murray Levy \$'000	Pensioner concessions \$'000	Total \$'000	Total \$'000
Administered Income				
Revenue	25,374	28,532	53,906	53,771
Total Administered Revenues	25,374	28,532	53,906	53,771
Expenses	25,374	28,532	53,906	53,771
Total Administered Expenses	25,374	28,532	53,906	53,771
Operating Surplus	-	-	-	-
Consolidated entity				
Current Assets				
Cash and cash equivalents	148	31	179	348
Receivables	1,585	-	1,585	1,406
Total Current Assets	1,733	31	1,764	1,754
Total Administered Assets	1,733	31	1,764	1,754
Current Liabilities				
Payables	1,733	31	1,764	1,754
Total Current Liabilities	1,733	31	1,764	1,754
Total Administered Liabilities	1,733	31	1,764	1,754
Net Assets	-	-	-	-

37 Statement of Administered items (continued)

	2015			2014
Consolidated entity	River Murray Levy \$'000	Pensioner concessions \$'000	Total \$'000	Total \$'000
Cash flows from operating activities				
Cash inflows	25,195	28,532	53,727	54,005
Total Cash Inflows	25,195	28,532	53,727	54,005
Cash outflows	25,121	28,775	53,896	53,819
Total Cash Outflows	25,121	28,775	53,896	53,819
Net cash inflow/(outflow) from operating activities	74	(243)	(169)	186
Net increase/(decrease) in cash held	74	(243)	(169)	186
Cash at the beginning of the reporting period	74	274	348	162
Cash at the end of the reporting period	148	31	179	348

38 SA Government transactions

(a) Income received/receivable from entities within the SA Government

	2015 \$'000	2014 \$'000
Rates and charges	64,601	64,179
Community service obligations	128,001	125,751
Recoverable works	9,112	7,341
Fees and charges	23	11
Miscellaneous	1	2
Government grants	339	1,793
Interest received	569	175
Total revenue - SA Government entities	202,646	199,252

(b) Expenses

Supplies and services

	2015 \$'000	2014 \$'000
Provided by entities within the SA Government		
Operational services	32,817	32,712
Administration	32,656	35,283
Materials & Other	1	1
Payroll tax	7,057	7,516
Maintenance contracts	1,901	1,473
Total supplies and services - SA Government entities	74,432	76,985

Borrowing costs

Provided by entities within the SA Government

Interest expense	303,239	214,105
Total Borrowing Costs provided by entities within the SA Government	303,239	214,105

38 SA Government transactions (continued)

(c) Receivables

	2015 \$'000	2014 \$'000
Receivables from SA Government entities		
Community service obligations	12,921	12,922
Rates receivable (water and wastewater)	1,507	709
Sundry debtors	3,202	5,254
	<u>17,630</u>	<u>18,885</u>

(d) Payables

Current

	2015 \$'000	2014 \$'000
Payables to SA Government entities		
Trade creditors	3,279	5,079
Interest payable	58,949	39,661
Other creditors	4,678	4,608
	<u>66,906</u>	<u>49,348</u>

Non-Current

Payables to SA Government entities

Other creditors	<u>1,423</u>	<u>1,300</u>
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39 Events occurring after the reporting period

Changes to two administered items

On 14 May 2015 the SA Government announced a new cost of living concession to come into effect on 1 July 2015 to replace the \$190 council rate concession. SA Water will cease the administration of this item for the SA Government in 2015/16.

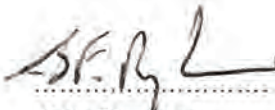
On 17 June 2015 the SA Government announced the abolishment of The Save the River Murray Levy from 1 July 2015. The Corporation will cease the billing for this levy in 2015/16, but will continue to collect the outstanding debt billed prior to 1 July 2015.

Certification of the Financial Statements

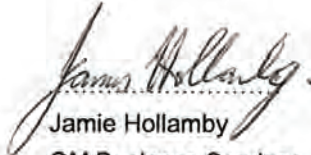
We certify that the:

- Financial statements of SA Water Corporation:
 - are in accordance with the accounts and records of the authority;
 - comply with relevant Treasurer's instructions;
 - 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 SA Water Corporation over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

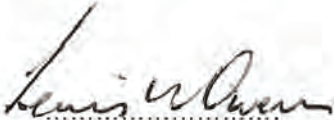
Signed in accordance with a resolution of the Board Members.



John Ringham
Chief Executive Officer



Jamie Hollamby
GM Business Services



Lew Owens
Chairman

Date 18/09/2015



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**To the Chairman
South Australian Water 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 Water 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, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman, Chief Executive Officer and the General Manager Business Services.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

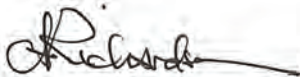
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical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

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

Andrew Richardson
Auditor-General
21 September 2015

Department of
State Development

Financial report
for the year ended
30 June 2015

Department of State Development
Statement of Comprehensive Income
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Employee benefit expense	5	117,504	58,680
Supplies and services	6	84,264	50,839
Vocational Education Training funding	7	240,775	-
Depreciation and amortisation expense	8	31,682	2,059
Grants and subsidies	9	288,991	24,846
Net loss from disposal of non-current assets	19	1,656	12
Other expenses	10	8,853	1,342
Total expenses		773,725	137,778
Income			
Revenues from fees and charges	13	61,155	21,585
Technical regulation	14	6,667	6,384
Sale of electricity	15	4,126	4,630
Commonwealth revenues	16	36,045	1,425
Interest and investment revenues	17	428	6
Resources received free of charge	18	1,021	-
Other revenues	20	14,775	7,186
Total income		124,217	41,216
Net cost of providing services		(649,508)	(96,562)
Revenues from / payments to SA Government			
Revenues from SA Government	21	686,720	96,064
Payments to SA Government	21	(14,861)	(1,109)
Net result		22,351	(1,607)
Other comprehensive income			
Items that will not be reclassified to net result:			
Changes in revaluation surplus	26	430	1,679
Changes in financial assets available for sale reserve	28	381	-
Total comprehensive result		23,162	72

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 State Development
Statement of Financial Position
as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	22	172,225	22,493
Receivables	23	33,050	4,966
Financial assistance debtors	24	1	16
Non-current assets classified as held for sale	25	30,011	7,500
Total current assets		235,287	34,975
Non-current assets			
Property, plant and equipment	26	961,873	24,381
Intangibles	27	14,360	707
Investments	28	6,484	-
Total non-current assets		982,717	25,088
Total assets		1,218,004	60,063
Current liabilities			
Payables	30	121,589	12,592
Employee benefits	31	10,527	6,906
Provisions	32	314	134
Other liabilities	33	6,526	7,170
Total current liabilities		138,956	26,802
Non-current liabilities			
Payables	30	2,121	595
Employee benefits	31	23,744	9,431
Provisions	32	953	466
Other liabilities	33	818	1,058
Total non-current liabilities		27,636	11,550
Total liabilities		166,592	38,352
Net assets		1,051,412	21,711
Equity			
Retained Earnings	34	1,031,280	16,152
Financial asset available for-sale revaluation surplus	34	3,880	-
Revaluation surplus	34	5,989	5,559
Contributed capital	34	10,263	-
Total equity		1,051,412	21,711
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	35		
Contingent assets and liabilities	36		

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

Department of State Development
Statement of Changes in Equity
for the year ended 30 June 2015

	Note	Retained earnings \$'000	Financial asset available for-sale revaluation surplus \$'000	Revaluati on surplus \$'000	Contribut ed capital \$'000	Total \$'000
Balance at 30 June 2013		17,125	-	3,880	-	21,005
Prior period adjustments		607	-	-	-	607
Restated balance at 30 June 2013		17,732	-	3,880	-	21,612
Net result for 2013-14		(1,607)	-	-	-	(1,607)
Revaluation of plant and equipment		-	-	1,679	-	1,679
Total comprehensive result 2013-14		(1,607)	-	1,679	-	72
Net assets transferred as a result of an administrative restructure		27	-	-	-	27
Balance at 30 June 2014		16,152	-	5,559	-	21,711
Prior period adjustments		-	-	-	-	-
Restated balance at 30 June 2014		16,152	-	5,559	-	21,711
Net result for 2014-15		22,351	-	-	-	22,351
Revaluation of land	26	-	-	430	-	430
Change in financial assets available for sale revaluation surplus	28	-	381	-	-	381
Total comprehensive result 2014-15		22,351	381	430	-	23,162
Contributed capital increases		-	-	-	10,263	10,263
Net assets received as a result of an administrative restructure	37	991,057	3,499	-	-	994,556
Net assets transferred as a result of an administrative restructure	37	1,720	-	-	-	1,720
Balance at 30 June 2015		1,031,280	3,880	5,989	10,263	1,051,412

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 State Development
Statement of Cash Flows
for the year ended 30 June 2015

		2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefit payments		(116,493)	(58,045)
Payments to Vocational Education Training providers		(216,857)	-
Payments for supplies and services		(114,654)	(57,740)
Payments for security deposits		(1,504)	(214)
Payments for grants and subsidies		(275,455)	(24,492)
Payments for paid parental leave scheme		(202)	(101)
Other payments		(3,445)	-
Cash used in operations		(728,610)	(140,592)
Cash inflows			
Fees and charges		78,258	20,652
Receipts from technical regulation		6,667	6,384
Sale of electricity		4,396	4,683
Receipts from Commonwealth		36,247	1,569
Interest and dividends received		428	8
Net GST recovered from ATO		12,740	5,772
Receipts for security deposits		34	73
Receipts from paid parental leave scheme		212	101
Proceeds from the repayment of financial assistance		15	2
Other receipts		15,561	9,288
Cash generated from operations		154,558	48,532
Cash flows from SA Government			
Receipts from SA Government		686,720	96,064
Payments to SA Government		(14,861)	(1,109)
Cash generated from SA Government		671,859	94,955
Net cash provided by operating activities	39	97,807	2,895
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(23,033)	(1,787)
Cash used in investing activities		(23,033)	(1,787)
Cash inflows			
Proceeds from sale of property, plant and equipment		16,035	6
Cash generated from investing activities		16,035	6
Net cash used in investing activities		(6,998)	(1,781)
Cash flows from financing activities			
Cash inflows			
Capital contributions from Government		10,263	-
Receipts from restructure activities		48,660	-
Net cash generated by financing activities		58,923	-
Net cash provided by / (used in) financing activities		58,923	(1,781)
Net increase in cash		149,732	1,114
Cash as at the beginning of the period		22,493	21,379
Cash as at the end of the period	22	172,225	22,493

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

Department of State Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2015

	Activity 1		Activity 2		Activity 3	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expense	40,419	-	2,612	-	1,921	-
Supplies and services	30,773	-	844	-	1,677	-
Depreciation and amortisation expense	19,841	-	753	-	12	-
Grants and subsidies	112,617	-	12,163	-	35,760	-
Vocational Education Training funding	240,775	-	-	-	-	-
Net loss from disposal of non-current assets	1,659	-	-	-	-	-
Other expenses	6,403	-	106	-	327	-
Total expenses	452,487	-	16,478	-	39,697	-
Income						
Revenues from fees and charges	18,973	-	658	-	1,673	-
Technical regulation	-	-	-	-	-	-
Sale of electricity	-	-	-	-	-	-
Commonwealth revenues	34,940	-	-	-	-	-
Interest and investment revenues	228	-	9	-	22	-
Resources received free of charge	979	-	-	-	7	-
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other revenues	3,931	-	344	-	542	-
Total income	59,051	-	1,011	-	2,244	-
Net cost of providing services	(393,436)	-	(15,467)	-	(37,453)	-
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	23,264	-
Payments to SA Government	-	-	-	-	-	-
Net result	(393,436)	-	(15,467)	-	(14,189)	-

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2015

	Activity 4		Activity 5		Activity 6	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expense	4,519	-	5,254	-	1,641	-
Supplies and services	2,506	-	4,239	-	1,750	-
Depreciation and amortisation expense	219	-	6,226	-	169	-
Grants and subsidies	31,196	-	60,978	-	102	-
Vocational Education Training funding	-	-	-	-	-	-
Net loss from disposal of non-current assets	-	-	13	-	-	-
Other expenses	364	-	671	-	24	-
Total expenses	38,804	-	77,381	-	3,686	-
Income						
Revenues from fees and charges	2,416	-	10,055	-	148	-
Technical regulation	-	-	-	-	-	-
Sale of electricity	-	-	-	-	-	-
Commonwealth revenues	-	-	251	-	-	-
Interest and investment revenues	22	-	43	-	2	-
Resources received free of charge	12	-	23	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other revenues	879	-	1,766	-	444	-
Total income	3,329	-	12,138	-	594	-
Net cost of providing services	(35,475)	-	(65,243)	-	(3,092)	-
Revenues from / payments to SA Government						
Revenues from SA Government	38,317	-	75,265	-	-	-
Payments to SA Government	-	-	-	-	-	-
Net result	2,842	-	10,022	-	(3,092)	-

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2015

	Activity 7		Activity 8		Activity 9	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expense	36,209	42,165	617	728	1,463	1,258
Supplies and services	31,472	37,532	273	489	941	809
Depreciation and amortisation expense	2,562	1,251	60	40	-	-
Grants and subsidies	15,387	12,911	402	284	5	-
Vocational Education Training funding	-	-	-	-	-	-
Net loss from disposal of non-current assets	(16)	9	-	-	-	-
Other expenses	583	1,007	8	13	16	-
Total expenses	86,197	94,875	1,360	1,554	2,425	2,067
Income						
Revenues from fees and charges	24,889	21,585	53	-	102	-
Technical regulation	6,667	6,384	-	-	-	-
Sale of electricity	4,126	4,630	-	-	-	-
Commonwealth revenues	476	760	-	1	-	-
Interest and investment revenues	48	-	1	-	1	-
Resources received free of charge	-	4	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other revenues	3,005	3,662	1	35	2,479	2,447
Total income	39,211	37,025	55	36	2,582	2,447
Net cost of providing services	(46,986)	(57,850)	(1,305)	(1,518)	157	380
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Net result	(46,986)	(57,850)	(1,305)	(1,518)	157	380

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2015

	Activity 10		Activity 11		Activity 12	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expense	5,399	-	8,278	6,645	6,128	7,884
Supplies and services	1,556	-	4,499	5,026	2,199	5,114
Depreciation and amortisation expense	-	-	908	364	769	404
Grants and subsidies	5,365	-	5,941	666	8,499	10,944
Vocational Education Training funding	-	-	-	-	-	-
Net loss from disposal of non-current assets	-	-	-	1	-	2
Other expenses	82	-	127	147	108	175
Total expenses	12,402	-	19,753	12,849	17,703	24,523
Income						
Revenues from fees and charges	512	-	794	-	672	-
Technical regulation	-	-	-	-	-	-
Sale of electricity	-	-	-	-	-	-
Commonwealth revenues	-	-	264	337	114	327
Interest and investment revenues	30	-	10	-	9	-
Resources received free of charge	-	-	-	1	-	1
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other revenues	1,116	-	204	239	45	802
Total income	1,658	-	1,272	577	840	1,130
Net cost of providing services	(10,744)	-	(18,481)	(12,272)	(16,863)	(23,393)
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Net result	(10,744)	-	(18,481)	(12,272)	(16,863)	(23,393)

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2015

	Activity 13		Activity 14		General / Not Attributable	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expense	2,115	-	929	-	-	-
Supplies and services	894	1,869	641	-	-	-
Depreciation and amortisation expense	163	-	-	-	-	-
Grants and subsidies	563	40	13	-	-	-
Vocational Education Training funding	-	-	-	-	-	-
Net loss from disposal of non-current assets	-	-	-	-	-	-
Other expenses	23	-	11	-	-	-
Total expenses	3,758	1,909	1,594	-	-	-
Income						
Revenues from fees and charges	143	-	67	-	-	-
Technical regulation	-	-	-	-	-	-
Sale of electricity	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Interest and investment revenues	2	-	1	-	-	-
Resources received free of charge	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other revenues	2	1	17	-	-	-
Total income	147	1	85	-	-	-
Net cost of providing services	(3,611)	(1,908)	(1,509)	-	-	-
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	549,874	96,064
Payments to SA Government	-	-	-	-	(14,861)	(1,109)
Net result	(3,611)	(1,908)	(1,509)	-	535,013	94,955

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2015

	Activity Total	
	2015	2014
	\$'000	\$'000
Expenses		
Employee benefit expense	117,504	58,680
Supplies and services	84,264	50,839
Depreciation and amortisation expense	31,682	2,059
Grants and subsidies	288,991	24,846
Vocational Education Training funding	240,775	-
Net loss from disposal of non-current assets	1,656	12
Other expenses	8,853	1,342
Total expenses	773,725	137,778
Income		
Revenues from fees and charges	61,155	21,585
Technical regulation	6,667	6,384
Sale of electricity	4,126	4,630
Commonwealth revenues	36,045	1,425
Interest and investment revenues	428	-
Resources received free of charge	1,021	6
Other revenues	14,775	7,186
Total income	124,217	41,216
Net cost of providing services	(649,508)	(96,562)
Revenues from / payments to SA Government		
Revenues from SA Government	686,720	96,064
Payments to SA Government	(14,861)	(1,109)
Net result	22,351	(1,607)

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2015

	Activity 1		Activity 2		Activity 3	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	-	-	-	-
Receivables	18,083	-	681	-	1,864	-
Financial assistance debtors	-	-	-	-	-	-
Non-current assets classified as held for sale	29,519	-	-	-	167	-
Property, plant and equipment	766,293	-	-	-	3,476	-
Intangibles	13,091	-	-	-	-	-
Investments	6,484	-	-	-	-	-
Total assets	833,470	-	681	-	5,507	-
Liabilities						
Payables	98,100	-	1,226	-	3,166	-
Employee benefits	18,515	-	700	-	1,790	-
Provisions	787	-	30	-	89	-
Other liabilities	950	-	18	-	43	-
Total liabilities	118,352	-	1,974	-	5,088	-
Net Assets	715,118	-	(1,293)	-	419	-

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2015

	Activity 4		Activity 5		Activity 6	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	-	-	-	-
Receivables	2,018	-	3,688	-	153	3
Financial assistance debtors	-	-	-	-	-	-
Non-current assets classified as held for sale	271	-	54	-	-	-
Property, plant and equipment	7,073	-	146,098	-	-	-
Intangibles	32	-	362	-	-	-
Investments	-	-	-	-	-	-
Total assets	9,394	-	150,202	-	153	3
Liabilities						
Payables	3,345	-	6,455	-	261	-
Employee benefits	2,605	-	3,720	-	143	-
Provisions	109	-	199	-	6	-
Other liabilities	58	-	84	-	4	-
Total liabilities	6,117	-	10,458	-	414	-
Net Assets	3,277	-	139,744	-	(261)	3

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2015

	Activity 7		Activity 8		Activity 9	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	8,375	-	-	-	-
Receivables	4,028	3,624	54	-	106	-
Financial assistance debtors	-	-	1	16	-	-
Non-current assets classified as held for sale	-	7,500	-	-	-	-
Property, plant and equipment	37,011	19,021	-	-	-	-
Intangibles	875	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	41,914	38,520	55	16	106	-
Liabilities						
Payables	6,153	8,380	127	39	180	44
Employee benefits	3,364	11,500	91	232	98	427
Provisions	96	-	4	-	4	-
Other liabilities	6,111	6,843	2	-	3	-
Total liabilities	15,724	26,723	224	271	285	471
Net Assets	26,190	11,797	(169)	(255)	(179)	(471)

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2015

	Activity 10		Activity 11		Activity 12	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	-	281	-	-
Receivables	641	-	821	60	696	120
Financial assistance debtors	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	1,922	-	-	226	-	-
Intangibles	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	2,563	-	821	567	696	120
Liabilities						
Payables	1,029	-	1,379	527	1,791	2,169
Employee benefits	690	-	764	2,146	1,424	2,028
Provisions	(160)	-	26	-	61	-
Other liabilities	15	-	21	-	27	60
Total liabilities	1,574	-	2,190	2,673	3,303	4,257
Net Assets	989	-	(1,369)	(2,106)	(2,607)	(4,137)

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2015

	Activity 13		Activity 14		General / Not Attributable	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	-	-	172,225	13,837
Receivables	148	-	69	-	-	1,159
Financial assistance debtors	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	5,841
Intangibles	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	148	-	69	-	172,225	20,837
Liabilities						
Payables	380	64	118	64	-	1,964
Employee benefits	302	-	65	-	-	4
Provisions	13	-	3	-	-	600
Other liabilities	6	-	2	-	-	1,325
Total liabilities	701	64	188	64	-	3,893
Net Assets	(553)	(64)	(119)	(64)	172,225	16,944

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2015

	Activity Total	
	2015	2014
	\$'000	\$'000
Assets		
Cash and cash equivalents	172,225	22,493
Receivables	33,050	4,966
Financial assistance debtors	1	16
Non-current assets classified as held for sale	30,011	7,500
Property, plant and equipment	961,873	25,088
Intangibles	14,360	-
Investments	6,484	-
Total assets	1,218,004	60,063
Liabilities		
Payables	123,710	13,187
Employee benefits	34,271	16,337
Provisions	1,267	600
Other liabilities	7,344	8,228
Total liabilities	166,592	38,352
Net Assets	1,051,412	21,711

The above statement should be read in conjunction with the accompanying notes.
For activity detail refer to note 4.

Department of State Development

Notes to and forming part of the financial statements

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Department of State Development

Notes to and forming part of the financial statements

1 Objectives of the Department of State Development

The Department of State Development came into operation on 1 July 2014 bringing together the former Department for Manufacturing, Innovation, Trade, Resources and Energy, Department for Further Education, Employment, Science & Technology and a number of functions from the Department of the Premier and Cabinet.

As the lead agency for six of the ten South Australian economic priorities, the Department of State Development is responsible for driving economic growth and creating jobs.

The department supports South Australia's economic transformation under priorities of:

- unlocking the full potential of South Australia's resources, energy and renewable assets
- a globally recognised leader in health research and ageing
- the Knowledge State — attracting a diverse student body and commercialising our research
- growth through innovation
- promoting our international connections and engagement
- ensuring our small businesses have access to capital and global markets.

The department brings together responsibility for the state's growing resources and energy portfolio, the transformation to high-value manufacturing and responsibility for training, employment and skills initiatives and science. The department works in close partnership with business, the education sector, community and key stakeholders to harness South Australia's expertise in innovation, skills development and industry transformation.

The department also provides leadership for cross-government policy development on Aboriginal affairs, reconciliation and Aboriginal economic development. This includes skills development, job creation, business development and sustainable employment for Aboriginal people, including support for Aboriginal young people and those living in regional and remote South Australia.

The department is also responsible for maximising the social and economic contribution made by the arts and driving opportunities to grow creative industries through innovation, as well as high-value technology sectors, including medical research and biotechnology.

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*.

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 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 (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 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;

Department of State Development

Notes to and forming part of the financial statements

- 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. The threshold of \$100 000 for separate identification of these items has not been applied;
 - b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal 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 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.

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. As administered items are insignificant (on a net basis) in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements at the end 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.

d) Principles of consolidation

Scope Global Pty Ltd (formerly Austraining International Pty Ltd), which has a reporting date of 30 June, is controlled by the Minister for Employment, Higher Education and Skills. Its principal activity is to secure international contracts for work in vocational education and training.

Although the Minister has control over Scope Global Pty Ltd it is not considered part of the department's operations. The department could not influence the decisions of Scope Global Pty Ltd, nor could the department dominate the financial and operational policies of Scope Global Pty Ltd. Consequently, Scope Global Pty Ltd was not consolidated in the accounts nor disclosed as an Associate. The value of Scope Global Pty Ltd is shown in the Statement of Financial Position under Investments.

Details of the investment in Scope Global is set out in Note 28.

Department of State Development

Notes to and forming part of the financial statements

The Minister for Employment, Higher Education and Skills has a 25% interest in SABRENet. SABRENet was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the ATO as a tax exempt entity. The founding members are the three South Australian Universities and the South Australian Government. The objects for which the company was established are to be a non-profit institution to further the use of advanced data networking for the conduct of research and education in South Australia for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally. While the Minister has significant influence over SABRENet, the Minister's interest in SABRENet is limited to the Minister's use of SABRENet's asset (the network). That is, the Minister receives no return for its interest in SABRENet. SABRENet is not accounted for using the equity method as the Minister does not have access to the residual assets of the entity.

e) Transferred functions

A major restructure resulted in the former Department for Manufacturing, Innovation, Trade, Resources and Energy being retitled the Department of State Development from 1 July 2014. Certain assets and liabilities were transferred to the Department of State Development as detailed in the next three paragraphs;

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, (dated 15 June 2014) declared that the operations of the Department of Further Education, Employment, Science and Technology (DFEEST) were transferred to the Department of State Development effective 1 July 2014 (refer note 37).

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, (dated 15 June 2014) declared that the operational units of; Arts SA, Aboriginal Affairs and Reconciliation (AAR), Office of the Economic Development Board (OEDB) and Invest in SA, were transferred from the Department of the Premier and Cabinet (DPC) to the Department of State Development, effective 1 July 2014 (refer note 37).

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, (dated 15 June 2014) declared that the operational unit of Health Industries South Australia was transferred from the Department of SA Health to the Department of State Development, effective 1 July 2014 (refer note 37).

Effective 8 September 2014, 80 staff transferred to TAFE SA as agreed between Chief Executives, pursuant to section 9 of the *Public Sector Act 2009*. The transfer of staff was to allow TAFE SA to establish its own ICT services (refer note 37).

f) 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.

g) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and / or accounting policy statements has required a change and only reflect the former Department for Manufacturing, Innovation, Trade, Resources and Energy as at 30 June 2014.

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

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

h) Rounding

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

i) Taxation

The 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.

Department of State Development

Notes to and forming part of the financial statements

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

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

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

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

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

j) Events after the reporting period

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

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years. Refer to Note 41.

k) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the department will occur and can be reliably measured.

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

The following are specific recognition criteria:

Revenues from SA Government

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

Fees and Charges

Fees and charges are recognised as revenues upon invoice and mainly relate to mining and petroleum application fees, rentals, licences, and recharges to TAFE SA.

Commonwealth Revenues

Commonwealth grants are recognised as revenues when the department obtains control over the funding. Control over grants is normally obtained upon receipt.

Recoveries

The department recognises other revenues from the partial and full recovery of costs associated with the delivery of programs.

Administered - royalty receipts

Royalty revenue relates to minerals and petroleum production and is collected pursuant to the Roxby Downs (Indenture Ratification) Act 1982, Whyalla Steel Works Act 1958, Mining Act 1971 and the Petroleum & Geothermal Energy Act 2000. Royalty revenue is recognised as income in the period the revenue relates to when the timing and value of the receipt is certain.

Department of State Development

Notes to and forming part of the financial statements

Net gain on non-current assets

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

Any gain / loss on disposal of non-current assets is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

I) 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 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 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

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.

Works of art controlled by the department have very long and indeterminate useful lives. Their service potential has not, in any material sense been consumed during the reporting period. Consequently, no depreciation has been recognised.

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.

Department of State Development

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:

Class of Asset	Useful Life (Years)
Buildings	25 – 80
Leasehold Improvements	Life of lease
Plant and Equipment	2 – 60
Intangibles/Software	3 – 10

Grants and subsidies

Financial assistance is provided from State and Commonwealth funds. Proposals and applications for funding under various support programs and schemes are subject to specific guidelines and procedures issued by the department and the Commonwealth. There are several approval delegations dependent upon the level and nature of assistance provided.

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 criteria are met.

Payments to SA Government

Payments to the SA Government relate to the return of surplus cash pursuant to the cash alignment policy and payments to the consolidated account for proceeds received from the sale of property.

m) Current and non-current classification

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

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

n) Financial Assets (Investments)

In accordance with AASB 139 other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain shares held are classified as being available-for-sale and are stated at fair value less impairment. In accordance with Accounting Policy Framework IV – Financial Assets and Liabilities, Treasury and Finance has approved the measurement of Scope Global Pty Ltd (formerly Austraining International Pty Ltd) by reference to the Equity Method prescribed by AASB 128 Investments in Associates, rather than measuring at historical cost. Gains and losses arising from changes in fair value are recognised directly in the financial assets available-for-sale revaluation surplus, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the financial assets available-for-sale revaluation surplus is included in profit or loss for the period. This category includes investments classified as 'available-for-sale' and any investments that do not fit the definitions for inclusion in any of the categories contained in AASB 139.

Department of State Development

Notes to and forming part of the financial statements

o) 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. 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 its nominal value for Australian accounts while overseas accounts are measured using the exchange rate as per OANDA.com as at 30 June.

Receivables

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

Receivables arise from the partial or full recovery of costs associated with the department's delivery of programs. 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 department will not be able to collect the debt. Bad debts are written off when identified.

Financial assistance debtors

Amounts outstanding with respect to financial assistance advances by way of loans are brought to account at their face value. A provision is made where recoverability of amounts is considered doubtful. Conditions relating to some forms of assistance provide that in certain circumstances, loans can be reduced, forgiven or converted to grants.

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. The 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, 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.

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

All non-current tangible assets with a value equal to or in excess of \$10,000 are capitalised, with the exception of works of art. All works of art are capitalised irrespective of their value.

Revaluation of non-current assets

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

Department of State Development

Notes to and forming part of the financial statements

Every five years, the department revalues its land, buildings, leasehold improvements, works of art, core library and energy distribution and generation assets via an independent Certified Practicing Valuer or internal estimates based on indices or recent transactions. A valuation appraisal by an independent Certified Practicing Valuer is performed at least every 6 years.

If at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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

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

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is recognised as the higher of the asset's fair value less costs of disposal or 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.

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 definite or indefinite. The department only has intangible assets with definite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

Subsequent expenditure on intangible assets has not been capitalised. This is because the department has been unable to attribute this expenditure to the intangible asset rather than to the department as a whole.

Fair value measurement

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

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

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

Department of State Development

Notes to and forming part of the financial statements

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, 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 measure was based on current use.

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

Refer to Note 26, 27 and 29 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

p) Liabilities

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

Payables

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

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

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

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

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

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

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

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 in relation to office accommodation and motor vehicles for its administrative and operating activities.

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.

Department of State Development

Notes to and forming part of the financial statements

Financial guarantees

At the time a financial guarantee contract is issued, it is recognised as a contingent liability as it is not expected that the guarantee will be called upon. If there is a material increase in the likelihood that the guarantee may have to be exercised, the financial guarantee is measured at the higher of the amount determined by AASB 137 and the amount initially recognised less cumulative amortisation, where appropriate.

In determination of fair value, consideration is given to the following factors:

- the overall capital management/prudential supervision framework in operation
- the protection provided by the State Government by way of funding should the probability of default increase
- the probability of default by the guaranteed party
- the likely loss to the department in the event of default

The department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2015 (there was no material liability recognised for financial guarantee contracts in 2014).

Whilst no liability has been recognised for financial guarantee contracts, further note disclosures relating to financial guarantees are contained at note 36.

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 their nominal amounts.

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

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

The annual leave liability and the skills and experience retention leave liability 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 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.

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.

Department of State Development

Notes to and forming part of the financial statements

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 of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

q) 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

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 between budget and actual amounts' (note 43). 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 (ie 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.

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 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 State Development

Notes to and forming part of the financial statements

4 Activities of the department

The department has identified 14 broad activities that reflect the nature of the services delivered to the South Australian community. The activities and their objectives of the department are:

Activity 1: Employment and Skills Formation

This activity is to strengthen the economic prosperity and social wellbeing of South Australians through:

- strategic employment, skills formation and workforce development
- implementing the Jobs and Skills Policy.

Activity 2: Science, Technology and Information Economy

This activity is to provide the government with a strategic and coordinated focus in science, technology and information economy policy development and program delivery, supporting better linkages between research institutions and industry, to support state productivity.

Activity 3: Library and Information Services

This activity is for the provision of information from library and resource centres to the public, industry and government agencies, and funding of services provided by Public Library Services to public libraries.

Activity 4: Access to Art, Museum and Heritage Services and Preservation of State Collections

This activity is for the provision of museum, visual arts and preservation services that enable the state's cultural, heritage and arts assets to be maintained and kept accessible to the community.

Activity 5: Arts Industry Development and Access to Artistic Product

This activity is for the provision of services that enhance opportunities for artists, cultural tourism, festivals and events and provide for productions, exhibitions, tours and events to the community.

Activity 6: Economic Development

This activity supports the development and implementation of the state's economic strategy.

Activity 7: Mineral Resources and Energy

This activity supports the vision of the mineral resources and energy development program to continue South Australia's reputation as a leading mineral investment destination. It includes managing the state's mineral and energy resources, delivering the Plan for Accelerating Exploration (PACE 2020) programs, facilitating the South Australian and Commonwealth Governments' interaction with BHP Billiton for the approval of the Olympic Dam expansion, providing policy advice and coordination of energy market reforms and enforcement of energy related technical and safety regulation.

Activity 8: Opportunities for Small Business

This activity supports small businesses to establish, grow and be sustainable, complemented by the role of the Small Business Commissioner. It includes provision of online self-help tools, resources and information, along with targeted business development training and workshops. It also includes a telephone support and referral service and advice and support for business licensing.

Activity 9: Water Industry Technical and Safety Regulation

This activity supports the enforcement, compliance and protection of technical and safety regulation of plumbing and equipment.

Department of State Development

Notes to and forming part of the financial statements

Activity 10: Aboriginal Affairs and Reconciliation

This activity is to empower Aboriginal people to have a stronger voice in decisions that affect their lives and provides leadership in the promotion of effective governance arrangements. The department provides whole of government policy advice and leadership; supports engagement with Aboriginal stakeholders including through the provision of culturally appropriate advice to government; facilitates the protection and preservation of Aboriginal heritage and culture; and supports the state's Aboriginal land holding authorities.

Activity 11: Globally Integrating the SA Economy

This activity supports sustainable economic growth by building on South Australia's competitive advantages. It includes facilitating investment, account management of key businesses, case management of major projects across the state, trade and population and migration.

Activity 12: Manufacturing and Innovation

This activity will assist the development and improve the efficiency and international competitiveness of South Australian manufacturers, by driving and encouraging research and development, investment in innovation and capability development.

Activity 13: Automotive Transformation

This activity will support companies operating within the supply chain to successfully diversify and secure alternate revenue streams to drive sustainable growth, long-term employment and potential for export revenues.

Activity 14: Health Industries SA

This activity increases investment and employment in South Australia's health and biomedical sector to achieve the government's vision for the state to become a globally recognised leader in health research, ageing and related services and products.

The disaggregated disclosure schedules present expenses, income, assets and liabilities information attributable to each of these activities for the years ended 30 June 2015 and 30 June 2014. The activities of the department are consistent with those reported in the 2014-15 Budget papers.

Department of State Development
Notes to and forming part of the financial statements

5 Employee benefits expense

	Note	2015 \$'000	2014 \$'000
Salaries and wages		83,601	42,112
TVSPs (refer below)		4,332	2,958
Long service leave		4,655	1,951
Annual leave		7,281	3,668
Skills and experience retention leave		647	188
Employment on-costs - superannuation		10,043	4,782
Employment on-costs - other		5,619	2,777
Board fees	38	1,326	244
Total employee benefits expense		117,504	58,680
Targeted voluntary separation packages (TVSPs) and early terminations		2015 \$'000	2014 \$'000
Amount paid during the reporting period to these employees:			
TVSPs		4,332	2,958
Early terminations		-	501
Annual leave, LSL and SERL paid to those employees		1,305	1,181
Employment on-costs (payroll tax and Shared Services SA processing fees)		134	123
		5,771	4,763
Recovery from the Department of Treasury and Finance		(3,861)	(3,636)
Net cost to the department		1,910	1,127

The number of employees who received a TVSP or early termination payment during 2014-15 was 36 (28).

The recovery from the Department of Treasury and Finance of \$3.861million (\$3.636 million) is reflected in the financial statements as Revenues from SA Government.

Department of State Development
Notes to and forming part of the financial statements

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	10	12
\$151 500 - \$161 499	10	6
\$161 500 - \$171 499	6	3
\$171 500 - \$181 499	12	4
\$181 500 - \$191 499	11	8
\$191 500 - \$201 499	5	7
\$201 500 - \$211 499 ^Δ	6	3
\$211 500 - \$221 499 ^Δ	5	1
\$221 500 - \$231 499	6	1
\$231 500 - \$241 499	2	-
\$241 500 - \$251 499	2	-
\$251 500 - \$261 499	1	1
\$261 500 - \$271 499	2	1
\$271 500 - \$281 499	1	-
\$281 500 - \$291 499	-	1
\$291 500 - \$301 499	2	1
\$301 500 - \$311 499	2	2
\$311 500 - \$321 499	1	-
\$321 500 - \$331 499 ^{ΔO}	2	2
\$341 500 - \$351 499	-	1
\$371 500 - \$381 499	2	-
\$381 500 - \$391 499 ^Δ	1	1
\$451 500 - \$461 499 ^O	-	2
\$461 500 - \$471 499 ^O	-	1
\$571 500 - \$581 499 ^Δ	1	-
Total number of employees	90	58

^Δ This bandwidth includes employees that have received TVSP and (or) termination payments in 2014-15.

^O This bandwidth includes employees that have received TVSP and (or) termination payments in 2013-14.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, TVSPs / early terminations, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$18.757 million (\$12.265 million).

The increase in employees is mainly due to employees transferring to the department as a result of the restructures occurring.

Department of State Development
Notes to and forming part of the financial statements

6 Supplies and services

	Note	2015 \$'000	2014 \$'000
Accommodation and service costs		17,808	6,036
Accounting and audit fees	11	405	314
Communications and information technology		12,162	4,726
Contractors		13,569	7,224
Consultancies (refer below)		4,583	5,864
Corporate Services recharges to TAFE SA		530	-
Energy supply fuel and lubricants		6,488	7,851
Lease incentive amortisation	33	(240)	(240)
Marketing		1,858	1,300
Office administration expenses		9,086	6,099
Overseas trade representation ⁽¹⁾		676	360
Remote areas energy supplies (RAES)		1,945	3,997
Shared service fees ⁽²⁾		3,830	2,443
Staff related expenses		2,266	1,575
Travel and related expenses		4,945	3,290
Trainee & apprenticeship reimbursements		4,353	-
Total supplies and services		84,264	50,839

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

- 1) Represents payments made to trade organisations relating to activities promoting South Australia.
- 2) Represents payments to the Department of Planning, Transport and Infrastructure, Department of Primary Industries and Regions SA and the Department for the Premier and Cabinet for the provision of corporate support and project management services.

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

	Number	2015 \$'000	Number	2014 \$'000
Below \$10,000	32	148	27	157
Equal or above \$10,000	72	4,435	72	5,707
Total paid / payable to the consultants engaged	104	4,583	99	5,864

7 Vocational Education Training funding

	2015 \$'000	2014 \$'000
Funding to TAFE SA for Vocational Education Training	161,188	-
Funding to other providers for Vocational Education Training	79,587	-
Total Vocational Education Training funding	240,775	-

The Vocational Education Training Program transferred from the former DFEEST to DSD as at 1 July 2014.

Department of State Development
Notes to and forming part of the financial statements

8 Depreciation and amortisation expenses

	2015	2014
	\$'000	\$'000
Depreciation		
Plant and equipment	2,864	929
Buildings and Leasehold improvements	26,755	853
Total depreciation	29,619	1,782
Amortisation		
Intangible / software	2,063	277
Total amortisation	2,063	277
Total depreciation and amortisation expense	31,682	2,059

9 Grants and subsidies

	2015	2014
	\$'000	\$'000
Class of assistance;		
Arts and Cultural	127,625	-
TAFE SA	67,676	-
Skills and Employment	56,994	-
Resources and Energy	15,195	12,391
Industry and Innovation	9,513	11,163
Investment, Trade and Immigration	5,905	128
Aboriginal Affairs and Reconciliation	5,165	-
Other	918	1,164
Total grants and subsidies	288,991	24,846

Department of State Development
Notes to and forming part of the financial statements

Further details of the Arts and Cultural grant recipients are as follows:

	2015 \$'000	2014 \$'000
Libraries Board of South Australia	33,888	-
Adelaide Festival Centre Trust	17,098	-
Art Gallery Board	12,349	-
Museum Board	11,071	-
Arts industry assistance	10,429	-
Adelaide Festival Corporation	8,207	-
History Trust of South Australia	5,327	-
Country Arts SA	5,054	-
South Australian Film Corporation	4,760	-
Arts Project assistance	2,772	-
State Theatre Company of South Australia	2,507	-
Adelaide Symphony Orchestra	2,501	-
Adelaide Fringe	1,685	-
State Opera of South Australia	1,551	-
Australian Dance Theatre	1,226	-
Jam Factory of Contemporary Craft and Design	1,204	-
Adelaide Film Festival	1,129	-
The Australian Children's Performing Arts Company	1,102	-
Tandanya	1,092	-
Carrick Hill Trust	925	-
Disability Information & Resource Centre (DIRC)	100	-
Other grants and subsidies	1,648	-
Total Arts and Cultural grants	127,625	-

10 Other expenses

	2015 \$'000	2014 \$'000
TVSP reimbursement to TAFE SA	3,445	-
Bad and doubtful debts	479	1,232
Asset write-down	-	110
Donated assets	2,197	-
Revaluation decrement - Land and buildings held for sale	2,690	-
Other	42	-
Total other expenses	8,853	1,342

The donated assets include \$1.335 million of plant and equipment assets transferred to TAFE SA.

Department of State Development
Notes to and forming part of the financial statements

11 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	401	172
Total audit fees	401	172

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 accounting and audit fees (refer note 6).

12 Overseas representative offices

The following table provides a summary of the financial transactions for the reporting period for overseas offices, where the department funds their operations. The transactions relating to operating expenses and operating revenues have been included in the financial statements.

The costs relating to overseas representation provided through Austrade are not included in the table below. These costs are included in the balance of Overseas trade representation (refer note 6).

	China \$'000	2015 Total \$'000	2014 Total \$'000
Operating expenses	386	386	492
Operating revenues	-	-	30
Funds advanced to overseas offices towards operating expenses	396	396	437

Shanghai office in China was officially closed on 30 June 2013 and post-closure activities have been finalised and funds repatriated to the department in July 2014.

The financial year ended 30 June 2015 includes residual costs relating to the Shanghai office closure and full year costs for the Jinan office.

13 Revenues from fees and charges

	2015 \$'000	2014 \$'000
Infrastructure recharge to TAFE SA	23,753	-
Corporate services recharge to TAFE SA	2,341	-
Mining and petroleum application fees, rentals and licences	21,497	21,585
Rental income	6,421	-
Arts industry related fees	1,835	-
Fees for services	4,213	-
Contract administration	776	-
Other	319	-
Total revenues from fees and charges	61,155	21,585

Department of State Development
Notes to and forming part of the financial statements

14 Technical regulation

	2015 \$'000	2014 \$'000
Technical regulation - gas and electricity technical regulation and electricity emergency management	6,667	6,384
Total technical regulation	6,667	6,384

Fees for technical regulation includes license fees on energy industry bodies, which are determined by the Minister for Mineral Resources and Energy and levied by the Essential Services Commission of South Australia.

15 Sale of electricity

	2015 \$'000	2014 \$'000
Sale of electricity - remote areas	4,126	4,630
Total sale of electricity	4,126	4,630

The sale of electricity revenue is electricity tariff charges to customers within the Remote Areas Energy Supplies (RAES) scheme.

16 Commonwealth revenues

	2015 \$'000	2014 \$'000
Grants		
National Partnership Agreement on Skills Reform	32,020	-
TAFE Fee Waivers for Childcare Qualifications	1,841	-
Joint Group Training Program	919	-
National Energy Efficiency Buildings	278	424
Tradestart	264	321
Community Education Partnerships - Artists in Residence Initiative 2015	250	-
Municipal and Essential Services - Murputja and Watarru Power Station Fuel Contribution	181	181
Remote Indigenous Public Internet Access	155	-
Supplier Access to Major Projects Program - Domain Specialist - Water	114	204
Street Lighting Energy Efficiency Program	16	48
Anangu Pitjantjatjara Yankunytjatjara (APY) Lands Regional Procurement Strategy	7	72
Supplier Access to Major Projects Program - Australian Water Access to USA - California	-	105
High Performance Workplaces	-	70
Total Commonwealth revenues	36,045	1,425

2014-15 Commitments

\$32.0 million in Commonwealth revenue was received for the National Partnership Agreement on Skills Reform in 2014-15. All revenue was fully spent in 2014-15 as part of the Skills for All initiative.

\$0.9 million in Commonwealth revenue was received for the Joint Group Training Program in 2014-15. An acquittal will be undertaken in August 2015 and it is possible that a carry-over will be sought to fund 2015-16 commitments.

Department of State Development

Notes to and forming part of the financial statements

\$0.2 million in Commonwealth revenue was received for the Remote Indigenous Public Internet Access program in 2014-15. Of this amount, \$0.1 million was not spent and a carry-over will be sought to fund 2015-16 commitments.

\$1.8 million in Commonwealth revenue was received for the National Partnership Agreement on Child Care Fee Waiver Qualifications in 2014-15. An acquittal will be undertaken in August 2015 and it is possible that a carry-over will be sought to fund 2015-16 commitments.

17 Interest and investment revenues

	2015 \$'000	2014 \$'000
Interest revenues	23	6
Dividends received	405	-
Total interest and investment revenues	428	6

18 Resources received free of charge

	2015 \$'000	2014 \$'000
Donated assets	1,021	-
Total resources received free of charge	1,021	-

Resources received free of charge includes land and buildings at Croydon Park of \$0.980 million.

19 Net gain / loss from the disposal of non-current assets

	2015 \$'000	2014 \$'000
Land and buildings		
Proceeds from disposal	16,019	-
Less: net book value of assets disposed	(17,361)	-
Total land and buildings	(1,342)	-
Plant and equipment:		
Proceeds from disposal	16	6
Less: net book value of assets disposed	(330)	(18)
Total plant and equipment	(314)	(12)
Total net loss from disposal of non-current assets	(1,656)	(12)

Land and building assets disposed during 2014-15 include land and buildings that were sold from the sustainable infrastructure project.

The net loss on the disposal of land and buildings relates to assets that were held for sale in the former DFEEST as at 30 June 2014.

Department of State Development
Notes to and forming part of the financial statements

20 Other revenues

	2015	2014
	\$'000	\$'000
Fuel tax credits	1,487	1,623
Management of Extractive Areas Rehabilitation Fund	558	449
Sponsorship revenues	1,451	21
Recoveries	8,082	5,093
Community Development Fund	1,250	-
Other revenues	1,947	-
Total other revenues	14,775	7,186

21 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>	627,978	92,031
Appropriations from the Governor Appropriation Fund pursuant to the <i>Public Finance and Audit Act</i>	36,360	-
Appropriations under other Acts	16,325	4,033
Accrual Appropriation	6,057	-
Total revenues from SA Government	686,720	96,064
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	6,379	1,109
Payments to consolidated account for sale of property	8,482	-
Total payments to SA Government	14,861	1,109

Total revenues from Government consists of \$633.925 million (\$87.056 million) for operational funding and \$30.413 million (\$4.975 million) for capital projects.

In addition, an advance of \$16.325 million (\$4.033 million) was received pursuant to Treasurer's contingency. Contingency appropriation in 2014-15 included \$3.228 million for Remote Areas Energy scheme-fuel cost adjustment, \$3.417 million for Netley commercial park sale and lease back, \$7.306 million for TVSP reimbursement (including \$3.445 million for TAFE SA). The remaining \$2.374 million are related to additional expenditure approved during 2014-15 including enterprise bargaining supplementation.

Payments were made to SA Government in relation to the sale of property for the sustainable infrastructure projects.

Department of State Development
Notes to and forming part of the financial statements

22 Cash and cash equivalents

	2015 \$'000	2014 \$'000
Deposits with the Treasurer – Operating Account	161,982	18,189
Deposits with the Treasurer – Accrual Appropriation	10,034	4,021
Deposits at call - overseas offices	205	281
Other	4	2
Total cash and cash equivalents	172,225	22,493

Deposits with Treasurer – Operating Account

Includes cash securities held for mining remediation of \$4.407 million (\$5.877 million). The department only has claims to these funds if the licensee fails to perform its legislative requirements (refer note 33).

Deposits with Treasurer – Accrual Appropriation

This balance relates to funds held in the Accrual Appropriation Excess Funds Account. 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.

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 represents nominal value.

23 Receivables

	2015 \$'000	2014 \$'000
Current		
Receivables	9,217	2,213
Allowance for doubtful debts	(657)	(103)
GST input tax recoverable	3,667	859
Prepayments	473	276
Accrued revenue	20,182	1,721
Other receivables	168	-
Total current receivables	33,050	4,966
Total receivables	33,050	4,966

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment losses) 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.

	2015 \$'000	2014 \$'000
Movements in the allowance for doubtful debts (impairment loss):		
Carrying amount at the beginning of the period	(103)	(56)
Increase/(decrease) in allowance due to restructure activities	(104)	-
Increase in the allowance	(476)	(88)
Amounts written off	26	41
Carrying amount at the end of the period	(657)	(103)

Department of State Development

Notes to and forming part of the financial statements

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables 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 table in Note 44.

b. Categorisation of financial instruments and risk exposure information - refer to Note 44.

24 Financial assistance debtors

	2015 \$'000	2014 \$'000
Current		
Financial assistance debtors	1,199	1,225
Less allowance for doubtful debts	(1,198)	(1,209)
Total current financial assistance debtors	1	16
Total financial assistance debtors	1	16
	2015 \$'000	2014 \$'000
Movements in the allowance for doubtful debts (impairment loss):		
Carrying amount at the beginning of the period	(1,209)	(24)
Increase in the allowance	-	(1,187)
Amounts recovered during the year	-	2
Amounts written off	11	-
Carrying amount at the end of the period	(1,198)	(1,209)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued 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 the table in Note 44.

b. Categorisation of financial instruments and risk exposure information - refer to Note 44.

Department of State Development
Notes to and forming part of the financial statements

25 Non-current assets classified as held for sale

	2015	2014
	\$'000	\$'000
Land and buildings	30,011	7,500
Total non-current assets classified as held for sale	30,011	7,500

Valuation of Assets Held for Sale

Properties classified as held for sale, transferred on restructure, were valued in accordance with the principles outlined in the note 2(o).

	2015	2014
	\$'000	\$'000
Movements in the non-current assets classified as held for sale:		
Carrying amount at the beginning of the financial year	7,500	-
Net assets transferred as a result of an administrative restructure	41,090	-
Assets reclassified to assets held for sale	1,472	7,500
Disposals/transfers	(17,361)	-
Revaluation increment / decrement	(2,690)	-
Carrying amount at the end of the financial year	30,011	7,500

26 Property, plant and equipment

	2015	2014
	\$'000	\$'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	7,289	4,306
Plant and equipment at fair value	10,391	10,391
Accumulated depreciation	(5,632)	(3,070)
Total plant and equipment	12,048	11,627
Building and leasehold improvements		
Buildings and leasehold improvements at fair value	786,502	8,292
Accumulated depreciation	(26,755)	(1)
Total buildings and leasehold improvements	759,747	8,291
Land		
Land at fair value	172,226	2,562
Total land	172,226	2,562
Works of art		
Works of art at fair value	5,240	105
Total works of art	5,240	105
Capital works in progress		
Works in progress at cost	12,612	1,796
Total capital works in progress	12,612	1,796
Total property, plant and equipment	961,873	24,381

Department of State Development

Notes to and forming part of the financial statements

Valuation of works of art

The valuation of works of art for the former DMITRE only, was performed by Theodore Bruce, an independent valuer, as at 9 May 2013. The valuer arrived at fair value based on recent market transaction for similar items.

The value of assets transferred on restructure are held at fair value based on the book value recorded by the transferor agency immediately prior to the transfer

Valuation of land and buildings

The valuation of land and buildings for the former DMITRE only, was performed by a independent Certified Practicing Valuer from Liquid Pacific Pty Ltd, as at 30 June 2014.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustments for factors specific to the land and building being valued such as size, location and current 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 assets; 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.

The value of assets transferred on restructure are held at fair value based on the book value recorded by the transferor agency immediately prior to the transfer.

**Department of State Development
Notes to and forming part of the financial statements**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of property, plant and equipment assets during 2014-15

	Plant & equipment \$'000	Building / leasehold improvements \$'000	Land \$'000	Works of art \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the financial year						
Additions	11,627	8,291	2,562	105	1,796	24,381
Capitalisation	374	43	8,654	4	20,537	29,612
Disposals	-	30,135	-	-	(30,135)	-
Donated Assets	(330)	-	-	-	-	(330)
Revaluation increment / (decrement)	(1,336)	(599)	-	-	(262)	(2,197)
Depreciation and amortisation	-	-	430	-	-	430
	(2,864)	(26,755)	-	-	-	(29,619)
Net assets transferred as a result of an administrative restructure	4,563	748,605	161,072	5,131	20,676	940,047
Assets received free of charge	14	419	588	-	-	1,021
Assets reclassified to assets held for sale	-	(392)	(1,080)	-	-	(1,472)
Carrying amount at the end of the financial year	12,048	759,747	172,226	5,240	12,612	961,873

**Department of State Development
Notes to and forming part of the financial statements**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT ASSETS

The following table shows the movement of property, plant and equipment assets during 2013-14

	Plant & equipment \$'000	Building / leasehold improvements \$'000	Land \$'000	Works of art \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the financial year						
Additions	10,344	10,150	9,023	105	103	29,725
Capitalisation	313	-	-	-	2074	2,387
Disposals/transfers	-	381	-	-	(381)	-
Revaluation increment/(decrement)	(18)	-	-	-	-	(18)
Asset write-down	1,917	1,198	(1,436)	-	-	1,679
Depreciation and amortisation	-	(110)	-	-	-	(110)
Assets reclassified to assets held for sale	(929)	(853)	-	-	-	(1,782)
	-	(2,475)	(5,025)	-	-	(7,500)
Carrying amount at the end of the financial year	11,627	8,291	2,562	105	1,796	24,381

Department of State Development
Notes to and forming part of the financial statements

27 Intangible assets

	2015 \$'000	2014 \$'000
Internally developed computer software	16,308	1,993
Accumulated amortisation	(3,418)	(1,850)
Other computer software	1,792	1,548
Accumulated amortisation	(1,392)	(984)
Intangibles work in progress	1,070	-
Total intangible assets	14,360	707

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

Impairment

There were no indications of impairment of intangible assets at 30 June 2015.

RECONCILIATION OF INTANGIBLE ASSETS

The following table shows the movement of intangible assets during 2014-15

	Intangibles / Software \$'000	Intangibles Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the financial year	707	-	707
Additions	-	3,034	3,034
Capitalisation	2,749	(2,749)	-
Transfers	-	(148)	(148)
Depreciation and amortisation	(2,063)	-	(2,063)
Net assets transferred as a result of an administrative restructure	11,897	933	12,830
Carrying amount at the end of the financial year	13,290	1,070	14,360

The following table shows the movement of intangible assets during 2013-14

	Intangibles / Software \$'000	Intangibles Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the financial year	936	-	936
Additions	48	-	48
Depreciation and amortisation	(277)	-	(277)
Carrying amount at the end of the financial year	707	-	707

Department of State Development
Notes to and forming part of the financial statements

28 Investments

	2015 \$'000	2014 \$'000
Contributed capital in subsidiary company	400	-
Share of retained profit	100%	-
Retained profits attributable to subsidiary company;		
Net assets transferred as a result of an administrative restructure	6,103	-
Share of operating profit/(loss) after income tax	381	-
Total investments as at 30 June	6,484	-

Scope Global Pty Ltd

Scope Global Pty Ltd (formerly Austraining International Pty Ltd), which has a reporting date of 30 June, is controlled by the Minister for Employment, Higher Education and Skills. Its principal activity is to secure international contracts for work in vocational education and training.

The current investment value is an estimate of fair value and is based on unaudited financial statements as at 30 June 2015.

29 Fair value measurement

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

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

The department had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	26	161,508	10,718	172,226
Plant and equipment	26	-	12,048	12,048
Buildings and leasehold improvements	26	2,297	757,450	759,747
Works of art	26	5,083	157	5,240
Total recurring fair value measurements		168,888	780,373	949,261
Non-recurring fair value measurements				
Land and buildings held for sale*	25	30,011	-	30,011
Total non-recurring fair value measurements		30,011	-	30,011
Total fair value measurements		198,899	780,373	979,272

Department of State Development
Notes to and forming part of the financial statements

Fair value measurements at 30 June 2014

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	26	2,562	-	2,562
Plant and equipment	26	-	11,627	11,627
Buildings and leasehold improvements	26	667	7,624	8,291
Works of art	26	-	105	105
Total recurring fair value measurements		3,229	19,356	22,585
Non-recurring fair value measurements				
Land and buildings held for sale*	25	7,500	-	7,500
Total non-recurring fair value measurements		7,500	-	7,500
Total fair value measurements		10,729	19,356	30,085

*Land and buildings held for sale are recorded at market value based on the sales contract.

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

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 26 and 27. There were no changes in valuation techniques during 2015. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Department of State Development

Notes to and forming part of the financial statements

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of fair value measurements – Level 3

	Plant and equipment \$'000	Buildings and leasehold improvements \$'000	Land \$'000	Works of art \$'000	Total \$'000
Opening balance at 1 July 2014	11,627	7,624	-	105	19,356
Acquisitions	374	43	-	3	420
Capitalised subsequent expenditure	-	30,135	-	-	30,135
Disposals	(330)	-	-	-	(330)
Donated assets	(1,336)	(599)	-	-	(1,935)
Acquisitions/(disposal) through administrative restructure	4,563	747,328	10,718	49	762,658
Assets received free of charge	14	27	-	-	41
Transfer out of level 3	-	(392)	-	-	(392)
Closing balance at 30 June 2015	14,912	784,166	10,718	157	809,953
Gains/(losses) for the period recognised in net result:					
Depreciation and amortisation	(2,864)	(26,716)	-	-	(29,580)
	(2,864)	(26,716)	-	-	(29,580)
Gains/(losses) for the period recognised in other comprehensive income:					
Revaluation increment/decrement	-	-	-	-	-
	-	-	-	-	-
Carrying amount at 30 June 2015	12,048	757,450	10,718	157	780,373

The reconciliation of movements for the level 3 assets is provided in Note 26.

The impact on 2013-14 net result was the depreciation and amortisation expense as disclosed.

30 Payables

	2015 \$'000	2014 \$'000
Current		
Creditors and accrued expenses	118,991	11,562
Employee on-costs	2,598	1,030
Total current payables	121,589	12,592
Non-Current		
Employee on-costs	2,121	595
Total non-current payables	2,121	595
Total payables	123,710	13,187

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% from the 2014 rate of 40% 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 change results in a decrease of \$0.081 million on the employee on-costs. The impact on 2016 and future years cannot be reliably estimated.

Department of State Development

Notes to and forming part of the financial statements

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.

31 Employee benefits

	2015 \$'000	2014 \$'000
Current		
Accrued salaries and wages	666	174
Annual leave	7,718	3,960
Long service leave	1,536	2,711
Skills and experience retention leave	607	61
Total current employee benefits	10,527	6,906
Non-current		
Long service leave	23,535	9,222
Skills and experience retention leave	209	209
Total non-current employee benefits	23,744	9,431
Total employee benefits	34,271	16,337

AASB 119 contains the calculation methodology for the 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 long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2014 (3.50%) to 2015 (3.00%). The 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 \$0.787 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 \$0.090 million.

Department of State Development
Notes to and forming part of the financial statements

32 Provisions

	2015 \$'000	2014 \$'000
Current		
Provision for workers compensation	314	134
Total current provisions	314	134
Non-current		
Provision for workers compensation	953	466
Total non-current provisions	953	466
Total provisions	1,267	600
Carrying amount at the beginning of the period	600	614
Additional provisions recognised as a result of restructure activities	1,097	-
Increase/(decrease) in provisions recognised	(123)	123
Reductions resulting from payments	(307)	(137)
Carrying amount at 30 June	1,267	600

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 of the Public Sector.

33 Other liabilities

	2015 \$'000	2014 \$'000
Current		
Lease incentive	240	240
Security deposits	4,407	5,877
Unearned revenue	1,879	1,053
Total current other liabilities	6,526	7,170
Non-current		
Lease incentive	2,156	2,156
Accumulated amortisation - lease incentive	(1,338)	(1,098)
Total non-current other liabilities	818	1,058
Total other liabilities	7,344	8,228

Lease incentive received from the building owner applied as a contribution towards fit-out costs (as per agreement) and amortised over the period of the lease (10 years), commencing December 2009.

Security deposits are received to ensure mine operators rehabilitate sites and comply with all statutory requirements on cessation of licences. Cash deposits are classified as security deposits. The value of securities held in the form of bank guarantees are reflected as a contingent asset (refer note 36) as the department only has a claim on these funds if the licensee fails to meet its legislative requirements.

Unearned revenue mainly includes payments of rent received for the grant or renewal of exploration licences and mining leases which are held as unearned revenue until the Minister officially approves the grant or renewal of the tenement or lease. Once the grants or renewals have been instrumented, amounts are then recognised as revenue, or transferred to the landowners refund account for those Freehold Landowners who are entitled to a refund of rent.

Department of State Development
Notes to and forming part of the financial statements

34 Equity

	2015 \$'000	2014 \$'000
Retained earnings	1,031,280	16,152
Assets Available for Sale Reserve	3,499	-
Revaluation surplus	5,989	5,559
Contributed Capital	10,263	-
Carrying amount at 30 June	1,051,031	21,711

The revaluation surplus increased by \$0.430 million, during 2014-15, to reflect the market value of land at the Queens Theatre. The asset forms part of assets held for sale balance as at 30 June 2015.

35 Unrecognised contractual commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

	2015 \$'000	2014 \$'000
Within one year	15,551	851
Total capital commitments	15,551	851

Capital commitments at 30 June 2015 relate to the State Drill Core Reference Library.

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 \$'000	2014 \$'000
Within one year	12,571	10,518
Later than one year but not later than five years	22,388	16,798
Later than five years	112	-
Total remuneration commitments	35,071	27,316

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

Commitments for the payment of other contracts and grant agreements in existence at the reporting date but not recognised as liabilities are payable as follows:

	2015 \$'000	2014 \$'000
Within one year	32,505	15,742
Later than one year but not later than five years	19,427	8,860
Later than five years	320	-
Total other commitments	52,252	24,602

Amounts disclosed include commitments arising from agreements with contractors, consultants, ICT contracts and grant recipients.

Department of State Development

Notes to and forming part of the financial statements

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 \$'000	2014 \$'000
<i>Department as lessee:</i>		
Within one year	13,096	5,605
Later than one year but not later than five years	19,093	14,047
Later than five years	-	1,094
Total operating lease commitments	32,189	20,746

Representing:

Cancellable operating leases	3,417	1,058
Non-cancellable operating leases	28,772	19,688
Total operating lease commitments	32,189	20,746

The department's operating leases relate to office accommodation and motor vehicles. Office accommodation is leased from the Department of Planning, Transport and Infrastructure - Building Management Accommodation and Property Services. The leases are non-cancellable with terms ranging up to ten years with some leases having the right of renewal. Motor vehicles are leased from SAFA through their agent LeasePlan Australia with lease periods of up to three years. These are cancellable without notice.

	2015 \$'000	2014 \$'000
<i>Department as lessor:</i>		
Within one year	5,786	-
Later than one year but not later than five years	24,628	-
Later than five years	57,191	-
Total operating lease commitments	87,605	-

Representing:

Non-cancellable operating leases	87,605	-
Total operating lease commitments	87,605	-

The department's lease as lessor relates to the Adelaide Festival Centre and Her Majesty's Theatre leased to the Adelaide Festival Centre Trust. The lease is non-cancellable for 20 years with the right of renewal.

36 Contingent assets and liabilities

Contingent assets

Where specific conditions relating to a financial assistance grant are not met, the department may request the amount granted be repaid by the grantee. There are no known contingent assets arising from these present obligations as at 30 June 2015.

The department receives securities in accordance with Acts administered by the department for mining and petroleum. These are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. The amount held as bank guarantees at 30 June 2015 is approximately \$127 million (\$126 million). The department only has a claim on these funds if the licensee fails to perform its legislative requirements.

Department of State Development

Notes to and forming part of the financial statements

Contingent liabilities

Guarantees and Indemnities

The department has provided an indemnity relating to an industry package. As at 30 June 2015 the value of the indemnity could not be reliably measured (the value reported in last financial year was nil).

The nature of activities that the department is involved in can create potential exposure to mining matters, which the department may be required to remedy in the future. The department has some potential outstanding litigation specifically resulting from interpretation of past mining practices and petroleum exploration.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised standards. This includes the environmental liabilities of past mining practices where there is no longer an active licence. For new activities, it is a lease condition that rehabilitation be undertaken by the leaseholder before a lease is surrendered. The department's responsibility is to ensure that a lease is not surrendered before appropriate rehabilitation has occurred, thus minimising the likelihood of future environmental risks to government. At this time, the financial impact, if any, cannot be reliably estimated.

The Minister for Employment, Higher Education and Skills has provided a \$3.0 million guarantee to Scope Global Pty Ltd which has not been invoked as at 30 June 2015.

The Minister for Employment, Higher Education and Skills has entered an agreement to provide Le Cordon Bleu with a 10 year interest free loan of \$7.0 million conditional upon Le Cordon Bleu entering into a building contract for the development of Le Cordon Bleu's city training facility.

37 Transferred functions

Transferred in

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, from 1 July 2014 the Department of Further Education, Employment, Science and Technology (DFEEST) was transferred to the Department of State Development. This included the transfer of 533 employees and expenditure budget funding of \$470.866 million for controlled activities.

The effective date of the transfer was 1 July 2014.

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, from 1 July 2014 the operational units of; Arts SA, Aboriginal Affairs and Reconciliation (AARD), Office of the Economic Development Board (OEDB) and Invest in SA, were transferred from the Department of the Premier and Cabinet (DPC) to the Department of State Development. This included the transfer of 182 employees and expenditure budget funding of \$154.251 million for controlled activities.

The effective date of the transfer was 1 July 2014.

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, from 1 July 2014 the operational unit of Health Industries South Australia was transferred from the Department of SA Health to the Department of State Development. This included the transfer of 3 employees and expenditure budget funding of \$2.600 million for controlled activities.

The effective date of the transfer was 1 July 2014.

Department of State Development
Notes to and forming part of the financial statements

On transfer, the department recognised the following assets and liabilities:

	DFEEST \$'000	Arts SA \$'000	AAR \$'000	EDB \$'000	Invest in SA \$'000	SA Health \$'000
Assets						
Cash and cash equivalents	41,543	6,077	1,040	-	-	-
Receivables	18,142	4,451	126	-	10	-
Assets held for sale	41,090	-	-	-	-	-
Property, plant and equipment	790,124	160,691	2,062	-	-	-
Other assets	6,103	-	-	-	-	-
Total Assets	897,002	171,219	3,228	-	10	-
Liabilities						
Payables	50,816	2,713	1,194	31	27	5
Provisions	1,141	122	10	1	1	-
Employee benefits	15,120	1,775	1,603	98	109	51
Other liabilities	658	1,428	-	-	-	-
Total liabilities	67,735	6,038	2,807	130	137	56
Total net assets transferred	829,267	165,181	421	(130)	(127)	(56)

	Transferred from DFEEST \$'000	Transferred from DPC \$'000	Transferred from SA Health \$'000	Total \$'000
Assets				
Cash and cash equivalents	41,543	7,117	-	48,660
Receivables	18,142	4,587	-	22,729
Assets held for sale	41,090	-	-	41,090
Property, plant and equipment	790,124	162,753	-	952,877
Other assets	6,103	-	-	6,103
Total Assets	897,002	174,457	-	1,071,459
Liabilities				
Payables	50,816	3,965	5	54,786
Provisions	1,141	134	-	1,275
Employee benefits	15,120	3,585	51	18,756
Other liabilities	658	1,428	-	2,086
Total liabilities	67,735	9,112	56	76,903
Total net assets transferred	829,267	165,345	(56)	994,556

Net assets assumed by the department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Department of State Development

Notes to and forming part of the financial statements

Transferred out

Effective 8 September 2014, 80 staff transferred to TAFE SA as agreed between Chief Executives, pursuant to section 9 of the *Public Sector Act 2009*. The transfer of staff was to allow TAFE SA to establish its own ICT services

	Total
	\$'000
Liabilities	
Payables	170
Employee benefits	1,550
Total liabilities	1,720
Total net assets transferred	1,720

38 Remuneration of board and committee members

*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. In addition, members of Parliament who are members of boards or committees did not receive any remuneration.

^ Indicates a member entitled to remuneration but has elected not to receive payment.

Advanced Manufacturing Council (abolished October 2014)

D McGurk	T Monro
S Myatt	G Combet
G Roos (Chair)	M Beer
J Law	G Knight*

Members due to expire on 30 June 2014 were extended by the Chair to wind up the work of the council, until its abolishment on 30 October 2014.

Business Development Council (abolished October 2014)

All members expired 30 June 2014, no members were appointed during 1 July 2014-30 June 2015.

Board of Examiners for Mine Managers (abolished October 2014)

G Marshall* (Chair)	M Van Leuven
J Coker	A Ward

Department of State Development

Notes to and forming part of the financial statements

Brukung Minesite Remediation Board (abolished October 2014)

H MacDonald (Chair)	E Tyne*
R MacDonald	A Stuart
S Skibinski	H Seager

Electrical Technical Advisory Committee

A Baehnisch* (appointed May 2015)	P Morris* (retired May 2015)
G Cox*	S O'Loughlin
R Donnelly	T Tran
R Faunt* (Chair)	J Corbett*
J Gater	S Cottell* (retired May 2015)
B Jackson	R Struve* (appointed May 2015)
L Moore	

For the Electricity Technical Advisory Committee, no members received remuneration. This committee is due to merge with the Gas Technical Advisory Committee late in 2015.

Energy Consumers Council (abolished October 2014)

M Baldock (Chairperson)	J Pike
C Eardley (Deputy Chair)	R Williams
H I'Anson	D Crabb (Deputy Member)
N Long	M Creswell (Deputy Member)
A McKenna	J De Silva (Proxy Member)
A Moore	L Stoll (Proxy Member)

The Energy Consumers Council has a number of proxy members representing various organisations. Only paid proxy members have been included above.

Department of State Development

Notes to and forming part of the financial statements

Extractive Areas Rehabilitation Fund Project Assessment Panel

C Miller (Independent Chair - resigned November 2014)	S Linou (Alternate Member – resigned November 2014)
S Falland (resigned November 2014)	G Marshall* (Alternate Member – resigned November 2014)
H O'Neil (resigned August 2014)	T McDonald (Alternate Member - resigned November 2014)
E Tyne* (resigned November 2014)	
E Young* (resigned November 2014)	
M Harvey (Alternate Member – resigned November 2014)	

This panel had no members as at 30 June 2015, and is due to be reformed following a review.

Gas Technical Advisory Committee

D Buchanan	G Michael (appointed May 2015)
A Clarke	A Szacinski*
R Faunt* (Chair)	T Tucker*
A Baehnisch* (appointed May 2015)	T Sika* (appointed August 2014)
R Mignone	D Santinon

For the Gas Technical Advisory Committee, no members received remuneration. This committee is due to merge with the Electricity Technical Advisory Committee late in 2015.

Resources and Energy Sector Infrastructure Council

B Carter	P Heithersay*
G Guglielmo (Chair)	L Worrall*
J Kuchel*	D Cuzzubbo
L Owens	T White
J Roberts	D Cruickshanks-Boyd

For the Resources & Energy Sector Infrastructure Council, no members received remuneration.

Department of State Development

Notes to and forming part of the financial statements

Minerals and Energy Advisory Council (formerly Resources Industry Development Board)

K Yates (Chair – expired June 2015)	P Holloway (expired June 2015)
D Carter (expired June 2015)	G McKenzie (expired June 2015)
B Goldstein* (Observer)	A McCleary (expired June 2015)
R Goldsworthy (resigned May 2015)	J Roberts (expired June 2015)
I Gould (expired June 2015)	E Tyne* (Observer)
G Guglielmo^ (expired June 2015)	J White (expired June 2015)
P Heithersay* (Observer) (expired June 2015)	R Yeeles^ (resigned June 2015)
P Carr	

Resources Industry Development Board was merged with RESIC to form Minerals and Advisory Council approved by the Minister 7 May 2015.

Roxby Downs Advisory Reference Group

W Cossey (Chair)	N Jones^
M Gall*	P Holloway^
P Heithersay*	

For the Roxby Downs Advisory Reference Group, only the Chair received remuneration.

Consumer Advisory Committee

S Canale^	P Walsh^ (Chair)
M Henley	J Whittaker
D Hossen	I Yates^
H l'Anson	T Kelly

Members of the Consumer Advisory Committee are remunerated by the Essential Services Commission of South Australia.

Electricity Act 1996 Assessors Panel

T Blackburn (expired April 2015)	D Round
C Cooper	H Sandstrom
B Rajkowska	E Woodley

This panel will transition to South Australian Civil and Administrative Tribunal.

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Notes to and forming part of the financial statements

Gas Act 1997 Assessors Panel

O Clark (expired October 2014)

B Rajkowska (expired October 2014)

C Cooper (expired October 2014)

W Ryan (expired October 2014)

This panel had no members as at 30 June 2015, and is due to be reformed following a review. This panel will transition to South Australian Civil and Administrative Tribunal.

Powerline Environment Committee

I Brooks

M Magin

R Crowley Chair

L Clyne

K Hamilton

G O'Neill*

D Harvey

T Wilson*

M Lee

Members of the Powerline Environment Committee were entitled to remuneration, which was paid by the Essential Services Commission of South Australia.

Boards transferred in to the department as a result of restructuring arrangements as at 1 July 2014:

Economic Development Board

R J Spencer (Chair – appointed July 2014)

T M Monro

R I Chapman (Deputy Chair – appointed July 2014)

B A Pocock (appointed July 2014)

T Burgess (appointed January 2015)

L C Read (appointed July 2014)

D W Garrard

N G Roos (appointed July 2014)

L Jacobs

D E Russell (Ex Officio)*

R G Kerin

D S Thomas (appointed July 2014)

D G Lloyd

Audit and Risk Management Committee

C Dunsford (Chair)

W Einarson

G Giannopoulos*

J Hill

P Heithersay*

A Reid*

Department of State Development

Notes to and forming part of the financial statements

South Australian Science Council (formerly Premier's Science & Industry Council)

D Evans	G Fincher
C Plewa	L Read (Chair)
M Verma	K Reynolds
K Scott	M Westwell
P Sandercock (resigned December 2014)	R Popella-Filcoff (resigned December 2014)
G Young (resigned December 2014)	D Mutton (resigned December 2014)
M Heard (resigned December 2014)	A Lopez (resigned December 2014)
C Priest (resigned December 2014)	P Tharenou (resigned December 2014)

Training and Skills Commission

A L Smith (Chair)	J D Buchanan (Deputy Member)
A Kittel (Deputy Chair – appointed January 2015)	I W Curry (Deputy Member)
S K Myatt	L Inglis (Deputy Member – appointed January 2015)
K Heneker	A Downs (Deputy Member – resigned December 2014)
J Newlyn	P Dowd (resigned December 2014)
A L Nieuwenhuis	M Keating (resigned December 2014)
M A O'Leary (appointed January 2015)	N McBride (resigned December 2014)
L A Palmer	C Haythorpe (resigned December 2014)
D A Black (Deputy Member – appointed January 2015)	

Training and Skills Commission Access and Participation Reference Group (Abolished 31 December 2014)

K Heneker (Chair)	M Lobbon*
G McFadyen	M G Thompson
P Wright	

Training and Skills Commission Quality Reference Group (Abolished 31 December 2014)

A Coker	A Nieuwenhuis (Chair)
S Forrest	E Skrabei *
S Holden	

Department of State Development

Notes to and forming part of the financial statements

Training and Skills Development Act 2008 Assessor Panel

J Adler ^	S Frazer ^ (resigned December 2014)
R Buckler ^	D Jeffries ^
A Cartledge ^	P Staley ^ (appointed January 2015)
I Curry ^	

Aboriginal & Torres Strait Islander Development Program Peer Assessment Panel

M Blackman	P Herzich*
F Blanch	S Meagher*
A Cobby-Eckermann	H Shearer
M Collard	

Contemporary Music Peer Assessment Panel

A Fraser (Chair - expired February 2015)	R L Kradolfer (expired February 2015)
T T Boakes	M H Mayo (expired February 2015)
L D Godson	D H Rankine
N Bates (expired February 2015)	

Organisations Assessment Panel

A Beare (Chair)	R Myers
J Covernton (appointed May 2015)	L Newton (expired December 2014)
R Hervey	E Pak Poy (expired December 2014)
L Kroetsch (expired December 2014)	C Reid
B MacQueen (appointed May 2015)	J Sweeney (expired December 2014)

Art for Public Places

L Simeoni (expired June 2015)

Community Arts Peer Assessment Panel

T C Hopprich	J T Pierce
M Rankin	O E Allen
J Pike	F Mantelli (expired June 2015)

Department of State Development

Notes to and forming part of the financial statements

Disability Arts Peer Assessment Panel

L Beasley (Chair - reappointed July 2014)	S Lush* (reappointed July 2014)
T Doyle (appointed July 2014)	K Martinsen (appointed July 2014)
C Harris (appointed July 2014)	C Pickering (reappointed July 2014)
S Tooth (expired December 2014)	

Literature Peer Assessment Panel

A Solding (appointed February 2015)	P R Butterss (retired May 2015)
C A Lefevre (Chair- appointed February 2015)	R E Starke
J Owen (appointed February 2015)	S M Sheridan (Chair - retired May 2015)
P R Graham (retired May 2015)	S N Franzway

Performing Arts Peer Assessment Panel (PAPAP)

A J Currie (expired March 2015)	M D Gray
C N Anderson (Chair)	P J Sheedy
C N Broad (expired March 2015)	S Bleby (expired March 2015)
C Wellman Kelly (appointed February 2015)	S L Collins (expired March 2015)
C N Williams (appointed February 2015)	T Booth-Remmers (appointed February 2015)
D P Vacirca	T M Crawford
H Kleinig (appointed February 2015)	S Emery (expired March 2015)

Visual Arts, Craft and Design Peer Assessment Panel (VACD)

B S French (expired March 2015)	J A Clutterbuck (appointed February 2015)
C De Rosa (appointed February 2015)	J D Dodd (expired March 2015)
C G Belfrage (appointed February 2015)	L Slade*
C J Taylor (appointed February 2015)	M F Nikou
C R Orchard	P Kruger
D Paauwe (expired March 2015)	S Humphreys (appointed February 2015)
H Freeman (expired March 2015)	A Hughes (expired March 2015)

Department of State Development

Notes to and forming part of the financial statements

State Aboriginal Heritage Committee

S R Sparrow (Chair)	H L Richards
L Wright (Deputy Chair - appointed October 2014)	K M Richards (appointed October 2014)
Q L Agius	H F Smith (appointed October 2014)
Y D Agius	A C Stuart
R H Campbell* (appointed October 2014)	V G Sumner
C Waye (resigned July 2014)	

South Australian Aboriginal Advisory Council

S Williams (Chair –appointed April 2015)	T Lloyd* (appointed April 2015)
C Rigney (Deputy Chair - appointed April 2014)	T L Ritchie* (appointed April 2015)
S Blake* (appointed April 2015)	M Robyn-Hopkins* (appointed August 2014)
R King* (appointed August 2014)	S Waters (appointed April 2015)
T Larkin (appointed April 2015)	

Health Industries South Australia Advisory Board

C M Butcher (Chair)	R J Spencer
N S Brooksby	J Weatherill*
W M Castell	S L Wesselingh
S Solomon	B Hewitt*
T J Soon	D E Russell*
J M White	J J Snelling*

Remuneration of board members

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

	2015 Number	2014 Number
\$1 - \$9 999	117	47
\$10 000 - \$19 999	2	4
\$20 000 - \$29 999	4	2
\$30 000 - \$39 999	8	-
\$40 000 - \$49 999	3	-
\$50 000 - \$59 999	6	-
\$60 000 - \$69 999	1	-
\$70 000 - \$79 999	-	1
\$80 000 - \$89 999	1	-
\$100 000 - \$109 999	1	-
\$140 000 - \$149 999	1	-
Total number of members	144	54

Department of State Development

Notes to and forming part of the financial statements

Remuneration of members reflects all costs of performing board / committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$1.396 million (\$0.245 million).

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

For the purpose of this table, the travel allowance paid to members has not been included as remuneration as it is considered to be a reimbursement of direct out-of-pocket expenses incurred by the relevant members.

39 Cash flow reconciliations

For the purposes of the Statement of Cash Flows, cash on hand and on deposit includes cash deposits which are used in the cash management function on a day-to-day basis.

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents at 30 June		
Cash and cash equivalents disclosed in the Statement of Financial Position	172,225	22,493
Balance as per the Statement of Cash Flows	172,225	22,493
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	97,806	2,895
Less revenues from SA Government	(686,720)	(96,064)
Add payments to SA Government	14,861	1,109
Add / (less) non-cash items:		
Depreciation and amortisation expense of non-current assets	(31,682)	(2,059)
Amortisation of lease incentive	240	240
Assets held for sale write down	(2,690)	-
Doubtful debts expense	(479)	(1,225)
Resources received free of charge	1,021	-
Donated Assets	(2,197)	-
Prior period adjustments	-	(175)
Transfer in for administrative restructure	54,174	(27)
Transfer out for administrative restructure	(1,720)	-
Loss from disposal and write down of non-current assets	(1,656)	(122)
Movements in assets and liabilities:		
(Decrease) increase in receivables	28,084	(1,421)
Increase (decrease) in other assets	(15)	166
Decrease (increase) in payables	(100,818)	(264)
Decrease in other liabilities	884	983
(Increase) Decrease in provisions	(667)	14
Increase in employee benefits	(17,934)	(612)
Net cost of providing services	(649,508)	(96,562)

Department of State Development
Notes to and forming part of the financial statements

40 Trust funds

Extractive Areas Rehabilitation Fund

The Extractive Areas Rehabilitation Fund is credited with amounts by way of royalty on extractive minerals and is used for the rehabilitation of land disturbed by mining operations. The funds collected are used to limit damage to any aspect of the environment by such mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to this trust fund to year ended 30 June are as follows:

	2015	2014
	\$'000	\$'000
Operations		
Revenue	2,415	3,441
Expenditure	1,702	1,760
Net operating surplus	713	1,681
Assets:		
Cash at bank	19,799	19,052
Receivables	8	-
Total assets	19,807	19,052
Liabilities:		
Liabilities	43	-
Total liabilities	43	-
Net assets	19,764	-
Funds:		
Balance of funds at beginning of period	19,052	17,371
Net receipts	713	1,681
Fund balance at 30 June	19,765	19,052
Commitments in place at 30 June	670	1,627

41 Events after the reporting period

The *Public Sector (Reorganisation of Public Sector Organisations) Notice 2015* (dated 21 May 2015) proclaimed that effective from 1 July 2015 the Office of the Industry Participation Advocate will be transferred from the Department of the Premier and Cabinet to the Department of State Development.

Department of State Development
Notes to and forming part of the financial statements

42 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses							
Employee benefits expenses	5	5,953	2,717	111,551	55,963	117,504	58,680
Supplies and services:	6						
Accommodation and service costs		13,921	5,577	3,887	459	17,808	6,036
Accounting and audit fees		401	172	4	142	405	314
Communications and information technology		3,185	1,766	8,977	2,960	12,162	4,726
Contractors		779	46	12,790	7,178	13,569	7,224
Consultancies		-	-	4,583	5,864	4,583	5,864
Corporate Services recharges to TAFE SA		530	-	-	-	530	-
Energy supply fuel and lubricants		-	75	6,488	7,776	6,488	7,851
Lease incentive amortisation		-	-	(240)	(240)	(240)	(240)
Marketing		1	5	1,857	1,295	1,858	1,300
Overseas trade representation		38	16	638	344	676	360
RAES Aboriginal Communities infrastructure		-	2,120	1,945	1,877	1,945	3,997
Shared service fees - other		3,830	2,443	-	-	3,830	2,443
Staff related expenses		187	82	2,079	1,493	2,266	1,575
Travel and related expenses		1,528	1,153	3,417	2,137	4,945	3,290
Repairs and maintenance		-	-	-	-	-	-
Office administration expenses		3,133	1,867	5,953	4,232	9,086	6,099
Trainee & apprenticeship reimbursements		-	-	4,353	-	4,353	-
Vocational Education Training funding	7	161,188	-	79,587	-	240,775	-
Depreciation and amortisation expense	8	-	-	31,682	2,059	31,682	2,059
Grants and subsidies:	9						
Arts and Cultural		107,608	-	20,017	-	127,625	-
TAFE SA		67,676	-	-	-	67,676	-
Skills and Employment		19,944	-	37,050	-	56,994	-
Resources and Energy		-	4,049	15,195	8,342	15,195	12,391
Industry and Innovation		-	513	9,513	10,650	9,513	11,163
Investment, Trade and Immigration		-	-	5,905	128	5,905	128
Aboriginal Affairs and Reconciliation		-	-	5,165	-	5,165	-
Other		498	795	420	369	918	1,164
Other expenses:	10						
TVSP reimbursement to TAFE SA		3,445	-	-	-	3,445	-
Bad and doubtful debts		-	-	479	1,232	479	1,232
Asset write-down		-	-	-	110	-	110
Donated assets		-	-	2,197	-	2,197	-
Revaluation decrement - Land and buildings held for sale		-	-	2,690	-	2,690	-
Other		42	-	-	-	42	-
Net loss from the disposal of non-current assets	19	13	-	1,643	12	1,656	12
Total expenses		393,912	23,396	379,813	114,382	773,725	137,778

Department of State Development
Notes to and forming part of the financial statements

	Note	SA Government		Non-SA Government		Total	
		2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Revenues from fees and charges	13	38,211	-	22,944	21,585	61,155	21,585
Technical regulation	14	6,667	6,384	-	-	6,667	6,384
Sale of electricity	15	2,114	2,745	2,012	1,885	4,126	4,630
Commonwealth revenues	16	-	-	36,045	1,425	36,045	1,425
Interest and investment revenues	17	23	-	405	6	428	6
Resources received free of charge	18	41	-	980	-	1,021	-
Other revenues:	20						
Fuel tax credits		-	-	1,487	1,623	1,487	1,623
Management of Extractive Areas Rehabilitation Fund		558	449	-	-	558	449
Sponsorship revenues		1,376	-	75	21	1,451	21
Recoveries		5,415	3,787	2,667	1,306	8,082	5,093
Sundry income		-	-	1,250	-	1,250	-
Other revenues		1,502	-	445	-	1,947	-
Total income		55,907	13,365	68,310	27,851	124,217	41,216
Financial assets							
Receivables:	23						
Receivables		2,259	305	6,301	1,805	8,560	2,110
GST input tax recoverable		-	-	3,667	859	3,667	859
Prepayments		-	-	473	276	473	276
Accrued revenue		19,260	716	922	1,005	20,182	1,721
Other receivables		-	-	168	-	168	-
Financial assistance debtors	24	-	-	1	16	1	16
Investments	28	-	-	6,484	-	6,484	-
Total financial assets		21,519	1,021	18,016	3,961	39,535	4,982
Financial liabilities							
Payables:	30						
Creditors and accrued expenses		94,180	2,954	24,811	8,608	118,991	11,562
Employee on-costs		2,212	557	2,507	1,068	4,719	1,625
Other liabilities:	33						
Lease incentive		1,058	1,298	-	-	1,058	1,298
Security deposits		-	-	4,407	5,877	4,407	5,877
Unearned revenue		-	-	1,879	1,053	1,879	1,053
Total financial liabilities		97,450	4,809	33,604	16,606	131,054	21,415

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

The following are brief explanations of variances between original budget and actual budget amounts.

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

			Original DSD Portfolio Budget 2015 \$'000	Adjusted for Tafe SA & Reclasses 2015 \$'000	Original DSD Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000
	Note	Variance Ref					
Statement of Comprehensive Income							
Expenses							
Employee benefit expense	5		316,560	(205,662)	110,898	117,504	6,606
Supplies and services	6		243,550	(159,658)	83,892	84,264	372
Vocational Education Training funding	7	(a)	-	274,542	274,542	240,775	(33,767)
Depreciation and amortisation expense	8		37,073	(5,070)	32,003	31,682	(321)
Grants and subsidies	9	(b)	205,580	39,831	245,411	288,991	43,580
Net loss from disposal of non-current assets	19		-	-	-	1,656	1,656
Other expenses	10		4,184	(3,982)	202	8,853	8,651
Total expenses			806,947	(59,999)	746,948	773,725	26,777
Income							
Revenues from fees and charges	13		121,557	(51,543)	70,014	61,155	(8,859)
Technical regulation	14		-	6,567	6,567	6,667	100
Sale of electricity	15		-	4,974	4,974	4,126	(848)
Commonwealth revenues	16		42,837	(12,157)	30,680	36,045	5,365
Other grants & contributions			14,812	(14,812)	-	-	-
Interest and investment revenues	17		600	-	600	428	(172)
Resources received free of charge	18		-	-	-	1,021	1,021
Other revenues	20		6,290	5,207	11,497	14,775	3,278
Total income			186,096	(61,764)	124,332	124,217	(115)
Net cost of providing services			(620,851)	(1,765)	(622,616)	(649,508)	(26,892)
Revenues from / payments to SA Government							
Revenues from SA Government	21		634,035	-	634,035	686,720	52,685
Payments to SA Government	21		-	-	-	(14,861)	(14,861)
Net result			13,184	(1,765)	11,419	22,351	10,932
Other comprehensive income							
Items that will not be reclassified to net result							
Changes in revaluation surplus	34		-	-	-	430	430
Total comprehensive result			13,184	(1,765)	11,419	22,781	11,362

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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.

Explanation of major variances from budget - operating

- (a) VET Funding lower than budget primarily due to the implementation of budget containment measures including reduced subsidy prices, capping courses and restricting eligibility for new students resulting in need for structural adjustment funding to TAFE SA.
- (b) Grants and Subsidies higher than budget primarily due to structural adjustment funding and other approved variations to grant payments.

		Original DSD Portfolio Budget 2015 \$'000	Adjusted for Tafe SA & Reclasses 2015 \$'000	Original DSD Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000
Variance	Ref					
Investing Expenditure Summary						
Total new projects	(c)	21,934	-	21,934	15,078	(6,856)
Total existing projects	(d)	11,955	-	11,955	9,138	(2,817)
Total annual programs		9,830	(1,800)	8,030	8,454	424
Total investing expenditure		43,719	(1,800)	41,919	32,670	(9,249)

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.

Explanation of major variances from budget - investing

- (c) Minor start-up delays in Drill Core Library Project. Project remains on target for completion in 2015-16.
- (d) Variance relates primarily to the Brukunga remediation project which is due for completion in 2015-16.

44 Financial risk management/ Financial instruments

Financial risk management

Risk management facilitation is undertaken by the department's Strategy and Business Services division. The department's risk management policy and procedures are drafted in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer, relevant Treasurers Instructions and the Australian Risk Management Standard (AS/NZS ISO 31000:2009).

The department is exposed to financial risk – liquidity risk, credit risk and market risk. The department's exposure to risk is insignificant based on past experience and current assessment of risk.

Department of State Development

Notes to and forming part of the financial statements

Categorisation of financial instruments

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note **Error! Reference source not found.** Summary of Significant Accounting Policies.

Refer to the table below for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they fall due. The department is funded principally from appropriation by the SA Government. The department 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.

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

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

Category of financial asset and financial liability	Note	Carrying amount / Fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	22	172,225	-	172,225	-	-
Loans and receivable ⁽¹⁾⁽²⁾	23	28,910	-	28,910	-	-
Investments	28	6,484	-	6,484	-	-
Total assets		207,619	-	207,619	-	-
Financial liabilities						
Financial liabilities at cost ⁽¹⁾	30	118,431	-	118,431	-	-
Total		118,431	-	118,431	-	-

Category of financial asset and financial liability	Note	Carrying amount / Fair value \$'000	2014 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	22	22,493	-	22,493	-	-
Loans and receivable ⁽¹⁾⁽²⁾	23	3,845	-	3,845	-	-
Total assets		26,338	-	26,338	-	-
Financial liabilities						
Financial liabilities at cost ⁽¹⁾	30	11,409	-	11,409	-	-
Total		11,409	-	11,409	-	-

⁽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

Department of State Development

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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.

⁽²⁾ Receivable amount disclosed here excludes prepayments. 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.

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 Commissioner does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 23 for information on the allowance for impairment in relation to receivables.

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

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2015						
Cash and cash equivalents	172,225	172,225	-	-	-	-
Loans and receivables ⁽¹⁾	28,910	24,212	569	621	1,653	1,855
Investments	6,484	6,484	-	-	-	-
2014						
Cash and cash equivalents	22,493	22,493	-	-	-	-
Loans and receivables ⁽¹⁾	3,845	901	1,406	97	129	1,312

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

Market risk

Market risk through interest rate or price fluctuations is immaterial.

Sensitivity disclosure analysis

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

Department of State Development
Statement of Administered Comprehensive Income
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Expenses		
Employee benefit expenses	908	319
Supplies and services	1,131	35
Grants and subsidies	7,534	1,422
Payment of royalties to the Consolidated Account	237,452	291,331
Other expenses	6,379	10,160
Total expenses	253,404	303,267
Income		
Royalties	237,460	291,331
Interest	821	-
Other revenues	6,454	10,104
Total income	244,735	301,435
Net cost of providing services	(8,669)	(1,832)
Revenues from / payments to SA Government		
Revenues from SA Government	8,649	1,713
Net result	(20)	(119)
Total comprehensive result	(20)	(119)

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 State Development
Statement of Administered Financial Position
as at 30 June 2015

	2015 \$'000	2014 \$'000
Current assets		
Cash	49,329	17,768
Receivables	3,834	1,492
Total current assets	53,163	19,260
Total assets	53,163	19,260
Current liabilities		
Payables	18,597	19,092
Other	3	-
Total current liabilities	18,600	19,092
Total liabilities	18,600	19,092
Net assets	34,563	168
Equity		
Retained earnings	34,563	168
Total equity	34,563	168

Total equity is attributable to the SA Government as owner

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

Department of State Development
Statement of Administered Changes in Equity
for the year ended 30 June 2015

	Retained Earnings	Total
	\$'000	\$'000
Balance at 30 June 2013	287	287
Net result for 2013-14	(119)	(119)
Total comprehensive result for 2013-14	(119)	(119)
Balance at 30 June 2014	168	168
Net result for 2014-15	(20)	(20)
Total comprehensive result for 2014-15	(20)	(20)
Equity acquired on restructure	34,415	34,415
Balance at 30 June 2015	34,563	34,563

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 State Development
Statement of Administered Cash Flows
for the year ended 30 June 2015

	2015	2014
	Inflows	Inflows
	(Outflows)	(Outflows)
	\$'000	\$'000
Cash flows from operating activities		
Cash outflows		
Employee benefit payments	(908)	(319)
Payments to suppliers	(1,627)	-
Payments for grant and subsidies	(7,534)	(1,422)
Payments for royalties to Consolidated Account	(240,652)	(295,756)
Other payments	(6,379)	(9,584)
Total cash outflows	(257,100)	(307,081)
Cash inflows		
Revenues from SA Government	9,725	1,713
Other receipts	8,767	10,352
Royalties receipts	233,629	312,274
Total cash inflows	252,121	324,339
Net cash (used in) / provided by operating activities	(4,979)	17,258
Cash flows from financing activities		
Cash inflows		
Receipts on restructure	36,540	468
Total cash inflows	36,540	468
Net cash (used in) / provided by financing activities	36,540	468
Net increase / (decrease) in cash	31,561	17,726
Cash as at the beginning of the period	17,768	42
Cash as at 30 June	49,329	17,768

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

Department of State Development
Notes to and forming part of the financial statements

	Aboriginal Affairs and Reconciliation		Small Business Commissioner		Ministers' Salary		Royalties	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses								
Employee benefit expenses	-	-	-	-	908	319	-	-
Supplies and services	1,056	-	-	-	-	-	-	-
Grants and subsidies	5,848	-	1,686	1,422	-	-	-	-
Payment of royalties to the Consolidated Account	-	-	-	-	-	-	237,452	291,331
Other expenses	-	-	-	-	-	-	(76)	73
Total expenses	6,904	-	1,686	1,422	908	319	237,376	291,404
Income								
Interest	821	-	-	-	-	-	-	-
Royalties	-	-	-	-	-	-	237,460	291,331
Other revenues	-	-	-	-	-	-	(13)	-
Total income	821	-	-	-	-	-	237,447	291,331
Net cost of providing services	(6,083)	-	(1,686)	(1,422)	(908)	(319)	71	(73)
Revenues from / payments to SA Government								
Revenues from / payments to SA Government	6,174	-	1,686	1,422	789	291	-	-
Net result	91	-	-	-	(119)	(28)	71	(73)
Total comprehensive result	91	-	-	-	(119)	(28)	71	(73)

Aboriginal Affairs and Reconciliation

The Anangu Pitjantjatjara Yankunytjatjara (APY) Lands Task Force is funded through appropriation from the Department of Treasury and Finance for the coordination and delivery of diversionary programs across the APY Land communities. The department also administers Commonwealth government funding for projects on the APY Lands and other aboriginal communities.

Small Business Commissioner

Appropriation funding for the Office of the Small Business Commissioner is paid by the Department of Treasury and Finance to the department. The funding is then provided to the Office of the Small Business Commissioner which is a separate reporting entity. The amounts transferred to the Office of the Small Business Commissioner represent appropriation funding only and not the entire budget for the operations.

Royalties

The department receives royalties levied on minerals and petroleum production on behalf of the State Government. Royalty receipts are collected pursuant to the Roxby Downs (Indenture Ratification) Act 1982, Whyalla Steel Works Act 1958, Mining Act 1971 and the Petroleum and Geothermal Act 2000. Royalty receipts are returned to the Consolidated Account in the month following collection.

Department of State Development
Notes to and forming part of the financial statements

	Mintabie Administration		Native Title Agreement		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expenses	-	-	-	-	908	319
Supplies and services	75	-	-	-	1,131	-
Grants and subsidies	-	-	-	-	7,534	1,422
Payment of royalties to the Consolidated Account	-	-	-	-	237,452	291,331
Other expenses	-	35	6,455	10,087	6,379	10,195
Total expenses	75	35	6,455	10,087	253,404	303,267
Income						
Interest	-	-	-	-	821	-
Royalties	-	-	-	-	237,460	291,331
Other revenues	12	17	6,455	10,087	6,454	10,104
Total income	12	17	6,455	10,087	244,735	301,435
Net cost of providing services	(63)	(18)	-	-	(8,669)	(1,832)
Revenues from / payments to SA Government						
Revenues from / payments to SA Government	-	-	-	-	8,649	1,713
Net result	(63)	(18)	-	-	(20)	(119)
Total comprehensive result	(63)	(18)	-	-	(20)	(119)

Native Title Agreement

The department collects revenue via a levy equivalent to 1% of the total royalty payable for relevant royalty payers. This is offset by payments made to two Aboriginal Councils in the APY Lands.

Department of State Development

Notes to and forming part of the financial statements

Transferred functions

Transferred in

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, from 1 July 2014 the Department of Further Education, Employment, Science and Technology (DFEEST) was transferred to the Department of State Development.

The effective date of the transfer was 1 July 2014.

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014*, from 1 July 2014 the Administered operational units of; Aboriginal Affairs and Reconciliation (AAR), and APY Lands, were transferred from the Department of the Premier and Cabinet (DPC) to the Department of State Development.

The effective date of the transfer was 1 July 2014.

On transfer, the department recognised the following assets and liabilities:

	DFEEST Funds	AAR Administered Funds	APY Lands	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash	-	16,568	19,972	36,540
Receivables	72	32	39	143
Total Assets	72	16,600	20,011	36,683
Liabilities				
Payables	-	143	2,125	2,268
Total liabilities	-	143	2,125	2,268
Total net assets transferred	72	16,457	17,886	34,415

Net assets assumed by the department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Department of State Development
Notes to and forming part of the financial statements

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

The following are brief explanations of variances between original budget and actual budget amounts.

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

		Original DSD Administered Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefit expenses		892	908	16
Supplies and services		92	1,131	1,039
Grants and subsidies		7,573	7,534	(39)
Payment of royalties to the Consolidated Account	(a)	323,062	237,452	(85,610)
Other expenses		7,231	6,379	(852)
Total expenses		338,850	253,404	(85,446)
Income				
Royalties	(a)	323,062	237,460	(85,602)
Interest		-	821	821
Other revenues		7,231	6,454	(777)
Total income		330,293	244,735	(85,558)
Net cost of providing services		(8,557)	(8,669)	(112)
Revenues from / payments to SA Government				
Revenues from SA Government		8,557	8,649	92
Net result		-	(20)	(20)
Total comprehensive result		-	(20)	(20)

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.

Explanation of major variances from budget - administered

- (a) Royalties are recognised as administered revenue and then paid to DTF's Consolidated Account. Royalties are significantly lower than original budget due to lower than expected petroleum prices and lower than expected mineral prices and production.



Government
of South Australia

Department of
State Development

DEPARTMENT OF STATE DEVELOPMENT CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached General Purpose Financial statements for the Department of State Development:

- 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 department; and
- present a true and fair view of the financial position of the Department of State Development as at 30 June 2015 and the results of its operations and cash flows for the 2014-15 financial year.

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

DR DON RUSSELL
CHIEF EXECUTIVE
DSD

PHUONG CHAU
DIRECTOR, FINANCE
DSD

Date 18-9-15

Date 18.09.15





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**To the Chief Executive
Department of State Development**

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 State Development 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 Director, Finance.

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 State Development 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

Superannuation Funds
Management Corporation
of South Australia

Financial report
for the year ended
30 June 2015

Funds SA
Financial Statements for the year ended 30 June 2015

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Income			
Revenues from fees and charges		6,218	5,732
Interest revenues		91	83
Total Income		6,309	5,815
Expenses			
Employee benefits costs	3	4,215	3,990
Supplies and services	4	1,586	1,293
Depreciation and amortisation expense	5	134	199
Total Expenses		5,935	5,482
Net Surplus		374	333
Total Comprehensive Result		374	333
The Net Surplus and Comprehensive Result is attributable to the SA Government as owner			

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Funds SA
Financial Statements for the year ended 30 June 2015

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents		3,784	3,165
Receivables		722	741
Other current assets		86	54
Total Current Assets		4,592	3,960
Non-Current Assets			
Property, plant and equipment	7	180	213
Funds SA investment trusts	15	-	-
Total Non-Current Assets		180	213
Total Assets		4,772	4,173
Current Liabilities			
Payables	8	428	298
Employee benefits	9	271	354
Total Current Liabilities		699	652
Non-Current Liabilities			
Payables	8	76	44
Employee benefits	9	835	689
Total Non-Current Liabilities		911	733
Total Liabilities		1,610	1,385
Net Assets		3,162	2,788
Equity			
Retained earnings		3,162	2,788
Total Equity		3,162	2,788
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	11		
Contingent assets and liabilities	12		

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Funds SA
Financial Statements for the year ended 30 June 2015

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2013	2,455	2,455
Total comprehensive result for 2013-14	333	333
Balance at 30 June 2014	2,788	2,788
Total comprehensive result for 2014-15	374	374
Balance at 30 June 2015	3,162	3,162
Changes in equity are attributable to the SA Government as owner		

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Funds SA
Financial Statements for the year ended 30 June 2015

STATEMENT OF CASHFLOWS

For the year ended 30 June 2015

	Note No.	2015 \$'000	2014 \$'000
Cash flows from Operating Activities			
Cash inflows			
Receipts from fees and charges		6,999	6,431
Interest received		90	83
Cash generated from operations		7,089	6,514
Cash outflows			
Employee benefit payments		(4,124)	(3,816)
Supplies and services		(1,884)	(1,647)
GST paid to the ATO		(361)	(439)
Cash used in operations		(6,369)	(5,902)
Net cash provided by operating activities	13	720	612
Cash flows from Investing Activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		-	2
Cash generated from investing activities		-	2
Cash outflows			
Purchase of property, plant and equipment		(101)	(44)
Cash used in investing activities		(101)	(44)
Net cash used in investing activities		(101)	(42)
Net increase in cash and cash equivalents		619	570
Cash and cash equivalents at the beginning of the financial year		3,165	2,595
Cash and cash equivalents at the end of the financial year		3,784	3,165

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

Funds SA

Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT

This schedule provides information in relation to assets under Funds SA's management as at balance date.

The disclosure of this information is voluntary. The basis of valuation of asset class investments is fair value as required under AASB13 *Fair Value Measurement*. The sources of valuations are provided below.

This schedule provides the following information:

- Investment Valuation Sources
- Statement of Income and Expenses of Assets Under Management
- Statement of Net Assets Under Management
- Financial Instruments and Management of Portfolio Risk

Investment Valuation Sources

Discretely Managed Portfolios

Funds SA's custodian, JP Morgan, has valued each portfolio using market prices applicable at balance date.

Managed Funds

Pooled Funds / Unlisted Unit Trusts

Investments in pooled funds and other unlisted unit trusts have been valued by Funds SA's custodian in accordance with the valuations supplied by the relevant fund managers.

Private Equity

The value of private equity investments is based on the most recent fund valuations supplied by the relevant fund managers.

Currency Hedge Overlay

The value of the currency hedge overlay, as at 30 June 2015, is supplied by Funds SA's custodian and represents either the expense or income associated with closing out the forward rate agreements in place, on that date, as part of Funds SA's currency management strategy.

Internally Managed Investments

Internally Managed Inflation Linked Securities

These investments, 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 balance date was performed by an independent valuer, Interactive Data Corporation.

Funds SA
Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2015

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses) ¹ \$'000	Unrealised gains / (losses) ² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	228,112	28,595	40,382	(12,420)	284,669
Australian Equities B	25,636	244	6,423	(1,513)	30,790
International Equities A	101,278	147,191	693,655	(28,342)	913,782
International Equities B	22,218	(12,544)	85,953	(2,733)	92,894
Property A	142,526	-	133,315	(11,418)	264,423
Property B	12,693	-	12,549	(1,102)	24,140
Diversified Strategies Growth A	121,800	(91,305)	178,543	(44,263)	164,775
Diversified Strategies Growth B	9,004	(7,396)	14,375	(3,681)	12,302
Diversified Strategies Income	78,825	(167,513)	243,707	(35,213)	119,806
Inflation Linked Securities A	35,672	(1,479)	(4,401)	(367)	29,425
Inflation Linked Securities B	39,851	11,189	25,669	(2,752)	73,957
Long Term Fixed Interest	33,680	10,951	17,581	(2,283)	59,929
Short Term Fixed Interest	26,732	(950)	(2,933)	(1,063)	21,786
Cash	31,010	-	-	(595)	30,415
Socially Responsible	2,558	-	5,998	(664)	7,892
Absolute Return (MAC)	6,040	-	(2,697)	(1,137)	2,206
Infrastructure (MAC)	6,380	-	7,088	(1,587)	11,881
Diversified Strategies Income (MAC)	25,440	(32,373)	31,544	(1,850)	22,761
Fixed Interest (MAC)	26,932	1,047	(297)	(387)	27,295
TOTAL	976,387	(114,343)	1,486,454	(153,370)	2,195,128

⁽¹⁾ Realised gains / (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

⁽²⁾ Unrealised gains / (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

Funds SA
Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2014

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses)¹ \$'000	Unrealised gains / (losses)² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	202,191	114,423	392,781	(11,511)	697,884
Australian Equities B	19,485	1,931	34,874	(1,164)	55,126
International Equities A	96,127	27,863	877,011	(26,442)	974,559
International Equities B	7,720	(10,323)	69,386	(1,696)	65,087
Property A	82,112	-	120,667	(10,865)	191,914
Property B	10,326	-	7,619	(1,170)	16,775
Diversified Strategies Growth A	90,020	(62,974)	197,041	(35,648)	188,439
Diversified Strategies Growth B	6,446	(3,504)	15,238	(2,517)	15,663
Diversified Strategies Income	77,223	(42,949)	257,191	(29,080)	262,385
Inflation Linked Securities A	35,059	-	16,055	(324)	50,790
Inflation Linked Securities B	51,185	(4,574)	66,983	(2,420)	111,174
Long Term Fixed Interest	18,769	(20,674)	46,387	(2,016)	42,466
Short Term Fixed Interest	25,034	(1,052)	74	(1,012)	23,044
Cash	39,298	-	-	(812)	38,486
Socially Responsible	1,025	-	5,788	(522)	6,291
Absolute Return (MAC)	1,664	-	2,803	(1,210)	3,257
Infrastructure (MAC)	5,926	-	9,709	(1,359)	14,276
Diversified Strategies Income (MAC)	25,936	(2,809)	30,697	(1,700)	52,124
Fixed Interest (MAC)	32,237	(2,916)	258	(414)	29,165
TOTAL	827,783	(7,558)	2,150,562	(131,882)	2,838,905

⁽¹⁾ Realised gains / (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

⁽²⁾ Unrealised gains / (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

Funds SA

Financial Statements for the year ended 30 June 2015

STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2015

Asset Sector	Discretely Managed Portfolios \$'000	Managed Funds \$'000	Internally Managed Investments \$'000	Currency Hedge Overlay \$'000	Other Assets \$'000	Liabilities \$'000	Total \$'000
Australian Equities A	3,648,088	1,088,645	-	-	240	(3,861)	4,733,112
Australian Equities B	94,295	525,125	-	-	21	(376)	619,065
International Equities A	4,430,735	700,707	-	(54,374)	85	(6,016)	5,071,137
International Equities B	263,801	314,436	-	(5,955)	6	(440)	571,848
Property A	37	2,657,759	-	-	18	(911)	2,656,903
Property B	-	259,846	-	-	3	(113)	259,736
Diversified Strategies Growth A	-	1,698,964	-	(24,795)	14	(531)	1,673,652
Diversified Strategies Growth B	-	161,342	-	(1,892)	3	(49)	159,404
Diversified Strategies Income	1,643,046	1,635,314	-	(36,690)	47	(3,391)	3,238,326
Inflation Linked Securities A*	-	-	444,009	-	1	(115)	443,895
Inflation Linked Securities B	1,747,276	-	-	-	1,036	(889)	1,747,423
Long Term Fixed Interest	1,025,007	-	-	-	13	(710)	1,024,310
Short Term Fixed Interest	623,889	-	-	-	19	(348)	623,560
Cash	-	1,323,991	-	-	220	(132)	1,324,079
Socially Responsible	-	96,271	-	-	8	(32)	96,247
Absolute Return (MAC)	-	34,744	-	-	1	(84)	34,661
Infrastructure (MAC)	-	130,603	3,266	-	1	(16)	133,854
Diversified Strategies Income (MAC)	660,530	-	-	-	53	(449)	660,134
Fixed Interest (MAC)	726,185	-	-	-	55	(171)	726,069
TOTAL	14,862,889	10,627,747	447,275	(123,706)	1,844	(18,634)	25,797,415

* Inflation Linked Securities A excludes the portion of its ownership in the Inflation Linked Securities B asset class.

Funds SA

Financial Statements for the year ended 30 June 2015

STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2014

Asset Sector	Discretely Managed Portfolios \$'000	Managed Funds \$'000	Internally Managed Investments \$'000	Currency Hedge Overlay \$'000	Other Assets \$'000	Liabilities \$'000	Total \$'000
Australian Equities A	3,442,305	1,144,512	-	-	201	(3,083)	4,583,935
Australian Equities B	63,482	378,349	-	-	13	(225)	441,619
International Equities A	4,086,388	1,084,337	-	49,800	55	(4,980)	5,215,600
International Equities B	-	422,020	-	3,885	4	(132)	425,777
Property A	29	2,389,122	-	-	77	(1,312)	2,387,916
Property B	-	242,570	-	-	3	(192)	242,381
Diversified Strategies Growth A	-	1,303,051	-	23,544	20	(1,333)	1,325,282
Diversified Strategies Growth B	-	105,024	-	1,537	1	(92)	106,470
Diversified Strategies Income	1,923,956	944,841	-	16,783	73	(8,533)	2,877,120
Inflation Linked Securities A*	-	-	449,984	-	130	(833)	449,281
Inflation Linked Securities B	1,672,580	-	-	-	978	(577)	1,672,981
Long Term Fixed Interest	782,198	-	-	-	23	(504)	781,717
Short Term Fixed Interest	601,894	-	-	-	19	(247)	601,666
Cash	-	1,220,116	-	-	181	(96)	1,220,201
Socially Responsible	-	81,457	-	-	9	(13)	81,453
Absolute Return (MAC)	-	31,421	-	-	1	(455)	30,967
Infrastructure (MAC)	-	118,807	3,560	-	2	(11)	122,358
Diversified Strategies Income (MAC)	628,445	6,203	-	-	28	(439)	634,237
Fixed Interest (MAC)	633,681	-	-	-	57	(93)	633,645
TOTAL	13,834,958	9,471,830	453,544	95,549	1,875	(23,150)	23,834,606

* Inflation Linked Securities A excludes the portion of its ownership in the Inflation Linked Securities B asset class.

Funds SA

Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Fair Value Hierarchy

In accordance with the disclosure requirements under AASB 13 *Fair Value Measurement*, Funds SA has adopted the fair value hierarchy disclosures for the funds under management as at 30 June 2015. This requires the disclosure of investments using a fair value hierarchy that reflects the subjectivity of the inputs used in valuing the investments.

The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As per AASB 13 paragraph 73, “the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement”. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the investment.

The determination of what constitutes ‘observable’ requires significant judgement by Funds SA. Funds SA considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The table below sets out Funds SA’s investments (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2015.

Funds SA
Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2015					
Financial assets and liabilities through profit or loss	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Other \$'000	Total \$'000
Australian Equities A	3,647,760	1,088,645	-	(3,293)	4,733,112
Australian Equities B	94,290	525,124	-	(349)	619,065
International Equities A	4,428,224	646,333	-	(3,420)	5,071,137
International Equities B	263,728	308,482	-	(362)	571,848
Property A	34	475,202	2,182,557	(890)	2,656,903
Property B	1	52,434	207,412	(111)	259,736
Diversified Strategies Growth A	1	119,593	1,554,576	(518)	1,673,652
Diversified Strategies Growth B	1	36,823	122,635	(55)	159,404
Diversified Strategies Income	70,063	3,171,601	-	(3,338)	3,238,326
Inflation Linked Securities*	933,938	814,317	444,009	(946)	2,191,318
Long Term Fixed Interest	970,426	54,583	-	(699)	1,024,310
Short Term Fixed Interest	469,446	154,421	-	(307)	623,560
Cash	1,324,197	-	-	(118)	1,324,079
Socially Responsible	8	96,271	-	(32)	96,247
Absolute Return (MAC)	1	34,744	-	(84)	34,661
Infrastructure (MAC)	1	-	133,869	(16)	133,854
Diversified Strategies Income (MAC)	152,653	507,928	-	(447)	660,134
Fixed Interest (MAC)	352,148	374,084	-	(163)	726,069
Total	12,706,920	8,460,585	4,645,058	(15,148)	25,797,415

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

There were no transfers of assets between Levels 1, 2 or 3 during the year ended 30 June 2015.

Funds SA
Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2014					
Financial assets and liabilities through profit or loss	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Other \$'000	Total \$'000
Australian Equities A	3,442,121	1,144,511	-	(2,697)	4,583,935
Australian Equities B	63,483	378,348	-	(212)	441,619
International Equities A	4,084,896	1,134,117	-	(3,413)	5,215,600
International Equities B	2	425,905	-	(130)	425,777
Property A	42	439,313	1,949,809	(1,248)	2,387,916
Property B	2	38,801	203,769	(191)	242,381
Diversified Strategies Growth A	8	166,839	1,159,756	(1,321)	1,325,282
Diversified Strategies Growth B	1	28,380	78,180	(91)	106,470
Diversified Strategies Income	140,625	2,744,924	-	(8,429)	2,877,120
Inflation Linked Securities*	923,140	750,369	449,984	(1,231)	2,122,262
Long Term Fixed Interest	673,358	108,825	-	(466)	781,717
Short Term Fixed Interest	440,983	160,900	-	(217)	601,666
Cash	1,220,281	-	-	(80)	1,220,201
Socially Responsible	8	81,458	-	(13)	81,453
Absolute Return (MAC)	1	31,421	-	(455)	30,967
Infrastructure (MAC)	1	-	122,367	(10)	122,358
Diversified Strategies Income (MAC)	113,661	520,969	-	(393)	634,237
Fixed Interest (MAC)	315,868	317,862	-	(85)	633,645
Total	11,418,481	8,472,942	3,963,865	(20,682)	23,834,606

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

Funds SA
Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Opening Balance - 1 July 2014	Purchases	Disposals	Unrealised Gains / (Losses)	Closing Balance - 30 June 2015
Level 3 Financial Assets and Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Property A	1,949,809	196,168	(49,561)	86,141	2,182,557
Property B	203,769	8,609	(11,507)	6,541	207,412
Diversified Strategies Growth A	1,159,756	409,198	(214,376)	199,998	1,554,576
Diversified Strategies Growth B	78,180	48,477	(14,107)	10,085	122,635
Inflation Linked Securities*	449,984	-	-	(5,975)	444,009
Infrastructure (MAC)	122,367	5,954	-	5,548	133,869
Total	3,963,865	668,406	(289,551)	302,338	4,645,058

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

There were no transfers of assets into or out of Level 3 during the year ended 30 June 2015.

Funds SA

Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Level 1

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include listed equities and developed market nominal sovereign bonds.

Level 1 also includes cash at bank, term deposits, bank bills, promissory notes and interest receivable on these investments.

Level 2

Investments that trade in markets that are not considered to be sufficiently active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds, certain non-US sovereign bonds, over-the-counter derivatives (including the foreign currency hedge overlay) and certain unlisted unit trusts where the nature of the underlying investments allows for ready transaction of units at the observable price.

Level 3

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these investments, Funds SA has used valuation techniques to derive fair value. Level 3 investments include certain directly held non traded index-linked securities and unlisted unit trusts where the underlying investments have been valued using an appraisal methodology and the unit price is provided for predominantly valuation rather than transaction purposes.

Other

Although not specifically required by AASB 13, 'Other' includes accrued expenses and GST payable (to the ATO) / receivable (from the ATO) for each asset class and is included in the above disclosure for completeness purposes only.

Funds SA

Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Financial Instruments and Management of Portfolio Risk

Use of derivative financial instruments

Derivatives can be defined as financial contracts whose value depend on, or are derived from other specific 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, currency forward rate agreements and exchange-traded futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers, for the purposes described above.

The fair value of all derivative positions as at 30 June 2015 is incorporated within the Statement of Net Assets Under Management in Schedule 1.

Market Risk

Market risk is the risk that investment returns generated by the different financial markets will be volatile and will deviate from long-term expectations over the short / medium term.

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; and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

Liquidity Risk

Two types of liquidity risk are inherent in Funds SA's investment activities. The first is the risk that investor redemption requests are unable to be satisfied due to the inability to liquidate investments. The second is the risk that significant transaction costs will be incurred in liquidating investments to meet investors' cash redemption requirements.

Funds SA manages liquidity risk as follows:

- Firstly, by giving careful consideration to the expected net cash redemption requirements of Funds SA's investors. The allocation to cash in the strategic asset allocation of each investment option is set at a level sufficient to manage expected cash redemptions.
- Secondly, a large proportion of each investment option is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

Funds SA
Financial Statements for the year ended 30 June 2015

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Financial Instruments and Management of Portfolio Risk (continued)

Currency Risk

Funds SA's foreign currency exposure arises from its investment in assets denominated in foreign currencies.

Funds SA's strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the Diversified Strategies Growth A, Diversified Strategies Growth B, Diversified Strategies Income, Fixed Interest and Inflation Linked Securities asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities A and International Equities B asset sectors are 50% 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.

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 for different investment options are consistent with the time horizon of each; and
- the use of specialist external investment managers to manage Funds SA's cash and fixed interest portfolios.

Funds SA

Financial Statements for the year ended 30 June 2015

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Funds SA

Financial Statements for the year ended 30 June 2015

Note 1 Objectives of Funds SA

a) Objectives of Funds SA

The Superannuation Funds Management Corporation of South Australia (Funds SA or the Corporation) was established on 1 July 1995 pursuant to the *Superannuation Funds Management Corporation of South Australia Act 1995* (Funds SA Act).

Under Section 5 of the Funds SA Act, the functions of Funds SA are:

- (a) to invest and manage -
 - (i) the public sector superannuation funds; and
 - (ii) the nominated funds of approved authorities, pursuant to strategies formulated by the Corporation;
- (ab) to invest and manage other funds (if any) established by the Corporation for the purposes of the operation of any Act pursuant to strategies formulated by the Corporation;
- (b) such other functions as are assigned to the Corporation by this or any other Act.

Under Section 7 of the Funds SA Act, the objective of the Corporation in performing its functions is to achieve the highest return possible on investment of the funds while having proper regard for -

- (a) the need to maintain the risks relating to investment at an acceptable level; and
- (b) the need for liquidity in the funds; and
- (c) such other matters as are prescribed by regulation.

b) Purpose of the financial statements

The purpose of the financial statements is to discharge Funds SA's reporting obligations in respect of its financial affairs under Section 26(1) of the Funds SA Act, and in respect of each of the funds, as required by Section 26(2) of the Funds SA Act.

As at 30 June 2015, Funds SA managed the following funds:

Public Sector Superannuation Funds:

- South Australian Superannuation Scheme:
 - South Australian Superannuation Fund (Old Scheme Division)
 - South Australian Superannuation Fund (New Scheme Division)
 - South Australian Superannuation Scheme - Employer Contribution Accounts
- Police Superannuation Scheme:
 - Police Superannuation Fund (Old Scheme Division)
 - Police Superannuation Scheme - Employer Contribution Account
- Southern State Superannuation Scheme:
 - Southern State Superannuation Fund
- Super SA Retirement Investment Fund:
 - Super SA Flexible Rollover Product
 - Super SA Income Stream

Funds SA

Financial Statements for the year ended 30 June 2015

Note 1 Objectives of Funds SA (continued)

b) Purpose of the financial statements (continued)

- Parliamentary Superannuation Scheme
- Judges' Pension Scheme
- Governors' Pension Scheme.

Eligible Superannuation Funds:

- South Australian Ambulance Service Superannuation Scheme
- South Australian Metropolitan Fire Service Superannuation Scheme.

Nominated Funds of Approved Authorities:

- South Australian Government Financing Authority
- Adelaide Cemeteries Authority
- Motor Accident Commission – Compulsory Third Party Fund.
- Lifetime Support Authority
- Health Services Charitable Gifts Board.

Other (Established by the Public Corporation (Southern Select Super Corporation) Regulations 2012)

- Super SA Select.

c) Format and content of Funds SA's financial statements

Funds SA adopts the format and content of the Model Financial Statements developed by the Department of Treasury and Finance.

The Statement of Financial Position does not incorporate the funds under management as assets of Funds SA. The Statement of Comprehensive Income does not incorporate the investment revenue and expenses. The financial statements of these funds are disclosed separately under Note 16 in accordance with section 26(2) of the Funds SA Act.

Controlled entities have not been consolidated into Funds SA's Statement of Financial Position as they form part of the asset sectors under management. Accordingly, they are incorporated within the asset sector financial information in Schedule 1.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies

a) Statement of compliance

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

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

Funds SA has applied Australian Accounting Standards that are applicable to for-profit entities, as Funds SA is a for-profit entity.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Funds SA for the reporting period ending 30 June 2015.

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 Funds SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) expenses incurred as a result of engaging consultants (Refer Note 4);
 - b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees (Refer Note 3); and
 - c) board / committee member and remuneration information, where a board / committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement (refer Note 10).

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies (continued)

b) Basis of preparation (continued)

Funds SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accruals basis and are in accordance with the historical cost convention.

The Statement of Cashflows 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.

c) Reporting entity

The financial report covers Funds SA as an individual reporting entity. Funds SA is a statutory authority of the State of South Australia, established pursuant to *Superannuation Funds Management Corporation of South Australia Act 1995*.

d) Rounding

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

e) Comparative information

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

f) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Funds SA 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.

Revenues from fees and charges are measured at fair value of consideration received or receivable. The revenue is derived from the provision of services to Funds SA's investors (being SA Government entities) on a cost recovery basis. This revenue is recognised upon delivery of the service to the investors.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies (continued)

g) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from Funds SA 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 Funds SA to the superannuation plan in respect of current services of current staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of government financial statements.

Supplies and services

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

Depreciation and amortisation

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

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies (continued)

g) Expenses (continued)

Class of Assets	Depreciation Method	Useful Life (Years)
Leasehold Improvements	Straight Line	Term of Lease
Computer and Office Equipment:		
▪ Computers, hardware and software	Straight Line	3 years
▪ Office furniture	Straight Line	10 years

h) Current and non-current classification

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

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, Funds SA has separately disclosed the amounts expected to be recovered or settled after more than twelve 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 recorded in the Statement of Financial Position includes cash on hand and at bank.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from Funds SA's investors, GST input tax credits and other accruals. Receivables arise in the normal course of providing services to the investors.

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.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies (continued)

i) Assets (continued)

Impairment

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

j) Liabilities

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

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

Payables

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

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

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

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

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

Leases

Funds SA has entered into an operating lease for its office premises. The lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased premises. Lease payments are recognised as an expense in the Statement of Comprehensive Income on the basis that is representative of the pattern of benefits derived from the leased premises.

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.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies (continued)

j) Liabilities (continued)

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

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

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

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

Long service leave

The liability for long service leave is measured 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.

This calculation is consistent with Funds SA's experience of employee retention and leave taken. Based on a survey of staff, the portion of the long service leave provision expected to be taken within 12 months of the reporting date is classified as current. The remaining portion of the long service leave provision is classified as non-current.

k) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating 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 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.

l) Insurance

Funds SA has arranged, through the SA Government Captive Insurance Corporation (SAICORP) (a division of SAFA), to insure all major risks of Funds SA with the exception of Directors and Officers Liability Insurance, which is insured through an independent insurance provider.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 2 Summary of Significant Accounting Policies (continued)

m) Taxation

Funds SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, 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
- payables, which are stated with the amount of GST included.

n) Valuation basis of investor funds under management

Note 16 provides financial statements in respect of each investor fund under the management of Funds SA for the 2014-15 financial year.

The valuation of the investments of each investor fund follows the valuation approach required under accounting standards relevant to that investor:

- For superannuation scheme investors, investments have been valued at net market value in accordance with AAS 25 *Financial Reporting by Superannuation Plans*; and
- All other investors' investments have been valued at fair value in accordance with AASB 13 *Fair Value Measurement*.

Funds SA
Financial Statements for the year ended 30 June 2015

Note 3 Employee benefits costs

	2015	2014
	\$'000	\$'000
Salaries and wages	3,146	2,985
Board fees	363	322
Employment on costs	706	683
Total employee benefits costs	4,215	3,990

Remuneration of employees

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

\$141 500 to \$151 499	2	2
\$151 500 to \$161 499	1	1
\$191 500 to \$201 499	2	2
\$201 500 to \$211 499	-	1
\$231 500 to \$241 499	1	-
\$261 500 to \$271 499	-	1
\$311 500 to \$321 499	1	-
\$341 500 to \$351 499	1	-
\$411 500 and over	-	1
Total number of employees	8	8

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.751 million (\$1.730 million for 2013-14).

Funds SA
Financial Statements for the year ended 30 June 2015

Note 4 Supplies and services

	2015	2014
	\$'000	\$'000
Computing and communication	192	186
Human resource expenses	199	32
Board expenses	209	158
Staff development	54	71
Subscriptions and publications	66	98
Internal audit fees	71	121
External audit fees	90	91
Travel and accommodation	170	154
Legal and advisory expenses	23	14
Office rent	396	260
Office supplies and printing	68	67
Website expenses	5	4
Investor relationship expenses	3	-
Other	40	37
Total supplies and services ⁽¹⁾	1,586	1,293

⁽¹⁾ There were no transactions with SA government entities greater than \$100,000.

The number and dollar amount of Consultancies paid/payable (included in supplies & services expense) that fell within the following bands:	2015		2014	
	No.	\$'000	No.	\$'000
Below \$10,000	5	17	5	22
Above \$10,000	1	155	-	-
Total paid /payable to the consultants engaged	6	172	5	22

Funds SA
Financial Statements for the year ended 30 June 2015

Note 5 Depreciation and amortisation expense

	2015	2014
	\$'000	\$'000
Depreciation		
Computer and office equipment	108	121
Amortisation		
Leasehold improvements	26	78
Total depreciation and amortisation	134	199

Note 6 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	90	91
Total audit fees – SA Government entities	90	91

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 'external audit fees' (refer note 4).

Funds SA
Financial Statements for the year ended 30 June 2015

Note 7 Property, plant and equipment

	2015	2014
	\$'000	\$'000
Leasehold Improvements		
Leasehold improvements at fair value	638	577
Accumulated amortisation	(574)	(548)
Total leasehold improvements	64	29
Computer and office equipment		
Computer and office equipment at fair value	714	685
Accumulated depreciation	(598)	(501)
Total Computer and Office Equipment	116	184
Total Property Plant and Equipment	180	213

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2015

	Leasehold improvements \$'000	Computer and office equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	29	184	213
Additions	61	40	101
Disposals	-	-	-
Depreciation and amortisation	(26)	(108)	(134)
Carrying amount at the end of the financial year	64	116	180

Funds SA

Financial Statements for the year ended 30 June 2015

Note 7 Property, plant and equipment (continued)

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2014

	Leasehold Improvements \$'000	Computer and Office Equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	107	264	371
Additions	-	44	44
Disposals	-	(3)	(3)
Depreciation and amortisation	(78)	(121)	(199)
Carrying amount at the end of the financial year	29	184	213

FAIR VALUE HIERARCHY

Non-Financial Assets
As at 30 June 2015

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their measurements. Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

Funds SA had no valuations categorised into Levels 1 and 2.

	Level 3 \$'000	Total \$'000
Fair value measurements at 30 June 2015		
Leasehold improvements	64	64
Computer and office equipment	116	116
Total fair value measurements	180	180

Valuation techniques used to derive Level 3 fair values are provided at Schedule 1. Although unobservable inputs were used in determining fair value, and are subjective, Funds SA considers that the overall valuation would not be materially affected by changes to existing assumptions. There were no changes in valuation techniques during 2015. The reconciliation of fair value measurements using significant unobservable inputs (Level 3) is represented by the reconciliation of non-current assets above.

Funds SA
Financial Statements for the year ended 30 June 2015

FAIR VALUE HIERARCHY

Non-Financial Assets
As at 30 June 2014

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their measurements. Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014.

Funds SA had no valuations categorised into Levels 1 and 2.

	Level 3	Total
Fair value measurements at 30 June 2014	\$'000	\$'000
Leasehold improvements	29	29
Computer and office equipment	184	184
Total fair value measurements	213	213

Note 8 Payables

	2015	2014
	\$'000	\$'000
Current		
Creditors	241	115
Accrued expenses	150	119
Employment on costs	37	64
Total current payables	428	298
Non Current		
Employment on costs	76	44
Total non current payables	76	44
Total payables	504	342

Funds SA
Financial Statements for the year ended 30 June 2015

Note 9 Employee Benefits

	2015	2014
	\$'000	\$'000
Current		
Accrued salaries and wages	32	-
Annual leave	184	163
Long service leave*	29	170
Skills and experience retention leave	26	21
Total current employee benefits	271	354
Non-Current		
Long service leave*	835	689
Total non-current employee benefits	835	689
Total employee benefits	1,106	1,043

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has 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 \$28,430 and employee benefits expense of \$34,140. 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%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 10 Key Management Personnel

(a) Board members

The following persons held the position of governing board member during the financial year.

Helen Nugent	Chairman	Throughout the year
Leigh Hall	Director	Throughout the year
Jan McMahon	Director	Throughout the year
Kevin Crawshaw	Director	Throughout the year
Kevin Foley	Director	Commenced 21 st Aug 2014
James Baulderstone	Director	Commenced 2 nd Dec 2014
Kathryn Presser	Director	Commenced 2 nd Dec 2014
Anne De Salis	Director	Ceased 1 st Dec 2014
David McMahon	Director	Ceased 1 st Dec 2014

(b) Sub-Committees

Funds SA has established 2 sub-committees where members receive remuneration for their membership. These are:

Audit and Risk Committee

Leigh Hall	Chairman	Throughout the year
Helen Nugent	Member	Throughout the year
Kevin Crawshaw	Member	Throughout the year
Kathryn Presser	Member	Commenced 2 nd Dec 2014
David McMahon	Member	Ceased 1 st Dec 2014

Human Resources Committee

Helen Nugent	Chairman	Throughout the year
Jan McMahon	Member	Throughout the year
Kevin Foley	Member	Commenced 21 st Aug 2014
James Baulderstone	Member	Commenced 2 nd Dec 2014
Anne De Salis	Member	Ceased 1 st Dec 2014

Funds SA

Financial Statements for the year ended 30 June 2015

Note 10 Key Management Personnel (continued)

(c) Other key management personnel

The following persons also held authority and responsibility for planning, directing and controlling the activities of Funds SA, directly or indirectly during the financial year.

Richard Smith (retired 2 nd Jan 2015)	Chief Executive Officer
Jo Townsend (commenced 20 th Apr 2015)	Chief Executive Officer
John Piteo	Chief Financial Officer

John Piteo was the Acting Chief Executive Officer for the period 3 January 2015 to 19 April 2015.

(d) Key management personnel compensation

The key management personnel are the governing board members and senior management (including the Chief Executive) who have responsibility for the strategic direction and management of Funds SA.

	2015	2014
	\$'000	\$'000
Short-term employee benefits	942	1,010
Long-term employee benefits	162	26
Total	1,104	1,036

(e) Remuneration of governing board members

Board members remuneration includes fees, superannuation and other benefits. Directors' fees include fees paid with respect to directors' representation on the Funds SA Board and Board sub-committees. Directors' fees for the 2014-15 year were set by the Governor of South Australia. The aggregate remuneration of directors was \$363,000 (2013-14: \$322,000).

In 2014-15, the aggregate amount paid, or due and payable for Directors, to the Southern State Superannuation Scheme totalled \$177,000 (2013-14: \$183,000). In 2014-15, the periodic amounts paid, or due and payable, to private superannuation funds totalled \$12,000 (2013-14: \$12,000).

Funds SA

Financial Statements for the year ended 30 June 2015

Note 10 Key Management Personnel (continued)

The number of governing board members whose remuneration received or receivable falls within the following bands:	Number of board members	
	2015	2014
\$10,000 - \$19,999	2	-
\$20,000 - \$29,999	2	-
\$30,000 - \$39,000	1	-
\$40,000 - \$49,999	2	4
\$50,000 - \$59,999	1	1
\$90,000 - \$99,999	1	1
Total	9	6

(f) Transactions with directors and director-related entities

The Chairman of Funds SA, Dr Helen Nugent, was a non-executive director of Macquarie Bank Group Limited (MBGL) until 24 July 2014, when she retired from the MBGL board. MBGL (or its wholly-owned subsidiaries) has provided funds management services to Funds SA during 2014-15 on normal commercial terms and conditions. Dr Nugent did not receive any board papers, take part in any discussions, decisions or implementation of decisions relating to Funds SA's relationship with MBGL (or its wholly-owned subsidiaries) during her time as a non-executive director of MBGL. Dr Nugent has also advised the Board that she did not participate at Macquarie Bank Group Limited board meetings in relation to any issues associated with Funds SA.

Note 11 Unrecognised Contractual Commitments

Operating Lease Commitments

Funds SA's operating lease is for office accommodation. Rent is payable in arrears.

	2015	2014
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases, are payable as follows:		
Within one year	268	85
Later than one year but not longer than five years	1,055	-
Later than five years	1,642	-
Total non-cancellable operating lease commitments	2,965	85

Funds SA

Financial Statements for the year ended 30 June 2015

Note 11 Unrecognised Contractual Commitments (continued)

Remuneration Commitments

Amounts disclosed include commitments arising from executive and other service contracts. Funds SA does not offer fixed term remuneration contracts greater than 5 years.

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 \$'000	2014 \$'000
Within one year	1,737	1,248
Later than one year but not longer than five years	4,411	1,258
Total remuneration commitments	6,148	2,506

Note 12 Contingent assets and liabilities

Funds SA is not aware of any contingent assets or liabilities.

Note 13 Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of Net Cash provided by Operating Activities to Surplus:		
Net surplus	374	333
Add non cash items		
Depreciation and amortisation expense	134	199
Changes in Assets / Liabilities		
(Increase) / decrease in receivables	19	(89)
(Increase) / decrease in other current assets	(32)	(5)
(Decrease) / increase in payables	162	42
(Decrease) / increase in employee benefits	63	132
Net cash provided by operating activities	720	612

Funds SA

Financial Statements for the year ended 30 June 2015

Note 14 Financial Instruments

(a) Interest Rate Risk

Funds SA's financial assets and financial liabilities are exposed to interest rate risk. The following table summarises interest rate risk for the Corporation, together with interest rate risk at balance date.

	2015				2014			
	\$'000				\$'000			
	Interest rate at balance date	Floating interest rate	Non interest bearing	Total	Interest rate at balance date	Floating interest rate	Non interest bearing	Total
Financial assets								
Cash	2.07%	3,784	-	3,784	2.35%	3,165	-	3,165
Receivables	-	-	722	722	-	-	739	739
Total financial assets		3,784	722	4,506		3,165	739	3,904
Financial liabilities								
Payables	-	-	15	15	-	-	3	3
Total financial liabilities		-	15	15		-	3	3

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. AASB 132 defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Receivables amount disclosed here excludes prepayments as 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.

Interest rate and credit risk

Receivables are normally settled within 30 days. Receivables and other assets are non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Funds SA

Financial Statements for the year ended 30 June 2015

Note 14 Financial Instruments (continued)

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Funds SA as it has been determined that the possible impact on the net surplus / deficit or net assets from fluctuations in interest rates is immaterial.

(b) Market risk exposure

The Administration Fee that Funds SA charges to its investors to cover its administration expenses is calculated as a percentage of average funds under management valued at market value. The market value of these funds depends upon the performance of the underlying investments, which are linked to the performance of world financial markets.

Funds SA manages this risk in two ways:

- Firstly, its Administration Fee is set at a level that conservatively allows for periods of prolonged low market values of funds under management; and
- Secondly, Funds SA has the ability to increase the Administration Fee should this action be necessary to cover administration expenses.

As Funds SA has the ability to amend the Administration Fee to ensure all administration expenses and liabilities of Funds SA are able to be satisfied as and when they fall due, the market risk is deemed to be immaterial and therefore a sensitivity analysis has not been undertaken.

(c) Maturity analysis of financial assets and liabilities

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

	Contractual maturities 30 June 2015		Contractual maturities 30 June 2014	
	Carrying amount (\$'000)	< 1 year (\$'000)	Carrying amount (\$'000)	< 1 year (\$'000)
Financial assets				
Cash	3,784	3,784	3,165	3,165
Receivables	722	722	739	739
Total financial assets	4,506	4,506	3,904	3,904
Financial liabilities				
Payables	15	15	3	3
Total financial liabilities	15	15	3	3

Funds SA

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Note 15 Investments in Funds SA Unit Trusts

On 20 June 2008 Funds SA established 15 unit trusts to manage the investments of Funds SA's tax-paying investors. Since that time, an additional two unit trusts have been established. A consolidated list of Funds SA's unit trusts is provided below.

Trust	Date established	Settled Sum
High Growth B Unit Trust	20 June 2008	\$10
Growth B Unit Trust	20 June 2008	\$10
Balanced B Unit Trust	20 June 2008	\$10
Moderate B Unit Trust	20 June 2008	\$10
Conservative B Unit Trust	20 June 2008	\$10
Capital Defensive B Unit Trust	20 June 2008	\$10
Cash Option B Unit Trust	20 June 2008	\$10
Australian Equities B Unit Trust	20 June 2008	\$10
International Equities B Unit Trust	20 June 2008	\$10
Property B Unit Trust	20 June 2008	\$10
Diversified Strategies Growth B Unit Trust	20 June 2008	\$10
Diversified Strategies Income A&B Unit Trust	20 June 2008	\$10
Fixed Interest A&B Unit Trust	20 June 2008	\$10
Inflation Linked Securities A&B Unit Trust	20 June 2008	\$10
Cash A&B Unit Trust	20 June 2008	\$10
Socially Responsible Investment Unit Trust	12 February 2010	\$10
Short Term Fixed Interest A&B Unit Trust	8 June 2010	\$10
	Total	\$170

Funds SA

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Note 16 Investor Funds Under Management

Operation of Investment Portfolio

Funds SA operates a multi-layered unitisation structure to facilitate the administration of different investment strategies applying to the various investor funds. For the year ending 30 June 2015, Funds SA managed a number of different investment options distinguished by differing strategic asset allocations, namely:

- High Growth
- Growth
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- Socially Responsible
- Motor Accident Commission.

Each investor fund holds units in an investment option, which in turn holds units in each of the asset sectors according to the strategic asset allocation for the investment option. Units are issued and redeemed periodically as transactions occur at unit prices calculated having regard to the market value of underlying investments.

Under section 26(2) of the Funds Act, Funds SA is required to “prepare separate financial statements in a form approved by the Minister in respect of each fund or authority in respect of each financial year”. In compliance with the Funds Act, the format of these financial statements has been approved by the Minister.

These investor fund financial statements are explained and disclosed below:

- Each investor fund’s allocation of total net investment income is disclosed in the Statement of Receipts and Payments. The amounts disclosed in the payments and receipts include investor placements and redemptions in investment options inclusive of switches between investment options.
- The interest which each investor fund holds in the unitised investment portfolio is disclosed in the Statement of Funds Under Management - by Investment Option.
- The indirect interest which each investor fund holds in the asset sectors is disclosed in the Statement of Funds Under Management - by Asset Sector.
- Australian Equities A, International Equities A, Property A, Diversified Strategies Growth A and Inflation Linked Securities A asset classes are available to untaxed investors only, whereas Australian Equities B, International Equities B, Property B and Diversified Strategies Growth B asset classes are available to taxed investors only. All other asset classes, with the exception of Fixed Interest (MAC), Absolute Return (MAC), Infrastructure (MAC) and Diversified Strategies Income (MAC) (which are available to the Motor Accident Commission only), are available to both untaxed and taxed investors.

Funds SA

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Note 16 Investor Funds Under Management (continued)

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South Australian Superannuation Scheme – Employer Contribution Accounts	16(a)
South Australian Superannuation Fund – Old Scheme Division	16(b)
South Australian Superannuation Fund – New Scheme Division	16(c)
Southern State Superannuation Fund	16(d)
Super SA Retirement Investment Fund – Super SA Flexible Rollover Product	16(e)
Super SA Retirement Investment Fund – Super SA Income Stream	16(f)
Parliamentary Superannuation Scheme	16(g)
Judges’ Pension Scheme	16(h)
Governors’ Pension Scheme	16(i)
South Australian Ambulance Service Superannuation Scheme	16(j)
Police Superannuation Scheme – Employer Contribution Account	16(k)
Police Superannuation Fund – Old Scheme Division	16(l)
South Australian Government Finance Authority (SAICORP – Insurance Fund 1)	16(m)
South Australian Government Finance Authority (SAICORP – Insurance Fund 2)	16(n)
South Australian Government Finance Authority (SAICORP – Insurance Fund 3)	16(o)
Adelaide Cemeteries Authority	16(p)
Motor Accident Commission Compulsory Third Party Fund	16(q)
South Australian Metropolitan Fire Service Superannuation Scheme	16(r)
Super SA Select	16(s)
Lifetime Support Authority	16(t)
Health Services Charitable Gifts Board – Pool Investment	16(u)
Health Services Charitable Gifts Board – South Australian Health and Medical Research Institute Charitable Trust	16(v)
Health Services Charitable Gifts Board – Ray and Shirl Norman Cancer Research Trust	16(w)

Funds SA
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16(a) South Australian Superannuation Scheme – Employer Contribution Accounts

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	2,819,414	2,610,772
Add: Receipts	388,888	416,350
Net Investment Income	280,749	389,831
	<u>669,637</u>	<u>806,181</u>
Less: Payments	<u>(620,305)</u>	<u>(597,539)</u>
Funds Under Management at 30 June	2,868,746	2,819,414

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	<u>2,868,746</u>	<u>2,819,414</u>
Funds Under Management at 30 June	2,868,746	2,819,414

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	687,304	674,057
International Equities A	735,017	772,361
Property A	413,074	399,025
Diversified Strategies Growth A	282,287	241,358
Inflation Linked Securities A	205,448	213,099
Long Term Fixed Interest	56,287	44,956
Short Term Fixed Interest	-	15,223
Diversified Strategies Income	394,681	393,726
Cash	<u>94,648</u>	<u>65,609</u>
Funds Under Management at 30 June	2,868,746	2,819,414

Funds SA
Financial Statements for the year ended 30 June 2015

16(b) South Australian Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	1,401,995	1,308,353
Add: Receipts	1,080	4,210
Net Investment Income	136,287	188,192
	<u>137,367</u>	<u>192,402</u>
Less: Payments	<u>(96,797)</u>	<u>(98,760)</u>
Funds Under Management at 30 June	1,442,565	1,401,995

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	<u>1,442,565</u>	<u>1,401,995</u>
Funds Under Management at 30 June	1,442,565	1,401,995

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	345,994	335,185
International Equities A	370,013	384,068
Property A	207,945	198,421
Diversified Strategies Growth A	140,523	120,018
Inflation Linked Securities A	103,424	105,967
Long Term Fixed Interest	28,335	22,355
Short Term Fixed Interest	-	7,570
Diversified Strategies Income	198,685	195,786
Cash	<u>47,646</u>	<u>32,625</u>
Funds Under Management at 30 June	1,442,565	1,401,995

Funds SA
Financial Statements for the year ended 30 June 2015

16(c) South Australian Superannuation Fund – New Scheme Division

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	673,265	630,061
Add: Receipts	47,839	70,851
Net Investment Income	61,349	82,232
	<u>109,188</u>	<u>153,083</u>
Less: Payments	<u>(112,990)</u>	<u>(109,879)</u>
Funds Under Management at 30 June	669,463	673,265

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	27,574	23,816
Growth A	527,848	520,630
Balanced A	42,843	41,785
Moderate A	12,758	14,132
Conservative A	29,203	30,390
Capital Defensive A	17,594	18,874
Cash A	8,288	20,976
Socially Responsible	<u>3,355</u>	<u>2,662</u>
Funds Under Management at 30 June	669,463	673,265

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	150,738	147,253
International Equities A	161,559	169,188
Property A	91,035	87,963
Diversified Strategies Growth A	57,991	49,844
Inflation Linked Securities A	51,598	53,775
Long Term Fixed Interest	15,201	14,510
Short Term Fixed Interest	12,722	12,662
Diversified Strategies Income	90,616	90,835
Cash	34,648	44,573
Socially Responsible	<u>3,355</u>	<u>2,662</u>
Funds Under Management at 30 June	669,463	673,265

Funds SA
Financial Statements for the year ended 30 June 2015

16(d) Southern State Superannuation Fund

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	11,623,710	9,932,420
Add: Receipts	573,542	627,635
Net Investment Income	1,079,822	1,357,531
	<u>1,653,364</u>	<u>1,985,166</u>
Less: Payments	<u>(409,329)</u>	<u>(293,876)</u>
Funds Under Management at 30 June	12,867,745	11,623,710

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	919,360	818,190
Growth A	388,109	341,370
Balanced A	10,691,892	9,613,483
Moderate A	152,351	128,403
Conservative A	311,985	303,904
Capital Defensive A	165,832	153,202
Cash A	193,878	221,785
Socially Responsible	44,338	43,373
Funds Under Management at 30 June	12,867,745	11,623,710

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,719,066	2,409,998
International Equities A	2,926,726	2,779,367
Property A	1,583,719	1,397,878
Diversified Strategies Growth A	956,222	732,670
Inflation Linked Securities A	1,230,964	1,140,748
Long Term Fixed Interest	670,044	547,161
Short Term Fixed Interest	382,880	417,998
Diversified Strategies Income	1,718,376	1,566,346
Cash	635,410	588,171
Socially Responsible	44,338	43,373
Funds Under Management at 30 June	12,867,745	11,623,710

Funds SA
Financial Statements for the year ended 30 June 2015

16(e) Super SA Retirement Investment Fund – Super SA Flexible Rollover Product

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	606,091	465,434
Add: Receipts	247,655	210,400
Net Investment Income	46,834	50,510
	<u>294,489</u>	<u>260,910</u>
Less: Payments	<u>(193,653)</u>	<u>(120,253)</u>
Funds Under Management at 30 June	706,927	606,091

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	35,196	29,624
Growth B	59,832	45,407
Balanced B	320,903	243,045
Moderate B	87,762	69,482
Conservative B	82,554	87,801
Capital Defensive B	55,813	48,069
Cash B	50,717	70,608
Socially Responsible	<u>14,150</u>	<u>12,055</u>
Funds Under Management at 30 June	706,927	606,091

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	128,507	97,591
International Equities B	118,402	94,024
Property B	53,570	53,820
Diversified Strategies Growth B	32,684	22,568
Inflation Linked Securities B	71,232	62,348
Long Term Fixed Interest	41,228	27,756
Short Term Fixed Interest	45,358	33,582
Diversified Strategies Income	99,636	74,387
Cash	102,160	127,960
Socially Responsible	<u>14,150</u>	<u>12,055</u>
Funds Under Management at 30 June	706,927	606,091

Funds SA
Financial Statements for the year ended 30 June 2015

16(f) Super SA Retirement Investment Fund – Super SA Income Stream

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	1,420,601	1,015,530
Add: Receipts	565,349	408,499
Net Investment Income	122,988	116,605
	<u>688,337</u>	<u>525,104</u>
Less: Payments	<u>(158,698)</u>	<u>(120,033)</u>
Funds Under Management at 30 June	1,950,240	1,420,601

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	74,797	45,552
Growth B	117,983	94,827
Balanced B	893,610	599,389
Moderate B	274,764	203,353
Conservative B	322,195	236,530
Capital Defensive B	128,806	100,544
Cash B	104,324	117,420
Socially Responsible	<u>33,761</u>	<u>22,986</u>
Funds Under Management at 30 June	1,950,240	1,420,601

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	352,684	233,983
International Equities B	326,333	226,411
Property B	147,703	130,032
Diversified Strategies Growth B	85,842	53,068
Inflation Linked Securities B	211,378	157,911
Long Term Fixed Interest	118,748	71,555
Short Term Fixed Interest	135,685	82,964
Diversified Strategies Income	283,693	183,371
Cash	254,413	258,320
Socially Responsible	<u>33,761</u>	<u>22,986</u>
Funds Under Management at 30 June	1,950,240	1,420,601

Funds SA
Financial Statements for the year ended 30 June 2015

16(g) Parliamentary Superannuation Scheme

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	217,700	196,961
Add: Receipts	6,171	4,796
Net Investment Income	21,365	28,863
	<u>27,536</u>	<u>33,659</u>
Less: Payments	<u>(14,079)</u>	<u>(12,920)</u>
Funds Under Management at 30 June	231,157	217,700

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	2,616	1,917
Growth A	216,195	206,399
Balanced A	10,797	8,111
Moderate A	266	112
Capital Defensive A	307	744
Cash A	333	40
Socially Responsible	643	377
Funds Under Management at 30 June	231,157	217,700

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	54,995	51,680
International Equities A	58,821	59,222
Property A	32,976	30,563
Diversified Strategies Growth A	22,157	18,368
Inflation Linked Securities A	16,694	16,581
Long Term Fixed Interest	4,918	3,767
Short Term Fixed Interest	384	1,569
Diversified Strategies Income	31,627	30,289
Cash	7,942	5,284
Socially Responsible	643	377
Funds Under Management at 30 June	231,157	217,700

Funds SA
Financial Statements for the year ended 30 June 2015

16(h) Judges' Pension Scheme

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	210,205	186,888
Add: Receipts	4,370	4,870
Net Investment Income	20,850	27,557
	<u>25,220</u>	<u>32,427</u>
Less: Payments	<u>(9,440)</u>	<u>(9,110)</u>
Funds Under Management at 30 June	225,985	210,205

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	225,985	210,205
Funds Under Management at 30 June	225,985	210,205

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	54,202	50,255
International Equities A	57,964	57,584
Property A	32,575	29,750
Diversified Strategies Growth A	22,014	17,995
Inflation Linked Securities A	16,202	15,888
Long Term Fixed Interest	4,439	3,352
Short Term Fixed Interest	-	1,135
Diversified Strategies Income	31,125	29,355
Cash	<u>7,464</u>	<u>4,891</u>
Funds Under Management at 30 June	225,985	210,205

Funds SA
Financial Statements for the year ended 30 June 2015

16(i) Governors' Pension Scheme

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	1,086	1,097
Add: Receipts	-	15
Net Investment Income	100	154
	<u>100</u>	<u>169</u>
Less: Payments	<u>(245)</u>	<u>(180)</u>
Funds Under Management at 30 June	941	1,086

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	941	1,086
Funds Under Management at 30 June	941	1,086

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	226	260
International Equities A	241	297
Property A	136	154
Diversified Strategies Growth A	92	93
Inflation Linked Securities A	67	82
Long Term Fixed Interest	18	17
Short Term Fixed Interest	-	6
Diversified Strategies Income	130	152
Cash	<u>31</u>	<u>25</u>
Funds Under Management at 30 June	941	1,086

Funds SA
Financial Statements for the year ended 30 June 2015

16(j) South Australian Ambulance Service Superannuation Scheme

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	198,710	175,594
Add: Receipts	8,420	8,520
Net Investment Income	18,069	22,526
	<u>26,489</u>	<u>31,046</u>
Less: Payments	<u>(6,440)</u>	<u>(7,930)</u>
Funds Under Management at 30 June	218,759	198,710

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	<u>218,759</u>	<u>198,710</u>
Funds Under Management at 30 June	218,759	198,710

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	49,805	43,375
International Equities B	45,239	40,878
Property B	19,810	22,398
Diversified Strategies Growth B	14,411	11,858
Inflation Linked Securities B	22,552	21,962
Long Term Fixed Interest	16,906	10,433
Short Term Fixed Interest	5,007	7,246
Diversified Strategies Income	33,548	27,413
Cash	<u>11,481</u>	<u>13,147</u>
Funds Under Management at 30 June	218,759	198,710

Funds SA
Financial Statements for the year ended 30 June 2015

16(k) Police Superannuation Scheme – Employer Contribution Account

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	832,394	696,279
Add: Receipts	59,900	64,700
Net Investment Income	85,091	107,065
	<u>144,991</u>	<u>171,765</u>
Less: Payments	<u>(38,809)</u>	<u>(35,650)</u>
Funds Under Management at 30 June	938,576	832,394

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	<u>938,576</u>	<u>832,394</u>
Funds Under Management at 30 June	938,576	832,394

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	225,114	199,006
International Equities A	240,741	228,029
Property A	135,295	117,807
Diversified Strategies Growth A	91,428	71,257
Inflation Linked Securities A	67,291	62,915
Long Term Fixed Interest	18,436	13,273
Short Term Fixed Interest	-	4,494
Diversified Strategies Income	129,271	116,243
Cash	<u>31,000</u>	<u>19,370</u>
Funds Under Management at 30 June	938,576	832,394

Funds SA
Financial Statements for the year ended 30 June 2015

16(l) Police Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	444,083	394,445
Add: Receipts	-	-
Net Investment Income	44,066	58,138
	<u>44,066</u>	<u>58,138</u>
Less: Payments	<u>(9,180)</u>	<u>(8,500)</u>
Funds Under Management at 30 June	478,969	444,083

Statement of Funds Under Management – by Investment Option

Investment Option

Growth A	478,969	444,083
Funds Under Management at 30 June	478,969	444,083

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	114,879	106,170
International Equities A	122,854	121,654
Property A	69,043	62,850
Diversified Strategies Growth A	46,657	38,016
Inflation Linked Securities A	34,339	33,565
Long Term Fixed Interest	9,408	7,081
Short Term Fixed Interest	-	2,398
Diversified Strategies Income	65,969	62,015
Cash	<u>15,820</u>	<u>10,334</u>
Funds Under Management at 30 June	478,969	444,083

Funds SA
Financial Statements for the year ended 30 June 2015

16(m) South Australian Government Financing Authority (SAICORP – Insurance Fund 1)

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	413,902	378,183
Add: Receipts	25,000	-
Net Investment Income	42,035	55,719
	<u>67,035</u>	<u>55,719</u>
Less: Payments	<u>(5,000)</u>	<u>(20,000)</u>
Funds Under Management at 30 June	475,937	413,902

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	475,937	413,902
Funds Under Management at 30 June	475,937	413,902

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	114,256	99,043
International Equities A	122,388	113,633
Property A	68,487	58,481
Diversified Strategies Growth A	46,282	35,373
Inflation Linked Securities A	34,063	31,232
Long Term Fixed Interest	9,332	6,589
Short Term Fixed Interest	-	2,231
Diversified Strategies Income	65,437	57,704
Cash	<u>15,692</u>	<u>9,616</u>
Funds Under Management at 30 June	475,937	413,902

Funds SA
Financial Statements for the year ended 30 June 2015

16(n) South Australian Government Financing Authority (SAICORP – Insurance Fund 2)

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	46,719	53,347
Add: Receipts	-	-
Net Investment Income	3,264	5,372
	<u>3,264</u>	<u>5,372</u>
Less: Payments	(5,000)	(12,000)
Funds Under Management at 30 June	44,983	46,719

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	44,983	46,719
Funds Under Management at 30 June	44,983	46,719

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	5,546	5,460
International Equities A	6,247	6,733
Property A	4,160	4,258
Inflation Linked Securities A	7,963	8,325
Long Term Fixed Interest	1,337	2,453
Short Term Fixed Interest	7,876	5,397
Diversified Strategies Income	7,066	7,402
Cash	4,788	6,691
Funds Under Management at 30 June	44,983	46,719

Funds SA
Financial Statements for the year ended 30 June 2015

16(o) South Australian Government Financing Authority (SAICORP – Insurance Fund 3)

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	2,470	-
Add: Receipts	6,300	2,400
Net Investment Income	313	70
	<u>6,613</u>	<u>2,470</u>
Less: Payments	<u>-</u>	<u>-</u>
Funds Under Management at 30 June	9,083	2,470

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	<u>9,083</u>	<u>2,470</u>
Funds Under Management at 30 June	9,083	2,470

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	1,120	289
International Equities A	1,261	356
Property A	840	225
Inflation Linked Securities A	1,608	440
Long Term Fixed Interest	270	130
Short Term Fixed Interest	1,590	285
Diversified Strategies Income	1,427	391
Cash	<u>967</u>	<u>354</u>
Funds Under Management at 30 June	9,083	2,470

Funds SA
Financial Statements for the year ended 30 June 2015

16(p) Adelaide Cemeteries Authority

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	4,015	3,626
Add: Receipts	-	400
Net Investment Income	384	489
	<u>384</u>	<u>889</u>
Less: Payments	-	(500)
Funds Under Management at 30 June	4,399	4,015

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	3,710	3,345
Capital Defensive A	26	25
Cash A	663	645
	<u>4,399</u>	<u>4,015</u>
Funds Under Management at 30 June	4,399	4,015

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	1,103	996
International Equities A	1,159	1,094
Property A	612	541
Diversified Strategies Growth A	361	287
Inflation Linked Securities A	3	3
Long Term Fixed Interest	1	1
Short Term Fixed Interest	9	5
Diversified Strategies Income	403	366
Cash	748	722
	<u>4,399</u>	<u>4,015</u>
Funds Under Management at 30 June	4,399	4,015

Funds SA
Financial Statements for the year ended 30 June 2015

16(q) Motor Accident Commission Compulsory Third Party Fund

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	2,593,486	2,335,868
Add: Receipts	96,000	65,000
Net Investment Income	163,240	283,618
	<u>259,240</u>	<u>348,618</u>
Less: Payments	<u>(793,000)</u>	<u>(91,000)</u>
Funds Under Management at 30 June	2,059,726	2,593,486

Statement of Funds Under Management - by Investment Option

Investment Option

Motor Accident Commission A	<u>2,059,726</u>	<u>2,593,486</u>
Funds Under Management at 30 June	2,059,726	2,593,486

Statement of Funds Under Management - by Asset Sector

Asset Sector

Australian Equities A	219,757	494,096
International Equities A	216,174	504,380
Inflation Linked Securities A	55,281	169,819
Fixed Interest (MAC)	726,068	633,645
Diversified Strategies Income (MAC)	660,134	634,237
Infrastructure (MAC)	133,855	122,358
Absolute Return (MAC)	34,660	30,968
Cash	<u>13,797</u>	<u>3,983</u>
Funds Under Management at 30 June	2,059,726	2,593,486

Funds SA
Financial Statements for the year ended 30 June 2015

16(r) South Australian Metropolitan Fire Service Superannuation Scheme

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	294,716	254,408
Add: Receipts	30,369	59,011
Net Investment Income	26,660	33,722
	<u>57,029</u>	<u>92,733</u>
Less: Payments	<u>(29,440)</u>	<u>(52,425)</u>
Funds Under Management at 30 June	322,305	294,716

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	1,908	1,646
Growth B	258,426	241,516
Balanced B	2,590	2,252
Moderate B	3,712	1,072
Conservative B	51,584	41,666
Capital Defensive B	2,748	3,487
Cash B	<u>1,337</u>	<u>3,077</u>
Funds Under Management at 30 June	322,305	294,716

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	74,200	66,063
International Equities B	68,176	64,102
Property B	33,055	35,934
Diversified Strategies Growth B	23,071	18,870
Inflation Linked Securities B	29,355	27,407
Diversified Strategies Income	49,663	41,095
Long Term Fixed Interest	12,742	6,237
Short Term Fixed Interest	10,159	6,835
Cash	<u>21,884</u>	<u>28,173</u>
Funds Under Management at 30 June	322,305	294,716

Funds SA
Financial Statements for the year ended 30 June 2015

16(s) Super SA Select

Statement of Receipts and Payments

	2015	2014
	\$'000	\$'000
Funds Under Management at 1 July	2,000	856
Add: Receipts	925	1,341
Net Investment Income	181	157
	<u>1,106</u>	<u>1,498</u>
Less: Payments	<u>(409)</u>	<u>(354)</u>
Funds Under Management at 30 June	2,697	2,000

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	2,448	1,764
Cash B	249	236
	<u>2,697</u>	<u>2,000</u>
Funds Under Management at 30 June	2,697	2,000

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	557	385
International Equities B	506	363
Property B	222	199
Diversified Strategies Growth B	161	105
Inflation Linked Securities B	252	194
Diversified Strategies Income	376	244
Long Term Fixed Interest	189	93
Short Term Fixed Interest	56	64
Cash	378	353
	<u>2,697</u>	<u>2,000</u>
Funds Under Management at 30 June	2,697	2,000

Funds SA
Financial Statements for the year ended 30 June 2015

16(t) Lifetime Support Authority

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	-	-
Add: Receipts	160,000	-
Net Investment Income	5,435	-
	<u>165,435</u>	<u>-</u>
Less: Payments	<u>-</u>	<u>-</u>
Funds Under Management at 30 June	<u>165,435</u>	<u>-</u>

Statement of Funds Under Management - by Investment Option

Investment Option

Moderate A	<u>165,435</u>	<u>-</u>
Funds Under Management at 30 June	<u>165,435</u>	<u>-</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	27,268	-
International Equities A	29,889	-
Property A	17,005	-
Diversified Strategies Growth A	7,639	-
Inflation Linked Securities A	22,687	-
Diversified Strategies Income	24,365	-
Long Term Fixed Interest	11,559	-
Short Term Fixed Interest	10,738	-
Cash	<u>14,285</u>	<u>-</u>
Funds Under Management at 30 June	<u>165,435</u>	<u>-</u>

Funds SA
Financial Statements for the year ended 30 June 2015

16(u) Health Services Charitable Gifts Board – Pool Investment

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	-	-
Add: Receipts	85,231	-
Net Investment Income	(954)	-
	<u>84,277</u>	<u>-</u>
Less: Payments	(23,250)	-
Funds Under Management at 30 June	<u>61,027</u>	<u>-</u>

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	41,834	-
Capital Defensive B	19,193	-
Funds Under Management at 30 June	<u>61,027</u>	<u>-</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	10,788	-
International Equities B	9,880	-
Property B	4,383	-
Diversified Strategies Growth B	2,754	-
Inflation Linked Securities B	6,882	-
Diversified Strategies Income	9,468	-
Long Term Fixed Interest	4,134	-
Short Term Fixed Interest	7,168	-
Cash	5,570	-
Funds Under Management at 30 June	<u>61,027</u>	<u>-</u>

Funds SA
Financial Statements for the year ended 30 June 2015

16(v) Health Services Charitable Gifts Board – South Australian Health and Medical Research Institute Charitable Trust

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	-	-
Add: Receipts	12,462	-
Net Investment Income	(59)	-
	<u>12,403</u>	<u>-</u>
Less: Payments	(265)	-
Funds Under Management at 30 June	<u>12,138</u>	<u>-</u>

Statement of Funds Under Management - by Investment Option

Investment Option

Capital Defensive B	<u>12,138</u>	-
Funds Under Management at 30 June	<u>12,138</u>	<u>-</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	800	-
International Equities B	768	-
Property B	377	-
Inflation Linked Securities B	1,626	-
Diversified Strategies Income	1,933	-
Long Term Fixed Interest	571	-
Short Term Fixed Interest	3,928	-
Cash	<u>2,135</u>	<u>-</u>
Funds Under Management at 30 June	<u>12,138</u>	<u>-</u>

Funds SA

Financial Statements for the year ended 30 June 2015

16(w) Health Services Charitable Gifts Board – Ray and Shirl Norman Cancer Research Trust

Statement of Receipts and Payments

	2015 \$'000	2014 \$'000
Funds Under Management at 1 July	-	-
Add: Receipts	6,827	-
Net Investment Income	(96)	-
	<u>6,731</u>	<u>-</u>
Less: Payments	<u>(336)</u>	<u>-</u>
Funds Under Management at 30 June	<u>6,395</u>	<u>-</u>

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	5,496	-
Cash B	899	-
Funds Under Management at 30 June	<u>6,395</u>	<u>-</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,398	-
International Equities B	1,279	-
Property B	618	-
Diversified Strategies Growth B	480	-
Inflation Linked Securities B	409	-
Diversified Strategies Income	834	-
Long Term Fixed Interest	205	-
Cash	1,172	-
Funds Under Management at 30 June	<u>6,395</u>	<u>-</u>

Funds SA
Financial Statements for the year ended 30 June 2015

Certification of the Financial Statements

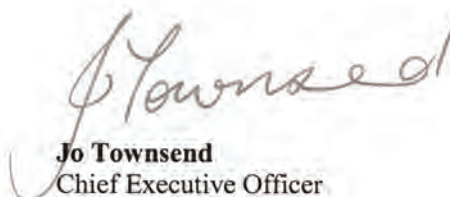
We certify that the attached general purpose financial statements for Funds SA:

- comply with any 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 Funds SA; and
- present a true and fair view of the financial position of Funds SA 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 Funds SA 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 Funds SA will be able to pay its debts as and when they become due and payable.



John Piteo
Chief Financial Officer

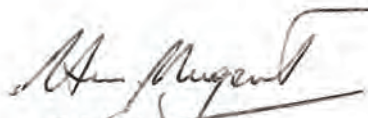


Jo Townsend
Chief Executive Officer

Approved by a resolution of the Board of Directors dated 21st September 2015.



Leigh Hall AM
Director



Helen Nugent AO
Chairman, Board of Directors

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chairman Superannuation Funds Management Corporation of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 28 of the *Superannuation Funds Management Corporation of South Australia Act 1995*, I have audited the accompanying financial report of the Superannuation Funds Management 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
- Schedule 1: Asset Sector Funds Under Management for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman, a Director, the Chief Executive Officer and the Chief Financial Officer.

The Directors of the Superannuation Funds Management Corporation of South Australia's Responsibility for the Financial Report

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

Auditor's Responsibility

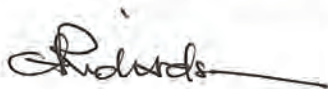
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical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

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



Andrew Richardson
Auditor-General
21 September 2015

TAFE SA

Financial report
for the year ended
30 June 2015

TAFE SA
Statement of Comprehensive Income
for the year ended 30 June 2015

	Note No	2015 \$'000	2014 \$'000
Expenses			
Employee benefits	5	220,366	274,673
Supplies and services	6	109,330	121,335
Grants and subsidies	7	6	84
Depreciation and amortisation	8	4,076	5,027
Net loss from disposal of non-current assets	16	644	207
Other expenses	9	1,504	1,290
Total expenses		335,926	402,616
Income			
VET funding from DSD	11	161,188	192,545
Commonwealth grants	12	8,239	8,660
Student and other fees and charges	13	85,405	82,799
Other grants and contributions	14	72,303	75,742
Investment income	15	3	8
Other income	17	5,085	30,925
Total income		332,223	390,679
Net cost of providing service		(3,703)	(11,937)
Other Comprehensive Income			
<i>Items that will not be reclassified to net result</i>			
Changes in revaluation surplus	20	-	1,352
Total other comprehensive income		-	1,352
Total comprehensive result		(3,703)	(10,585)

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

TAFE SA
Statement of Financial Position
as at 30 June 2015

	Note No	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	18	13,846	59,115
Receivables	19	96,106	41,051
Inventories	23	1,404	742
Total current assets		111,356	100,908
Non-current assets			
Receivables	19	174	203
Property, plant and equipment	20	17,272	17,191
Intangibles	21	12,565	11,911
Total non-current assets		30,011	29,305
Total assets		141,367	130,213
Current liabilities			
Payables	24	37,794	28,365
Employee benefits	25	21,427	19,484
Provisions	26	1,654	1,832
Unearned revenue	27	3,589	2,644
Other current liabilities	28	6	6
Total current liabilities		64,470	52,331
Non-current liabilities			
Payables	24	6,838	4,944
Employee benefits	25	45,337	40,971
Provisions	26	5,093	6,915
Total non-current liabilities		57,268	52,830
Total liabilities		121,738	105,161
Net Assets		19,629	25,052
Equity			
Retained earnings	29	(2,175)	3,248
Revaluation surplus	29	1,352	1,352
Contributed capital	29	20,452	20,452
Total equity		19,629	25,052

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

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

	Note	Revaluation Surplus \$'000	Retained Earnings \$'000	Contributed Capital \$'000	Total \$'000
Balance at 30 June 2013		-	19,255	20,452	39,707
Error Correction		-	(217)	-	(217)
Restated balance at 30 June 2013		-	19,038	20,452	39,490
Net result for 2013-14	29	-	(11,937)	-	(11,937)
Gain on revaluation of property assets during 2013-14	29	1,352	-	-	1,352
Net assets transferred as a result of administrative restructure	32	-	(3,708)	-	(3,708)
Total comprehensive result for 2013-14		1,352	(15,645)	-	(14,293)
Balance at 30 June 2014		1,352	3,393	20,452	25,197
Error correction		-	(145)	-	(145)
Restated balance at 30 June 2014		1,352	3,248	20,452	25,052
Net result for 2014-15	29	-	(3,703)	-	(3,703)
Net assets transferred as a result of administrative restructure	32	-	(1,720)	-	(1,720)
Total comprehensive result for 2014-15		-	(5,423)	-	(5,423)
Balance at 30 June 2015		1,352	(2,175)	20,452	19,629

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

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

TAFE SA
Statement of Cash Flows
for the year ended 30 June 2015

		2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(217,690)	(282,222)
Payments for supplies and services		(121,604)	(132,157)
Payments of grants and subsidies		(6)	(84)
Payments for paid parental leave scheme		(1)	(181)
Other payments		(446)	(308)
Cash used in operations		(339,747)	(414,952)
Cash inflows			
Commonwealth grants		8,239	8,660
VET funding from DSD		135,815	228,696
Student and other fees and charges		82,966	103,466
Other grants and contributions		60,152	75,741
Interest received		3	8
GST recovered from the ATO		6,255	8,127
Receipts for paid parental leave scheme		-	141
Other receipts		4,040	12,007
Cash generated from operations		297,470	436,846
Net cash provided by (used in) operating activities	35	(42,277)	21,894
Cash flows from investing activities			
Cash Outflows			
Purchase of property, plant and equipment		(816)	(3,921)
Purchase of intangibles		(2,273)	(19)
Cash used in investing activities		(3,089)	(3,940)
Cash Inflows			
Proceeds from sale of property, plant and equipment		97	74
Cash generated from investing activities		97	74
Net cash used in investing activities		(2,992)	(3,866)
Net increase/(decrease) in cash and cash equivalents		(45,269)	18,028
Cash and cash equivalents at 1 July		59,115	41,087
Cash and cash equivalents at 30 June	18	13,846	59,115

TAFE SA
Disaggregated Disclosures

Expense and Income for the year ended 30 June 2015

	Employment and Skills Formation		
	Vocational Education and Training	International and Higher Education	Total
	\$'000	\$'000	\$'000
Expenses			
Employee benefits	218,970	1,396	220,366
Supplies and services	108,450	880	109,330
Grants and subsidies	6	-	6
Depreciation and amortisation	4,076	-	4,076
Net loss from disposal of non-current assets	644	-	644
Other expenses	1,504	-	1,504
Total expenses	333,650	2,276	335,926
Revenues			
VET funding from DSD	161,188	-	161,188
Commonwealth grants	8,239	-	8,239
Student and other fees and charges	84,895	510	85,405
Other grants and contributions	72,303	-	72,303
Investment income	3	-	3
Other income	3,185	1,900	5,085
Total revenues	329,813	2,410	332,223
Net cost of providing services	(3,837)	134	(3,703)

Expense and Income for the year ended 30 June 2014

	Employment and Skills Formation		
	Vocational Education and Training	International and Higher Education	Total
	\$'000	\$'000	\$'000
Expenses			
Employee benefits	273,447	1,226	274,673
Supplies and services	120,677	658	121,335
Grants and subsidies	84	-	84
Depreciation and amortisation	5,027	-	5,027
Net loss from disposal of non-current assets	207	-	207
Other expenses	1,290	-	1,290
Total expenses	400,732	1,884	402,616
Revenues			
VET funding from DSD	192,545	-	192,545
Commonwealth grants	8,660	-	8,660
Student and other fees and charges	82,095	704	82,799
Other grants and contributions	75,742	-	75,742
Investment income	8	-	8
Other income	29,133	1,792	30,925
Total revenues	388,183	2,496	390,679
Net cost of providing services	(12,549)	612	(11,937)

TAFE SA
Disaggregated Disclosures

Assets and Liabilities as at 30 June 2015

	Employment and Skills Formation		
	Vocational Education and Training \$'000	International and Higher Education \$'000	Total 2015 \$'000
Assets			
Cash and cash equivalents	13,846	-	13,846
Receivables	96,280	-	96,280
Inventories	1,404	-	1,404
Property, plant and equipment	17,272	-	17,272
Intangibles	12,565	-	12,565
Total assets	141,367	-	141,367
Liabilities			
Payables	44,632	-	44,632
Employee benefits	66,764	-	66,764
Provisions	6,747	-	6,747
Unearned revenue	3,589	-	3,589
Other liabilities	6	-	6
Total liabilities	121,738	-	121,738
Net Assets	19,629	-	19,629

Assets and Liabilities as at 30 June 2014

	Employment and Skills Formation		
	Vocational Education and Training \$'000	International and Higher Education \$'000	Total 2014 \$'000
Assets			
Cash and cash equivalents	59,115	-	59,115
Receivables	41,254	-	41,254
Inventories	742	-	742
Property, plant and equipment	17,191	-	17,191
Intangibles	11,911	-	11,911
Total assets	130,213	-	130,213
Liabilities			
Payables	33,309	-	33,309
Employee benefits	60,455	-	60,455
Provisions	8,747	-	8,747
Unearned revenue	2,644	-	2,644
Other liabilities	6	-	6
Total liabilities	105,161	-	105,161
Net Assets	25,052	-	25,052

TAFE SA

Notes to and forming part of the financial statements

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TAFE SA

Notes to and forming part of the financial statements

1 Corporation objectives and funding

(a) Objectives

TAFE SA was established as a Public Corporation on 1 November 2012 by the *TAFE SA Act 2012*. TAFE SA is responsible to the Minister for Employment, Higher Education and Skills.

The primary objectives of TAFE SA are to:

- Provide technical and further education in a manner that is efficient, effective and responsive to the needs of industry, students and the general community;
- Undertake or facilitate research that relates to technical and further education;
- Provide consultancy or other services, for a fee or otherwise, in any area in which staff of TAFE SA have particular expertise developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education;
- Undertake or provide for the development or use, for commercial, community or other purposes, of any intellectual property, product or process created or developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education;
- Perform any other function assigned to it by the Minister.

The *Public Corporations Act 1993* applies to TAFE SA and requires a Charter and Performance Statement to be prepared for TAFE SA by the Minister and Treasurer after consultation with TAFE SA.

(b) Funding

The Corporation is predominantly funded by the Department of State Development (DSD) through the *Skills for All* Program.

In addition income is generated from sales and fee for service. These include:

- Student fees and charges;
- Training for various organisations;
- Sale of curriculum material;
- Hire of facilities and equipment.

The financial activities of the Corporation are primarily conducted through a Special Deposit Account with the Department of Treasury and Finance pursuant to Section 8 of the *Public Finance and Audit Act 1987*. The Special Deposit Account is used for funds provided by *Skills for All* from DSD, Commonwealth grants and revenues from fees and charges.

(c) Principles of consolidation

Entities in which TAFE SA have a significant influence

South Australian Tertiary Admissions Centre (SATAC)

The South Australian Tertiary Admissions Centre (SATAC) is an arrangement between the three South Australian universities and the Minister for Employment, Higher Education and Skills. SATAC receives and processes undergraduate and postgraduate applications for admission to TAFE SA, Charles Darwin University and the three universities in South Australia.

TAFE SA has a 25% interest in SATAC. The interests in this associate are not considered material to the Corporation's core activities. Consequently as per AASB 128, they have not been taken up in the accounts on an equity basis.

TAFE SA

Notes to and forming part of the financial statements

Other Related Entities

Onshore Petroleum Centre of Excellence

Under a Deed of Arrangement TAFE SA has established the Onshore Petroleum Centre of Excellence (OPCE) with the Minister for Mineral Resources and Energy, SANTOS Limited, Beach Energy Limited and SENEX Energy Limited in May 2014.

Each of the parties to the arrangement provide cash and/or in-kind capital contributions to the OPCE. These contributions assist the OPCE in developing courses and delivering training that will increase the skills of people who are, or wish to be employed in the petroleum industry.

As the administering party, TAFE SA holds the funds in a separate interest bearing account on behalf of the Parties and must ensure that no deduction or expenditure is made from that account unless it is in accordance with a decision of the OPCE Board and terms of the Deed.

Decisions made by the Board must be a unanimous decision of all voting Members and cannot be inconsistent with the terms and conditions of this Deed. Note that the representative member from TAFE SA has an advisory role and is not entitled to vote.

As TAFE SA does not have control of these funds they are excluded from TAFE SA's financial statements, however, details of the funds held by TAFE SA for the OPCE are presented in Note 38.

2 Significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements.

TAFE SA as a Corporation has prepared these financial statements in compliance with Section 23 of the *Public Finance and Audit Act 1987 (PFAA)*. The accounts for these statements have been prepared in accordance with relevant Australian Accounting Standards (AAS) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *PFAA*.

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

Except for AASB 2015-7 which the Corporation 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 Corporation 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 the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable Notes;
- Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported;
- Compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following Note disclosures, that have been included in these financial statements:

TAFE SA

Notes to and forming part of the financial statements

- a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
- b) Expenses incurred as a result of engaging consultants;
- c) 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; and
- e) Employee targeted voluntary separation package information.

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that have been 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 the period 1 July 2014 to 30 June 2015 and presented in Australian currency.

(c) Reporting entity

The Corporation is a Statutory Corporation of the State of South Australia, established pursuant to the *TAFE SA Act 2012*.

The financial statements and accompanying Notes reflect the use of assets, liabilities, revenues and expenses controlled or incurred by the Corporation in its own right.

(d) Comparative information

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

Where presentation or classification of items in the financial statements 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.

(e) Rounding

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

(f) Income and expenses

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.

TAFE SA

Notes to and forming part of the financial statements

Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Corporation will occur and can be reliably measured.

The following are specific recognition criteria:

- Income from fees and charges is derived from the provision of goods and services to other SA government agencies and to other clients and is recognised upon delivery of the service to the clients or by reference to the stage of completion.
- Income from 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.
- Interest income is recognised upon receipt.
- Contribution income is recognised when control of the contribution or the right to receive the contribution and the income recognition criteria are met.
- 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.

Expenses

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

The following are specific recognition criteria:

Employee benefits expense

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

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

(g) 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 twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

(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 (refer to Note 33).

TAFE SA

Notes to and forming part of the financial statements

(i) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand.

Cash is measured at nominal value.

(j) Receivables

Receivables include amounts receivable from trade, 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 receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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

(k) Inventories

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to low volume inventory items on a specific identification of cost basis.

Inventories comprise of learning modules, food and wine, wine making equipment, books, stationery, hair and beauty products and building supplies.

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

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

(l) Property, plant and equipment

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 for no consideration, 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 restructure 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.

Revaluation of non-current assets

All non-current assets are valued at either market value or 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 three years, the Corporation revalues its library collection. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the

TAFE SA

Notes to and forming part of the financial statements

last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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 increase is recognised as income in the Statement of Comprehensive Income.

Any revaluation decrement is recognised in the Statement of Comprehensive Income as an expense, except to the extent that it offsets a previous revaluation increment 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.

The valuation methodology applied to specific classes of non-current assets under revaluations is as follows:

- Library collection

The library collection is recorded at replacement value. The most recent valuation was carried out as at 30 June 2014 by AON Risk Solutions, an independent valuer, on the basis of depreciated replacement cost (a proxy for fair value).

- Plant and equipment

Items of plant and equipment are recorded at fair value less accumulated depreciation.

All Plant and Equipment assets with a value of \$10,000 or greater are capitalised.

Items under \$10,000 are recorded in the Statement of Comprehensive Income as an expense in the accounting period in which they are acquired.

- Leasehold Improvements

Following initial recognition, leasehold improvements are carried at cost less any accumulated amortisation and any accumulated impairment losses.

All leasehold improvement assets with a value of \$10,000 or greater are capitalised.

Items under \$10,000 are recorded in the Statement of Comprehensive Income as an expense in the accounting period in which they are acquired.

- Intangibles

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 Corporation only has intangible assets with finite lives. The amortisation period for the 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.

Fair value measurement

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

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

TAFE SA

Notes to and forming part of the financial statements

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

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and Audit and Risk Committee at each reporting date.

Non-financial assets

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

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

Refer to Notes 20 and 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(m) Impairment

All non-current assets are tested for indications 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.

(n) 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 library collections and 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.

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	Depreciation/Amortisation Method	Useful Life (Years)
Plant and Equipment	Straight Line	1–45
Library Collection	Straight Line	3–15
Leasehold Improvements	Straight Line	10
Intangibles	Straight Line	10

TAFE SA

Notes to and forming part of the financial statements

(o) Payables

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

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

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

The Paid Parental Leave Scheme payable represents amounts which the Corporation has received from the Commonwealth Government to forward onto eligible employees via the Corporation's standard payroll processes. That is, the Corporation 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, workers compensation and payroll tax with respect of outstanding liabilities for salaries and wages, long service leave and annual leave, non-attendance days, and skills and experience retention leave.

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

(p) Employee benefits and employment related liabilities

Liabilities have been established for various employee benefits arising from services rendered by employees to balance date. Employee benefits include entitlements to wages and salaries, long service leave, annual leave and non-attendance days. Long-term benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Employment related expenses include on-costs such as employer superannuation and payroll tax on employee entitlements together with the workers' compensation insurance premium. These are reported under Payables as on-costs on employee benefits (refer Note 24).

Salaries, wages, annual leave, skills and experience retention leave (SERL), non-attendance days and sick leave.

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

The annual leave liability and the SERL liability is expected to be payable within twelve 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 leave liability are payable later than twelve months, the liability will be measured at present value.

Non-attendance days are accrued annually for employees engaged under the TAFE SA Act 2012 but are non-cumulative.

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.

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Notes to and forming part of the financial statements

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 education 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.

(q) Provisions

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

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

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

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2015 provided by a consulting actuary engaged through the Office of the Public Sector within the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

(r) Leases

The Corporation has entered into a number of operating lease agreements, as lessee, for buildings and other facilities where the lessor effectively retains all risks and benefits incidental to ownership of the items held under the 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.

Details of commitments of current non-cancellable operating leases are disclosed at Note 30.

(s) Taxation

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

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

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

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

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

TAFE SA

Notes to and forming part of the financial statements

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.

(t) 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.

3 New and revised accounting standards and policies

The Corporation has determined that the new AASB 1055 Budgetary Reporting, which became effective for the first time in 2014-15, does not apply as this standard only applies to entities where there are separate budget financial statements presented to parliament. The budget for the Corporation is included in the Budget Paper 4 as part of the portfolio of the Department of State Development. A budgeted financial statement is not presented in the budget papers for the Corporation.

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 Corporation has reviewed its control assessments (that is, the Corporation's involvement with the entity; protective and substantive rights; ability to direct major relevant activities and so on) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. The Corporation does not currently control another entity and does not have any joint arrangements within the scope of AASB 11. The Corporation 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 Corporation 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 Corporation for the period ending 30 June 2015. The Corporation 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 Corporation.

4 Activities of the Corporation

Activities – Employment and Skills Formation

To strengthen the economic prosperity and social well-being of South Australians through strategic employment, skills formation and workforce development.

Sub-activities – Vocational Education and Training

- ◆ TAFE SA provides post-secondary vocational education and training (VET) including:
 - The investment of public funds to support individuals and employers to develop workforce skills;
 - Funding apprenticeships and traineeships;
 - Supporting post-secondary training and education; and
 - Providing state and national policy advice.

TAFE SA

Notes to and forming part of the financial statements

Sub-activities – International and Higher Education

- TAFE SA:
 - Supports the development of Adelaide as a centre for education, international education and South Australian education exports including providing marketing services, analysis and student and community support;
 - Provides high level strategic policy advice to the Minister on higher education policy and planning; and

As a public provider, TAFE SA will operate effectively and efficiently in a competitive market for vocational education and training to:

- Deliver technical and further education efficiently and cost effectively at high standards of quality, while at all times ensuring the financial viability of TAFE SA;
- Build alliances and cooperation with other service providers to ensure quality and relevant course availability and delivery in the most efficient manner;
- Strengthen TAFE SA's position in technical and further education through the provision of fee for service activities, including quality training for overseas students and targeted international activity; and
- Ensure a safe work and learning environment for staff, students and the community.

5 Employee benefits

	2015	2014
	\$'000	\$'000
Salaries and wages (including annual leave)	178,482	187,179
Superannuation	18,505	19,994
Payroll tax	10,095	13,070
Long service leave	7,806	2,812
Skills and experience retention leave	893	354
Board and committee fees	456	487
Workers' compensation	232	4,319
Targeted voluntary separation payments	3,332	45,853
Other employee related costs	565	605
	220,366	274,673

Salaries and wages on termination are included in salaries and wages.

Targeted Voluntary Separation Packages (TVSPs)

	2015	2014
	\$'000	\$'000
Amounts paid to these employees:		
TVSPs	3,332	45,853
Leave paid to those employees	848	12,017
	4,180	57,870
Funding from the Department of Treasury and Finance (through Department of State Development)	3,445	29,712
Net cost to TAFE SA	735	28,158

The number of employees who were paid TVSPs during the reporting period	31	370
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TAFE SA

Notes to and forming part of the financial statements

Remuneration of employees

The number of employees whose remuneration received or receivable is \$141,500 or more falls within the following bands

	2015 Number of Employees (including TVSP)	2014 Number of Employees (including TVSP)
	No	No
\$141,500 to \$151,499	2	3
\$151,500 to \$161,499	2	2
\$161,500 to \$171,499	4	3
\$171,500 to \$181,499	1	4
\$181,500 to \$191,499	2	3
\$191,500 to \$201,499	1	-
\$201,500 to \$211,499	1	2
\$231,500 to \$241,499 O	1	2
\$241,500 to \$251,499 O	-	1
\$251,500 to \$261,499	-	1
\$261,500 to \$271,499 O	2	1
\$281,500 to \$291,499 O	1	2
\$291,500 to \$301,499 O	-	2
\$301,500 to \$311,499	1	-
\$311,500 to \$321,499 O	-	2
\$321,500 to \$331,499 O	-	4
\$331,500 to \$341,499 O	-	4
\$341,500 to \$351,499 O	-	4
\$351,500 to \$361,499 O	-	5
\$361,500 to \$371,499 O	-	2
\$371,500 to \$381,499 O	-	4
\$381,500 to \$391,499 O	-	2
\$391,500 to \$401,499 O	-	1
\$401,500 to \$411,499 O	-	3
\$421,500 to \$431,499 O	-	1
\$451,500 to \$461,499 O	-	2
\$461,500 to \$471,499 Δ	1	-
\$481,500 to \$491,499 Δ	1	-
Total number of employees	20	60

Δ This bandwidth includes employees that have received non TVSP termination payments in 2014-15.

O This bandwidth includes employees that have received TVSP's during 2013-14.

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 for 2014-15 is the same as 2013-14 rate (ie there has been no increase in executive remuneration since 1 July 2013).

TAFE SA

Notes to and forming part of the financial statements

Remuneration of employees reflects all costs of employment including salaries and wages (including termination payments), superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$4.5 million (\$17.8 million).

For 2014-15, the above figures include nil non-executive employees (44 in 2013-14) who took Targeted Voluntary Separation Packages (TVSP's) during the year. The total remuneration received by non-executive employees in 2014-15 was \$0.6 million (\$14.2 million).

6 Supplies and services

	2015 \$'000	2014 \$'000
Corporate services recharges paid to DSD	2,341	13,188
Infrastructure recharges paid to DSD	23,753	23,023
Funding to external vocational education and training providers	139	229
Printing and consumables	7,089	8,767
Minor works, maintenance and equipment	12,991	16,372
Information technology infrastructure and communication	9,740	4,055
Fees - contracted services (including consultants)	18,564	20,074
Trainee & apprenticeship reimbursements	-	16
Utilities	8,358	9,386
Cleaning	7,870	8,811
Vehicle and travelling expenses	4,320	4,129
Rentals and leases	1,823	1,973
Books, materials and copyright	12,062	11,018
Other	280	294
Total supplies and services	109,330	121,335

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

Consultancy

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

	No.	2015 \$'000	No.	2014 \$'000
Below \$10,000	2	9	-	-
Above \$10,000	4	256	4	601
Total paid/payable to the consultants engaged (GST exclusive)	6	265	4	601

7 Grants and subsidies

	2015 \$'000	2014 \$'000
Employment programs	6	84
Total grants and subsidies	6	84

TAFE SA
Notes to and forming part of the financial statements

8 Depreciation and amortisation

	2015 \$'000	2014 \$'000
Depreciation		
Plant and equipment	1,579	1,455
Library collection	877	2,083
Leasehold Improvements	1	-
Total depreciation	2,457	3,538
Amortisation		
Intangibles	1,619	1,489
Total amortisation	1,619	1,489
Total depreciation and amortisation	4,076	5,027

9 Other expenses

	2015 \$'000	2014 \$'000
Audit fees (refer note 10)	454	468
Allowance for doubtful debts and debt write-offs (refer note 19)	1,045	817
Other	5	5
Total other expenses	1,504	1,290

10 Auditor's remuneration

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor-General's department relating to the audit of financial statements	289	302
Other audit fees	165	166
Total auditor's remuneration paid/payable	454	468

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

11 VET funding from DSD

	2015 \$'000	2014 \$'000
VET funding from DSD	161,188	192,545
Total VET funding from DSD	161,188	192,545

TAFE SA**Notes to and forming part of the financial statements****12 Commonwealth grants**

	2015	2014
	\$'000	\$'000
Language Literacy & Numeracy Delivery Statewide	5,924	5,950
Aged Care Workforce	1,123	1,202
Aboriginal Projects	458	947
Community Development Employment Projects (CDEP) program	194	170
Other specific Commonwealth revenue	540	391
Total Commonwealth grants	8,239	8,660

2014–15 Commitments

\$6.0 million (2014: \$6.0 million) in Commonwealth revenue was received for the Language, Literacy and Numeracy Delivery Statewide Program in 2014-15 with all commitments being met.

\$1.1 million was received for the Aged Care Workforce Program in 2014-15 (2014: \$1.2 million), with all commitments being met.

Aboriginal projects including the Aboriginal Torres Strait Islander Rural and Remote Aged Care Training Project contributed \$0.5 million in grants revenue during 2014-15 (2014: \$0.9 million); \$0.1 million of which was carried forward from 2013-14; \$0.05 million of which is committed to be spent in 2015-16.

\$0.2 million (2014: \$0.2 million) was received for the Commonwealth Development Employment Project Program in 2014-15, with all commitments being met.

\$0.5 million in Other Specific Commonwealth Grants were received in 2014-15 (2014: \$0.4 million).

13 Student and other fees and charges

	2015	2014
	\$'000	\$'000
Sales/fee for service revenue	48,064	47,515
Student enrolment fees and charges	28,092	32,113
Other user fees and charges	9,249	3,171
Total student and other fees and charges received/receivable	85,405	82,799

14 Other grants and contributions

	2015	2014
	\$'000	\$'000
Grants from DSD	67,677	73,580
Grants and subsidies revenue	1,824	2,005
Grants from other entities within the SA Government	251	129
Contributed assets	2,463	-
Miscellaneous contributions	87	19
Donations	1	9
Total other grants and contributions	72,303	75,742

TAFE SA
Notes to and forming part of the financial statements

15 Investment income

	2015	2014
	\$'000	\$'000
Interest	3	8
Total investment income	3	8

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

	2015	2014
	\$'000	\$'000
Plant and equipment		
Proceeds from disposals	(97)	(74)
Less: net book value of assets disposed	741	281
Total net loss from the disposal of non-current assets	644	207

17 Other income

	2015	2014
	\$'000	\$'000
TVSP recovery from DSD	3,445	29,712
Recoup of salaries	120	199
Sundry income	1,520	1,014
Total other income	5,085	30,925

18 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Special deposit account with the Department of Treasury and Finance	13,805	59,074
Cash on hand	41	41
Total cash and cash equivalents	13,846	59,115

Special Deposit Account with the Department of Treasury and Finance

Includes funds received from DSD for *Skills for All* and other program funding.

Interest rate risk

Cash on hand is non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

TAFE SA
Notes to and forming part of the financial statements

19 Receivables

	2015 \$'000	2014 \$'000
Current		
<i>Skills for All</i> receivable from DSD	48,441	10,145
Student and other fees and charges receivable	47,950	28,513
Less: allowance for doubtful debts	(2,279)	(2,334)
Prepayments	1,613	1,436
GST recoverable from ATO	274	2,383
Other receivables	107	908
Total current receivables	96,106	41,051
Non-current		
Workers compensation receivable	174	203
Total non-current receivables	174	203
Total receivables	96,280	41,254

Correction of error

The comparatives have been adjusted for a \$0.198 million correction of error for receivables between TAFE SA and the former DFEEST.

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.

	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	2,334	1,612
Increase/(decrease) in the allowance	1,051	823
Amounts written off	(1,106)	(101)
Carrying amount at the end of the period	2,279	2,334

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued 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 37**
- (b) **Risk exposure information - Refer Note 37**

TAFE SA
Notes to and forming part of the financial statements

20 Property, plant and equipment

	2015 \$'000	2014 \$'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	27,726	27,628
Accumulated depreciation	(14,585)	(13,827)
	<u>13,141</u>	<u>13,801</u>
Library collection		
Library collection at valuation	15,722	15,381
Accumulated depreciation	(12,868)	(11,991)
	<u>2,854</u>	<u>3,390</u>
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	149	-
Accumulated amortisation	(1)	-
	<u>148</u>	<u>-</u>
Work in Progress		
Capital work in progress	1,129	-
	<u>1,129</u>	<u>-</u>
 Total property, plant and equipment	 44,726	 43,009
Total accumulated depreciation at the end of the period	(27,454)	(25,818)
Total property, plant and equipment	<u>17,272</u>	<u>17,191</u>

Correction of error

The comparatives have been adjusted for a \$0.053 million correction for an asset recognised for the first time.

Valuation of property

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 APFIII. 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 adjustment to their value, except for management assumptions about the asset's condition and remaining useful life.

The library collection was valued at depreciated replacement cost (a proxy for fair value) as at 30 June 2014 by AON Risk Solutions.

Leasehold improvements are valued at cost.

Impairment

There were no indications of impairment of property and plant and equipment assets at 30 June 2015.

TAFE SA

Notes to and forming part of the financial statements

Reconciliation of property, plant and equipment assets

The following table shows the movement of property, plant and equipment assets during 2014-15:

	Plant and equipment \$'000	Library collection \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
2015					
Carrying amount at the beginning of the period	13,801	3,390	-	-	17,191
Additions	325	341	-	150	816
Disposals	(741)	-	-	-	(741)
Contributed assets	1,335	-	-	1,128	2,463
Transfers	-	-	149	(149)	-
Depreciation	(1,579)	(877)	(1)	-	(2,457)
Carrying amount at the end of period	13,141	2,854	148	1,129	17,272

The following table shows the movement of property, plant and equipment assets during 2013-14:

	Plant and equipment \$'000	Library collection \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
2014					
Carrying amount at the beginning of the period	11,171	3,740	-	-	14,911
Additions	4,366	381	-	-	4,747
Disposals	(281)	-	-	-	(281)
Net revaluation / Increment (decrement)	-	1,352	-	-	1,352
Depreciation	(1,455)	(2,083)	-	-	(3,538)
Carrying amount at the end of period	13,801	3,390	-	-	17,191

21 Intangible assets

	2015 \$'000	2014 \$'000
Computer software		
Computer software	18,321	16,191
Accumulated amortisation	(5,899)	(4,280)
Intangible work in progress	143	-
Total intangibles	12,565	11,911

The computer software predominantly relates to TAFE SA's Student Information System (SIS).

TAFE SA has no contractual commitments for the acquisition of intangibles assets.

Impairment

There were no indications of impairment of intangible assets at 30 June 2015.

TAFE SA

Notes to and forming part of the financial statements

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2014-15:

	Intangibles \$'000	Intangibles work in progress \$'000	Total \$'000
2015			
Carrying amount at the beginning of the period	11,911	-	11,911
Additions	2,130	143	2,273
Amortisation	(1,619)	-	(1,619)
Carrying amount at end of period	12,422	143	12,565

The following table shows the movement of intangible assets during 2013-14:

	Intangibles \$'000	Intangibles work in progress \$'000	Total \$'000
2014			
Carrying amount at the beginning of the period	11,338	-	11,338
Additions	2,063	-	2,063
Amortisation	(1,490)	-	(1,490)
Carrying amount at end of period	11,911	-	11,911

22 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 Corporation 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 Corporation had no valuations categorised into level 1 and level 2.

Fair value Measurements at 30 June 2015

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Plant & Equipment (note 20)	-	13,141	13,141
Library Collection (note 20)	-	2,854	2,854
Leasehold Improvements (note 20)	-	148	148
Total recurring fair value measurements	-	16,143	16,143
Total	-	16,143	16,143

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014-15. The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

TAFE SA

Notes to and forming part of the financial statements

Fair value Measurements at 30 June 2014

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Plant & Equipment (note 20)	-	13,801	13,801
Library Collection (note 20)	-	3,390	3,390
Total recurring fair value measurements	-	17,191	17,191
Total	-	17,191	17,191

Reconciliation of fair value measurements – Level 3

The reconciliation of movements for the level 3 assets is provided in note 20.

23 Inventories

	2015	2014
	\$'000	\$'000
Current		
Inventories held for sale	147	85
Inventories held for distribution	1,257	657
Total inventories	1,404	742

24 Payables

	2015	2014
	\$'000	\$'000
Current		
Creditors	8,347	14,731
Accrued expenses	26,022	9,349
Employment on-costs	3,376	4,248
Paid parental leave scheme	14	15
Other	35	22
Total current payables	37,794	28,365
Non-current		
Creditors	1,492	64
Employment on-costs	5,346	4,880
Total non-current payables	6,838	4,944
Total payables	44,632	33,309

An actuarial assessment performed by the Department of Treasury and Finance determines that the percentage of the proportion of long service leave taken as leave is 63% (64%). The average factor used in the calculation of employer superannuation on-cost is 10.3 % (10.3%). These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.052 million.

TAFE SA

Notes to and forming part of the financial statements

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid and accruals are raised where goods and services are received but an invoice has not yet been received. 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 and maturity analysis of financial instruments - Refer Note 37.
- (b) Risk exposure information - Refer Note 37.

25 Employee benefits

	2015 \$'000	2014 \$'000
Current		
Annual leave	6,462	6,121
Long service leave	2,685	2,570
Skills and experience retention leave	1,484	1,045
Accrued salaries and wages	6,451	5,446
Non-attendance days	4,345	4,302
Total current employee benefits	21,427	19,484
Non-current employee benefits		
Long service leave	45,337	40,971
Total non-current employee benefits	45,337	40,971
Total employee benefits	66,764	60,455

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2014 (3.25%) to 2015 (3.00%).

This decrease in the bond yield, which is used to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$1.799 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, non-attendance days, 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, non-attendance days, and skills, experience and retention leave liability of \$0.070 million.

Long service leave entitlements for Hourly Paid instructors (HPIs) have been excluded from these statements due to the complexities and impracticability of retrieving accurate information in a timely manner from the TAFE SA Empower payroll system. Long service leave entitlement data for HPIs is only updated in Empower once actual leave requests have been manually verified against Human Resource records on a case by case basis.

TAFE SA
Notes to and forming part of the financial statements

26 Provisions

	2015 \$'000	2014 \$'000
Current		
Workers compensation	1,654	1,832
Total current provisions	1,654	1,832
Non-current		
Workers compensation	5,093	6,915
Total non-current provisions	5,093	6,915
Total provisions	6,747	8,747
Carrying amount as at 1 July	8,747	7,706
Increase/decrease in provisions recognised	(2,000)	1,041
Carrying amount at 30 June	6,747	8,747

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 of the Public Sector within the Department of the Premier and Cabinet.

27 Unearned revenue

	2015 \$'000	2014 \$'000
Unearned revenue SA Govt entities	-	15
Unearned revenue Non-SA Govt entities	3,589	2,629
Total unearned revenue	3,589	2,644

28 Other liabilities

	2015 \$'000	2014 \$'000
Current		
Other liabilities	6	6
Total other liabilities	6	6

29 Equity

	2015 \$'000	2014 \$'000
Retained earnings	(2,175)	3,248
Revaluation surplus	1,352	1,352
Contributed capital	20,452	20,452
Total equity	19,629	25,052

TAFE SA

Notes to and forming part of the financial statements

30 Unrecognised contractual commitments

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	8,471	9,084
Later than one year and not later than five years	2,118	2,746
Total Remuneration Commitments	10,589	11,830

Amounts disclosed include commitments arising from executive contracts and hourly paid instructors. TAFE SA does not offer remuneration contracts greater than five years.

Other commitments

	2015	2014
	\$'000	\$'000
Within one year	5,551	12,159
Later than one year and not later than five years	1,696	4,251
Later than five years	-	1,160
Total Other Commitments	7,247	17,570

TAFE SA's other commitments relate to agreements for Productivity Places Programs contracts, cleaning contracts, and other procurement commitments.

Operating leases 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	25,903	26,418
Later than one year and not later than five years	72,259	72,744
Total Operating Lease Commitments	98,162	99,162

TAFE SA's operating leases are for office accommodation, campuses, equipment and motor vehicles. Office accommodation is leased from the Department for Planning, Transport and Infrastructure, but paid through an infrastructure recharge with DSD under a Memorandum of Administrative Arrangement (MAA). The leases are non-cancellable with some leases having the right of renewal. TAFE SA campuses are leased from DSD under the MAA. Rent is payable in arrears. Motor Vehicles are leased from SAFA through their agent LeasePlan Australia.

31 Contingent assets and liabilities

TAFE SA is not aware of any contingent assets or liabilities in existence at 30 June 2015.

TAFE SA

Notes to and forming part of the financial statements

32 Transferred functions

2015 Transferred In

In September 2014, the Chief Executives of DSD and TAFE SA authorised the transfer of approximately 80 staff from DSD to TAFE SA pursuant to Section 9 of the *Public Sector Act 2009*. These transfers were in accordance with a decision taken by the TAFE SA Board to establish autonomous information technology services within TAFE SA. The transfer became effective from 8 September 2014.

On transfer, TAFE SA recognised the following net assets and liabilities:

	\$'000
Payables	170
Employee benefits liability	1,550
Total Liabilities	1,720
Total net assets transferred	(1,720)

2014 Transferred In

In June 2013, the Chief Executives of DFEEST and TAFE SA authorised the transfer of approximately 100 staff from DFEEST to TAFE SA pursuant to Section 9 of the *Public Sector Act 2009*. These transfers were in accordance with a decision taken by the TAFE SA Board to establish autonomous corporate services within TAFE SA. The transfer became effective from 1 July 2013.

On transfer, TAFE SA recognised the following net assets and liabilities:

	\$'000
Payables	220
Employee benefits liability	3,488
Total Liabilities	3,708
Total net assets transferred	(3,708)

33 After balance dates events

TAFE SA is not aware of any events occurring after the reporting period that would have a significant impact on the Corporation's operations, or materially affect the numbers as presented.

34 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2014-15 financial year were:

TAFE SA Board

P Vaughan (Chair)
J Branson AM
N Buddle
R Chapman
J Denley
A Hurley
S Mitchell (from February 2015)
M Silva (resigned July 2014, reappointed February 2015)
V Simmons AO

TAFE SA

Notes to and forming part of the financial statements

Audit and Risk Committee

J Branson AM (Chair)
 N Buddle
 A Hurley
 M Silva (resigned July 2014, reappointed February 2015)

Finance Committee

N Buddle (Chair)
 J Branson AM
 M Silva (resigned July 2014, reappointed February 2015)
 V Simmons AO

Human Resources Committee

J Denley (Chair)
 R Chapman
 A Hurley
 S Mitchell (from February 2015)
 P Vaughan

Strategy Committee

P Vaughan (Chair)
 R Chapman
 J Denley
 S Mitchell (from February 2015)
 V Simmons AO

Adelaide College of the Arts Advisory Committee (abolished September 2014)

R Archer (Chair)
 S Bowers
 J Covernton
 A Ford
 F Ford ^
 S Grieve ^
 A Hann
 M Hill-Smith ^
 A Hurley
 J MacDonnell ^

^ Indicates a member who is entitled to receive remuneration but did not receive remuneration during the period 1 July 2014 to 30 June 2015.

The number of members whose remuneration from the entity falls within the following bands is:

	2015 No. of members	2014 No. of members
\$1 - \$9,999	7	5
\$10,000 - \$19,999	1	1
\$20,000 - \$29,999	1	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	6	6
\$100,000 - \$109,999	1	1
	16	14

TAFE SA

Notes to and forming part of the financial statements

Remuneration of board 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 \$0.5 million (\$0.5 million).

Amounts paid to a superannuation plan for board/committee members was \$42,769 (\$43,680).

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

35 Reconciliation of cash and cash Equivalents – cash at year end as per:

	2015 \$'000	2014 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	13,846	59,115
Balance as per the Statement of Cash Flows	13,846	59,115
Reconciliation of net cash provided by (used in) operating activities to net revenue (cost) of providing services		
Net cash provided by (used in) operating activities	(42,277)	21,894
Depreciation and amortisation	(4,076)	(5,027)
Gain/loss on sale of assets	(644)	(207)
Donated assets	2,463	-
(Increase) / Decrease in employee benefits	(6,309)	8,470
Increase / (Decrease) in receivables	55,026	(37,588)
Increase / (Decrease) in inventories	662	(190)
Transfer in for administrative restructure	1,720	3,708
(Increase) / Decrease in payables	(11,323)	(4,801)
(Increase) / Decrease in unearned revenue	(945)	2,845
(Increase) / Decrease in provisions	2,000	(1,041)
Net revenue (cost) of providing services	(3,703)	(11,937)

TAFE SA
Notes to and forming part of the financial statements

36 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						
5	Employee benefits	10,095	13,070	210,271	261,603	220,366	274,673
6	Supplies and services						
	Corporate Services recharges to DSD	2,341	13,188	-	-	2,341	13,188
	Infrastructure recharges to DSD	23,753	23,023	-	-	23,753	23,023
	Funding to external vocational education and training providers	-	-	139	229	139	229
	Printing and consumables	-	-	7,089	8,767	7,089	8,767
	Minor works, maintenance and equipment	10,229	8,813	2,762	7,559	12,991	16,372
	Information technology infrastructure and communication	2,401	1,196	7,339	2,859	9,740	4,055
	Fees - contracted services	10,983	12,098	7,581	7,976	18,564	20,074
	Trainee & apprenticeship reimbursements	-	-	-	16	-	16
	Utilities	1,345	1,552	7,013	7,834	8,358	9,386
	Cleaning	6,441	7,404	1,429	1,407	7,870	8,811
	Vehicle and travelling expenses	1,712	1,910	2,608	2,219	4,320	4,129
	Rentals and leases	11	12	1,812	1,961	1,823	1,973
	Books, materials and copyright	-	-	12,062	11,018	12,062	11,018
	Other	288	294	(8)	-	280	294
7	Grants	10	-	(4)	84	6	84
8	Depreciation and amortisation expense	-	-	4,076	5,027	4,076	5,027
16	Net loss from disposal of non-current assets	-	-	644	207	644	207
9	Other expenses						
	Audit fees (refer note 10)	289	302	165	166	454	468
	Allowance for doubtful debts and debt write-offs	-	-	1,045	817	1,045	817
	Other	-	-	5	5	5	5
	TOTAL EXPENSES	69,898	82,862	266,028	319,754	335,926	402,616

TAFE SA
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
	INCOME						
11	VET funding from DSD	161,188	192,545	-	-	161,188	192,545
12	Commonwealth grants	-	-	8,239	8,660	8,239	8,660
13	Student and other fees and charges						
	Sales/fee for service revenue	2,060	1,271	46,004	46,244	48,064	47,515
	Student enrolment fees and charges	2,753	741	25,339	31,372	28,092	32,113
	Other user fees and charges	489	779	8,760	2,392	9,249	3,171
14	Other grants and contributions	67,928	73,709	4,375	2,033	72,303	75,742
15	Investment income	-	-	3	8	3	8
16	Net gain from disposal of non-current assets	-	-	-	-	-	-
17	Other income						
	TVSP recovery from DSD	3,445	29,712	-	-	3,445	29,712
	Recoup of salaries	120	199	-	-	120	199
	Sundry Income	-	-	1,520	1,014	1,520	1,014
	TOTAL INCOME	237,983	298,956	94,240	91,723	332,223	390,679
	FINANCIAL ASSETS						
19	Receivables						
	Skills for All receivable from DSD	48,441	10,145	-	-	48,441	10,145
	Student and other fees and charges receivable	27,852	14,871	20,098	13,642	47,950	28,513
	less: allowance for doubtful debts	-	-	(2,279)	(2,334)	(2,279)	(2,334)
	Prepayments	233	1,080	1,380	356	1,613	1,436
	GST recoverable from ATO	-	-	274	2,384	274	2,384
	Workers compensation receivable	-	-	174	203	174	203
	Other receivables	8	809	99	98	107	907
	TOTAL FINANCIAL ASSETS	76,534	26,905	19,746	14,349	96,280	41,254
	FINANCIAL LIABILITIES						
24	Payables						
	Creditors	4,114	11,915	5,725	2,880	9,839	14,795
	Accrued expenses	22,139	6,722	3,883	2,627	26,022	9,349
	Employment on-costs	4,295	4,369	4,427	4,759	8,722	9,128
	Paid parental leave scheme payable	-	-	14	15	14	15
	Other	-	-	35	22	35	22
	TOTAL FINANCIAL LIABILITIES	30,548	23,006	14,084	10,303	44,632	33,309

TAFE SA

Notes to and forming part of the financial statements

37 Financial risk management / Financial instruments

Financial risk management

Risk management is managed by the TAFE SA's corporate services section and TAFE SA 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

TAFE SA is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Categorisation and maturity analysis of financial assets and liabilities - Table 37.1

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

			2015 Contractual maturities			
Category of financial asset and financial liability	Notes	2015 Carrying amount / Fair value	Current	Within 1 year	1-5 years	More than 5 years
		\$'000				
Financial assets						
Cash and cash equivalents	18	13,846	13,846	-	-	-
Receivables ^{(1) (2)}	19	94,162	94,162	-	-	-
Total financial assets		108,008	108,008	-	-	-
Financial Liabilities						
Financial Liabilities at cost ⁽¹⁾	24	35,609	35,609	-	-	-
Total financial liabilities		35,609	35,609	-	-	-

			2014 Contractual maturities			
Category of financial asset and financial liability	Notes	2014 Carrying amount / Fair value	Current	Within 1 year	1-5 years	More than 5 years
		\$'000				
Financial assets						
Cash and cash equivalents	18	59,115	59,115	-	-	-
Receivables ^{(1) (2)}	19	37,168	37,168	-	-	-
Total financial assets		96,283	96,283	-	-	-
Financial Liabilities						
Financial Liabilities at cost ⁽¹⁾	24	23,835	23,835	-	-	-
Total financial liabilities		23,835	23,835	-	-	-

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 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. All amounts recorded are carried at cost (not materially different from amortised cost).

TAFE SA

Notes to and forming part of the financial statements

Liquidity risk

Liquidity risk arises from the possibility that TAFE SA is unable to meet its financial obligations as they fall due. TAFE SA is funded principally from Skills for All funding provided by the Department of State Development.

TAFE SA 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.

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

The carrying amount of financial liabilities recorded in Table 37.1 represents TAFE SA's maximum exposure to financial liabilities.

Credit Risk

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

The carrying amount of financial assets as detailed in table 37.1 represents the Corporation's maximum exposure to credit risk.

TAFE SA has minimal concentration of credit risk. TAFE SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. TAFE SA does not engage in high risk hedging for its financial assets. No collateral is held as security and credit enhancements relate to financial assets held by TAFE SA.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently TAFE SA does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 19 for information on the allowance for impairment in relation to receivables.

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

Table 37.2 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						
Not impaired Receivables ⁽¹⁾	94,162	78,440	2,563	747	10,133	2,279
2014						
Not impaired Receivables	37,168	26,246	2,924	2,570	3,094	2,334

⁽¹⁾ Receivables overdue for more than 60 days as at 30 June 2015 include Vet Fee Help amounts owed by the Commonwealth to TAFE SA of \$5.9 million. No Vet Fee Help amounts were overdue for more than 60 days as at 30 June 2014.

TAFE SA

Notes to and forming part of the financial statements

38 External funds held by TAFE SA

TAFE SA established the Onshore Petroleum Centre of Excellence (OPCE) with the Minister for Mineral Resources and Energy, SANTOS Limited, Beach Energy Limited and SENEX Energy Limited in May 2014.

Each of the external parties to this arrangement have provided cash and/or in-kind capital contributions for the establishment of the OPCE. These contributions will assist the OPCE in developing courses and delivering training that will increase the skills of people who are, or wish to be employed in the petroleum industry.

As the administering party, TAFE SA holds the funds in a separate interest bearing account on behalf of the Parties and will ensure that no deduction or expenditure is made from that account unless it is in accordance with a decision of the OPCE Board and terms of the Deed.

Decisions made by the Board must be a unanimous decision of all voting Members and cannot be inconsistent with the terms and conditions of this Deed. Note that the representative member from TAFE SA has an advisory role and is not entitled to vote.

As TAFE SA does not have control of these funds they are excluded from TAFE SA's financial statements.

The following is a summary of the transactions on these monies for the year:

	2015	2014
	\$'000	\$'000
Opening balance of funds at 1 July	800	-
Member Contributions	-	880
Interest revenue	17	-
Payments	(99)	-
Less GST paid to ATO	-	(80)
Balance at 30 June	718	800

TAFE SA
Certification of the financial statements
for the year ended 30 June 2015

We certify that the attached general purpose financial statements for TAFE SA:

- 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 Corporation; and
- present a true and fair view of the financial position of TAFE SA 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 TAFE SA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Robin Murt
Chief Executive

17 September 2015



John O'Dea
Chief Financial Officer

17 September 2015



Peter Vaughan
Chair, TAFE SA Board

17 September 2015



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**To the Chair
TAFE SA Board**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32 of the *Public Corporations Act 1993*, I have audited the accompanying financial report of TAFE SA 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 - Expense 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 Certificate from the Chair, TAFE SA Board, Chief Executive and the Chief Financial Officer.

The Board of Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

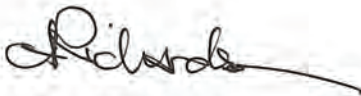
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical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

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

Department of Treasury and Finance

Financial report
for the year ended
30 June 2015

Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
EXPENSES			
Employee benefit expenses	5	55 710	67 043
Supplies and services	6	42 049	36 966
Depreciation and amortisation expense	7	1 321	1 237
Other expenses	8	—	4 515
Resources provided free of charge	9	—	411
Total expenses		99 080	110 172
INCOME			
Revenues from fees and charges	11	40 251	38 497
Interest revenues	12	—	13
Other income	13	2 257	4 888
Total income		42 508	43 398
NET COST OF PROVIDING SERVICES		(56 572)	(66 774)
REVENUES FROM SA GOVERNMENT			
Revenues from SA Government	14	59 117	64 017
Payments to SA Government	14	(2 737)	(6 108)
Total Revenues from SA Government		56 380	57 909
NET RESULT		(192)	(8 865)
TOTAL COMPREHENSIVE RESULT		(192)	(8 865)

THE NET RESULT AND TOTAL COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.

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

Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	15	9 683	13 723
Receivables	16	5 128	3 990
Total Current Assets		14 811	17 713
NON-CURRENT ASSETS			
Receivables	16	25	57
Property, plant and equipment	17	1 462	1 475
Intangible assets	18	24 967	20 955
Total Non-Current Assets		26 454	22 487
TOTAL ASSETS		41 265	40 200
CURRENT LIABILITIES			
Payables	20	6 643	7 551
Employee benefits	21	6 234	5 927
Provisions	22	174	200
Other liabilities	23	—	140
Total Current Liabilities		13 051	13 818
NON-CURRENT LIABILITIES			
Payables	20	1 170	1 053
Employee benefits	21	13 068	10 961
Provisions	22	512	712
Total Non-Current Liabilities		14 750	12 726
TOTAL LIABILITIES		27 801	26 544
NET ASSETS		13 464	13 656
EQUITY			
Contributed capital	24	547	547
Retained earnings	24	12 917	13 109
TOTAL EQUITY		13 464	13 656

THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.

	Note
Unrecognised contractual commitments	25
Contingent assets and liabilities	26

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	Retained earnings	Total equity
		\$'000	\$'000	\$'000
Balance at 30 June 2013		547	23 294	23 841
Error correction		—	(4 661)	(4 661)
Restated balance at 30 June 2013		547	18 633	19 180
Total comprehensive result for 2013-14		—	(8 865)	(8 865)
Transactions with SA Government as owner				
Net assets transferred as a result of an administrative restructure	32	—	3 341	3 341
Balance at 30 June 2014	24	547	13 109	13 656
Total comprehensive result for 2014-15		—	(192)	(192)
Balance at 30 June 2015	24	547	12 917	13 464

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	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(53 411)	(68 889)
Payments for supplies and services		(47 859)	(37 693)
Payments for Paid Parental Leave Scheme		(218)	(147)
Resources provided free of charge		—	(411)
Cash used in operations		(101 488)	(107 140)
Cash Inflows			
Fees and charges		42 451	42 180
Interest received		—	13
GST recovered from Australian Taxation Office		1 459	1 891
Other receipts		2 257	4 888
Receipts for Paid Parental Leave Scheme		221	152
Cash generated from operations		46 388	49 124
Cash Flows from SA Government			
Receipts from SA Government		59 117	64 017
Payments to SA Government		(2 737)	(10 769)
Cash generated from SA Government		56 380	53 248
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	28(b)	1 280	(4 768)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows			
Purchase of property, plant and equipment		(471)	(849)
Purchase of intangible assets		(4 849)	(2 260)
Cash used in investing activities		(5 320)	(3 109)
NET CASH (USED IN) INVESTING ACTIVITIES		(5 320)	(3 109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(4 040)	(7 877)
Cash and cash equivalents at the beginning of the period		13 723	21 600
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	28(a)	9 683	13 723

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

**Disaggregated Disclosure
Expenses and Income
for the year ended 30 June 2015**

	Workers' Compensation Improvements Activity 1		Gambling Policy Activity 2		Motor Injury Insurance Reform Activity 3		Accountability for Public Sector Resources Activity 4		Treasury Services Activity 5	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
EXPENSES										
Employee benefit expenses	—	145	342	354	(8)	1 397	12 364	14 565	5 056	5 316
Supplies and services	—	37	203	53	51	1 290	6 047	5 260	1 564	2 113
Depreciation and amortisation expense	—	—	4	2	—	10	98	103	10	10
Other expenses	—	—	—	—	—	—	—	—	—	—
Resources provided free of charge	—	—	—	—	—	411	—	—	—	—
Total Expenses	—	182	549	409	43	3 108	18 509	19 928	6 630	7 439
INCOME										
Revenues from fees and charges	—	190	25	4	—	25	733	347	5 729	6 984
Interest revenues	—	—	—	—	—	1	—	4	—	—
Other Income	—	—	1	1	11	2 453	1 957	2 182	—	—
Total Income	—	190	26	5	11	2 479	2 690	2 533	5 729	6 984
NET COST OF PROVIDING SERVICES	—	8	(523)	(404)	(32)	(629)	(15 819)	(17 395)	(901)	(455)
REVENUES FROM / PAYMENT TO SA GOVERNMENT										
Revenues from SA Government	—	—	—	—	—	—	—	—	—	—
Payments to SA Government	—	—	—	—	—	—	—	—	—	—
NET RESULT	—	8	(523)	(404)	(32)	(629)	(15 819)	(17 395)	(901)	(455)

**Disaggregated Disclosure
Expenses and Income
for the year ended 30 June 2015**

	Support Services		Financial Services Provision		Veterans' Affairs		General / Not Attributable		Activity Total	
	Activity 6		Activity 7		Activity 8		2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	\$'000	\$'000	\$'000	\$'000
EXPENSES										
Employee benefit expenses	4 035	9 447	33 430	35 302	491	517	—	—	55 710	67 043
Supplies and services	9 993	7 053	23 498	20 567	693	593	—	—	42 049	36 966
Depreciation and amortisation expense	237	165	965	945	7	2	—	—	1 321	1 237
Other expenses	—	—	—	4 515	—	—	—	—	—	4 515
Resources provided free of charge	—	—	—	—	—	—	—	—	—	411
Total Expenses	14 265	16 665	57 893	61 329	1 191	1 112	—	—	99 080	110 172
INCOME										
Revenues from fees and charges	2 466	1 923	31 261	28 997	37	27	—	—	40 251	38 497
Interest revenues	—	8	—	—	—	—	—	—	—	13
Other Income	87	69	174	157	27	26	—	—	2 257	4 888
Total Income	2 553	2 000	31 435	29 154	64	53	—	—	42 508	43 398
NET COST OF PROVIDING SERVICES	(11 712)	(14 665)	(26 458)	(32 175)	(1 127)	(1 059)	—	—	(56 572)	(66 774)
REVENUES FROM / PAYMENT TO SA GOVERNMENT										
Revenues from SA Government	—	—	—	—	—	—	59 117	64 017	59 117	64 017
Payments to SA Government	—	—	—	—	—	—	(2 737)	(6 108)	(2 737)	(6 108)
NET RESULT	(11 712)	(14 665)	(26 458)	(32 175)	(1 127)	(1 059)	56 380	57 909	(192)	(8 865)

**Disaggregated Disclosure
Assets and Liabilities
as at 30 June 2015**

	Workers' Compensation Improvements		Gambling Policy		Motor Injury Insurance Reform		Accountability for Public Sector Resources		Treasury Services	
	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Activity 6	Activity 7	Activity 8	Activity 9	Activity 10
	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	—	—	—	—	—	—	—	—	—	—
Receivables	—	7	—	—	512	1 063	56	19	4	1
Property, plant and equipment	—	—	—	—	39	—	74	—	—	10
Intangible assets	—	—	—	—	—	—	488	—	—	—
Total Assets	—	7	—	—	551	1 082	618	—	4	11
Liabilities										
Payables	—	5	13	10	—	144	1 075	467	440	164
Employee benefits	—	37	118	89	(3)	352	4 284	3 669	1 752	1 339
Provisions	—	1	3	1	1	32	99	130	26	52
Other liabilities	—	—	—	—	—	—	—	—	—	—
Total Liabilities	—	43	134	100	(2)	528	5 458	4 266	2 218	1 555
Net Assets	—	(36)	(134)	(100)	2	23	(4 840)	(3 184)	(2 214)	(1 544)

**Disaggregated Disclosure
Assets and Liabilities
as at 30 June 2015**

	Support Services Activity 6		Financial Services Provision Activity 7		Veterans' Affairs Activity 8		General / Not Attributable		Activity Total	
	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	—	—	—	—	—	—	9 683	13 723	9 683	13 723
Receivables	832	1 315	4	4	—	—	4 257	1 145	5 153	4 047
Property, plant and equipment	39	—	228	374	—	—	1 121	1 033	1 462	1 475
Intangible assets	—	—	24 340	20 850	38	—	101	105	24 967	20 955
Total Assets	871	1 315	24 572	21 228	38	—	15 162	16 006	41 265	40 200
Liabilities										
Payables	1 274	772	1 249	1 230	29	17	3 733	5 795	7 813	8 604
Employee benefits	11 584	8 892	1 398	2 380	169	130	—	—	19 302	16 888
Provisions	383	174	163	507	11	15	—	—	686	912
Other liabilities	—	—	—	—	—	—	—	140	—	140
Total Liabilities	13 241	9 838	2 810	4 117	209	162	3 733	5 935	27 801	26 544
Net Assets	(12 370)	(8 523)	21 762	17 111	(171)	(162)	11 429	10 071	13 464	13 656

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Notes to and forming part of the Financial Statements

1 Objectives of the Department of Treasury and Finance (the department)

The department administers a range of programs and services in support of the government's seven strategic priorities and ten economic priorities for the State and South Australia's Strategic Plan.

Sound budgeting and strong state finances underpin all of the government's goals for the long-term future of the State.

Within this context, the department's objectives are to ensure strong state finances and provide:

- Effective budget and financial management processes
- Efficient and responsive services
- Effective economic, social and regulatory policy

To achieve these objectives, the department undertakes a number of activities for the government. The activity information is summarised in Note 4.

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

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

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

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

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 (refer to Note 3).

2.2 Basis of Preparation

The preparation of the financial statements requires:

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

- b) expenses incurred as a result of engaging consultants;
- c) employee targeted voluntary separation package information;
- d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; 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 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.

2.3 Reporting Entity

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

The financial statements and accompanying notes include all the controlled activities of the department (refer to the disaggregated schedule for details of the department's controlled activities).

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

2.4 Transferred functions

Pursuant to section 9(3) of the *Public Sector Act 2009*, the Corporate Services function and Ministerial Fleet services were transferred from the department to the Department of the Premier and Cabinet on 10 February 2014 and 1 April 2014 respectively (refer to Note 32).

In 2013-14, as a result of a committal of Acts proclamation outlined in the Government Gazette on 1 August 2013, the department took on responsibility for the Local Government Taxation Equivalents Fund (LGTEF) as per the *Local Government Finance Authority Act 1983*. Assets and liabilities relating to these business units were transferred to the Department effective as per the gazette date (refer to Note 68).

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 budgets or administrative restructure/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.

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

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 and goods and services tax (GST).

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

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

The department prepares the Business Activity Statement on behalf of the Administered items and Bureau agencies under the grouping provisions of the GST legislation. Under these provisions, the department is liable for the payments and entitled to the receipt of GST. As such, the net amount of GST recoverable from, or payable to, the 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.

2.9 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 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 when the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

2.10 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.

The following are specific recognition criteria:

Fees and charges

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

Contributions received

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 department has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received; 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 contributions received by the department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Revenues from SA Government

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

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

Net gain on 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. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Gains on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and determined after deducting the cost of the asset from the proceeds at that time.

Taxation

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

Payroll tax is payable pursuant to the *Payroll Tax Act 2009*. A payroll tax liability arises in South Australia when an employer (or a group of employers) has a wages bill in excess of \$600 000 for services performed by employees in South Australia.

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

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

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

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

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

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

Commonwealth revenues

Commonwealth revenue disclosed in Note 36 includes GST grants, Specific Purpose Payments and National Partnership Payments received from the Commonwealth pursuant to the Intergovernmental Agreement on Federal Financial Relations (IGAFFR). All Commonwealth revenue is recognised when received.

Dividends

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

Interest revenues

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

Other revenues

Other revenue recognised in Note 42 mainly represents the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the government's cash alignment policy and return of deposit account balances.

2.11 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 benefits expenses

Employee benefit expenses include all costs related to employment including salaries and wages and leave entitlements. These are recognised when incurred.

Employee benefits expenses include expenses associated with the employment of staff assigned to support the activities of SAFA and the South Australian Superannuation Board (Super SA). The department fully recovers these expenses through Service Level Agreements with SAFA and Super SA.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the department to the superannuation scheme in respect of current services of current departmental staff. The superannuation liability of the SA Government is recognised in the whole-of-government general purpose financial statements.

Superannuation contributions to various schemes (Administered)

This item represents past service superannuation cash payments to the South Australian Superannuation Fund and Police Superannuation Scheme. This annual contribution is designed to support the government's target of fully funding its unfunded superannuation liabilities by 2034 and is recognised when paid.

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

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

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 (yr)
Buildings	0-39
Land Improvements	3 - 100
Fitouts - leased buildings	Life of lease
Furniture	5-10
Information Technology Equipment	3 - 5
Intangibles	3 - 15
Office Equipment	3 - 7
Plant and Equipment	5 - 10

Grants subsidies and transfers

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

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

Borrowing costs

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

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

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

Payments to SA Government

Payments to the SA Government reflect the return of surplus cash pursuant to the cash alignment policy and Administered Items includes the transfer of revenue received on behalf of the Consolidated Account.

Other Expenses

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

2.12 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 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.

2.13 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 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 can be 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 provided, GST input tax credits recoverable, prepayments and other accruals. GST receivables include amounts for controlled, administered and bureau agencies.

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

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

Other financial assets

The department measures financial assets and debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

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 not depreciated or amortised.

Non-current assets

Acquisition and recognition

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

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

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

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

Revaluation of non-current assets

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

Every three years, the department revalues its land and buildings over \$1 million. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation 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 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.

Impairment

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

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or infinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

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

Fair value measurement

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

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

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

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

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

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 within the next five years. 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 Note 19 and Note 56 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

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.

Payables

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

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

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

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

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

Employee benefit on-costs include payroll tax, Return to Work SA levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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

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.

Finance leases

The department does not have any 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.

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 experience and retention leave (SERL) and sick leave

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

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over similar 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 to the estimated future cash outflows.

The current classification of the department's long service leave liabilities has been calculated based on historical leave patterns, based on the department's experience of employee retention and leave taken. The remainder of long service leave is classified as non-current.

This calculation is consistent with the department's experience of employee retention and leave taken.

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.

Workers' compensation

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 business unit of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

2.15 Unrecognised contractual commitments and contingent assets and liabilities

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

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the 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

In accordance with the new *AASB 1055 Budgetary Reporting*, which became effective for the first time in 2014-15, the department has included comprehensive new notes 'Budgetary reporting and explanations of major variances' (Note 30 and 66). 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 2014-15 Budget - Budget Paper 4
- a comparison of the original budget information
- explanations of major variances.

In accordance with 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.

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.

4 Activities of the Department

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

Activity 1: Review of Workers' Compensation and Rehabilitation

The department is developing operational and legislative changes to improve the effectiveness and efficiency of Workers' Compensation in South Australia. The review of Workers' Compensation and Rehabilitation program concluded in 2013-14.

Activity 2: Gambling Policy

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

Activity 3: Motor Injury Insurance (CTP) Reform

The Compulsory Third Party (CTP) Reform Governance Group oversees the implementation of reforms to the South Australian CTP Insurance Scheme. The Motor Injury Insurance Reform program substantially concluded in 2013-14.

Activity 4: Accountability for Public Sector Resources

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

Activity 5: Treasury Services

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

Activity 6: Support Services

The department provides vehicles for Ministers, Leader of the Opposition, Members of Parliament and VIPs and supports the Treasurer's Office.

Activity 7: Financial Services Provision

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

Activity 8: Veterans Affairs

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

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

The Disaggregated Disclosure Schedules present expenses, income, assets and liabilities attributed to each of the activities for the years ended 30 June 2015 and 30 June 2014.

5 Employee benefits expenses

	2015	2014
	\$'000	\$'000
Salaries and wages	38 442	45 792
TVSPs (refer below)	—	3 227
Long service leave	3 285	1 692
Annual leave	3 682	4 342
Skills and experience retention leave	226	171
Employment on-costs - superannuation	6 291	6 930
Employment on-costs - other	2 649	2 868
Board and committee fees	291	327
Other employee related expenses	844	1 694
Total Employee benefits expenses	55 710	67 043

Targeted Voluntary Separation Packages (TVSPs)

	2015	2014
	\$'000	\$'000
Amounts paid to separated employees:		
TVSPs	—	3 227
Leave paid to those employees	—	1 118
	—	4 345
Recovery from the Department of Treasury and Finance - Administered Items *	—	1 775
Net cost to Department of Treasury and Finance	—	2 570

* The recovery amount includes payroll tax, Shared Services administration fees, and payments for employee assistance.

The number of employees who received a TVSP during the reporting period was **NIL** (27).

Remuneration of employees

	2015	2014
	Number of Employees	Number of Employees
The number of employees whose total remuneration received or receivable falls within the following bands:		
\$141 500 to \$151 499	3	3
\$151 500 to \$161 499	3	4
\$161 500 to \$171 499	7	9
\$171 500 to \$181 499	8	3
\$181 500 to \$191 499	3	10
\$191 500 to \$201 499	1	1
\$201 500 to \$211 499	2	3
\$211 500 to \$221 499	2	3
\$221 500 to \$231 499	—	1
\$231 500 to \$241 499	2	1
\$251 500 to \$261 499	—	1
\$261 500 to \$271 499	—	1
\$271 500 to \$281 499	2	3
\$281 500 to \$291 499	2	1
\$291 500 to \$301 499	—	2
\$311 500 to \$321 499	1	—
\$321 500 to \$331 499	2	3
\$331 500 to \$341 499	—	1
\$361 500 to \$371 499	1	—
\$371 500 to \$381 499	—	1
\$411 500 to \$421 499	1	1
\$471 500 to \$481 499	—	1
Total Number of Employees	40	53

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).

The Chief Executive of the Lifetime Support Authority (LSA) was appointed by the Authority effective 1 February 2014. Executive remuneration was paid from and is disclosed in DTF's 2013-14 Financial Statements.

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

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year, of which **37** (44) are executive and **3** (9) are non executive staff. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$8 431 000** (\$11 678 000).

6 Supplies and services	2015	2014
	\$'000	\$'000
Accommodation and telecommunication	5 046	6 075
Information technology expenses	5 977	6 900
Minor works, maintenance and equipment	438	464
Legal costs	2 846	1 336
Consultants *	2 159	1 577
Contractors and temporary staff	3 124	2 613
Valuation fees	4 727	4 731
General administration and consumables	4 298	6 110
Corporate recharge expense	10 447	2 795
Other	2 987	4 365
Total Supplies and services	42 049	36 966

The total supplies and services amount disclosed includes GST amounts not-recoverable from the Australian Taxation Office due to the department not holding a valid tax invoice or payments relating to third party arrangements.

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

	2015	2014	2015	2014
	Number	Number	\$'000	\$'000
Below \$10 000	17	33	83	130
Above \$10 000	29	27	2 076	1 447
Total paid / payable to the consultants engaged	46	60	2 159	1 577

7 Depreciation and amortisation expense	2015	2014
	\$'000	\$'000
Depreciation		
Furniture	4	23
Information technology equipment	289	165
Office equipment	10	30
Total Depreciation	303	218

	2015 \$'000	2014 \$'000
Amortisation		
Intangible assets	819	830
Building fitouts	199	189
Total Amortisation	1 018	1 019
Total Depreciation and amortisation expense	1 321	1 237

8 Other expenses	2015 \$'000	2014 \$'000
Derecognition of assets	—	4 515
Total Other expenses	—	4 515

9 Resources provided free of charge	2015 \$'000	2014 \$'000
Resources provided free of charge	—	411
Total Resources provided free of charge	—	411

Resources provided free of charge for 2013-14 relates to employee benefits expenses paid by DTF on behalf of LSA. DTF was reimbursed by the Motor Accident Commission (MAC) for these costs. The reimbursement from MAC is recognised in the balance of 'Other Income' - refer Note 13.

10 Auditor's remuneration	2015 \$'000	2014 \$'000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of financial statements.	572	602
Total audit fees	572	602

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 (other) – refer to Note 6.

11 Revenues from fees and charges	2015 \$'000	2014 \$'000
Fees for the provision of corporate services	384	306
South Australian Government Financing Authority	12 238	13 650
South Australian Superannuation Board	16 694	15 563
Community Emergency Services Fund	6 187	5 636
Land tax certificates	264	256
Regulatory fees	160	77
Service provision	3 051	1 682
Fleet management	—	331
Other recoveries	1 273	996
Total Fees and charges	40 251	38 497

12 Interest revenues	2015 \$'000	2014 \$'000
Interest from entities within the SA Government	—	13
Total Interest revenues	—	13

13 Other income	2015	2014
	\$'000	\$'000
Commissions	139	145
Banking recoveries	1 556	1 888
Other income	562	406
Reimbursement from MAC	—	2 449
Total Other income	2 257	4 888

14 Revenues from/Payments to SA Government	2015	2014
	\$'000	\$'000
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	50 412	61 265
Transfers from the Treasurer's Contingency Fund	8 705	2 752
Total Revenues from SA Government	59 117	64 017

Payments to SA Government

Return of surplus cash pursuant to Cash Alignment Policy	2 737	6 108
Total Payments to SA Government	2 737	6 108

Contingencies included **\$331 000** (\$2 231 000) for TVSP reimbursements, **\$179 000** (\$175 000) for the enterprise bargaining supplementation, **\$3 800 000** for the CTP Insurance Market Reform Project, **\$3 523 000** for the Tax Reform project and **\$522 000** for the Market Projects Unit.

Total revenues from SA Government consist of **\$44 762 000** for operational funding and **\$5 650 000** for capital projects.

The original amount appropriated to the department under the annual *Appropriation Act* was not varied. An additional amount of **\$1 033 000** was received from the Treasurer via the Governor's Appropriation Fund.

15 Cash and cash equivalents	2015	2014
	\$'000	\$'000
Deposits with the Treasurer	9 680	13 719
Cash on hand	3	4
Total Cash and cash equivalents	9 683	13 723

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of this fund is \$2 682 000 and is not available for general use.

Interest rate risk

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

16 Receivables	2015	2014
	\$'000	\$'000
Current		
Receivables	526	1 947
Less allowance for doubtful debts	—	(1)
Accrued revenues	2 072	621
Prepayments	1 000	1 168
Net GST receivable from the ATO	1 530	255
Total Current receivables	5 128	3 990

	2015 \$'000	2014 \$'000
Non-Current		
Receivables	19	24
Prepayments	6	33
Total Non-Current receivables	25	57
Total Receivables	5 153	4 047

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.

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	1	1
Amounts written off	(1)	—
Carrying amount at the end of the period	—	1

Interest rate and credit risk

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

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

Ageing analysis of financial assets - refer to Table 31.3 in Note 31.

Maturity analysis of financial assets and liabilities - refer to Table 31.4 in Note 31.

Categorisation of financial instruments and risk exposure information - refer to Note 31.

17 Property, plant and equipment

	2015 \$'000	2014 \$'000
Building Fitouts		
At cost	2 145	2 048
Accumulated amortisation	(1 812)	(1 636)
Total Building Fitouts	333	412
Furniture		
At cost	260	338
Accumulated depreciation	(255)	(289)
Total Furniture	5	49
Information Technology Equipment		
At cost	1 764	1 893
Accumulated depreciation	(1 021)	(1 540)
Total Information Technology Equipment	743	353

	2015 \$'000	2014 \$'000
Office Equipment		
At cost	382	454
Accumulated depreciation	(370)	(447)
Total Office Equipment	12	7
Work in Progress		
At cost	369	654
Total Work in Progress	369	654
Total Property, plant and equipment	1 462	1 475

Carrying amount of Property, plant and equipment

All items of property, plant and equipment that had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. The assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

Impairment

There were no indicators of impairment for property, plant and equipment as at 30 June 2015.

Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2014-15:

	Building Fitouts \$'000	Furniture \$'000
Carrying amount at the beginning of the period	412	49
Additions	—	—
Capital transfers from WIP	120	—
Other movements	—	(40)
Transfers between asset classes	—	—
Depreciation and amortisation expense	(199)	(4)
Carrying amount at the end of the period	333	5

	Information Technology Equipment \$'000	Office Equipment \$'000	Work in Progress \$'000	Total 2015 \$'000
Carrying amount at the beginning of the period	353	7	654	1 475
Additions	9	15	487	511
Capital transfers from WIP	652	—	(772)	—
Other movements	—	—	—	(40)
Transfers between asset classes	18	—	—	18
Depreciation and amortisation expense	(289)	(10)	—	(502)
Carrying amount at the end of the period	743	12	369	1 462

The following table shows the movement of property, plant and equipment during 2013-14:

	Building Fitouts \$'000	Furniture \$'000
Carrying amount at the beginning of the period	601	33
Additions	—	39
Capital transfers from WIP	—	—
Other movements	—	—
Depreciation and amortisation expense	(189)	(23)
Carrying amount at the end of the period	412	49

	Information Technology Equipment	Office Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	362	37	—	1 033
Additions	156	—	654	849
Capital transfers from WIP	—	—	—	—
Other movements	—	—	—	—
Depreciation and amortisation expense	(165)	(30)	—	(407)
Carrying amount at the end of the period	353	7	654	1 475

18 Intangible assets

	2015 \$'000	2014 \$'000
Internally developed computer software		
At cost	21 048	20 670
Accumulated amortisation	(11 811)	(11 005)
Total Internally developed computer software	9 237	9 665
Externally acquired software		
At cost	2 099	2 940
Accumulated amortisation	(2 099)	(2 880)
Total Externally acquired software	—	60
Work in Progress		
At cost	15 730	11 230
Total Work in Progress	15 730	11 230
Total Intangible assets	24 967	20 955

Reconciliation of Intangible assets

The following table shows the movement of intangible assets during 2014-15:

	Internally developed software \$'000	Externally acquired software \$'000	Work in Progress \$'000	Total 2015 \$'000
Carrying amount at the beginning of the period	9 665	60	11 230	20 955
Additions	195	—	4 653	4 848
Capital transfers from WIP	182	—	(182)	—
Transfers between asset classes	—	(46)	29	(17)
Amortisation expense	(805)	(14)	—	(819)
Carrying amount at the end of the period	9 237	—	15 730	24 967

There were no indications of impairment for intangible assets as at 30 June 2015.

The following table shows the movement of intangible assets during 2013-14:

	Internally developed software \$'000	Externally acquired software \$'000	Work in Progress \$'000	Total 2014 \$'000
Carrying amount at the beginning of the period	10 364	65	13 611	24 040
Additions	—	46	2 214	2 260
Capital transfers from WIP	80	—	(80)	—
Disposals and derecognition of assets	—	—	(4 515)	(4 515)
Amortisation expense	(779)	(51)	—	(830)
Carrying amount at the end of the period	9 665	60	11 230	20 955

19 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into a three-tier hierarchy based on the level of inputs used in measurement. As at 30 June 2015 the department had no level 1 and 2 assets and there were no changes to the asset classifications between 2014 and 2015.

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 3	2015
	\$'000	\$'000
Recurring fair value measurements		
Building fitouts (Note 17)	333	333
Furniture (Note 17)	5	5
Information technology equipment (Note 17)	743	743
Office equipment (Note 17)	12	12
Total recurring fair value measurements	1 093	1 093

Fair value measurements at 30 June 2014

	Level 3	2014
	\$'000	\$'000
Recurring fair value measurements		
Building fitouts (Note 17)	412	412
Furniture (Note 17)	49	49
Information technology equipment (Note 17)	353	353
Office equipment (Note 17)	7	7
Total recurring fair value measurements	821	821

There were no transfers of assets into or out of the level 3 hierarchy in 2015. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

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

In accordance with APF III 'Asset Accounting Framework', property, plant and equipment is only revalued when its fair value at acquisition date exceeds \$1 million and its estimated useful life is greater than 3 years. The department does not control any assets that meet this threshold.

Estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data. For this reason all property, plant and equipment is categorised into level 3.

There were no changes in valuation techniques during 2015.

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

	Office equipment	Building fit-outs	Furniture	Information technology equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	7	412	49	353
Additions	15	120	—	661
Transfers between asset classes				18
Subtotal	22	532	49	1 032

Gains/(losses) for the period recognised in net result:

Prior period adjustments			(40)	
Depreciation	(10)	(199)	(4)	(289)
Carrying amount at the end of the period	12	333	5	743

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2014

	Office equipment	Building fit-outs	Furniture	Information technology equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	37	601	33	362
Additions	—	—	39	156
Subtotal	37	601	72	518

Gains/(losses) for the period recognised in net result:

Depreciation	(30)	(189)	(23)	(165)
Carrying amount at the end of the period	7	412	49	353

20 Payables

	2015	2014
	\$'000	\$'000
Current		
Creditors and accrued expenses	5 758	6 663
Employment on-costs	861	861
Paid Parental Leave Scheme payable	24	27
Total Current Payables	6 643	7 551
Non-Current		
Employment on-costs	1 170	1 053
Total Non-Current Payables	1 170	1 053
Total Payables	7 813	8 604

Interest rate and credit risk

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

Maturity analysis of financial assets and liabilities - refer to table 31.4 in Note 31.

Categorisation of financial instruments and risk exposure information - refer to Note 31.

21 Employee benefits	2015	2014
	\$'000	\$'000
Current		
Accrued salaries and wages	313	157
Annual leave	3 858	3 699
Long service leave	1 787	1 840
Skills and experience retention leave	276	231
Total Current Employee benefits	6 234	5 927
Non-Current		
Long service leave	13 068	10 961
Total Non-Current Employee benefits	13 068	10 961
Total Employee benefits	19 302	16 888

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in measurement of the long service liability. The yield on long-term Commonwealth Government bonds has decreased from 2014 (3.5%) to 2015 (3%).

The 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 services leave liability. The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$459 000. 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 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.

22 Provisions	2015	2014
	\$'000	\$'000
Current		
Provision for workers' compensation	174	200
Total Current Provisions	174	200
Non-Current		
Provision for workers' compensation	512	712
Total Non-Current Provisions	512	712
Total Provisions	686	912
Reconciliation of Provisions	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	912	1 203
Payments/other sacrifices of future economic benefits	(225)	(704)
Additional provisions recognised	(1)	413
Carrying amount at the end of the period	686	912

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 business unit of the Department of the Premier and Cabinet.

23 Other liabilities

	2015	2014
	\$'000	\$'000
Current		
Unearned revenue	—	140
Total Other liabilities	—	140

24 Equity

	2015	2014
	\$'000	\$'000
Capital contribution	547	547
Retained earnings	12 917	13 109
Total Equity	13 464	13 656

25 Unrecognised Contractual Commitments**(a) 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
Not later than one year	7 208	7 214
Later than one year but not later than five years	13 664	13 224
Later than five years	24	—
Total Remuneration Commitments	20 896	20 438

Amounts disclosed include commitments arising from executive and other employment contracts.

(b) Operating Lease Commitments**The Department as Lessee**

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

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

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

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

	2015	2014
	\$'000	\$'000
Not later than one year	1 317	4 153
Later than one year but not later than five years	518	1 876
Later than five years	—	91
Total Non-Cancellable Operating Lease Commitments	1 835	6 120

(c) Other Commitments

The department's other commitments are primarily agreements for software licenses and software development.

	2015	2014
	\$'000	\$'000
Not later than one year	3 325	4 082
Later than one year and not later than five years	489	1 691
Total Other Commitments	3 814	5 773

26 Contingent Assets and Liabilities

The department is not aware of any contingent assets or liabilities in relation to the department's operations. In addition, the department has made no guarantees.

27 Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during the 2014-15 financial year were:

SAFA Advisory Board

Mr Brett Rowse (Presiding Member)*
 Mr Mark Day (Resigned 08/06/15)
 Mr Leonard Foster (Resigned 08/06/15)
 Ms Yvonne Sneddon (Resigned 08/06/15)
 Ms Juliet Brown
 Ms Joan Fitzpatrick (Appointed 14/08/14)
 Mr Garry Goddard (Deputy Member)*
 Mr Jamie Hollamby (Appointed 14/08/14)*
 Ms Kerry Rowlands (Deputy Member) -
 (Appointed 14/08/14)*

SAFA Audit and Risk Management Committee

Ms Yvonne Sneddon (Chair) (Resigned 08/06/15)
 Mr Leonard Foster (Resigned 08/06/15)
 Ms Juliet Brown
 Mr Jamie Hollamby*
 Ms Joan Fitzpatrick (Appointed 14/08/14)

Super SA Board

Mr Philip Jackson (Presiding Member)
 Ms Virginia Deegan
 Dr Bill Griggs*
 Ms Jan McMahon
 Ms Deborah Black
 Mr John Wright (Deputy Member)
 Ms Leah York
 Ms Elizabeth Hlipala (Deputy Member)*

Super SA Member Services Committee

Ms Jan McMahon (Convenor of Meetings)
 Ms Leah York
 Dr Bill Griggs*
 Mr John Montague*

Veterans Advisory Council

Hon Sir Eric Neal AC CVO
 BRIG L Lewis AM (Retd)^
 BRIG TJ Hanna AM
 Dr P D Schultz OAM
 LTCOL I R Gregg
 LTCOL J Spencer OAM RFD (Retd)
 Mr B L Horan
 Mr C M Burns CSC
 Mr L Eddy
 Mr M von Berg MC OAM
 Ms H K Adamson
 WGCDR R A Macintosh AFC OAM (Retd)
 Mr T Briscoe (Resigned 23/06/15)
 LTCOL M D Wells (Resigned 31/12/14)^
 Mr G Harrison OAM (Resigned 31/12/14)
 Mr J L Hough (Resigned 31/12/14)
 Mr M Benyk (Resigned 31/12/14)
 Ms J R Hudson (Resigned 31/12/14)
 Mr D J Everitt (Resigned 19/01/15)
 Mr R J Kemp (Resigned 19/01/15)
 Dr S L Mascall-Dare (Resigned 19/01/15)
 LTCOL D McCammon (Resigned 19/01/15)^

DTF Audit and Risk Committee

Mr Andrew Blaskett * (Chair)
 Mr Anthony Steele *
 Mr Craig Fowler *
 Mr Tim Smith * (resigned)
 Mr John Hill - Independent Member
 Ms Tammie Pribanic*

Super SA Audit and Finance Committee

Ms Virginia Deegan (Convenor of Meetings)
 Mr Philip Jackson (Presiding Member)*
 Mr John Wright

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

^ BRIG L Lewis AM (Retd), LTCOL M D Wells and LTCOL D McCammon were entitled to but elected not to receive remuneration for membership of the Veteran's Advisory Council.

	2015 Number	2014 Number
The number of remunerated members whose remuneration received or receivable falls within the following bands:		
\$0 - \$9 999	20	21
\$10 000 - \$19 999	—	3
\$20 000 - \$29 999	4	3
\$30 000 - \$39 999	4	4
\$40 000 - \$49 999	1	2
Total Number of Members	29	33

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was **\$322 000** (\$362 000).

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

28 Cash Flow Reconciliation	2015 \$'000	2014 \$'000
(a) Reconciliation of cash and cash equivalents at the end of the reporting period		
Statement of Cash Flows	9 683	13 723
Statement of Financial Position	9 683	13 723
(b) Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	1 280	(4 768)
Less revenues from SA Government	(59 117)	(64 017)
Add payments to SA Government	2 737	6 108
Add non cash items		
Depreciation and amortisation expense	(1 321)	(1 237)
Derecognition of assets	—	(4 515)
Derecognition of liabilities as part of Administrative Restructure	—	(3 341)
Movement in assets / liabilities		
Increase (Decrease) in receivables	1 106	(1 120)
Decrease (Increase) in payables	791	1 716
(Increase) Decrease in employee benefits	(2 414)	4 249
Decrease (increase) in provisions	226	291
Increase (Decrease) in other liabilities	140	(140)
Net cost of providing services	(56 572)	(66 774)

29 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Note						
EXPENSES						
5) Employee benefits expenses	—	—	55 710	67 043	55 710	67 043

Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
6)	Supplies and services						
	Accommodation and telecommunication	4 959	5 989	86	86	5 046	6 075
	Information technology expenses	290	442	5 687	6 458	5 977	6 900
	Minor works, maintenance and equipment	262	279	176	185	438	464
	Legal costs	1 694	1 253	1 152	83	2 846	1 336
	Consultants	—	—	2 159	1 577	2 159	1 577
	Contractors	—	—	3 124	2 613	3 124	2 613
	Valuation fees	4 727	4 731	—	—	4 727	4 731
	General administration and consumables	835	2 596	2 891	2 912	3 726	5 508
	Corporate recharge expense	10 447	2 795	—	—	10 447	2 795
	Other	1 366	1 757	1 621	2 608	2 987	4 365
7)	Depreciation and amortisation expense	—	—	1 321	1 237	1 321	1 237
8)	Other expenses						
	Derecognition of assets	—	4 515	—	—	—	4 515
9)	Resources received free of charge	—	411	—	—	—	411
10)	Auditor's remuneration	572	602	—	—	572	602
14)	Payments to SA Government	2 737	6 108	—	—	2 737	6 108
	TOTAL EXPENSES	27 889	31 478	73 927	84 802	101 817	116 280
	INCOME						
11)	Revenues from fees and charges						
	Fees for the provision of Corporate Services	384	306	—	—	384	306
	South Australian Government Financing Authority	12 238	13 650	—	—	12 238	13 650
	South Australian Superannuation Board	16 694	15 563	—	—	16 694	15 563
	Community Emergency Services Fund	6 187	5 636	—	—	6 187	5 636
	Land tax certificates	—	—	264	256	264	256
	Regulatory fees	—	—	160	77	160	77
	Service provision	3 051	1 682	—	—	3 051	1 682
	Fleet management	—	—	—	331	—	331
	Other recoveries	177	542	1 097	454	1 274	996
12)	Interest revenues	—	13	—	—	—	13
13)	Other income						
	Commissions	—	—	139	145	139	145
	Banking recoveries	—	—	1 556	1 888	1 556	1 888
	Other income	521	385	41	22	562	406
	Reimbursements from MAC	—	2 449	—	—	—	2 449
14)	Revenues from SA Government	59 117	64 017	—	—	59 117	64 017
	TOTAL INCOME	98 369	104 243	3 258	3 173	101 626	107 415
	FINANCIAL ASSETS						
15)	Cash and cash equivalents	9 683	13 723	—	—	9 683	13 723
16)	Receivables						
	Receivables	122	333	423	1 638	545	1 971
	Accrued revenues	2 055	615	17	6	2 072	621
	Prepayments	—	—	1 006	1 201	1 006	1 201
	Net GST recoverable from the ATO	—	—	1 530	255	1 530	255
	TOTAL FINANCIAL ASSETS	11 860	14 671	2 976	3 100	14 836	17 771

Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	FINANCIAL LIABILITIES						
20)	Payables						
	Creditors and accrued expenses	3 404	6 426	2 354	237	5 758	6 663
	Employment on-costs	1 006	883	1 025	1 031	2 031	1 914
	Paid Parental Leave Scheme payable	—	—	24	27	24	27
21)	Employee benefits						
	Accrued salaries and wages	—	—	313	157	313	157
	Annual leave	—	—	3 858	3 699	3 858	3 699
	Long service leave	—	—	14 855	12 801	14 855	12 801
	Skills and experience retention leave	—	—	276	231	276	231
22)	Provisions						
	Provisions for workers compensation	—	—	686	912	686	912
23)	Other financial liabilities						
	Unearned revenue	—	140	—	—	—	140
	TOTAL FINANCIAL LIABILITIES	4 410	7 449	23 391	19 095	27 801	26 544

30 Budgetary Reporting and Explanations of Major Variances Between Budget and Actual Amounts

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

Statement of Comprehensive Income

	Note	Original Budget ¹	Actual	Variance	Variance Explanation
		2015 \$'000	2015 \$'000	2015 \$'000	
Expenses					
Employee benefits expense	5	54 780	55 710	(930)	
Supplies and services	6	35 391	42 049	(6 658)	1
Depreciation and amortisation expense	7	4 092	1 321	2 771	
Other expenses	8	336	—	336	
Total Expenses		94 599	99 080	(4 481)	
Income					
Revenues from fees and charges	11	38 318	40 251	(1 933)	
Other income	13	825	2 257	(1 432)	
Total Income		39 143	42 508	(3 365)	
Net cost of providing services		(55 456)	(56 572)	1 116	
Revenues from/payments to SA Government					
Revenue from SA Government	14	49 379	59 117	(9 738)	2
Payments to SA Government	14	—	(2 737)	2 737	
Total Revenue from SA Government		49 379	56 380	(7 001)	
Net result		(6 077)	(192)	(5 885)	3
Total comprehensive result		(6 077)	(192)	(5 885)	

	Note	Original Budget ¹	Actual	Variance \$	
		2015 \$'000	2015 \$'000	2015 \$'000	
Investing Expenditure Summary					
Total new projects		—	488	(488)	
Total existing projects		2 884	4 147	(1 263)	
Total annual programs		1 856	767	1 089	
Total investing expenditure		4 740	5 402	(662)	4

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 the line items in the financial statements. However the amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Variance Explanations

1 Supplies and Services

The additional \$6.658 million in expenditure compared to the original budget is primarily due to additional supplies and services budget for specific projects and initiatives of the department. This included funding for the Tax Reform project (\$0.806m), consultancy budget for the Market Projects Unit which resulted in additional expenditure over the original budget (\$0.650m) and the service level agreement (SLA) charges for the merged Corporate Services initiative with DPC (\$7.630m). The additional funding for the SLA charges was offset by an equal reduction in Salaries and Wages budget to reflect the change in expenditure classification. The department also recorded an underspend against the revised supplies and services budget (\$3.167m) which offsets the additional funding received in 2014-15 due to delays in departmental projects and initiatives.

2 Revenue from SA Government

An additional \$9.738 million in Revenue from SA Government was received in 2014-15 over the original budget to fund specific projects and initiatives of the department as well as funding received for a machinery of government change and wages parity supplementation. Projects and initiatives included the CTP Insurance Market Reform project, the Tax Reform project and the Budget Monitoring System upgrade. Under machinery of government changes Veterans' Affairs was transferred along with its funding from the Department for Communities and Social Inclusion to the Department of Treasury and Finance.

3 Net result

The department's actual net result against the original budget improved by \$5.885 million. This is primarily due to:

- a) Under expenditure by the department against the original budget due to staffing vacancies throughout the year, a reprofiling of depreciation expense due to delays in the implementation of the RISTEC system offset by additional supplies and services expenditure in relation to specific projects and initiatives undertaken by the department for which additional funding was received in 2014-15
- b) additional income received by the department due to the recovery of Corporate Services costs from the Department of the Premier and Cabinet relating to the merged Corporate Services initiative as well as additional income relating to the whole of government banking contract.
- c) additional revenue from SA Government (refer variance 2).

4 Investing expenditure

The department received additional funding over the original budget during 2014-15. The total revised investing budget was \$7.972 million. Additional investing budget received during 2014-15 included funding for the Budget and Monitoring system upgrade (\$0.700m), carryovers from 2013-14 (\$1.962m), funding for the National Electronic Conveyancing System (\$0.250m) and funding for system changes associated with the SAILIS Land Services business reform project (\$0.250m).

31 Financial Instruments/Financial Risk Management

31.1 Financial risk management

Risk management is managed by the department's Audit and Risk Committee 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 - credit risk, liquidity risk and market risk. There have been no changes in risk exposure since the last reporting period.

Table 31.2 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 Summary of Significant Accounting Policies.

2015

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2015 \$'000	2015 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	15, 28	9 683	9 683
Receivables	Receivables ^{(1) (2)}	16	526	526
	Total Financial Assets		10 209	10 209
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	20	5 211	5 211
	Other liabilities	23	—	—
	Total Financial Liabilities		5 211	5 211

2014

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2014 \$'000	2014 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	15, 28	13 723	13 723
Receivables	Receivables ^{(1) (2)}	16	1 947	1 947
	Total Financial Assets		15 670	15 670
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	20	6 203	6 203
	Other liabilities	23	140	140
	Total Financial Liabilities		6 343	6 343

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

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

Fair value

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

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short term nature of these. Refer to Notes 16 and 20.

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit ratings. The department does not hold any collateral as security on any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 16 for information on the allowance for impairment in relation to receivables.

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

Table 31.3 Ageing analysis of financial assets

	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 ⁽¹⁾	—	—	—	—
Impaired				
Receivables ⁽¹⁾	—	—	—	—
Total	—	—	—	—
2014				
Not impaired				
Receivables ⁽¹⁾	68	—	—	68
Impaired				
Receivables ⁽¹⁾	—	—	1	1
Total	68	—	1	69

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

Liquidity risk

Liquidity risk arises from the possibility that the department is unable to meet its financial obligations as they fall due. The department is funded principally from appropriation by the SA Government. The department 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.

The carrying amount of financial liabilities recorded in Table 31.4 represent the department's maximum exposure to liquidity risk.

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

Table 31.4: Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2015				
Financial assets				
Cash and cash equivalents	9 683	9 683	—	—
Receivables	526	526	—	—
Total financial assets	10 209	10 209	—	—
Financial liabilities				
Payables	5 211	5 211	—	—
Other liabilities	—	—	—	—
Total financial liabilities	5 211	5 211	—	—

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2014				
Financial assets				
Cash and cash equivalents	13 723	13 723	—	—
Receivables	1 947	1 947	—	—
Total financial assets	15 670	15 670	—	—
Financial liabilities				
Payables	6 203	6 203	—	—
Other liabilities	140	140	—	—
Total financial liabilities	6 343	6 343	—	—

Market risk

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

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.

32 Transferred functions**2014-15**

There were no restructures during 2014-15.

2013-14**Transferred out**

Pursuant to section 9(3) of the *Public Sector Act 2009*, the department's Corporate Services function and Ministerial Fleet services were transferred to the Department of the Premier and Cabinet on 10 February 2014 and 1 April 2014 respectively.

The following liabilities were transferred to the Department of the Premier and Cabinet:

	\$'000
Payables	295
Employee benefit expenses	3 046
Total liabilities	<u>3 341</u>

Liabilities transferred by the department as a result of the administrative restructure were at the carrying amount.

33 Events after the end of the reporting period

The department is not aware of any events after the reporting period that would impact on the financial statements.

Statement of Administered Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INCOME			
Taxation	35	3 903 756	3 758 830
Commonwealth revenues	36	6 934 948	6 473 708
Dividends	37	214 393	245 310
Interest revenues	38	83 350	79 510
Revenues from SA Government	39	1 448 223	1 853 493
Grants and contributions	40	72 493	270 967
Revenues from fees and charges	41	104 600	76 344
Other revenues	42	2 917 426	491 939
Total income		15 679 189	13 250 101
EXPENSES			
Payments to SA Government	39	12 450 563	10 193 086
Employee benefit expenses	43	432 566	438 197
Supplies and services	44	58 393	57 560
Borrowing costs	45	340 584	363 801
Grants, subsidies and transfers	46	2 310 737	2 246 087
Depreciation and amortisation expense	47	240	485
Net loss from the disposal of non-current assets	48	—	2 997
Other expenses	49	92 125	154 803
Total expenses		15 685 208	13 457 016
NET RESULT		(6 019)	(206 915)
NET RESULT AND TOTAL COMPREHENSIVE INCOME		(6 019)	(206 915)

Statement of Administered Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	50	1 112 174	1 622 553
Receivables	51	6 128	11 630
Other financial assets	52	735	150
Non-current assets held for sale	53	557	557
Total Current Assets		1 119 594	1 634 890
NON-CURRENT ASSETS			
Receivables	51	10	12
Property, plant and equipment	54	1 135	1 301
Intangible assets	55	325	325
Total Non-Current Assets		1 470	1 638
TOTAL ASSETS		1 121 064	1 636 528
CURRENT LIABILITIES			
Payables	57	824 284	1 327 814
Employee benefits	58	1 204	1 094
Provisions	59	74	90
Other liabilities	60	25	21
Total Current Liabilities		825 587	1 329 019
NON-CURRENT LIABILITIES			
Payables	57	62 059	67 941
Employee benefits	58	788	836
Provisions	59	252	310
Other liabilities	60	680	705
Total Non-Current Liabilities		63 779	69 792
TOTAL LIABILITIES		889 366	1 398 811
NET ASSETS		231 698	237 717
EQUITY			
Accumulated surplus		231 063	237 082
Asset revaluation surplus		635	635
TOTAL EQUITY	61	231 698	237 717
Note			
Unrecognised Contractual Commitments	62		
Contingent Assets and Liabilities	63		

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

	Asset revaluation Surplus	Accumulated Surplus/ (Deficit)	TOTAL
	\$'000	\$'000	\$'000
Balance at 30 June 2013	635	443 845	444 480
Error correction	—	145	145
Restated balance at 30 June 2013	635	443 990	444 625
Total comprehensive result for 2013-14	—	(206 915)	(206 915)
Net assets transferred as a result of an administrative restructure	68 —	7	7
Balance at 30 June 2014	61 635	237 082	237 717
Total comprehensive result for 2014-15	—	(6 019)	(6 019)
Balance at 30 June 2015	61 635	231 063	231 698

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

	Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Taxation received		3 903 756	3 685 741
Receipts from Commonwealth		6 934 948	6 473 707
Dividends		209 052	240 455
Interest received		83 350	79 510
Receipts from SA Government		1 448 223	1 852 506
Grants and contributions		72 493	270 967
Fees and charges		110 412	78 049
GST recovered from Australian Taxation Office		1 706	1 474
Receipts for Paid Parental Leave Scheme		—	4
Other receipts		2 903 401	491 939
Cash generated from operations		15 667 341	13 174 352
Cash outflows			
Payments to SA Government		(12 942 656)	(9 955 416)
Employee benefit payments		(432 555)	(438 142)
Payments for supplies and services		(65 773)	(63 518)
Interest payments		(340 584)	(363 801)
Grants, subsidies and transfers		(2 318 178)	(2 247 771)
Payments for Paid Parental Leave Scheme		(2)	—
Other payments		(78 148)	(81 713)
Cash used in operations		(16 177 896)	(13 150 361)
NET CASH PROVIDED BY OPERATING ACTIVITIES	64(b)	(510 555)	23 991
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflows			
Purchase of property, plant and equipment		(74)	(92)
Cash used in investing activities		(74)	(92)
NET CASH USED IN INVESTING ACTIVITIES		(74)	(92)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows			
Proceeds from other financial assets		293	987
Cash received from administrative restructure		—	7
Cash generated from financing activities		293	994
Cash outflows			
Other financial assets granted		(43)	—
Cash used in financing activities		(43)	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		250	994
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(510 379)	24 893
Cash and cash equivalents at 1 July		1 622 553	1 597 660
CASH AND CASH EQUIVALENTS AT 30 JUNE	64(a)	1 112 174	1 622 553

**Disaggregated Disclosures
Administered Expenses and Income
For the year ended 30 June 2015**

	Admin Items on behalf of the Consolidated Account		Commonwealth Mirror Taxes on Commonwealth Revenue Account		Community Development Fund		Community Emergency Services Fund		Country Equalisation Scheme		ETSA Sales/Lease Proceeds Account	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
INCOME												
Taxation	3 574 063	3 513 977	—	—	—	—	190 499	99 123	—	—	—	—
Commonwealth revenues	5 334 062	5 360 923	24 752	25 016	—	—	—	—	—	—	—	—
Dividends	209 052	240 455	—	—	—	—	—	—	—	—	5 341	4 855
Interest revenues	81 755	77 705	—	—	—	—	115	73	390	401	—	—
Revenues from SA Government	40 940	72 820	—	—	—	—	—	—	—	—	—	—
Grants and contributions	—	99 999	—	—	20 000	20 000	26 494	103 153	—	—	—	—
Revenues from fees and charges	104 160	75 926	—	—	—	—	437	416	—	—	—	—
Other revenues	2 902 185	468 443	—	—	—	—	—	—	—	—	—	—
Total Administered Income	12 246 217	9 910 248	24 752	25 016	20 000	20 000	217 545	202 765	390	401	5 341	4 855
EXPENSES												
Payments to SA Government	12 202 599	9 833 448	—	—	—	—	—	—	—	—	—	—
Employee benefit expenses	308	265	—	—	—	—	—	—	—	—	—	—
Supplies and services	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing costs	—	—	—	—	—	—	—	—	—	—	—	—
Grants, subsidies and transfers	43 303	76 535	—	—	20 000	20 000	216 845	202 625	—	—	—	—
Depreciation and amortisation expense	—	—	—	—	—	—	—	—	—	—	—	—
Net loss from the disposal of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—
Other expenses	7	—	24 752	25 016	—	—	—	—	—	—	—	—
Total Administered Expenses	12 246 217	9 910 248	24 752	25 016	20 000	20 000	216 845	202 625	—	—	—	—
NET RESULT	—	—	—	—	—	—	700	140	390	401	5 341	4 855

**Disaggregated Disclosures
Administered Expenses and Income
For the year ended 30 June 2015**

	Hospitals Fund		Activity 7		Housing Loans Redemption Fund		Intergovernmental Agreement on Federal Financial Relations		Industry Financial Assistance Account		Local Government Concessions		Local Government Disaster Fund	
	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
INCOME														
Taxation	137 541	144 338	—	—	—	—	—	—	—	—	—	—	—	—
Commonwealth revenues	—	—	—	—	1 576 134	1 087 769	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest revenues	—	—	286	379	—	—	—	—	63	24	—	—	672	834
Revenues from SA Government Grants and contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Revenues from fees and charges	—	—	—	—	—	—	—	—	2 719	25 757	—	—	—	—
Other revenues	—	—	—	—	—	—	—	—	13 732	3 701	—	—	—	—
Total Administered Income	137 541	144 338	286	379	1 576 134	1 087 769	—	—	16 514	29 482	—	—	672	834
EXPENSES														
Payments to SA Government	137 541	144 338	—	—	—	—	—	—	—	—	1 966	—	—	—
Employee benefit expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Supplies and services	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grants, subsidies and transfers	—	—	—	—	1 606 344	1 191 033	—	—	10 101	13 284	—	—	2 997	847
Depreciation and amortisation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net loss from the disposal of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenses	—	—	—	—	—	—	—	—	13 977	2 715	—	—	—	—
Total Administered Expenses	137 541	144 338	—	—	1 606 344	1 191 033	—	—	24 078	15 999	1 966	—	2 997	847
NET RESULT	—	—	286	379	(30 210)	(103 264)	—	—	(7 564)	13 483	(1 966)	—	(2 325)	(13)

**Disaggregated Disclosures
Administered Expenses and Income
For the year ended 30 June 2015**

	Local Government Taxation Equivalents Fund		Market Projects Unit		Responsible Gambling Working Party		Support Services to Parliamentarians		Super SA Select		Treasury and Finance Administered Items Account	
	Activity 13	Activity 14	Activity 15	Activity 16	Activity 17	Activity 18	Activity 19	Activity 20	Activity 21	Activity 22	Activity 23	Activity 24
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
INCOME												
Taxation	1 653	1 392	—	—	—	—	—	—	—	—	—	—
Commonwealth revenues	—	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—	—
Interest revenues	10	4	—	—	—	—	—	—	—	—	—	—
Revenues from SA Government	—	—	—	—	—	—	—	—	—	—	—	—
Grants and contributions	—	—	—	—	—	—	—	—	—	—	—	—
Revenues from fees and charges	—	—	—	—	—	—	—	—	—	—	—	—
Other revenues	—	—	—	—	—	—	—	—	—	—	—	—
Total Administered Income	1 663	1 396	—	—	—	—	—	—	—	—	—	—
EXPENSES												
Payments to SA Government	—	—	—	—	—	—	—	—	—	—	—	—
Employee benefit expenses	—	—	—	—	—	—	—	—	—	—	—	—
Supplies and services	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing costs	—	—	—	—	—	—	—	—	—	—	—	—
Grants, subsidies and transfers	1 650	1 398	—	—	—	—	—	—	—	—	—	—
Depreciation and amortisation expense	—	—	—	—	—	—	—	—	—	—	—	—
Net loss from the disposal of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—
Other expenses	—	—	—	—	—	—	—	—	—	—	—	—
Total Administered Expenses	1 650	1 398	—	—	—	—	—	—	—	—	—	—
NET RESULT	13	(2)	—	(33)	—	(40)	947	(500)	—	(500)	27 612	(120 714)

**Disaggregated Disclosures
Administered Expenses and Income
For the year ended 30 June 2015**

	Treasurer's Interest in the National Wine Centre Account		Treasury Working Account		Treasury - Asset Management Account		TOTAL	
	Activity 19		Activity 20		Activity 21		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
INCOME								
Taxation	—	—	—	—	—	—	3 903 756	3 758 830
Commonwealth revenues	—	—	—	—	—	—	6 934 948	6 473 708
Dividends	—	—	—	—	—	—	214 393	245 310
Interest revenues	—	—	—	—	59	90	83 350	79 510
Revenues from SA Government	740	—	—	—	—	—	1 448 223	1 853 493
Grants and contributions	—	—	—	—	—	—	72 493	270 967
Revenues from fees and charges	—	—	—	—	—	—	104 600	76 344
Other revenues	26	25	1 127	19 307	2	9	2 917 426	491 939
Total Administered Income	766	25	1 127	19 307	61	99	15 679 189	13 250 101
EXPENSES								
Payments to SA Government	—	—	—	—	—	1 655	12 450 563	10 193 086
Employee benefit expenses	—	—	—	—	—	—	432 566	438 197
Supplies and services	28	37	—	—	7	8	58 393	57 560
Borrowing costs	—	—	—	—	—	—	340 584	363 801
Grants, subsidies and transfers	—	—	—	—	—	—	2 310 737	2 246 087
Depreciation and amortisation expense	31	31	—	—	—	—	240	485
Net loss from the disposal of non-current assets	—	—	—	—	—	—	—	2 997
Other expenses	—	—	1 131	19 307	—	—	92 125	154 803
Total Administered Expenses	59	68	1 131	19 307	7	1 663	15 685 208	13 457 016
NET RESULT	707	(43)	(4)	—	54	(1 564)	(6 019)	(206 915)

Notes to and forming part of the Administered Financial Statements

34 Overview of Administered Financial Statements including Summary of Significant Accounting Policies

The Administered financial statements include the revenues, expenses, assets and liabilities which the department administers on behalf of the SA Government but does not control. All the transactions for the special deposit accounts established under Section 8 of the *Public Finance and Audit Act 1987* and deposit accounts established under Section 21 of the *Public Finance and Audit Act 1987* that are administered by the department are listed below:

Activity 1: Administered Items on behalf of the Consolidated Account

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

Activity 2: Commonwealth Mirror Taxes on Commonwealth Places Revenue Account

The purpose of the account is to receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth as contemplated by the arrangements entered into by the State and the Commonwealth pursuant to that Act and to the *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State, and to deal with those as contemplated by those Acts and arrangements.

Activity 3: Community Development Fund

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

Activity 4: Community Emergency Services Fund

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

Activity 5: Country Equalisation Scheme Account

The purpose of the account is to record injections of funds provided from the Consolidated Account, and to make 'refund payments' to electricity retailers in accordance with the Country Equalisation Scheme.

Activity 6: ETSA Sales/Lease Proceeds Account

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

Activity 7: Hospitals Fund

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

Activity 8: Housing Loans Redemption Fund

The purpose of the fund is to record interest received payments.

Activity 9: Intergovernmental Agreement on Federal Financial Relations

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

Activity 10: Industry Financial Assistance Account (IFAA)

The account was established to assist with the accounting for the industry assistance contracts written in the name of the Treasurer. SAFA is responsible for administering the IFAA on behalf of the Treasurer.

Activity 11: Local Government Concessions Senior Card Holders

The purpose of the account is to administer receipts and payments for Local Government Concessions - Seniors Cardholders.

Activity 12: Local Government Disaster Fund

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

Activity 13: Local Government Taxation Equivalents Fund

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

Activity 14: Market Projects Unit

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

Activity 15: Responsible Gambling Working Party

The purpose of the account is to record the financial transactions related to the operation of the Responsible Gambling Working Party.

Activity 16: Support Services to Parliamentarians

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

Activity 17: Minister for Finance - Super SA Select

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

Activity 18: Treasury and Finance Administered Items Account

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

Activity 19: Treasurer's Interest in the National Wine Centre Account

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

Activity 20: Treasury Working Account

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

Activity 21: Treasury Asset Management Account

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

34.1 Summary of Significant Accounting Policies

The department's significant accounting policies are contained in note 2 'Summary of Significant Accounting Policies'. The policies outlined in note 2 apply to both the department and Administered financial statements.

35 Taxation

	2015	2014
	\$'000	\$'000
Stamp duties	1 564 096	1 494 906
Commonwealth Places Mirror - stamp duties	283	931
Payroll tax	1 319 789	1 300 805
Commonwealth Places Mirror - payroll tax	23 095	22 756
Land tax	567 277	571 295
Commonwealth Places Mirror - land tax	1 373	1 381
Emergency Services levy	190 499	99 123
Local Government rate equivalents	4 523	3 466
Income tax equivalents	138 937	178 586
Contributions from Lotteries Commission of South Australia	74 565	73 048
Hindmarsh Island Bridge levy	140	42
Casino Duty	19 179	7 491
Total Taxation	3 903 756	3 753 830

36 Commonwealth revenues

	2015	2014
	\$'000	\$'000
Commonwealth General Purpose Grants		
GST revenue grants	5 020 023	4 646 819
Commonwealth Places Mirror taxes	24 752	25 016
Total Commonwealth General Purpose Grants	5 044 775	4 671 835
Commonwealth Specific Purpose Grants		
Concessions to pensioners and others	—	27 663
Council of Australian Governments Funding arrangements	314 039	669 736
Intergovernmental Agreement on Federal Financial Relations - Recurrent	1 464 115	1 046 044
Intergovernmental Agreement on Federal Financial Relations - Capital	112 005	53 989
Other grants paid to Consolidated Account	—	4 437
First Home Owners Boost	14	4
Total Commonwealth Specific Purpose Grants	1 890 173	1 801 873
Total Commonwealth revenues	6 934 948	6 473 708

37 Dividends

	2015	2014
	\$'000	\$'000
Adelaide Convention Centre	920	1 094
Adelaide Entertainments Corporation	5 000	—
Generation Lessor Corporation	5 341	4 855
Homestart Finance	7 137	7 176
Public Trustee Office	1 440	1 528
SA Water Corporation	183 979	196 171
South Australian Government Employee Residential Property	1 706	1 706
South Australian Government Financing Authority	8 870	32 780
Total Dividends	214 393	245 310

38 Interest revenues

	2015	2014
	\$'000	\$'000
Interest	83 350	79 510
Total Interest revenues	83 350	79 510

39 Revenues from/Payments to SA Government	2015	2014
	\$'000	\$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	1 406 543	1 780 673
Appropriations under other acts	40 940	72 820
Other revenue from SA Government	740	—
Total Revenues from SA Government	1 448 223	1 853 493
Payments to SA Government		
Transfer of revenue received on behalf of the Consolidated Account	12 202 599	9 833 448
Other payments to the Consolidated Account	139 507	144 338
Return of surplus cash pursuant to Cash Alignment Policy	108 457	213 645
Dividends paid to Consolidated Account	—	1 655
Total Payments to SA Government	12 450 563	10 193 086
40 Grants and contributions	2015	2014
	\$'000	\$'000
Grants and contributions	72 493	270 967
Total Grants and contributions	72 493	270 967
41 Revenues from fees and charges	2015	2014
	\$'000	\$'000
Guarantee fees	104 160	75 926
Support Services to Parliamentarians	2	1
Other recoveries	438	417
Total Revenue from fees and charges	104 600	76 344
42 Other revenues	2015	2014
	\$'000	\$'000
Discounted cash flow valuations for financial assistance loans	13 732	3 701
Repayment of advances	7 463	117 101
Return of cash to Consolidated Account - cash alignment policy	147 168	302 230
Return of capital	145	10 375
Return of deposit account balances	1 966	10 508
Essential Services Commission of SA	7 650	7 354
Support Services to Parliamentarians	12	24
Return of capital - SA Water debt restructure	2 700 000	—
Recoveries DPTI - Indentured Ports	26 059	9 977
Other income	13 231	30 669
Total Other revenues	2 917 426	491 939
43 Employee benefit expenses	2015	2014
	\$'000	\$'000
Superannuation contributions to various schemes	416 600	422 100
Salaries and wages	12 453	12 222
Long service leave	271	590
Annual leave	881	902
Skills and experience retention leave	9	7
Employment on-costs - superannuation	1 272	1 226
Employment on-costs - other	739	742
Minister's salary, electorate and expense allowance	308	265
Other employee related expenses	33	143
Total Employee benefit expenses	432 566	438 197

Remuneration of Employees

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

	2015 Number of Employees	2014 Number of Employees
\$151 500 to \$161 499	1	1
\$181 500 to \$191 499	—	1
\$411 500 to \$421 499	1	—
Total Number of Employees	2	2

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$576 000** (\$338 000).

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).

44 Supplies and services

	2015 \$'000	2014 \$'000
State's share of GST administration	48 622	51 030
Support Services to Parliamentarians	6 269	5 766
Unclaimed monies	3 256	460
Accommodation and telecommunication	1	—
Consultants	36	19
Contractors and temporary staff	—	2
General administration and consumables	51	96
Other	158	187
Total Supplies and services	58 393	57 560

The total supplies and services amount disclosed includes GST amounts not-recoverable from the Australian Taxation Office due to the department not holding a valid tax invoice for payment.

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

	2015 Number	2014 Number	2015 \$'000	2014 \$'000
Below \$10 000	2	2	3	—
Above \$10 000	1	1	33	1
Total paid/payable to the Consultants engaged	3	3	36	1

45 Borrowing costs

	2015 \$'000	2014 \$'000
Interest on borrowings	312 373	338 080
Interest paid on deposit accounts and other monies	28 211	25 721
Total Borrowing costs	340 584	363 801

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

46 Grants, subsidies and transfers

	2015 \$'000	2014 \$'000
Recurrent grants, subsidies and transfers	2 156 736	2 094 425
Capital grants, subsidies and transfers	154 001	151 662
Total Grants, subsidies and transfers	2 310 737	2 246 087

47 Depreciation and amortisation expense

	2015	2014
	\$'000	\$'000
Depreciation		
Buildings	31	62
Land Improvements	—	124
Total Depreciation	31	186
Amortisation		
Building fitouts	209	299
Total Amortisation	209	299
Total Depreciation and amortisation expense	240	485

48 Net loss from the disposal of non-current assets

	2015	2014
	\$'000	\$'000
Land Improvements		
Carrying value of land leased	—	(2 810)
Net loss on derecognition of land improvements	—	(2 810)
Buildings		
Carrying value of land leased	—	(187)
Net loss on derecognition of buildings	—	(187)
Net loss from disposal of assets	—	2 997

49 Other expenses

	2015	2014
	\$'000	\$'000
Refunds and remissions	43 836	98 721
Payments to Commonwealth Government	24 752	25 016
Bad debts	3 340	306
Doubtful debts	(1 570)	(117)
Repayment of borrowings	3 720	3 517
Loans forgiven	12 207	2 525
Other	5 840	24 835
Total Other expenses	92 125	154 803

50 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Deposits with the Treasurer	1 054 721	1 465 372
Promissory notes	24 829	28 419
DTF Loans Administration Account	32 624	128 762
Total Cash and cash equivalents	1 112 174	1 622 553

Promissory notes

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

Interest rate risk

Some deposit accounts with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

51 Receivables	2015	2014
	\$'000	\$'000
Current		
Receivables	1 331	3 056
Allowance for doubtful debts	(1 317)	(2 487)
Accrued revenues	6 030	10 843
Prepayments	—	1
GST input tax recoverable	84	217
Total Current Receivables	6 128	11 630
Non-Current		
Receivables	10	12
Total Non-Current Receivables	10	12
Total Receivables	6 138	11 642

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.

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	2 487	2 003
Movement in the allowance	(1 170)	484
Carrying amount at the end of the period	1 317	2 487

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

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

Ageing analysis of financial assets - refer to table 67.3 in note 67.

Financial risk management/Financial instruments information - refer to note 67.

52 Other financial assets	2015	2014
	\$'000	\$'000
Current		
Loans for financial assistance	735	550
Provision for doubtful debts	—	(400)
Total Current Other financial assets	735	150
Total Other financial assets	735	150

Movement in the Provision for doubtful debts

The provision 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.

The following table shows the movements in the provision for doubtful debts (impairment loss):

	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	400	1 000
Movement in the provision	(400)	(600)
Carrying amount at the end of the period	—	400

Ageing analysis of financial assets and liabilities - refer to table 67.3 in note 67.

Financial risk management/Financial instruments information - refer to note 67.

53 Non-current assets held for sale

	2015	2014
	\$'000	\$'000
Land	145	145
Buildings	412	412
Total assets held for sale	557	557

54 Property, plant and equipment

	2015	2014
	\$'000	\$'000
Buildings		
At valuation	972	972
Accumulated depreciation	(63)	(32)
Total Buildings	909	940
Building fitouts		
At cost	1 731	1 680
Accumulated amortisation	(1 588)	(1 377)
Total Building fitouts	143	303
Land		
At valuation	58	58
Total Land	58	58
Work in Progress		
At cost	25	—
Total Work in Progress	25	—
Total Property, Plant and Equipment	1 135	1 301

Valuation of Non-Current Assets

A valuation of the land and buildings for the National Wine Centre was performed by Mr Fred Taormina, B.App.Sc. (Val.) A.A.P.I. of VALCORP as at 30 June 2013. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with Adelaide University. A revaluation surplus of \$635 000 is held for the revalued land and building. The next revaluation is scheduled for 30 June 2016.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2015.

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2014-15:

	Land	Buildings	Building fitouts	Work in progress	Total 2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	58	940	303	—	1 301
Additions	—	—	49	25	74
Depreciation and amortisation expense	—	(31)	(209)	—	(240)
Carrying amount at the end of the period	58	909	143	25	1 135

The following table shows the movement of property, plant and equipment during 2013-14:

	Land	Land improvements	Buildings	Building fitouts	Total 2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	203	2 934	1 601	510	5 248
Additions	—	—	—	92	92
Asset reclassified to assets held for sale	(145)	—	(412)	—	(557)
Disposals	—	(2 810)	(187)	—	(2 997)
Depreciation and amortisation expense	—	(124)	(62)	(299)	(485)
Carrying amount at the end of the period	58	—	940	303	1 301

55 Intangible Assets

	2015 \$'000	2014 \$'000
Water Licences		
At cost	325	325
Total Water Licences	325	325
Total Intangible Assets	325	325

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

Reconciliation of Intangible Assets

There has been no movement in Intangibles.

Impairment

There were no indications of impairment for intangible assets as at 30 June 2015.

56 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 three-tier hierarchy based on the level of inputs used in measurement. As at 30 June 2015 the Department had no level 1 and 2 assets, there were no changes to the assets classification between 2014 and 2015.

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 3 \$'000	2015 \$'000
Recurring fair value measurements		
Buildings (note 54)	909	909
Building fitouts (note 54)	143	143
Land (note 54)	58	58
Total recurring fair value measurements	1 110	1 110
Non recurring fair value measurements		
Buildings held for sale (note 53)	412	412
Land held for sale (note 53)	145	145
Total non recurring fair value measurements	557	557
Total	1 667	1 667

Fair value measurements at 30 June 2014

	Level 3 \$'000	2014 \$'000
Recurring fair value measurements		
Buildings (note 54)	940	940
Building Fitouts (note 54)	303	303
Land (note 54)	58	58
Total recurring fair value measurements	1 301	1 301
Non recurring fair value measurements		
Buildings held for sale (note 53)	412	412
Land held for sale (note 53)	145	145
Total non recurring fair value measurements	557	557
Total	1 858	1 858

There were no transfers of assets into or out of the level 3 hierarchy in 2015. The department's policy is to recognise transfers into or out of fair value hierarchy levels as at the end of reporting period.

Valuation techniques and inputs

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

In accordance with APF III 'Asset Accounting Framework', property, plant and equipment is only revalued when its fair value at acquisition date exceeds \$1 million and its estimated useful life is greater than 3 years. The department does not control any assets that meet this threshold.

Estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data. For this reason all property, plant and equipment is categorised into level 3.

There were no changes in valuation techniques during 2015.

Reconciliation of recurring fair value measurements - Level 3 at 2014-15

	Buildings	Building Fitouts	Land
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	940	303	58
Acquisitions	—	49	—
Subtotal	940	352	58
Depreciation	(31)	(209)	—
Subtotal	(31)	(209)	0
Carrying amount at the end of the period	909	143	58

Reconciliation of recurring fair value measurements - Level 3 at 2013-14

	Buildings	Building Fitouts	Land
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	1 601	510	203
Acquisitions	—	92	—
Reclassifications	(412)	—	(145)
Disposals	(187)	—	—
Subtotal	1 002	602	58
Depreciation	(62)	(299)	—
Subtotal	(62)	(299)	—
Carrying amount at the end of the period	940	303	58

57 Payables

	2015	2014
	\$'000	\$'000
Current		
Creditors - electricity entities lease proceeds	5 875	5 341
Creditors - revenue received on behalf of the Consolidated Account	788 256	1 280 679
Creditors - other	22 638	24 878
Accrued expenses	7 328	16 755
Employment on-costs	185	157
Paid parental leave scheme payable	2	4
Total Current Payables	824 284	1 327 814

Non-Current

Creditors - electricity entities lease proceeds	58 988	64 862
Employment on-costs	71	78
Creditors - other	2 500	2 501
Super SA Select Loan	500	500
Total Non-Current Payables	62 059	67 941
Total Payables	886 343	1 395 755

Interest rate and credit risk

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

Maturity Analysis of Payables - refer to table 67.4 in note 67.

Categorisation of financial instruments and risk exposure information - refer to note 67.

58 Employee benefits

	2015 \$'000	2014 \$'000
Current		
Accrued salaries and wages	106	46
Annual leave	731	687
Long service leave	352	348
Skills and Experience Retention leave	15	13
Total Current Employee benefits	1 204	1 094
Non-Current		
Long service leave	788	836
Total Non-Current Employee benefits	788	836
Total Employee benefits	1 992	1 930

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 flow, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the financial year is an increase in the long service leave liability of \$54 536 and employee benefits expense of \$54 536. 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 left 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.

59 Provisions	2015	2014
	\$'000	\$'000
Current		
Provision for workers' compensation	74	90
Total Current Provisions	74	90
Non-Current		
Provision for workers' compensation	252	310
Total Non-Current Provisions	252	310
Total Provisions	326	400
Reconciliation of Provisions	2015	2014
	\$'000	\$'000
Carrying amount at the beginning of the period	400	448
Payments/other sacrifices of future economic benefits	2	(9)
Reduction in provisions recognised	(76)	(39)
Carrying amount at the end of the period	326	400

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

60 Other liabilities	2015	2014
	\$'000	\$'000
Current		
Unearned revenue	25	21
Total Current other liabilities	25	21
Non-Current		
Unearned revenue	680	705
Total Non-Current other liabilities	680	705
Total Other liabilities	705	726

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

61 Equity	2015	2014
	\$'000	\$'000
Asset revaluation surplus	635	635
Accumulated Surplus/Deficit	231 063	237 082
Total Equity	231 698	237 717

The 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 accumulated surplus when an asset is derecognised.

62 Unrecognised Contractual Commitments**(a) 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
Not later than one year	2 508	1 919
Later than one year but not later than five years	1 771	2 060
Later than five years	201	338
Total Remuneration commitments	4 480	4 317

Amounts disclosed include commitments arising from executive and other employment contracts.

(b) Operating lease commitments**The department as Lessee**

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

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

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

	2015	2014
	\$'000	\$'000
Not later than one year	1 770	1 288
Later than one year but not later than five years	3 511	1 320
Later than five years	—	37
Total Operating lease commitments	5 281	2 645

(c) Other commitments

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

	2015	2014
	\$'000	\$'000
Not later than one year	33 850	73 524
Later than one year and not later than five years	14 068	20 267
Later than five years	—	1 050
Total Other commitments	47 918	94 841

63 Contingent Assets and Liabilities

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

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

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

Under an agreement, dated 9 May 1996, with the Australian Energy Market Operator (AEMO), previously known as National Electricity Market Management Company (NEMMCO), the Treasurer may be required to contribute to the winding up of AEMO. The maximum exposure at 30 June 2015 is capped at \$692 000.

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. This includes any derivative counterparties default. As at 30 June 2015, derivative credit exposure was \$455.1 million (\$551.5 million).

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

Under an agreement with the South Australian Netball Association, the Treasurer has provided a Deed of Guarantee for the repayment of a loan, which the South Australian Netball Association has with an external banking institution with a total exposure of \$63 621.

Under the Housing Loans Redemption Fund Act 1962 the Treasurer is committed to meet any shortfall in the fund from appropriated general revenue.

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or a receivable from the Treasurer. This policy resulted in a payable to the Treasurer of \$5.9 million (\$12.2 million).

The Treasurer has agreed to indemnify the Export Finance and Insurance Corporation, the Commonwealth Government's export finance agency, for a guarantee of up to \$291 million to external lenders to the Port Pirie Smelter Transformation Project being undertaken by Nyrstar. The indemnity will be issued 2015-16.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2015 was \$693.3 million (\$678.5 million).

The Unlocking Capital for Jobs Program involves the Government of South Australia providing a partial guarantee for loans made by participating banks to South Australian small and medium enterprises that have expansion or transformation plans and have satisfied the participating bank's normal lending criteria other than the provision of sufficient collateral as security for the loan. The Treasurer's exposure at 30 June 2015 was \$3.5 million out of the \$50 million program limit.

The Treasurer unconditionally and irrevocably guarantees to each beneficiary the due and punctual payment and performance by the Adelaide Convention Centre Corporation of the Corporation's obligations to that beneficiary. On 25 June 2015, Cabinet approved the establishment of a new public corporation, the Adelaide Venue Management Corporation (AVMC) from 1 August 2015, via the merger of the Adelaide Entertainments Corporation and the Adelaide Convention Centre Corporation. In accordance with the Government Gazette published on 25 June 2015, the assets, rights and liabilities of the Adelaide Convention Centre Corporation will transfer to the Adelaide Venue Management Corporation. This will include the guarantee provided by the Treasurer.

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

64 Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period		
Statement of Cash Flows	1 112 174	1 622 553
Statement of Financial Position	1 112 174	1 622 553
	2015	2014
	\$'000	\$'000
(b) Reconciliation of net cash (used in) provided by operating activities to net result		
Net cash (used in) provided by operating activities	(510 555)	23 991
Add Non cash items		
Depreciation and amortisation expense	(240)	(485)
Bad debts expenses	(3 340)	(306)
Doubtful debts expenses	1 570	117
Discounted cash flow valuations for financial assistance loans - other revenues	13 732	3 701
Movements in financial assistance loans	495	—
Loans forgiven	(12 207)	(2 525)
Net loss on disposal of assets	—	(2 997)
Movement in assets / liabilities		
Decrease in receivables	(5 504)	(171)
Decrease in other financial assets (not operating)	585	(439)
Decrease (increase) in payables	509 412	(227 796)
(Increase) decrease in employee benefits	(62)	(88)
Decrease in provisions	74	48
Decrease in other liabilities	21	35
Net result	(6 019)	(206 915)

65 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						
35	Taxation	713 249	734 710	3 190 507	3 019 120	3 903 756	3 753 830
36	Commonwealth revenues	—	—	6 934 948	6 473 708	6 934 948	6 473 708
37	Dividends	214 393	245 310	—	—	214 393	245 310
38	Interest revenues	77 094	73 108	6 256	6 402	83 350	79 510
39	Revenues from SA Government	1 448 223	1 853 493	—	—	1 448 223	1 853 493
40	Grants and Contributions	71 466	270 541	1 027	426	72 493	270 967
41	Revenue from fees and charges	104 160	75 926	440	418	104 600	76 344
42	Other revenues	2 892 664	460 112	24 762	31 827	2 917 426	491 939
	TOTAL INCOME	5 521 249	3 713 200	10 157 940	9 531 901	15 679 189	13 245 101
	EXPENSES						
39	Payments to SA Government	12 450 563	10 193 086	—	—	12 450 563	10 193 086
43	Employee benefit expenses	—	—	432 566	438 197	432 566	438 197
44	Supplies and services	3 768	3 276	54 625	54 284	58 393	57 560
45	Borrowing costs	338 361	361 767	2 223	2 034	340 584	363 801
46	Grants, subsidies and transfers	2 215 936	2 098 877	94 801	147 210	2 310 737	2 246 087
47	Depreciation and amortisation expense	—	—	240	485	240	485
48	Net loss from disposal of non-current assets	—	—	—	2 997	—	2 997
49	Other expenses	8 598	9 334	83 527	145 469	92 125	154 803
	TOTAL EXPENSES	15 017 226	12 666 340	667 982	790 676	15 685 208	13 457 016
	FINANCIAL ASSETS						
50	Cash and cash equivalents	1 112 174	1 622 553	—	—	1 112 174	1 622 553
51	Receivables	413	10 874	5 725	768	6 138	11 642
52	Other financial assets	—	—	735	150	735	150
	TOTAL FINANCIAL ASSETS	1 112 587	1 633 427	6 460	918	1 119 047	1 634 345
	FINANCIAL LIABILITIES						
57	Payables	859 508	1 361 854	26 835	33 901	886 343	1 395 755
58	Employee benefits	—	—	1 992	1 930	1 992	1 930
59	Provisions	—	—	326	400	326	400
60	Other liabilities	—	—	705	726	705	726
	TOTAL FINANCIAL LIABILITIES	859 508	1 361 854	29 858	36 957	889 366	1 398 811

66 Budgetary Reporting and Explanations of major variances between budget and actual amounts

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

Statement of Administered Comprehensive Income	Note	Original Budget ¹	Actual	Variance \$	Variance Explanation
		\$'000	\$'000	\$'000	
Income					
Taxation	35	3 773 300	3 903 756	(130 456)	
Commonwealth revenues	36	5 227 428	6 934 948	(1 707 520)	1
Dividends	37	167 248	214 393	(47 145)	
Interest revenues	38	83 667	83 350	317	
Revenues from SA Government	39	1 432 287	1 448 223	(15 936)	
Grants and contributions	40	—	72 493	(72 493)	
Revenues from fees and charges	41	107 945	104 600	3 345	
Other revenues	42	1 626 648	2 917 426	(1 290 778)	2
Total Income		12 418 523	15 679 189	(3 260 666)	
Expenses					
Payments to SA Government	39	12 112 275	12 450 563	(338 288)	
Employee benefit expenses	43	(170 109)	432 566	(602 675)	
Supplies and services	44	49 810	58 393	(8 583)	
Borrowing costs	45	747 801	340 584	407 217	
Grants, subsidies and transfers	46	340 376	2 310 737	(1 970 361)	3
Depreciation and amortisation expense	47	—	240	(240)	
Other expenses	49	30 118	92 125	(62 007)	
Total Expenses		13 110 271	15 685 208	(2 574 937)	
Net result		(691 748)	(6 019)	(685 729)	4

¹ Original budget information refers to the budget 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.

Variance Explanations:**1. Commonwealth Revenues**

The \$1.708 billion favourable variance against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$1.576 billion) being recorded in the department's Administered financial statements while the associated budget is disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Administered Comprehensive Income original budget amount.

2. Other Revenues

The \$1.291 billion favourable variance against the original budget is primarily due to:

- The original budget includes the Consolidated Account result (\$1.574 billion) while the Administered financial statements do not include the actual consolidated result as this is disclosed in the Treasurer's Statements.
- Other revenues includes \$2.07 billion received from SA Water as a once-off return of capital to the Consolidated Account. This revenue passes through DTF Administered items to the Consolidated Account. The original budget for the Statement of Comprehensive Income does not include this transaction against Other revenues.
- Other revenues includes the return of surplus cash (\$147 million), the original budget does not provide for this transaction. The budget for this transaction is provided through the Mid Year Budget Review and forms part of the 2014-15 revised budget.

3. Grants, Subsidies and Transfers

The \$1.967 billion unfavourable variance against the original budget is primarily due to payments to agencies (\$1.606 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations and a payment to the Community Emergency Services Fund (\$216 million) being recorded in the Administered financial statements while the associated budgets are disclosed as part of the Statement of cash flows for Other Accounts which does not form part of the Statement of Comprehensive Income original budget amount.

4. Net Result

The \$686 million favourable variance between the net result as per the original budget and the actual result is primarily due to:

- Income being \$3.392 billion above budget predominantly in relation to Commonwealth Revenues (refer variance explanation 1) and Other Revenues (refer variance explanation 2).
- Expenses being \$2.731 billion above budget primarily due to higher Grants, Subsidies and Transfers (refer variance explanation 3) as well as an increase in Payments to SA Government due to higher receipts being paid through to the Consolidated Account. Employee Benefits Expenses also exceeded budget due to (a) the original budget including the revaluation of unfunded superannuation liability (-\$171 million) while the actual revaluation is not recorded in the Administered financial statements, it is recorded in Consolidated Financial Report for government and (b) the actual expenses include the past superannuation liability payment (\$416 million) while the original budget for the Statement of Comprehensive Income does not provide for this transaction. These increases in expenses are offset by a reduction in Borrowing Costs against the original budget (\$407 million) which is due to the original budget including an amount for nominal interest on superannuation (\$442.9 million) while the actual borrowing costs do not include this transaction.

67 Financial risk management/Financial instruments

67.1 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*.

Table 67.2 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 Summary of Significant Accounting Policies.

2015

Category of financial asset and financial	Statement of Financial Position line item	Note	Carrying amount 2015 \$'000	Fair value 2015 \$'000
Financial assets				
Cash and cash	Cash and cash equivalents	50,64	1 112 174	1 112 174
Loans and receivables	Receivables ^{(1) (2)}	51	1 331	1 331
Held to maturity	Other financial assets	52	735	735
	Total Financial Assets		1 114 240	1 114 240
Financial liabilities				
Financial liabilities at	Payables ⁽¹⁾	57	875 756	875 756
	Total Financial Liabilities		875 756	875 756

2014

Category of financial asset and financial	Statement of Financial Position line item	Note	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial assets				
Cash and cash	Cash and cash equivalents	50,64	1 622 553	1 622 553
Loans and receivables	Receivables ^{(1) (2)}	51	3 056	3 056
Held to maturity	Other financial assets	52	150	150
	Total Financial Assets		1 625 759	1 625 759
Financial liabilities				
Financial liabilities at	Payables ⁽¹⁾	57	1 375 760	1 375 760
	Total Financial Liabilities		1 375 760	1 375 760

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

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

Fair value

The Department of Treasury and Finance does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short term nature of these. Refer to notes 51 and 57.

Credit risk

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

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

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security to any of its financial assets. Other than receivables and other financial assets, there is no evidence to indicate that the financial assets are impaired. Refer to notes 51 and 57 for information on the allowance for impairment in relation to receivables.

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

Table 67.3 Ageing analysis of financial assets

	Past due by			
	Overdue for < 30 days	Overdue for 30 – 60 days	Overdue for > 60 days	Total
	\$'000	\$'000	\$'000	\$'000
2015				
Not impaired				
Other financial assets	—	—	735	735
Impaired				
Receivables ⁽¹⁾	—	—	1 317	1 317
Total	—	—	2 052	2 052
2014				
Not impaired				
Other financial assets	—	—	150	150
Impaired				
Receivables ⁽¹⁾	—	—	2 487	2 487
Total	—	—	2 637	2 637

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

Liquidity risk

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

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

The carrying amount of financial liabilities recorded in table 67.4 represent the department's maximum exposure to financial liabilities.

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

Table 67.4 Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	2015 Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial assets				
Cash and cash equivalents	1 112 174	1 112 174	—	—
Receivables	1 331	1 331	—	—
Other financial assets	735	735	—	—
Total financial assets	1 114 240	1 114 240	—	—
Financial liabilities				
Payables	875 756	816 768	—	58 988
Total financial liabilities	875 756	816 768	—	58 988

	Carrying amount \$'000	2014 Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial assets				
Cash and cash equivalents	1 622 553	1 622 553	—	—
Receivables	3 056	3 056	—	—
Other financial assets	150	150	—	—
Total financial assets	1 625 759	1 625 759	—	—
Financial liabilities				
Payables	1 375 760	1 310 898	—	64 862
Total financial liabilities	1 375 760	1 310 898	—	64 862

Market risk

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

68 Transferred Functions

2014-15

There were no restructures during 2014-15.

2013-14

As a result of a committal of acts proclamation outlined in the Government Gazette on 1 August 2013, the Department took on responsibility for the Local Government Taxation Equivalents Fund (LGTEF) as prescribed in the *Local Government Finance Authority Act 1983*. Assets relating to this fund were transferred to the Department effective as per the gazette date.

	Total \$'000
Current assets	
Cash and cash equivalents	6
Receivables	1
Total Assets	<u>7</u>
Current liabilities:	
Payables	—
Total liabilities	<u>—</u>
Net assets transferred	<u>7</u>

Total income and expenses attributable to the Local Government Taxation Equivalents Fund for 2013-14 were:

	DPC 1.7.13 to 31.07.13 \$'000	DTF 1.8.13 to 30.06.14 \$'000	Total \$'000
Interest income	—	4	4
Other income	—	1 392	1 392
Total Income	<u>—</u>	<u>1 396</u>	<u>1 396</u>
Grants and subsidies	—	1 398	1 398
Total expenses	<u>—</u>	<u>1 398</u>	<u>1 398</u>
Net result	<u>—</u>	<u>(2)</u>	<u>(2)</u>

69 Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

Certification of the Financial Statements

We certify that the:

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



Garry Goddard
ACTING UNDER TREASURER
18 September 2015



Paul Williams
DIRECTOR, FINANCIAL SERVICES
18 September 2015



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To the Under Treasurer Department of Treasury and Finance

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 Treasury and Finance 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
- Disaggregated Disclosures - 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 Under Treasurer and the Director, Financial Services.

The 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

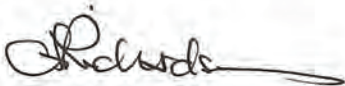
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical 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 Department of Treasury and Finance 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

University of Adelaide

Financial report
for the year ended
30 June 2015

Statement of Comprehensive Income for the year ended 31 December 2014

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Revenue from continuing operations					
Received under Higher Education Support Act					
Base operating financial assistance	4	210,565	205,140	210,565	205,140
Other operating financial assistance	4	5,955	5,862	5,955	5,862
Higher Education Contribution Scheme	4	112,451	106,288	112,451	106,288
		328,971	317,290	328,971	317,290
Learning and Teaching					
Student fees	4	183,475	167,230	183,475	167,230
Grants	4	31,276	88,409	31,332	88,060
		214,751	255,639	214,807	255,290
Research Grants and Fees					
National competitive grants		94,600	99,524	94,600	99,524
Public sector - other		53,481	50,338	38,437	37,676
Industry and other		60,424	48,665	42,351	34,212
		208,505	198,527	175,388	171,412
Research - Other					
Cooperative Research Centre direct funding		2,959	3,541	2,905	3,240
Research infrastructure program		16,164	17,310	16,164	17,310
Sustainable Excellence Research Funding		9,364	9,194	9,364	9,194
		28,487	30,045	28,433	29,744
Other					
Investment revenue	4	31,569	49,444	28,726	45,077
Property revenue	4	15,779	15,001	15,747	14,962
Specialist services and trading	4	41,716	40,814	18,198	17,280
Bequests, donations & other revenue	4	35,303	51,338	30,103	37,388
		124,367	156,597	92,774	114,707
Total revenue from continuing operations		905,081	958,098	840,373	888,443
Expenses from continuing operations					
Salaries and related expenses	5	478,795	444,293	462,768	427,702
Student services		45,748	44,069	45,748	44,069
Teaching and research	5	70,624	79,718	72,330	84,471
Buildings and grounds	5	59,358	56,823	58,276	55,718
Finance costs	5	6,803	7,138	6,920	7,269
Administration, communication and travel	5	125,518	118,788	75,428	74,132
Finance and fund administration	5	2,114	2,143	2,112	2,140
Misc equip, dep'n and net loss on disposal of assets	5	63,043	58,527	62,361	57,832
Total expenses from continuing operations		852,003	811,499	785,943	753,333
Net operating result for the year		53,078	146,599	54,430	135,110

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income for the year ended 31 December 2014 - continued

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Operating result for the period		53,078	146,599	54,430	135,110
Items that may be reclassified to net operating result					
Gain / (loss) on swap contracts	9	(5,976)	4,903	(5,976)	4,903
Gain / (loss) on value of available for sale financial assets, net of tax	14	-	-	(1,364)	10,341
Total		(5,976)	4,903	(7,340)	15,244
Items that will not be reclassified to net operating result					
Gain / (loss) on revaluation of land and buildings	4, 15	-	19,969	-	21,190
Gain / (loss) on revaluation of works of Art	15	54	-	54	-
Gain / (loss) on revaluation of Library	15	-	641	-	641
Share of other comprehensive income of investments accounted for using the equity method	4	278	(279)	-	-
Remeasurements of Defined Benefit Plans	27(c)	(2,899)	4,222	(2,899)	4,222
Total		(2,567)	24,553	(2,845)	26,053
Total other comprehensive income		(8,543)	29,456	(10,185)	41,297
Total comprehensive income		44,535	176,055	44,245	176,407
Total comprehensive income attributable to non-controlling interest		-	-	-	-
Total comprehensive income attributable to the University of Adelaide		44,535	176,055	44,245	176,407

Statement of Financial Position as at 31 December 2014

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Current Assets					
Cash and cash equivalents	6	51,630	42,932	41,457	30,997
Receivables	7	31,479	30,039	30,748	28,111
Other financial assets	8	90,777	50,523	90,316	50,578
Derivative financial instruments	9	-	161	-	161
Inventories	10	2,093	2,442	829	983
Other non-financial assets	11	12,963	11,414	12,776	11,243
Deferred government superannuation contribution	27(d)	4,200	4,200	4,200	4,200
		193,142	141,711	180,326	126,273
Non-current assets held for sale	12	46,138	-	46,138	-
Total current assets		239,280	141,711	226,464	126,273
Non-current Assets					
Other financial assets	8	248,804	264,963	242,188	258,556
Investments accounted for using the equity method	13	1,988	1,710	491	491
Available-for-sale financial assets	14	-	-	25,562	26,926
Property, plant and equipment	15	1,167,595	1,171,650	1,154,975	1,159,189
Investment property	16	-	20,402	-	20,402
Intangible assets	17	18,007	15,354	18,007	15,354
Other non-financial assets	11	8,141	4,030	8,141	4,030
Deferred government superannuation contribution	27(d)	67,302	57,694	67,302	57,694
Total non-current assets		1,511,837	1,535,803	1,516,666	1,542,642
Total assets		1,751,117	1,677,514	1,743,130	1,668,915
Current Liabilities					
Payables	18	70,599	60,912	61,793	51,070
Borrowings	19	5,006	5,006	5,006	5,006
Provisions	20	26,297	28,107	25,152	27,123
Defined benefit obligation	27(d)	4,200	4,200	4,200	4,200
Other	21	17,550	15,719	21,731	19,821
Total current liabilities		123,652	113,944	117,882	107,220
Non-current Liabilities					
Payables	18	10,876	9,917	10,824	9,877
Borrowings	19	72,518	77,524	72,518	77,524
Provisions	20	62,213	54,229	61,814	53,870
Derivative financial instruments	9	17,080	11,265	17,080	11,265
Defined benefit obligation	27(d)	67,302	57,694	67,302	57,694
Total non-current liabilities		229,989	210,629	229,538	210,230
Total liabilities		353,641	324,573	347,420	317,450
Net assets		1,397,476	1,352,941	1,395,710	1,351,465
Equity					
Capital reserves	23	579,168	579,114	600,028	601,338
Specific purpose reserves	23	585,099	537,462	585,099	537,462
Retained surplus	23	233,211	236,367	210,583	212,665
Total University interest		1,397,478	1,352,943	1,395,710	1,351,465
Non-controlling interest		(2)	(2)	-	-
Total equity		1,397,476	1,352,941	1,395,710	1,351,465

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2014

Consolidated	Capital Reserves \$000	Specific Purpose Reserves \$000	Retained Surplus \$000	Non- controlling Interest \$000	Total \$000
Balance at 1 January 2013	558,504	436,994	180,399	(2)	1,175,895
Retrospective changes	-	-	991	-	991
Net operating result	-	100,468	46,131	-	146,599
Other comprehensive income					
Gain / (loss) on revaluation of land and buildings	19,969	-	-	-	19,969
Gain / (loss) on revaluation of Library	641	-	-	-	641
Gain / (loss) on swap contracts	-	-	4,903	-	4,903
Share of other comprehensive income of investments accounted for using the equity method	-	-	(279)	-	(279)
Remeasurements of Defined Benefit Plans	-	-	4,222	-	4,222
Total other comprehensive income	20,610	-	8,846	-	29,456
Balance at 31 December 2013	579,114	537,462	236,367	(2)	1,352,941
Balance at 1 January 2014	579,114	537,462	236,367	(2)	1,352,941
Net operating result	-	47,637	5,441	-	53,078
Other comprehensive income					
Gain / (loss) on revaluation of works of Art	54	-	-	-	54
Gain / (loss) on swap contracts	-	-	(5,976)	-	(5,976)
Share of other comprehensive income of investments accounted for using the equity method	-	-	278	-	278
Remeasurements of Defined Benefit Plans	-	-	(2,899)	-	(2,899)
Total other comprehensive income	54	-	(8,597)	-	(8,543)
Balance at 31 December 2014	579,168	585,099	233,211	(2)	1,397,476

Statement of Changes in Equity for the year ended 31 December 2014 - continued

University	Capital Reserves \$000	Specific Purpose Reserves \$000	Retained Surplus \$000	Non- controlling Interest \$000	Total \$000
Balance at 1 January 2013	569,166	436,994	167,898	-	1,174,058
Retrospective changes	-	-	1,000	-	1,000
Net operating result	-	100,468	34,642	-	135,110
Other comprehensive income					
Gain / (loss) on revaluation of land and buildings	21,190	-	-	-	21,190
Gain / (loss) on value of available for sale financial assets, net of tax	10,341	-	-	-	10,341
Gain / (loss) on revaluation of Library	641	-	-	-	641
Gain / (loss) on swap contracts	-	-	4,903	-	4,903
Remeasurements of Defined Benefit Plans	-	-	4,222	-	4,222
Total other comprehensive income	32,172	-	9,125	-	41,297
Balance at 31 December 2013	601,338	537,462	212,665	-	1,351,465
Balance at 1 January 2014	601,338	537,462	212,665	-	1,351,465
Net operating result	-	47,637	6,793	-	54,430
Other comprehensive income					
Gain / (loss) on revaluation of works of Art	54	-	-	-	54
Gain / (loss) on value of available for sale financial assets, net of tax	(1,364)	-	-	-	(1,364)
Gain / (loss) on swap contracts	-	-	(5,976)	-	(5,976)
Remeasurements of Defined Benefit Plans	-	-	(2,899)	-	(2,899)
Total other comprehensive income	(1,310)	-	(8,875)	-	(10,185)
Balance at 31 December 2014	600,028	585,099	210,583	-	1,395,710

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 December 2014

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Cash flows from operating activities					
Inflows:					
Australian Government financial assistance	39(h)	496,412	541,492	496,042	541,067
OS-Help (net)	39(h)	696	400	696	400
Higher Education Superannuation	39(h)	3,804	3,629	3,804	3,629
State Government financial assistance		22,733	24,354	22,339	23,882
HECS-HELP student upfront payments		13,789	14,394	13,789	14,394
Fee paying student revenue received		166,558	154,175	166,558	154,175
Fees and charges		23,154	22,049	23,154	22,049
Donations and bequests		4,428	4,574	4,428	4,371
Interest and dividends received		10,024	8,895	4,580	3,795
Consultancy and contract research		89,468	77,802	50,609	44,997
Specialist services and produce trading		15,819	13,164	5,579	4,756
GST received		23,308	27,463	22,064	26,810
Other		41,568	36,082	30,395	22,570
Total inflows		911,761	928,473	844,037	866,895
Outflows:					
Salaries and related expenses		(475,853)	(459,825)	(459,955)	(443,216)
Student services		(45,748)	(44,056)	(45,748)	(44,056)
Goods and services		(274,491)	(257,743)	(228,434)	(221,392)
Costs of finance		(1,088)	(1,155)	(899)	(912)
GST paid		(25,520)	(30,329)	(19,826)	(25,459)
Total outflows		(822,700)	(793,108)	(754,862)	(735,035)
Net cash provided by operating activities	24	89,061	135,365	89,175	131,860

Statement of Cash Flows for the year ended 31 December 2014 - continued

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Cash flows from investing activities					
Inflows:					
Proceeds from sale of property, plant and equipment		306	458	306	421
Proceeds from sale of financial assets		5,562	6,147	5,800	6,000
Proceeds from sale of financial assets held-to-maturity		-	7,583	-	7,583
Increase in loans		40	40	-	-
Repayment of loans by related parties		1,104	116	1,159	172
Increase in funds held on deposit		-	254	-	254
Total inflows		7,012	14,598	7,265	14,430
Outflows:					
Payments for property, plant and equipment		(55,093)	(74,917)	(54,214)	(73,339)
Payments for intangible assets		(11,899)	(7,009)	(11,899)	(7,009)
Payments for financial assets		(8,585)	(3,690)	(8,585)	(3,604)
Payments for financial assets held-to-maturity		(1,267)	(40,000)	(751)	(40,000)
Payment of loans		(6)	(7)	(6)	(6)
Total Outflows		(76,850)	(125,623)	(75,455)	(123,958)
Net cash used in investing activities		(69,838)	(111,025)	(68,190)	(109,528)
Cash flows from financing activities					
Outflows:					
Repayment of borrowings		(5,000)	(500)	(5,000)	(500)
Borrowings - interest repayments		(5,984)	(5,832)	(5,984)	(5,832)
Total outflows		(10,984)	(6,332)	(10,984)	(6,332)
Net cash used in financing activities		(10,984)	(6,332)	(10,984)	(6,332)
Net increase (decrease) in cash and cash equivalents		8,239	18,008	10,001	16,000
Cash and cash equivalents at the beginning of reporting period		42,932	20,921	30,997	14,371
Cash and cash equivalents in new Controlled Entity		-	3,377	-	-
Effects of exchange rate changes on cash and cash equivalents	4	459	626	459	626
Cash and cash equivalents at end of reporting period	6	51,630	42,932	41,457	30,997

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

The University invests its surplus working capital into bank term investments. These bank term investments are reported as Financial Assets held-to-maturity within Note 8 (2014: \$90.2 million, 2013: \$89.4 million). As a consequence these amounts are not reported within Cash and Cash Equivalents and the movement in these assets are not reported within the Statement of Cash Flows.

Notes to the Financial Statements

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1. Basis of Preparation

These notes, prepared in conjunction with the financial statements, provide an explanation of significant accounting policies and practices adopted in the preparation of the statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements and notes collectively constitute a general purpose financial report prepared on an accrual basis and in accordance with Australian Accounting Standards, Australian Accounting Standards Board (AASB) interpretations, the Higher Education Support Act 2003, Financial Statement Guidelines of the Department of Education, the South Australian Treasurer's Instructions and the Accounting Policy Framework issued under the provisions of the Public Finance and Audit Act 1987 (except where in conflict with Department of Education requirements). The University applies Tier 1 reporting requirements.

(a) Compliance with IFRS

The financial statements and notes of the University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

(b) Critical accounting estimates

Preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where applicable, in the relevant notes to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Scope of Reporting

The financial statements and notes disclose the 2014 operating results and 2013 comparative results of The University of Adelaide as follows:

University - refers to all aspects of operation of The University of Adelaide only.

Consolidated - refers to the financial results of The University of Adelaide together with the financial results of its controlled entities (refer to Note 33). It includes the University's interests in associates (Note 34) and its joint arrangements (Note 36), recognised using the equity accounting method.

The controlled entities of The University of Adelaide, included in this report are:

Adelaide Research & Innovation Pty Ltd as trustee for The Adelaide Research & Innovation Investment Trust:
- ACN 008 123 466 Pty Ltd (Formerly Repromed Pty Ltd)

Adelaide Unicare Pty Ltd as trustee for the Unihealth Research & Development Trust

Martindale Holdings Pty Ltd as trustee for
- JS Davies Estate
- JAT Mortlock Trust
- The Roseworthy Farm

National Wine Centre Pty Ltd as trustee for the National Wine Centre Trust

Roseworthy Piggery Pty Ltd

The Women's and Children's Health Research Institute - (Controlled from 1 January 2013)

3. Statement of Significant Accounting Policies

(a) Basis of Accounting

This general purpose financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity, and these policies have been consistently applied to all the years presented, unless otherwise stated.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Where comparatives have been reclassified, the impact of this reclassification has been disclosed in the relevant note.

(b) Principles of Consolidation

The consolidated financial statements of the Consolidated Entity include the financial statements of the University, being the parent entity, and its controlled entities ('the Consolidated Entity'). All entities have a 31 December reporting period.

Controlled Entities are those entities over which the Consolidated Entity has control. The Consolidated Entity has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power over the entity exists when the Consolidated Entity has existing rights that give it current ability to direct the relevant activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities have been eliminated in the consolidated financial statements. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interest in the equity and results of the entities that are controlled by the University are shown as a separate item in the consolidated financial statements.

(c) Foreign Currency

The University and its controlled entities financial statements are prepared in Australian dollars as their primary activities are conducted within Australia where the functional currency is Australian dollars.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions and brought to account in the Net operating result. Amounts receivable and payable in foreign currencies at the end of the reporting period are translated at the rates of exchange ruling on that date.

(d) Revenue Recognition

The University recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the University's activities as described below. In some cases this may not be probable until consideration is received or an uncertainty is removed. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- **Grant Revenue**
Grant revenue is recognised in the accounting period that the University obtains control of the revenue which is generally when it is received or where the University obtains control of the right to receive the grant and when the revenue recognition criteria are met.
- **HELP payments**
Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised in the year in which the service is provided.
- **Student Tuition Fees and Charges**
Student tuition fees and charges are recognised in the year in which the service is provided.
- **Consultancy, Contract and Industry Research**
Consultancy, contract and industry research income is recognised in the accounting period in which the service is provided.
- **Bequests and Donations**
Bequests and donations are recognised as income in the accounting period they are received.
- **Interest and Investment Income**
Interest and income from investments are recognised as they accrue (refer to Note 3(j)).
- **Royalties, trademarks and licenses**
Revenue from royalties, trademarks and licences is recognised as income when earned.

- **Asset Sales**

The net gain/loss from asset sales is included in the Consolidated Entity Net operating result. The profit or loss on disposal of assets is brought to account at the date the contract of sale becomes unconditional.

(e) **Goods and Services Tax**

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(f) **Intangible Assets**

Research expenditure is expensed in the period in which it is incurred. Where no internally generated asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Any intangible assets arising from development (or from the development phase of an internal project) are recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

All computer software other than operating systems is treated as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment, whereby impairment is tested annually (refer to Note 17). Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(g) **Employee Benefits**

- **Wages and Salaries**

The employees' entitlements to wages and salaries represent the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the end of the reporting period. The entitlements have been calculated at the wage and salary rates as at the end of the reporting period and have been recognised in payables.

- **Annual Leave**

The employees' entitlements to annual leave expected to be settled within 12 months of the end of the reporting period have been calculated at the amounts expected to be paid when the liabilities are settled and recognised in current provisions. Where the employees' entitlements to annual leave are not expected to be settled within 12 months of the end of the reporting period, the provision has been discounted to present value using the Australian Government 3 year bond rate and recognised in non-current provisions. The employee on-costs related to annual leave provision are recognised in payables.

- **Long Service Leave**

The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the end of the reporting period.

Liabilities for employees' entitlements, which are not expected to be settled within twelve months, are discounted using the rates attaching to Australian Government securities at the end of the reporting period, which most closely match the terms of maturity of the related liabilities, and recognised in non-current provisions.

In determining the liability for employees' entitlements, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have been recognised in payables.

- **Superannuation**

Superannuation schemes exist to provide benefits to University employees and their dependents upon retirement, disability or death. The contributions made to these schemes by the University, and emerging costs from unfunded schemes, are expensed in the Net operating result. For defined benefit plans, the remeasurement gains and losses are recognised immediately in other comprehensive income in the year in which they occur and the liability in relation to the defined benefit obligation, net of assets, has been recognised in the Statement of Financial Position. Refer to Note 27 for details relating to the individual schemes.

- **Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Consolidated Entity recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has

recognised costs for restructuring within the scope of AASB137 that involves the payment of termination benefits. The expense and liability are recognised when the Consolidated Entity is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(h) **Receivables**

Trade receivables are initially recognised at fair value. The collectability of receivables is assessed at the end of the reporting period and provision is made for any amounts considered to be doubtful. Any debts considered to be non-collectable have been expensed as bad debts.

(i) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash at bank or on hand and deposits held at call with financial institutions.

(j) **Other Financial Assets**

The Consolidated Entity classifies its investments into the following categories: financial assets at fair value through profit or loss, financial assets held-to-maturity, available for sale financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired. The classification of the investments is made at initial recognition and is reviewed at the end of each reporting period.

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified in this category if acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are classified as current assets in the Statement of Financial Position, with any realised and unrealised gains or losses recognised in the Net operating result.

Endowment Fund

The majority of specific purpose endowments received by the University to fund research activities, scholarships, prizes and lectures are included in the Endowment Fund. This Fund is invested in cash deposits and longer term investments managed by independent investment managers. It includes a mix of Australian equities, overseas equities, fixed interest securities and property trusts. These securities are traded by the investment managers, however, the Endowment Fund represents a long term investment holding. As a consequence, these investments are reported in non-current financial assets in the Statement of Financial Position at market values obtained from the investment managers.

- **Financial assets held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University's management has the positive intention and ability to hold to maturity.

The University places its surplus operating funds into bank term deposits with fixed maturity dates. Financial assets held to maturity are carried at cost.

- **Available-for-sale financial assets**

The financial assets are classified in this category where there is an intention to dispose of the investment, rather than replacing the investment through trading or where they are not classified in any of the other categories. Available for sale financial assets are recorded at fair value less impairment in the Statement of Financial Position. Unrealised gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined impaired, at which time the cumulative unrealised gain or loss previously recognised in the reserve is included in the Net operating result for the period. The University's investments in controlled entities are classified as non-current available-for-sale financial assets as the University does not intend to dispose of these assets in the near future.

- **Loans and receivables**

Financial assets are classified in this category when the Consolidated Entity provides money, goods or services to a debtor with no intention of selling the receivable. Financial assets classified as loans and receivables are recorded at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

(k) **Derivative Financial Instruments**

The Consolidated Entity enters into interest rate swaps (Derivative financial instruments) to manage its exposure to movements in interest rates on its borrowings.

In addition, the Consolidated Entity enters into foreign currency swaps (Derivative financial instruments) to manage its exposure to movements in exchange rates on its capital expenditure and library subscriptions.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as an asset or liability as the swaps are effective hedging instruments.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting

The Consolidated Entity has designated the interest rate and foreign currency swaps as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in the Statement of Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in the Net operating result. As at 31 December 2014 there are no ineffective hedge instruments.

Amounts deferred in equity are recorded in the Net operating result in the periods when the hedged item is recognised in the Net operating result. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Consolidated Entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Net operating result. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in other comprehensive income is recognised immediately in the Net operating result.

(l) Fair Value Measurement

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Consolidated Entity classifies fair value measurements using a 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 the end of the reporting period (level 1). The quoted market price used for assets held by the Consolidated Entity is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of financial assets or liabilities that are not traded in an active market is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3) are used to determine fair value for the remaining assets and liabilities. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Consolidated Entity considers market participants use of, or purchase of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(m) Investments in Business Undertakings

• Controlled Entities

Investments in controlled entities are carried in the University's financial statements at fair value. Dividends and distributions are brought to account in the Net operating result when they are declared by the controlled entities.

• Interests in Associates

Interests in associates represent interests where the Consolidated Entity exercises a significant influence but not control over the financial and operating policies.

In the University's financial statements, investments in these entities are carried at cost.

In the consolidated financial statements, investments in these entities are accounted for using the equity method of accounting. The Consolidated Entity's share of the net profit or loss after tax is recognised in Consolidated Other comprehensive income after the elimination of unrealised profits and losses on transactions between these entities and any entities in the Consolidated Entity.

• Joint Arrangements

Where the Consolidated Entity has joint control of an entity as described in Note 36, the Consolidated Entity interests are accounted for using the equity method.

• Cooperative Research Centres

The University derives income as part of its participation in Cooperative Research Centres, as listed in Note 35. In the ordinary course of events this income, which is recognised in the financial statements of the University, is used to meet operational costs and/or acquire equipment. As a participant, the University will be entitled to a proportionate share of any

intellectual property arising. As at the reporting date, the University is not aware of any material intellectual property with commercial value. As such no accounting entries have been recorded.

- **Other Business Undertakings**
The Consolidated Entity holds a number of investments. In the case of publicly listed investments, these have been valued at market value. In the case of non publicly listed investments, these have been valued at lower of cost or net realisable value (refer to Note 3 (j)).

(n) Inventories

- **Consumable Materials and Trading Stock**
The University has a number of inventory stores at several locations. The inventory is valued at cost based on the weighted average cost method.
- **Livestock**
The University breeds animals for teaching and research activities and not for profit. Consequently it does not attribute a value to livestock for recording in the Statement of Financial Position. Where controlled entities have reported livestock, this is included at net realisable value.

(o) Property, Plant and Equipment

- **Acquisitions**
Items of property, plant and equipment are initially recorded at cost in the Statement of Financial Position (unless otherwise indicated) and depreciated in accordance with Note 3(r).
- **Revaluations**
During 2013 land and buildings were independently valued on a fair value basis in accordance with Australian Accounting Standards.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation.

Increases in the carrying amounts arising on revaluation of land and buildings, library collection and works of art are credited to capital reserves in equity within the Statement of Financial Position except to the extent that they reverse previous reductions in the carrying amounts which were charged to the Net operating result. Decreases that reverse previous increases of the same class of asset are first charged against the capital reserves in equity to the extent of the remaining reserve attributable to the class of asset. All other decreases are charged to the Net operating result.

- **Disposal of Revalued Assets**
The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

- **Land and Buildings**
The University differentiates between "trust" and "other" land and buildings. "Trust" land is land provided to the University by Government to be held in trust for the specific purpose of operating the University, or acquired by settlement under a binding trust. Buildings constructed on land classified as "trust" land are classified as "trust" buildings.

All land and buildings are recorded at fair value which has been assessed via an independent valuation on the basis of market value for existing use. The valuation of land and buildings has been carried out by Mr Martin Oldfield, AAPI, BBus Property (Val), Mr Graham Martin, AAPI, BBus Property (Val), Mr Darcy Bruce, AAPI, BAppSc (Val) of Maloney Field Services (Australia) Pty Ltd on 31 December 2013.

- **Other Collections**
The University owns a number of collections of cultural, historical and scientific significance. Many of these collections are unique or extremely rare. The University is not able to reliably measure the value of these collections and therefore has not recognised them as an asset in the Statement of Financial Position. Furthermore, collections which are irreplaceable (excluding works of art) are not covered by University insurance due to difficulty in determining an insurable value, the costs associated with deriving such a value, and the premium load an insurer would require to carry such a risk.
- **Library Collection**
The Library collection was revalued on 31 December 2013 using an internal valuation based on the annual price movement of books.
- **Works of Art**
Works of art \$2,000 and greater, are recorded at fair value on the basis of an independent valuation carried out by Mr JFB Bruce AM JP (MAAVA), Managing Director of Theodore Bruce Auctions Pty Ltd on 31 December 2014. No provision for depreciation is made for works of art.
- **Leased Property, Plant and Equipment**
Leases of property, plant and equipment where the University, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. As at 31 December 2014 there are no finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Net operating result on a straight-line basis over the period of the lease.

(p) 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 of disposal if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of non-current assets classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

(q) Impairment of Assets

The Consolidated Entity assesses at the end of the reporting period whether there is objective evidence that an asset or group of assets is impaired.

Assets that are subject to amortisation 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 Net operating result for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if changes in circumstances indicate they might be impaired. An impairment loss is recognised if the carrying amount of the asset or its related cash-generating-unit (CGU) exceeds its recoverable amount.

(r) Depreciation and Amortisation

Depreciation on freehold buildings is calculated on a diminishing value basis. Depreciation is provided on other property, plant and equipment, excluding land and works of art, on a straight line basis so as to write off the net cost or other revalued amount of each asset over its remaining expected useful life. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation/amortisation:

• Buildings	80 – 100 years
• Leasehold improvements	5 – 50 years
• Library Collection	10 years
• Plant and equipment including motor vehicles	5 – 10 years

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

(s) Investment Properties

Investment properties are distinct from property, plant and equipment, in that they are held to earn rentals, rather than for use in the production or supply of goods and services.

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 University. Where an investment property is acquired at no cost or for nominal consideration, its cost is deemed to be its fair value, as at the date of acquisition.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value, which is based on active market prices, with changes in the fair value recognised in the Net operating result in the period that they arise. The properties are not depreciated. Rental revenue from the leasing of investment properties is recognised in the Net operating result in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

An independent valuation of investment properties has been carried out by Mr Graham Martin, AAPI, BBus Property (Val) and Ms Andrea Carolan, FAPI, BAppSc (Val) of Maloney Field Services (Australia) Pty Ltd on 30 November 2014 prior to these properties being reclassified to non-current assets held for sale.

(t) Repairs and Maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair or minor renewal costs are also recognised as expenses, as incurred.

(u) Workers' Compensation

The University is responsible for payments of workers' compensation claims and is registered with the WorkCover Corporation of South Australia as an exempt employer.

The actuarial assessment of the provision for workers' compensation claims has been prepared by Brett & Watson Pty Ltd using the Case Estimation Methodology. This methodology comprises the assessment of individual independent case estimates of all

open claims. A separate allowance for incurred but not reported claims (IBNR), unforeseen escalation of the case estimates and re-opening of finalised claims is then made.

(v) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(w) Salaries and Related Expenses

Items attributed to salaries and related expenses include salaries and wages, employee entitlements and other costs incidental to the employment of staff such as professional development costs and fringe benefits tax.

(x) Borrowings

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

(y) Borrowing Costs

Borrowing costs incurred for the construction of buildings are capitalised during the period of time that is required to complete and prepare the building for its intended use. Other borrowing costs are expensed.

(z) Prior Period Errors and Changes in Accounting Estimates

Correction of error in the previous reporting period

During 2012, a transaction of \$1.0M was incorrectly recorded as an expense when it had the nature of a loan or receivable. The result was to understate other financial assets and retained surplus in the statement of financial position, overstate expenditure in the statement of comprehensive income and understate the net operating result for 2012.

Comparatives have been adjusted to reflect the changes. The 2013 opening retained surplus has increased by \$1.0M and opening other financial assets has increased by \$1.0M.

(aa) Rounding

All amounts in this report are rounded to the nearest thousand dollars.

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
4. Revenue from continuing operations					
Received under Higher Education Support Act					
Base operating financial assistance					
Commonwealth Grants Scheme (Commonwealth supported places)		163,109	158,765	163,109	158,765
Institutional Grants Scheme		15,542	14,872	15,542	14,872
Research Training Scheme		31,914	31,503	31,914	31,503
		210,565	205,140	210,565	205,140
Other operating financial assistance					
Other operating financial assistance		5,955	5,862	5,955	5,862
		5,955	5,862	5,955	5,862
Higher Education Contribution Scheme					
HECS-HELP student upfront payments		13,789	14,394	13,789	14,394
Australian Government financial assistance		98,662	91,894	98,662	91,894
		112,451	106,288	112,451	106,288
		328,971	317,290	328,971	317,290
Student fee income includes:					
Fee paying student revenue received					
Award courses					
Australian fee paying undergraduate students		797	1,052	797	1,052
Australian fee paying postgraduate students		4,268	4,237	4,268	4,237
International fee paying students		148,195	136,322	148,195	136,322
		153,260	141,611	153,260	141,611
Non award courses					
Continuing education		541	568	541	568
Australian fee paying		7,065	5,275	7,065	5,275
Other teaching service fees		5,314	4,464	5,314	4,464
		12,920	10,307	12,920	10,307
Non-course income					
Student services and amenities fees		2,686	2,212	2,686	2,212
		2,686	2,212	2,686	2,212
		168,866	154,130	168,866	154,130
Australian Government financial assistance					
FEE-HELP		10,737	9,489	10,737	9,489
SA-HELP		2,884	2,614	2,884	2,614
Overseas postgraduate research scholarship		988	997	988	997
		183,475	167,230	183,475	167,230
Learning and teaching grants					
Other Australian Government financial assistance		-	60,000	-	60,000
Learning and teaching grants		31,276	28,409	31,332	28,060
		31,276	88,409	31,332	88,060
		214,751	255,639	214,807	255,290

During 2013, the University received an Australian Government capital grant of \$60M towards a new medical and nursing school building, for which construction commenced in 2014.

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
4. Revenue from continuing operations - continued					
Investment revenue					
Interest income					
Bank deposits		637	639	376	137
Held-to-maturity bank term investments		4,575	3,992	4,575	3,992
Dividends received		533	441	-	-
Distributions from controlled entities		-	-	908	766
Other investment gains and losses					
Net realised gain on endowment fund investments		7,753	6,827	7,753	6,827
Net unrealised gain on endowment fund investments		11,806	31,916	11,807	31,223
Revaluation gain on Education Australia		1,369	-	1,369	-
Unrealised gain on investment properties		-	849	-	849
Royalties, trademarks and licences		4,896	4,780	1,938	1,283
		31,569	49,444	28,726	45,077
Property revenue					
Rental charges/accommodation fees		11,709	11,139	11,533	11,023
Parking fees		1,906	1,671	1,906	1,671
Building development and maintenance recovery		1,446	1,520	1,446	1,520
Other property revenue		718	671	862	748
		15,779	15,001	15,747	14,962
Specialist services and trading					
Consultancy fees		10,956	11,954	7,093	7,218
Library charges and fines		481	608	481	608
Sale of services		23,484	22,324	6,972	6,265
Sale of goods		3,375	3,041	607	743
Sponsorship and conference income		1,148	931	1,148	870
Other specialist services and trading		2,272	1,956	1,897	1,576
		41,716	40,814	18,198	17,280
Bequests, donations and other revenue					
Bequests and donations received for:					
Research		2,265	3,190	2,265	2,987
General operational purposes		1,639	1,984	1,639	1,984
		3,904	5,174	3,904	4,971
Prizes and scholarships		1,351	2,016	1,351	2,016
Recharge of costs to other organisations		1,278	687	1,098	524
Application management and late fee		1,390	1,613	1,390	1,613
Franchise fees		1,946	2,104	1,946	2,104
Insurance claim recovery		2,082	624	2,082	624
Salary recharges		917	1,237	917	1,237
AusAid Scholarships & stipends		6,359	7,433	6,359	7,433
Net foreign exchange gain		459	626	459	626
Reversal of impairment of other buildings		-	5,097	-	6,308
Gain on acquisition of Controlled Entity	33	-	9,389	-	-
Other revenue		15,617	15,338	10,597	9,932
		35,303	51,338	30,103	37,388
Share of other comprehensive income of associates and joint ventures accounted for using the equity method					
Joint ventures	36	(115)	5	-	-
Associates	34	393	(284)	-	-
		278	(279)	-	-

	Consolidated		University	
	2014	2013	2014	2013
Note	\$000	\$000	\$000	\$000
5. Expenses from continuing operations				
Salaries and related expenses				
Salaries and related expenses - Academic				
Salaries	189,100	182,962	189,100	182,822
Contributions to superannuation and pension schemes				
Contributions to funded schemes	29,761	25,700	29,761	25,692
Contributions to unfunded schemes	87	83	87	83
Payroll tax	11,961	10,439	11,961	10,439
Annual leave	14,928	11,618	14,928	11,618
Long service leave	4,289	2,927	4,289	2,927
Workers' compensation	227	271	227	263
Other	6,155	4,882	6,064	4,845
Total academic salaries and related expenses	256,508	238,882	256,417	238,689
Salaries and related expenses - Non-academic				
Salaries	165,944	157,856	152,489	143,908
Contributions to superannuation and pension schemes				
Contributions to funded schemes	25,680	21,715	24,242	20,281
Contributions to unfunded schemes	71	66	71	66
Payroll tax	10,045	8,688	9,697	8,304
Annual leave	12,241	9,819	11,837	9,290
Long service leave	3,339	2,253	3,090	2,165
Workers' compensation	298	695	298	695
Other	4,669	4,319	4,627	4,304
Total non-academic salaries and related expenses	222,287	205,411	206,351	189,013
Total salaries and related expenses	478,795	444,293	462,768	427,702
Teaching and research				
Agriculture, animals and cropping	1,729	1,857	1,729	1,857
Books, subscriptions and printed material	8,323	7,599	8,309	7,583
Laboratory expenses	18,355	18,257	17,352	17,548
Research transfer to other institutions	11,752	22,165	14,475	27,643
Other teaching and research	30,465	29,840	30,465	29,840
	70,624	79,718	72,330	84,471
Buildings and grounds				
Cleaning and security	9,631	9,764	9,261	9,376
Property maintenance	19,747	17,011	19,571	16,842
Building leases and rent	15,611	15,183	15,220	14,824
Utilities	14,369	14,865	14,224	14,676
	59,358	56,823	58,276	55,718

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
5. Expenses from continuing operations - continued					
Finance costs					
Interest		5,879	6,257	5,996	6,388
Finance charges		924	881	924	881
		6,803	7,138	6,920	7,269
Administration, communication and travel					
Consultants & specialist services		20,957	19,973	16,174	15,503
Fees & licenses		15,345	14,298	15,314	14,268
Insurance		3,073	3,112	2,915	2,959
Administration & communication		57,672	53,508	13,060	13,898
Publicity and fundraising		4,604	4,866	4,317	4,636
Travel, accommodation & entertainment		23,867	23,031	23,648	22,868
		125,518	118,788	75,428	74,132
Finance and fund administration					
Bad and doubtful debts					
Student loans		(11)	(8)	(11)	(8)
Student tuition		122	57	122	57
Other debtors		210	549	208	546
		321	598	319	595
Management and merchant fees		555	577	555	577
Fringe benefit tax payments		1,190	944	1,190	944
Other		48	24	48	24
		2,114	2,143	2,112	2,140
Misc equip, dep'n and net loss on disposal of assets includes:					
Amortisation of intangible assets					
Software		6,520	6,459	6,520	6,459
Amortisation	3(r)				
Leasehold improvements		2,890	2,464	2,880	2,424
		9,410	8,923	9,400	8,883
Depreciation	3(r)				
Buildings		24,277	23,604	24,204	23,505
Plant, equipment and motor vehicles		11,867	10,693	11,268	10,169
Library collection		2,167	2,897	2,167	2,897
		38,311	37,194	37,639	36,571
		47,721	46,117	47,039	45,454
Non-capitalised equipment		13,045	10,681	13,045	10,673
Net loss on disposal of assets		1,300	1,729	1,300	1,705
Impairment loss on non-current assets held for sale		716	-	716	-
Unrealised loss on investment properties		261	-	261	-
		63,043	58,527	62,361	57,832

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
6. Cash and Cash Equivalents	3(i)				
Cash at bank or on hand		36,601	29,877	30,457	20,997
Deposits at call		15,029	13,055	11,000	10,000
		51,630	42,932	41,457	30,997

The University invested its surplus working capital into bank term investments (2014: \$90.2 million, 2013: \$89.4 million). These bank term investments have been reported as Financial Assets held-to-maturity in Note 8. As a result these funds are not reported within Cash and Cash Equivalents or within the Statement of Cash Flows.

7. Receivables	3(h)				
Current					
Student tuition fees		5,652	5,219	5,652	5,219
Less: provision for impaired receivables		(235)	(47)	(235)	(47)
		5,417	5,172	5,417	5,172
Trade debtors		20,832	22,150	19,986	20,139
Less: provision for impaired receivables		(293)	(567)	(178)	(484)
		20,539	21,583	19,808	19,655
Sundry debtors and accrued income		7,442	4,914	7,442	4,914
Less: provision for impaired receivables		(1,965)	(1,670)	(1,965)	(1,670)
		5,477	3,244	5,477	3,244
Student loans		174	180	174	180
Less: provision for impaired receivables		(128)	(140)	(128)	(140)
		46	40	46	40
		31,479	30,039	30,748	28,111

(a) Impaired receivables

As at 31 December 2014 current receivables of the group with a nominal value of \$2.6 million (2013: \$2.6 million) were impaired. The amount of the provision was \$2.6 million (2013: \$2.4 million). The individually impaired receivables mainly relate to outstanding trade, sundry and student debtors.

The ageing of impaired receivables is as follows:

0 to 3 months	88	96	88	96
3 to 6 months	146	40	146	40
Over 6 months	2,387	2,488	2,272	2,405
	2,621	2,624	2,506	2,541

As at 31 December 2014 current receivables of the group of \$31.5 million (2013: \$29.8 million) were not impaired. These receivables mainly relate to a number of Government agencies and independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

0 to 3 months	25,322	23,375	25,404	22,344
3 to 6 months	5,294	6,175	4,682	5,325
Over 6 months	863	289	662	242
	31,479	29,839	30,748	27,911

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
7. Receivables - continued					
(a) Impaired receivables - continued					
The movement in the provision for impaired receivables is as follows:					
At 1 January		2,424	2,305	2,341	2,023
Net provision for impairment recognised/(reversed) during the year		163	538	104	543
Receivables written off during the year as uncollectible		34	(419)	61	(225)
At 31 December		2,621	2,424	2,506	2,341

The creation and release of the provision for impaired receivables has been included in 'Finance and fund administration' in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other amounts within receivables do not contain impaired assets and it is expected that these amounts will be received in full.

8. Other Financial Assets

Current

Other loans		105	1,117	160	1,172
Held-to-maturity - bank term investments		90,672	49,406	90,156	49,406
		90,777	50,523	90,316	50,578

Non-current

Fair value through profit or loss (held for trading)

Endowment fund at fair value

3(j)

Australian fixed interest securities		11,316	10,569	11,316	10,569
Overseas fixed interest securities		11,988	10,487	11,988	10,487
Australian equities		92,656	88,277	92,656	88,277
Overseas equities		81,546	71,389	81,546	71,389
Property trusts		19,840	15,609	19,840	15,609
Cash and liquid assets		8,388	8,016	8,388	8,016
Alternative strategies		13,185	12,150	13,185	12,150
		238,919	216,497	238,919	216,497

Changes in fair values of other financial assets at fair value through profit or loss are recorded in the Statement of Comprehensive Income, refer to Note 4 Investment revenue.

Other shares		9,671	8,149	2,945	1,576
Total fair value through profit or loss (held for trading)		248,590	224,646	241,864	218,073

Other loans		214	317	324	483
Held-to-maturity - bank term investments		-	40,000	-	40,000
Total non-current other financial assets		248,804	264,963	242,188	258,556

Held-to-maturity - bank term investments

The University invests its surplus working capital into bank term investments and these bank term investments have been reported as Financial Assets held-to-maturity. As a result these funds are not reported within Cash and Cash Equivalents in Note 6 or within the Statement of Cash Flows.

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
9. Derivative Financial Instruments					
Current Assets					
Foreign currency swap contracts - cash flow hedges		-	161	-	161
Non-Current Liabilities					
Interest rate swap contracts - cash flow hedges		17,080	11,265	17,080	11,265
During 2007 the University entered into nine \$10.0 million forward start interest rate swaps (totalling \$90.0 million), to manage its interest rate exposures on planned borrowings for its North Terrace Development Strategy. The swaps commenced in February 2010 and amortise on a straight line basis over twenty years. The University is obligated to pay a fixed interest rate of 6.65%. These interest rate swaps are effective hedges and the fair value of these hedges are recorded as a non-current liability. During 2013 the University entered into foreign currency swaps totalling \$3.6 million to manage USD foreign currency exposures. As at 31 December 2013, USD3.350 million remained with maturities out to December 2014 at a weighted average exchange rate of 0.9206. These foreign currency swaps were effective hedges and the fair value of these hedges were recorded as a current asset. During 2014 these swap contracts were delivered when due and no foreign currency swaps were in existence as at 31 December 2014.					
10. Inventories	3(n)				
Consumable materials and trading stock		1,842	2,155	899	1,003
Livestock		321	307	-	-
Provision for obsolescence		(70)	(20)	(70)	(20)
		<u>2,093</u>	<u>2,442</u>	<u>829</u>	<u>983</u>
The University wrote down inventories by \$0.06 million during the year ended 31 December 2014 (2013: \$0.02 million) on identification of obsolete and overvalued items.					
11. Other Non-Financial Assets					
Current					
Prepayments		9,536	8,374	9,472	8,271
Accrued income		3,427	2,634	3,304	2,566
OS-HELP receivable from Australian Government		-	406	-	406
		<u>12,963</u>	<u>11,414</u>	<u>12,776</u>	<u>11,243</u>
Non-current					
Prepayments		<u>8,141</u>	<u>4,030</u>	<u>8,141</u>	<u>4,030</u>
Total Other Non-Financial Assets		<u>21,104</u>	<u>15,444</u>	<u>20,917</u>	<u>15,273</u>
12. Non-current Assets Classified as Held for Sale	3(p)				
Current					
Land held for sale		39,144	-	39,144	-
Buildings held for sale		6,994	-	6,994	-
		<u>46,138</u>	<u>-</u>	<u>46,138</u>	<u>-</u>
Non-current Assets held for sale are stated at the lower of the carrying amount and the fair value less costs to sell. The University intends to dispose of the land and buildings held for sale within the next 12 months.					
13. Investments Accounted for Using the Equity Method	3(m)				
Investments in associates	34				
At cost		-	-	-	-
Equity accounted		393	-	-	-
Interests in joint ventures	36				
At cost		-	-	491	491
Equity accounted		1,595	1,710	-	-
		<u>1,988</u>	<u>1,710</u>	<u>491</u>	<u>491</u>
14. Available-for-sale Financial Assets					
Non-current					
Investments in controlled entities	33	-	-	25,562	26,926

15. Property, Plant and Equipment

Consolidated	Trust Land	Other Land	Trust Buildings	Other Buildings	WIP	Leasehold Improvements	Library Collections	Works of Art	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
As at 1 January 2013										
Cost	4	770	80,394	23,781	104,419	27,407	3,893	15	147,874	388,557
Valuation	145,325	73,378	588,014	50,487	-	-	25,081	7,653	-	889,938
Accumulated depreciation/amortisation	-	-	(37,297)	(4,254)	-	(19,822)	(5,540)	-	(93,715)	(160,628)
Net book amount	145,329	74,148	631,111	70,014	104,419	7,585	23,434	7,668	54,159	1,117,867
Year ended 31 December 2013										
Opening net book amount	145,329	74,148	631,111	70,014	104,419	7,585	23,434	7,668	54,159	1,117,867
Additions	-	626	-	2	58,043	29	1,191	2	15,823	75,716
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	-	-	-	(707)	-	(1,486)	(2,193)
Revaluation surplus/(deficit)	5,620	(2,445)	18,495	(1,701)	-	-	641	-	-	20,610
Impairment loss reversals	-	-	-	5,097	-	-	-	-	-	5,097
Transfers	(655)	-	131,918	2,403	(146,584)	3,004	-	-	4,125	(5,789)
Depreciation/amortisation	-	-	(21,265)	(2,339)	-	(2,464)	(2,897)	-	(10,693)	(39,658)
Closing net book amount	150,294	72,329	760,259	73,476	15,878	8,154	21,662	7,670	61,928	1,171,650
As at 31 December 2013										
Cost	-	-	-	-	15,878	17,265	-	15	162,512	195,670
Valuation	150,294	72,329	760,259	73,476	-	-	21,662	7,655	-	1,085,675
Accumulated depreciation/amortisation	-	-	-	-	-	(9,111)	-	-	(100,584)	(109,695)
Net book amount	150,294	72,329	760,259	73,476	15,878	8,154	21,662	7,670	61,928	1,171,650

15. Property, Plant and Equipment - continued

Consolidated	Trust Land \$000	Other Land \$000	Trust Buildings \$000	Other Buildings \$000	WIP \$000	Leasehold Improvements \$000	Library Collections \$000	Works of Art \$000	Plant and Equipment \$000	Total \$000
Year ended 31 December 2014										
Opening net book amount as at 1/1/2014	150,294	72,329	760,259	73,476	15,878	8,154	21,662	7,670	61,928	1,171,650
Additions	-	-	-	-	59,329	-	1,195	44	13,508	74,076
Assets included in a disposal group classified as held for sale and other disposals	-	(21,187)	-	(6,015)	-	-	(810)	-	(758)	(28,770)
Revaluation surplus/(deficit)	-	-	-	-	-	-	-	54	-	54
Transfers	530	-	17,533	1,400	(39,336)	4,489	-	-	7,170	(8,214)
Depreciation/amortisation	-	-	(22,040)	(2,237)	-	(2,890)	(2,167)	-	(11,867)	(41,201)
Closing net book amount	150,824	51,142	755,752	66,624	35,871	9,753	19,880	7,768	69,981	1,167,595
As at 31 December 2014										
Cost	-	-	17,485	1,400	35,871	20,405	1,195	-	180,912	257,268
Valuation	150,824	51,142	760,307	67,257	-	-	20,852	7,768	-	1,058,150
Accumulated depreciation/amortisation	-	-	(22,040)	(2,033)	-	(10,652)	(2,167)	-	(110,931)	(147,823)
Net book amount	150,824	51,142	755,752	66,624	35,871	9,753	19,880	7,768	69,981	1,167,595

15. Property, Plant and Equipment - continued

University	Trust Land \$000	Other Land \$000	Trust Buildings \$000	Other Buildings \$000	WIP \$000	Leasehold Improvements \$000	Library Collections \$000	Works of Art \$000	Plant and Equipment \$000	Total \$000
As at 1 January 2013										
Cost	4	50	80,394	18,300	101,068	27,281	3,893	15	143,809	374,814
Valuation	145,325	72,833	588,014	49,477	-	-	25,081	7,653	-	888,383
Accumulated depreciation/amortisation	-	-	(37,297)	(4,181)	-	(19,795)	(5,540)	-	(92,126)	(158,939)
Net book amount	145,329	72,883	631,111	63,596	101,068	7,486	23,434	7,668	51,683	1,104,258
Year ended 31 December 2013										
Opening net book amount	145,329	72,883	631,111	63,596	101,068	7,486	23,434	7,668	51,683	1,104,258
Additions	-	626	-	-	57,548	-	1,191	2	14,336	73,703
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	-	-	-	(707)	-	(1,420)	(2,127)
Revaluation surplus/(deficit)	5,620	(2,925)	18,495	-	-	-	641	-	-	21,831
Impairment loss reversals	-	-	-	6,308	-	-	-	-	-	6,308
Transfers	(655)	-	131,918	(1,443)	(142,738)	3,004	-	-	4,125	(5,789)
Depreciation/amortisation	-	-	(21,265)	(2,240)	-	(2,424)	(2,897)	-	(10,169)	(38,995)
Closing net book amount	150,294	70,584	760,259	66,221	15,878	8,066	21,662	7,670	58,555	1,159,189
As at 31 December 2013										
Cost	-	-	-	-	15,878	15,790	-	15	154,664	186,347
Valuation	150,294	70,584	760,259	66,221	-	-	21,662	7,655	-	1,076,675
Accumulated depreciation/amortisation	-	-	-	-	-	(7,724)	-	-	(96,109)	(103,833)
Net book amount	150,294	70,584	760,259	66,221	15,878	8,066	21,662	7,670	58,555	1,159,189

15. Property, Plant and Equipment - continued

University	Trust Land \$000	Other Land \$000	Trust Buildings \$000	Other Buildings \$000	WIP \$000	Leasehold Improvements \$000	Library Collections \$000	Works of Art \$000	Plant and Equipment \$000	Total \$000
Year ended 31 December 2014										
Opening net book amount as at 1/1/2014	150,294	70,584	760,259	66,221	15,878	8,066	21,662	7,670	58,555	1,159,189
Additions	-	-	-	-	59,329	-	1,195	44	12,707	73,275
Assets included in a disposal group classified as held for sale and other disposals	-	(21,187)	-	(6,015)	-	-	(810)	-	(798)	(28,809)
Revaluation surplus/(deficit)	-	-	-	-	-	-	-	54	-	54
Transfers	530	-	17,533	1,400	(39,336)	4,489	-	-	7,170	(8,214)
Depreciation/amortisation	-	-	(22,040)	(2,164)	-	(2,880)	(2,167)	-	(11,268)	(40,519)
Closing net book amount	150,824	49,397	755,752	59,442	35,871	9,675	19,880	7,768	66,366	1,154,975
As at 31 December 2014										
Cost	-	-	17,485	1,400	35,871	20,279	1,195	-	172,222	248,452
Valuation	150,824	49,397	760,307	60,002	-	-	20,852	7,768	-	1,049,150
Accumulated depreciation/amortisation	-	-	(22,040)	(1,960)	-	(10,604)	(2,167)	-	(105,856)	(142,627)
Net book amount	150,824	49,397	755,752	59,442	35,871	9,675	19,880	7,768	66,366	1,154,975

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
16. Investment Property					
Balance at the beginning of the year		20,402	17,970	20,402	17,970
Transfer from WIP		-	603	-	603
Transfer (to)/from land and buildings		(579)	980	(579)	980
Transfer to non-current assets held for sale	12	(19,562)	-	(19,562)	-
Net gain (loss) from fair value adjustments		(261)	849	(261)	849
Balance at the end of the year		-	20,402	-	20,402

(a) Amount recognised in income statement for investment property

The University has recognised \$1.9 million (2013: \$1.8 million) of rental income from investment properties within the Statement of Comprehensive Income. Any direct operating expenses from generating rental income are included within the Statement of Comprehensive Income and are immaterial.

(b) Valuation basis

The basis of valuation of investment properties is fair value being the price that would be received to sell the properties in an orderly transaction between market participants at the valuation date.

An independent valuation of investment properties has been carried out by Ms Andrea Carolan, FAPI, BAppSc (Val) Certified Practising Valuer and Mr Graham Martin, AAPI, B. Bus Property (Val) Certified Practising Valuer of Maloney Field Services on 30 November 2014 prior to the properties being transferred to non current assets held for sale.

(c) Non-current assets pledged as security

No non-current assets have been pledged.

(d) Contractual obligations

There are no capital commitments for investment properties.

(e) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on investment properties are as follows:

	Consolidated		University	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Within one year	-	1,406	-	1,406
Later than one year but not later than 5 years	-	3,426	-	3,426
Later than 5 years	-	-	-	-
	-	4,832	-	4,832

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
17. Intangible Assets	3(f)				
Non-current					
As at 1 January 2013					
Cost		39,740		39,740	
Accumulated amortisation and impairment		(22,696)		(22,696)	
Net book amount		<u>17,044</u>		<u>17,044</u>	
Year ended 31 December 2013					
Opening net book amount		17,044		17,044	
Additions - Internal development		563		563	
Transfer from WIP		4,206		4,206	
Amortisation charge		(6,459)		(6,459)	
Closing net book amount		<u>15,354</u>		<u>15,354</u>	
As at 1 January 2014					
Cost		44,509		44,509	
Accumulated amortisation and impairment		(29,155)		(29,155)	
Net book amount		<u>15,354</u>		<u>15,354</u>	
Year ended 31 December 2014					
Opening net book amount		15,354		15,354	
Additions		380		380	
Transfer from WIP		8,793		8,793	
Amortisation charge		(6,520)		(6,520)	
Closing net book amount		<u>18,007</u>		<u>18,007</u>	
As at 31 December 2014					
Cost		53,682		53,682	
Accumulated amortisation and impairment		(35,675)		(35,675)	
Net book amount		<u>18,007</u>		<u>18,007</u>	
18. Payables					
Current					
Accounts payable		51,894	42,089	46,623	37,558
Annual and long service leave oncosts	22	4,439	4,800	4,298	4,685
Accruals		5,320	7,010	1,929	1,814
Salary and related expenses payable		8,656	7,013	8,653	7,013
OS-HELP Liability to Australian Government		290	-	290	-
		<u>70,599</u>	<u>60,912</u>	<u>61,793</u>	<u>51,070</u>
Non-current					
Annual and long service leave oncosts	22	10,876	9,917	10,824	9,877
		<u>10,876</u>	<u>9,917</u>	<u>10,824</u>	<u>9,877</u>
Total Payables		<u>81,475</u>	<u>70,829</u>	<u>72,617</u>	<u>60,947</u>
19. Borrowings					
Current					
Interest bearing borrowings		<u>5,006</u>	<u>5,006</u>	<u>5,006</u>	<u>5,006</u>
Non-current					
Interest bearing borrowings		<u>72,518</u>	<u>77,524</u>	<u>72,518</u>	<u>77,524</u>
Total Borrowings		<u>77,524</u>	<u>82,530</u>	<u>77,524</u>	<u>82,530</u>

The University maintains an unsecured \$20 million Multi-Option Facility (as a standby working capital facility) and a further unsecured Multi-Option Facility which had an initial limit of \$100 million and was used to part fund the North Terrace Development Strategy. As at 31 December 2014 the standby working capital facility has not been drawn down.

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
20. Provisions					
Current					
Workers' compensation provision		401	380	401	380
Annual and long service leave	22	23,507	25,184	22,362	24,200
Insurance provision		2,389	2,543	2,389	2,543
		26,297	28,107	25,152	27,123
Non-current					
Workers' compensation provision		455	509	455	509
Annual and long service leave	22	53,676	48,762	53,277	48,403
Defined benefit fund net liability	27(c)	8,082	4,958	8,082	4,958
		62,213	54,229	61,814	53,870
Total Provisions		88,510	82,336	86,966	80,993
		Workers' compensation provision	Annual and long service leave	Insurance Provision	Defined benefit fund net liability
		\$000	\$000	\$000	\$000
Movements in provisions					
Consolidated - current					
Carrying amount at start of year		380	25,184	2,543	-
Additional/(reductions in) provisions recognised		21	(1,677)	(154)	-
Carrying amount at the end of the year		401	23,507	2,389	-
Consolidated - non-current					
Carrying amount at start of year		509	48,762	-	4,958
Additional/(reductions in) provisions recognised		(54)	4,914	-	3,124
Carrying amount at the end of the year		455	53,676	-	8,082
Movements in provisions					
University - current					
Carrying amount at start of year		380	24,200	2,543	-
Additional/(reductions in) provisions recognised		21	(1,838)	(154)	-
Carrying amount at the end of the year		401	22,362	2,389	-
University - non-current					
Carrying amount at start of year		509	48,403	-	4,958
Additional/(reductions in) provisions recognised		(54)	4,874	-	3,124
Carrying amount at the end of the year		455	53,277	-	8,082

Workers' compensation provision

Provision is made based on an actuarial assessment of workers' compensation estimated claims liability for future years. Refer to policy Note 3(u) Workers' Compensation.

Annual and long service leave

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Refer to policy Note 3(g) Employee Benefits.

Insurance provision

Provision has been made for the actuarial assessment of future liability to the University for losses incurred prior to 31 December 2014 that were expected to be paid subsequent to 1 January 2015 and are below the University deductible in the University insurance policies.

Defined benefit fund net liability

Provision is made for the Super Scheme A 1985 defined benefit obligation in accordance with AASB 119 Employee Benefits. Refer to Note 3(g) Employee Benefits and Note 27(c) The University of Adelaide Super Scheme A 1985.

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
21. Other Liabilities					
Current					
Outside funded positions		144	162	144	162
Income in advance		1,258	1,168	489	470
Student tuition fees received in advance		12,197	11,628	12,197	11,628
Residential bonds		315	319	315	319
Employee benefits – separation packages		2,635	1,511	2,635	1,486
Funds held on deposit for controlled entities		-	-	4,987	4,870
Other		1,001	931	964	886
		17,550	15,719	21,731	19,821

22. Employee Benefits and Related On-Cost Liabilities

In accordance with the requirements of AASB 119 "Employee Benefits", employee on-costs are required to be reported as payables whilst leave liability amounts are reported separately in Note 20. Below is a composite note disclosure showing the total liabilities the Consolidated Entity has as at 31 December 2014 relating to employee benefits:

Annual Leave

On-costs included in payables - current	18	3,380	3,726	3,324	3,676
Employee benefits - current	20	18,087	19,703	17,537	19,194
		21,467	23,429	20,861	22,870
On-costs included in payables - non-current	18	1,370	1,476	1,366	1,472
Employee benefits - non-current	20	7,293	7,832	7,259	7,794
		8,663	9,308	8,625	9,266

Long Service Leave

On-costs included in payables - current	18	1,059	1,074	974	1,009
Employee benefits - current	20	5,420	5,481	4,825	5,006
		6,479	6,555	5,799	6,015
On-costs included in payables - non-current	18	9,506	8,441	9,458	8,405
Employee benefits - non-current	20	46,383	40,930	46,018	40,609
		55,889	49,371	55,476	49,014
		92,498	88,663	90,761	87,165

23. Retained Surplus and Reserves

23(a) Summary

Capital reserves

Capital reserve	2,971	2,971	-	-
Capital profits reserve	1,481	1,481	-	-
Asset revaluation surplus	295,592	295,538	295,342	295,288
Initial asset recognition reserve	279,124	279,124	279,124	279,124
Available-for-sale financial assets revaluation reserve	-	-	25,562	26,926
	579,168	579,114	600,028	601,338

Specific purpose reserves

Special reserve	308,826	287,423	308,826	287,423
Bequests/donations unspent income reserve	7,511	6,631	7,511	6,631
Restricted purpose bequest capital reserve	169,730	163,937	169,730	163,937
Endowment fund revaluation reserve	99,032	79,471	99,032	79,471
	585,099	537,462	585,099	537,462

Retained surplus	233,211	236,367	210,583	212,665
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	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
23. Reserves - continued					
23(b) Movements in reserves					
Capital reserve					
Opening balance		2,971	2,971	-	-
Current year movement		-	-	-	-
Closing balance		<u>2,971</u>	<u>2,971</u>	<u>-</u>	<u>-</u>
Capital profits reserve					
Opening balance		1,481	1,481	-	-
Current year movement		-	-	-	-
Closing balance		<u>1,481</u>	<u>1,481</u>	<u>-</u>	<u>-</u>
Asset revaluation surplus					
Opening balance		295,538	274,928	295,288	273,457
Add revaluation increment on property, plant and equipment		54	20,610	54	21,831
Closing balance		<u>295,592</u>	<u>295,538</u>	<u>295,342</u>	<u>295,288</u>
Initial asset recognition reserve					
Opening balance		279,124	279,124	279,124	279,124
Current year movement		-	-	-	-
Closing balance		<u>279,124</u>	<u>279,124</u>	<u>279,124</u>	<u>279,124</u>
Available-for-sale financial assets revaluation reserve					
Opening balance		-	-	26,926	16,585
Current year movement		-	-	(1,364)	10,341
Closing balance		<u>-</u>	<u>-</u>	<u>25,562</u>	<u>26,926</u>
Special reserve					
Opening balance		287,423	229,808	287,423	229,808
Transfer from retained surplus		21,403	57,615	21,403	57,615
Closing balance		<u>308,826</u>	<u>287,423</u>	<u>308,826</u>	<u>287,423</u>
Bequests/donations unspent income reserve					
Opening balance		6,631	7,801	6,631	7,801
Transfer (to) / from retained surplus		880	(1,170)	880	(1,170)
Closing balance		<u>7,511</u>	<u>6,631</u>	<u>7,511</u>	<u>6,631</u>
Restricted purpose bequest capital reserve					
Opening balance		163,937	157,963	163,937	157,963
Transfer from retained surplus		5,793	5,974	5,793	5,974
Closing balance		<u>169,730</u>	<u>163,937</u>	<u>169,730</u>	<u>163,937</u>
Endowment fund revaluation reserve					
Opening balance		79,471	41,422	79,471	41,422
Transfer (to) / from retained surplus		19,561	38,049	19,561	38,049
Closing balance		<u>99,032</u>	<u>79,471</u>	<u>99,032</u>	<u>79,471</u>

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
23. Reserves - continued					
23(c) Nature and purpose of reserves					
Capital reserve					
Represents capital accounts held within controlled entities of the University.					
Capital profits reserve					
Represents the accumulation of realised revalued increments of assets sold.					
Asset revaluation surplus					
Is used to record increments and decrements on the revaluation of non-current assets. Refer accounting policy note 3(o).					
Initial asset recognition reserve					
Represents the equity impact arising from the recognition of assets which until the first time the University prepared a set of accrual financial statements, had not previously been recognised.					
Available for sale financial assets revaluation reserve					
Is used to record increments and decrements on the revaluation of available for sale financial assets. Refer accounting policy note 3(j).					
Specific purpose reserves					
Represents a number of reserves generated through a series of specific purpose transactions, that can only be used in accordance with the attributes of the generating transactions. The special reserve is created for surplus funds which will be specifically acquitted in future accounting periods.					
24. Reconciliation of net cash provided by operating activities to net operating result					
Net operating result		53,078	146,599	54,430	135,110
Add/(subtract) non cash items					
Amortisation	5	9,410	8,923	9,400	8,883
Depreciation	5	38,311	37,194	37,639	36,571
Write down / (up) of investments		(20,745)	(39,592)	(20,746)	(38,899)
Other revenue/expenses		(4,908)	5,355	(4,990)	15,146
Reversal of impairment of other buildings	4	-	(5,097)	-	(6,308)
Impairment loss on non-current assets held for sale	5	716	-	716	-
(Profit)/loss on sale of property, plant and equipment		1,300	1,735	1,300	1,705
Changes in assets/liabilities					
(Increase)/decrease in inventories		349	96	154	94
(Increase)/decrease in receivables		(1,440)	(759)	(2,637)	(1,491)
(Increase)/decrease in other assets		(5,660)	(3,689)	(5,644)	(3,633)
Increase/(decrease) in payables		10,645	(7,739)	11,670	(7,180)
Increase/(decrease) in other current liabilities		1,831	2,244	1,910	2,064
Increase/(decrease) in provisions		6,174	(9,905)	5,973	(10,202)
Net cash provided by operating activities		89,061	135,365	89,175	131,860

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
25. Commitments					
Operating expenditure					
Contracted but not provided for and payable:					
Within one year		25,948	25,119	25,308	24,520
Between one and five years		21,639	12,573	20,756	11,593
Later than five years		-	-	-	-
Total operating expenditure commitments		47,587	37,692	46,064	36,113
Capital commitments					
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:					
Property, plant and equipment					
Within one year		55,149	16,253	55,149	16,253
Between one and five years		1,870	-	1,870	-
Later than five years		-	-	-	-
Total capital commitments		57,019	16,253	57,019	16,253
Lease commitments					
Operating Leases					
The operating lease commitments primarily relate to leases of photocopiers, computers, office equipment and office space.					
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:					
Within one year		10,384	9,143	10,384	9,143
Between one and five years		12,767	18,535	12,767	18,535
Later than five years		5,360	1,599	5,360	1,599
Total future minimum lease payments		28,511	29,277	28,511	29,277

26. Contingencies

(a) Guarantees

The University in 1997 provided a \$120,000 guarantee to the Commonwealth Government, Department of Human Services, for an interest free, 20 year loan of \$126,000 to be used for the construction of the Observatory Child Care Centre. In 2009 the original guarantee of \$120,000 was cancelled and a new guarantee for the amount of \$46,000 was issued to reflect the reduction in the outstanding loan balance.

On July 1 2006 the University ceased to be a Crown exempt employer and was required to register as an exempt employer with Workcover and provide a bank guarantee to cover projected workers' compensation outstanding claims liabilities. Currently, the University has provided a \$2.0 million bank guarantee to Workcover. The amount of the guarantee was based on an actuarial assessment of the projected workers' compensation claims liabilities. In May 2013 the University was advised by WorkCover Corporation that it had approved a self-insurance renewal for a period of three years from 1 July 2013.

(b) Superannuation

(i) The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)

The University has guaranteed that members of this superannuation scheme will receive defined benefits in the event that this closed scheme has insufficient assets to meet the benefits. Employer contributions of 14% of salaries recommenced on actuarial advice as from 1 January 2003 to ensure there are sufficient assets in the scheme to meet expected future liabilities of remaining members. Refer to Note 27(c).

(ii) UniSuper Limited Superannuation Schemes

Refer to Note 27(b).

(c) Litigation

In the ordinary course of its operations, the University and its controlled entities become involved in legal disputes. At the date of adoption of these financial statements, some matters remain outstanding. On legal advice, the University is of the opinion that no material losses are likely to arise. Notwithstanding the fact the University is of the opinion that no material losses are likely to arise, an action has been served upon one of the University's Controlled Entities, Adelaide Unicare, which is subject to a process of confidential mediation. The outcome of this mediation process may have an impact on the carrying value of both the University available-for-sale financial assets and the net assets recognised in the University Consolidated Financial Statements. The University or its controlled entities will make a provision where a material loss is identified. Claims of an insurance nature have been covered by a provision of \$2.4 million to the extent that such claims are not covered by the University's comprehensive insurance program. Refer Note 20.

27. Superannuation Schemes

(a) Categories

The University contributes to a range of superannuation schemes, which are divided into the following categories:

- (i) Those operative and open to membership:
 - UniSuper Defined Benefit Plan or Accumulation Super 2
 - Accumulation Super 1
- (ii) Those operative but closed to future membership:
 - The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)
- (iii) State Government Schemes closed to future membership by University employees:
 - State Pension Scheme
 - State Lump Sum Scheme

(b) UniSuper Limited Superannuation Schemes

The employees' UniSuper plan is determined by the terms of employment and is administered by UniSuper Management Pty Ltd with UniSuper Ltd as the trustee.

The employer contribution rate during 2014 for employees in either the Defined Benefit Division or Accumulation Super 2 was 14% of salaries plus 3% of salaries. The contribution to the Accumulation Super 1 and for employees only in the Accumulation Super 1 was 9.25% of salaries from 1 January 2014 and 9.5% of salaries from 1 July 2014.

The operation of Clause 34 of the Trust Deed (as amended in 2006) means that the UniSuper Defined Benefit Division is a defined contribution fund for the purpose of AASB 119, allowing participating employers to treat the UniSuper Defined Benefit Division as a defined contribution fund.

While remaining a defined benefits plan under superannuation law, the change in the UniSuper Trust Deed effectively alters the nature of the scheme to a defined contribution scheme under AASB 119.

Clause 34 states that where the trustee considers the assets to be insufficient to provide benefits payable under the Deed, the Trustee must consider reducing the benefits of its members on a fair and equitable basis.

Clause 34 was initiated following the 31 December 2008, 30 June 2011, 30 June 2012 and 30 June 2013 actuarial investigations.

Following the end of the monitoring period commenced in relation to the 31 December 2008 actuarial investigation, the UniSuper Limited Board made a decision not to reduce accrued benefits but to reduce the rate at which benefits accrue in respect of the DBD membership after 1 January 2015.

As set out under paragraph 28 of AASB119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2014 the assets of the Defined Benefit Division in aggregate were estimated to be \$271 million (30 June 2013: \$691 million in deficiency) above vested benefits after allowing for various reserves. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the Defined Benefit Division.

As at 30 June 2014 the assets of the Defined Benefit Division in aggregate were estimated to be \$2,071 million (30 June 2013: \$861 million) above accrued benefits, after allowing for various reserves. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by Ms Kate Maartensz and Mr Bill Buttler, Fellows of the Institute of Actuaries of Australia, using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the Defined Benefit Division as at 30 June 2014. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - Defined Benefit Division pensions	6.10% p.a.	7.80% p.a.
Gross of tax investment returns - commercial rate indexed pensions	3.70% p.a.	3.70% p.a.
Net of tax investment return - non pensioner members	5.50% p.a.	7.00% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases long term	3.75% p.a.	3.75% p.a.

Assets have been included at their net market value, that is, after allowing for realisation costs.

27. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985

The University of Adelaide Superannuation Scheme A 1985 (Scheme) is a defined benefit plan in accordance with AASB 119 Employee Benefits that provides superannuation benefits for employees who had not transferred to UniSuper. The Trustee and administrator of the Scheme is Tidswell Financial Services Ltd. The Scheme is governed by a separate trust deed and the general laws relating to trusts and superannuation.

Nature of the benefits provided by the Scheme

The Scheme provides insurance benefits for death and disability income benefits to normal retirement age. In addition, members of the Scheme receive lifetime reversionary pension benefits on resignation (deferred), retirement and disability. Members may elect to commute their pensions to a lump sum. Lump sum benefits are paid on resignation (immediate payment), retrenchment and death (partial). Spouse and child pensions are also payable on death. The Scheme is closed to new members.

Description of the regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions.

Description of other entities' responsibilities for the governance of the Scheme

The Scheme's Trustee is responsible for the governance of the Scheme. The Trustee has a legal obligation to act solely in the best interests of the Scheme beneficiaries. The Trustee has the following roles:

- Administration of the Scheme and payment to the beneficiaries from Scheme assets when required in accordance with the Scheme rules;
- Management and investment of the Scheme assets; and
- Compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licenses and supervises regulated superannuation plans.

Description of risks

There are a number of risks to which the Scheme exposes the University. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investments returns will be lower than assumed and the University will need to increase contributions to offset this shortfall.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- **Pension risk** - The risk is firstly that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period. Secondly, that a greater proportion of eligible members will elect to take a pension benefit, which is generally more valuable than the corresponding lump sum benefit.
- **Inflation risk** - The risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions.
- **Timing of members leaving service** - As the Scheme has only a small number of members, members leaving may have an impact on the financial position of the Scheme, depending on the financial position of the Scheme at the time they leave. The impact may be positive or negative, depending upon the circumstances and timing of the withdrawal.

The defined benefit assets are invested in the investment options with benchmark exposure to 'growth' assets such as shares and property of about 65%, with the remaining 35% exposed to 'defensive' assets such as cash and bonds. The assets are diversified within these investment options and therefore the Scheme has no significant concentration of investment risk.

Description of significant events

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

27. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 - continued

	Note	2014 \$000	2013 \$000
Reconciliation of the Net Defined Benefit Liability/(Asset)			
Net defined benefit liability/(asset) at the beginning of the year		4,958	9,179
Add			
Current service costs		396	424
Net interest		188	256
Actuarial (gains) / losses arising from changes in financial assumptions		2,702	(3,129)
Actuarial (gains) / losses arising from liability experience		440	(294)
Less			
Actual return on Scheme assets less interest income		(243)	(799)
Employer contributions		(359)	(679)
Net defined benefit liability/(asset) at the end of the year		8,082	4,958
Reconciliation of the defined benefit obligation			
Present value of defined benefit obligations at the beginning of the year		18,436	21,742
Add			
Current service costs		396	424
Interest cost		774	657
Contributions by Scheme participants		36	31
Actuarial (gains) / losses arising from changes in financial assumptions		2,702	(3,129)
Actuarial (gains) / losses arising from liability experience		440	(294)
Less			
Benefits paid		(838)	(733)
Taxes, premiums and expenses paid		(326)	(262)
Present value of defined benefit obligations at the end of the year		21,620	18,436
Reconciliation of the fair value of Scheme assets			
Fair value of Scheme assets at the beginning of the year		13,478	12,563
Add			
Interest income		586	401
Actual return on Scheme assets less interest income		243	799
Employer contributions		359	679
Contributions by Scheme participants		36	31
Less			
Benefits paid		(838)	(733)
Taxes, premiums and expenses paid		(326)	(262)
Fair value of Scheme assets at the end of the year		13,538	13,478
Reconciliation of the Assets and Liabilities recognised in the Statement of Financial Position			
Defined benefit obligation including contributions tax provision		21,620	18,436
Less			
Fair value of scheme assets		(13,538)	(13,478)
Defined benefit fund net liability	20	8,082	4,958
Expense recognised in the Statement of Comprehensive Income			
Service cost		396	424
Net interest		188	256
Defined benefit cost recognised in Net operating result		584	680
Amounts recognised in Other Comprehensive Income			
Actuarial (gains) / losses		3,142	(3,423)
Actual return on Scheme assets less interest income		(243)	(799)
Total remeasurements recognised in Other Comprehensive Income		2,899	(4,222)
Reconciliation of the Effect of the Asset Ceiling			
The asset ceiling has no impact on the net defined benefit liability.			

27. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 - continued

Fair value of Scheme assets

As at 31 December 2014

	2014 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Asset Category				
Investment Funds	13,538	-	13,538	-
	13,538	-	13,538	-

As at 31 December 2013

	2013 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Asset Category				
Investment Funds	13,478	-	13,478	-
	13,478	-	13,478	-

Scheme assets

The percentage invested in each asset class at the reporting date:

	2014	2013
Australian equity	45%	39%
International equity	20%	21%
Fixed income	25%	20%
Property	7%	12%
Cash	3%	8%

Fair value of University's own financial instruments

The fair value of Scheme assets does not include amounts relating to any of the University's own financial instruments or any property occupied by, or other assets used by, the University.

	2014 \$'000	2013 \$'000
Actual return on scheme assets	829	1,200

Significant actuarial assumptions at the balance date

Assumptions to determine Defined Benefit Cost

Discount rate	4.50%	3.30%
Expected salary increase rate	3.00%	4.00%
Expected pension increase rate	2.50%	2.50%

Assumptions to determine Defined Benefit Obligation

Discount rate	3.40%	4.50%
Expected salary increase rate	3.00%	3.00%
Expected pension increase rate	2.50%	2.50%

27. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 - continued

Sensitivity Analysis

The defined benefit obligation as at 31 December 2014 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected salary increase rate sensitivity. Scenario E and F relate to expected pension increase rate sensitivity.

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

Scenario C: 0.5% pa lower assumed salary increase rate assumption

Scenario D: 0.5% pa higher assumed salary increase rate assumption

Scenario E: 0.5% pa lower assumed pension increase rate assumption

Scenario F: 0.5% pa higher assumed pension increase rate assumption

	Base Case	A	B	C	D	E	F
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa salary increase rate	+0.5% pa salary increase rate	-0.5% pa pension increase rate	+0.5% pa pension increase rate
Discount rate	3.40% pa	2.90% pa	3.90% pa	3.40% pa	3.40% pa	3.40% pa	3.40% pa
Salary increase rate	3.00% pa	3.00% pa	3.00% pa	2.50% pa	3.50% pa	3.00% pa	3.00% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation^ (\$'000)	21,620	23,044	20,324	21,558	21,683	20,423	22,919

^ includes defined benefit contributions tax provision

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The University is not aware of any asset and liability matching strategies adopted by the Scheme.

Expected contributions

The expected employer contributions for the year ended 31 December 2015 are \$0.3 million (2014: \$0.3 million).

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 15 years.

Expected benefit payments for the financial year ending on	\$000
31 December 2015	1,046
31 December 2016	1,042
31 December 2017	1,037
31 December 2018	1,029
31 December 2019	1,032
Following 5 years	4,952

27. Superannuation Schemes – continued

(d) State Government Superannuation Schemes

In 1991, employees of the City Campus of the South Australian College of Advanced Education and Roseworthy Agricultural College were transferred to the University. Their terms of appointment to the University protected their membership of the State Pension Scheme and State Lump Sum Scheme. The schemes are administered by the South Australia Superannuation Board. The schemes provide defined benefits and are mainly unfunded. The only employer contributions made in 2014 were 3% of salaries, and remaining benefits are met on an emerging cost basis.

Super SA estimate that, as at 31 December 2014, using Accounting Standard AASB 119 assumptions there is an unfunded liability of \$71.5 million (2013: \$61.9 million). This represents an increase in liability of \$9.6 million since 31 December 2013.

The Commonwealth Government has agreed to provide assistance under Section 20 of the Higher Education Funding Act to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided for this purpose in the base operating grant. Under the Commonwealth legislation titled "State Grants (General Purposes) Amendment Act 1982", the method of payment of these costs by the Commonwealth to the State Governments was promulgated. Further, the accounting methodology employed in these financial statements is in accordance with "Financial Statement Guidelines for Australian Higher Education Providers for 2014 Reporting Period" provided by the Department of Education. The accounting treatment employed is also consistent with the approach taken by other Australian Universities. Accordingly, total assets of \$71.5 million have been recorded as a "Deferred government superannuation contribution" which offsets the current and non-current liability for the State Government Superannuation Schemes recorded as "Defined Benefit Obligation".

Summary

	Consolidated		University	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Deferred Government Superannuation Contribution				
Current asset	4,200	4,200	4,200	4,200
Non-current asset	67,302	57,694	67,302	57,694
	71,502	61,894	71,502	61,894
Defined Benefit Obligation				
Current liability	4,200	4,200	4,200	4,200
Non-current liability	67,302	57,694	67,302	57,694
	71,502	61,894	71,502	61,894

(e) Contributions

The total employer contributions were:

UniSuper Defined Benefit Division (UniSuper Defined Contribution Plan) or Accumulation Super 2	36,786	35,259
Accumulation Super 1	17,106	16,059
Super SA	87	87
State Government Superannuation Schemes (3%)	8	8
The University of Adelaide Superannuation Scheme A 1985	63	72
Self-managed funds	111	118
	54,161	51,603

28. Disaggregation Information

The University predominantly operates in the field of higher education in Australia. Its primary activities are teaching and research. Income generated overseas from teaching and research activities is not so significant as to warrant disaggregation information disclosure.

	Consolidated		University	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000

29. Auditors' Remuneration

During the year, the following fees were paid for services provided by the auditors of the University and its Controlled Entities.

Audit of the Financial Statements

Fees paid to South Australian Auditor-General	300	273	300	273
Other auditors of controlled entities	97	103	-	-
	397	376	300	273

Other audit and assurance services

Other auditors of controlled entities	6	17	-	-
	403	393	300	273

Amounts paid or payable for other audit and assurance services relate to the provision of accounting services.

30. The University Council Members and Senior Management

(a) Names of the University Council Members and Senior Management

University Council Members

Ex officio	Hill AC, The Hon Robert Murray	ceased 25/7/2014
	Bebbington, Professor Warren	
	Macintyre, Professor Clement	
Co-opted	Scarce AC CSC RAN (Rtd), Rear Admiral The Hon Kevin	appointed 1/12/2014
	Schacht, The Hon Christopher Cleland	ceased 23/7/2014
Appointed	Bagot, Mr Charles	
	Branson QC, The Hon Catherine	
	Davidson, Ms Dianne	
	Hill, Mr David	appointed 1/1/2014
	Johnson, Ms Wendy	
	Liddle, Ms Kerryne	appointed 1/1/2014
	Young, Mr Stephen Elliott	
Elected Staff	Hayford, Ms Julie	
	Patrikeeff, Associate Professor Felix	
	Thomas, Mr Aaron	
	Thomas FAA, Professor Anthony	
Elected Graduates	Broinowski, Dr Alison	elected 6/9/2014
	Day, Mr Robin	elected 21/3/2014
	Maddocks, Professor Simon	ceased 18/2/2014
	Radcliffe AM, Dr John Clive	ceased 5/9/2014
	Robinson, Dr Susan	
Students	Ben, Mr Lawrence	elected 6/3/2014
	Briggs, Mr Casey	ceased 5/3/2014
	Crowhurst, Mr Thomas	ceased 5/3/2014
	Lu, Mr Zhao	elected 6/3/2014
	Piccolo, Mr Raffaele	ceased 5/3/2014
	Selvanderan, Mr Shane	elected 6/3/2014

University Senior Management

Bebbington, Professor Warren	
Anderson, Professor Kent	ceased 30/9/2014
Beilby, Professor Justin	ceased 22/8/2014
Beynon, Professor John	
Brooks, Professor Mike	
Burt, Professor Alastair	commenced 25/8/2014
Deegan, Ms Virginia	commenced 5/5/2014
	ceased 30/11/2014
Duldig, Mr Paul	ceased 16/5/2014
Findlay AM, Professor Christopher	
Hill, Professor Robert	
Kirkpatrick, Professor Denise	
Lines, Mr Bruce	commenced 1/12/2014
Macintyre, Professor Clement	
Mitchell, Mr Tony	
Quester, Professor Pascale	
Reid, Professor Iain	
Robertson, Ms Kate	commenced 6/8/2014
Russell AM, Professor Richard	
Saint, Professor Robert	
Shaw, Professor Jennie	

2014	2013
\$000	\$000

30. The University Council Members and Senior Management - continued

(b) Remuneration of the University Council Members and Senior Management

University Council Members

Total remuneration paid to members of Council, or members of its standing committees for the financial year in their role as councillor or members of those committees, is shown below in their relevant bands. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

\$		\$	Number	Number
NIL			19	19
1	-	15,000	1	-
			20	19

The University paid the travel and accommodation costs of some University Council Members to enable attendance at Council meetings during the year. All costs were incurred on normal commercial terms.

University Senior Management

Short-term employee benefits	5,254	4,761
Other long-term benefits	776	653
Termination benefits	118	-
Total key management personnel compensation	6,148	5,414

\$		\$	Number	Number
130,000	-	144,999	1	-
160,000	-	174,999	-	1
190,000	-	204,999	2	2
220,000	-	234,999	1	-
250,000	-	264,999	2	2
265,000	-	279,999	1	3
280,000	-	294,999	2	2
295,000	-	309,999	1	-
310,000	-	324,999	2	2
325,000	-	339,999	1	-
340,000	-	354,999	2	-
430,000	-	444,999	-	2
460,000	-	474,999	1	1
475,000	-	489,999	1	-
865,000	-	879,999	-	1
940,000	-	954,999	1	-
			18	16

The Department of Education Guidelines specify that key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the whole University, directly or indirectly, including any director (whether executive or otherwise) of the University.

Remuneration is based upon the total remuneration package which includes employer and employee (pre tax) superannuation contributions and termination payments, due and receivable, by senior managers from the University while holding a University senior management position. Only senior managers with remuneration in excess of one hundred and thirty thousand have been included in salary bands.

31. Financial Instruments

(a) Interest Rate Risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into interest rate swaps, futures contracts, interest rate options and other forms of agreements to manage cash flow risks associated with the interest rates on investments that are floating, or to alter interest rate exposures arising from mismatches in repricing dates between assets and liabilities.

The Consolidated Entity has entered into forward start interest rate swaps to manage its interest rate exposures on borrowings for its North Terrace Development Strategy. Further details are contained in Note 9.

	Note	Weighted Average Effective Rate	Floating Interest Rate	Fixed Maturity Dates					Non- Interest Bearing	Total
				Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	
		%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014										
Financial Assets										
Cash & Cash Equivalents	6	2.24%	49,579	-	-	-	-	-	-	51,630
Receivables	7	0.00%	-	-	-	-	-	-	-	27,450
Financial Assets Held for Trading	8	0.00%	-	-	-	-	-	-	-	248,590
Financial Assets Held to Maturity	8	3.82%	-	90,672	-	-	-	-	-	90,672
Other Financial Assets	8, 13	0.95%	-	104	92	92	31	-	-	2,307
			49,579	90,776	92	92	31	-	-	420,649
Weighted Average Interest Rate										
			2.33%	3.84%	7.00%	7.00%	7.00%	0.00%	0.00%	
Financial Liabilities										
Derivative Financial Instruments	9	0.00%	-	-	-	-	-	-	-	17,080
Payables	18	0.00%	-	-	-	-	-	-	-	79,192
Borrowings	19	3.92%	-	5,000	5,000	5,000	5,000	5,000	52,500	77,524
			-	5,000	5,000	5,000	5,000	5,000	52,500	173,796
Weighted Average Interest Rate										
			0.00%	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%	

31. Financial Instruments - continued

	Note	Weighted Average Effective Rate	Floating Interest Rate	Fixed Maturity Dates					Non- Interest Bearing	Total
				Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years		
		%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013										
Financial Assets										
Cash & Cash Equivalents	6	2.43%	41,761	-	-	-	-	-	1,171	42,932
Receivables	7	0.00%	-	-	-	-	-	-	26,735	26,735
Financial Assets Held for Trading	8	0.00%	-	-	-	-	-	-	224,646	224,646
Financial Assets Held to Maturity	8	3.98%	-	49,406	40,000	-	-	-	-	89,406
Other Financial Assets	8, 13	1.20%	-	1,117	104	92	92	29	1,710	3,144
Derivative Financial Instruments	9	0.00%	-	-	-	-	-	-	161	161
			41,761	50,523	40,104	92	92	29	254,423	387,024
Weighted Average Interest Rate			2.50%	3.99%	3.99%	6.98%	7.00%	7.00%	0.00%	
Financial Liabilities										
Derivative Financial Instruments	9	0.00%	-	-	-	-	-	-	11,265	11,265
Payables	18	0.00%	-	-	-	-	-	-	67,691	67,691
Borrowings	19	3.93%	-	5,000	5,000	5,000	5,000	5,000	30	82,530
			-	5,000	5,000	5,000	5,000	5,000	78,986	161,486
Weighted Average Interest Rate			0.00%	3.93%	3.93%	3.93%	3.93%	3.93%	3.93%	

31. Additional Financial Instruments Disclosure - continued

(b) Foreign Exchange Risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into forward foreign currency exchange contracts to hedge overseas fixed interest securities and a portion of overseas equities. The terms of the hedge contracts are usually less than three months.

The Consolidated Entity has entered into foreign currency swaps to manage foreign currency exposures on capital expenditure and library subscriptions. Further details are contained in Note 3(k).

(c) Credit Risk Exposures

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

(i) On Statement of Financial Position financial instruments

The credit risk on financial assets recognised in the Statement of Financial Position is the carrying amount of those assets, net of any allowances for losses.

The credit risk relating to receivables is limited as it consists of a large number of customers across different industries and sectors, including a significant amount owing from Government customers with minimal credit risk. The credit risk relating to cash holdings and investments is limited as the counterparties are banks and investment managers with high credit ratings assigned by international credit-rating agencies.

(ii) Off Statement of Financial Position financial instruments

The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

(d) Liquidity Risk

Liquidity risk is managed through maintaining a minimum level of readily accessible funds, by continuously monitoring forecast and actual cash flows, in line with the University's Liquidity Risk Management Policy.

(e) Fair Values of Financial Assets and Financial Liabilities

Fair values of financial assets and financial liabilities are determined by the Consolidated Entity on the following basis:

(i) On Statement of Financial Position financial instruments

The Consolidated Entity has placed its investments in a portfolio managed by independent managers. Listed shares and equities included within these investments are traded in an organised financial market by the fund managers. The Consolidated Entity values these investments at current market value.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at amounts due from customers (reduced for expected credit losses) or due to suppliers.

Bank term deposits, accounts receivable, accounts payable and bank loans are carried at nominal value which approximates fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

(ii) Off Statement of Financial Position financial instruments

The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

32. Fair Value Measurements

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables, their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate fair values of financial assets and liabilities at the end of the reporting period are:

		Carrying Amount		Fair Value	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Financial assets					
Cash and cash equivalents	6	51,630	42,932	51,630	42,932
Receivables	7	27,450	26,735	27,450	26,735
Derivative financial instruments	9	-	161	-	161
Investments using the equity method	13	1,988	1,710	1,988	1,710
Other financial assets	8	339,581	315,486	339,581	315,486
Total financial assets		420,649	387,024	420,649	387,024
Non-financial assets					
Non-current assets held for sale	12	46,138	-	46,138	-
Total non-financial assets		46,138	-	46,138	-
Financial liabilities					
Payables	18	79,192	67,691	79,192	67,691
Borrowings	19	77,524	82,530	77,524	82,530
Derivative financial instruments	9	17,080	11,265	17,080	11,265
Total financial liabilities		173,796	161,486	173,796	161,486

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Investments using the equity method
- Derivative financial instruments
- Other financial assets
- Investment properties
- Land and buildings
- Library collection
- Works of art
- Borrowings

The Consolidated Entity has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(b) Fair value hierarchy

The Consolidated Entity categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

32. Fair Value Measurements - continued

(i) Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2014.

Fair Value measurements at 31 December 2014		2014	Level 1	Level 2	Level 3
	Note	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss	8	248,590	245,645	-	2,945
Investments using the equity method	13	1,988	-	-	1,988
Other financial assets	8	90,991	90,672	319	-
Total recurring financial assets		341,569	336,317	319	4,933
Non-financial assets					
Library collection	15	19,880	-	-	19,880
Other land and buildings	15	117,766	-	117,766	-
Trust land and buildings	15	906,576	-	-	906,576
Works of art	15	7,768	-	7,768	-
Total recurring non-financial assets		1,051,990	-	125,534	926,456
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets held for sale	12	46,138	-	46,138	-
Total non-recurring non-financial assets		46,138	-	46,138	-
Financial liabilities					
Borrowings	19	77,524	-	77,524	-
Derivative financial instruments	9	17,080	-	17,080	-
Total liabilities		94,604	-	94,604	-
Fair Value measurements at 31 December 2013					
Recurring fair value measurements					
	Note	2013	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Financial assets at fair value through profit or loss	8	224,646	223,070	-	1,576
Investments using the equity method	13	1,710	-	-	1,710
Derivative financial instruments	9	161	-	161	-
Other financial assets	8	90,840	89,406	1,434	-
Total financial assets		317,357	312,476	1,595	3,286
Non-financial assets					
Investment properties	16	20,402	-	20,402	-
Library collection	15	21,662	-	-	21,662
Other land and buildings	15	145,805	-	145,805	-
Trust land and buildings	15	910,553	-	-	910,553
Works of art	15	7,670	-	7,670	-
Total non-financial assets		1,106,092	-	173,877	932,215
Financial liabilities					
Borrowings	19	82,530	-	82,530	-
Derivatives financial instruments	9	11,265	-	11,265	-
Total financial liabilities		93,795	-	93,795	-

32. Fair Value Measurements - continued

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

For transfers in and out of level 3 measurements see (d) below.

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the end of the reporting period (level 1). This is the most representative of fair value in the circumstances.

The fair values of held-to-maturity investments that are disclosed in note 8 were determined by reference to published price quotations in an active market (level 1).

The carrying value less impairment provision of trade receivables is a reasonable approximation of the fair value due to the short-term nature of trade receivables.

The fair value of non-current borrowings disclosed in note 19 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. For the period ending 31 December 2014, the borrowing rates were determined to be between 4% and 5%, depending on the type of borrowing. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

(c) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

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 and investments using the equity method.

The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

Specific valuation techniques used to value financial instruments include:

- 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 end of the reporting period

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and investments using the equity method explained in (d) below.

(ii) Non-recurring fair value measurements

Non-current assets classified as held for sale during the reporting period were measured at the lower of their carrying amount and fair value less costs to sell at the time of reclassification. The fair value of the land and buildings was determined using the sales comparison approach as described under (d) below.

32. Fair Value Measurements - continued

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items for the period ended 31 December 2014 and 2013:

Level 3 Fair Value Measurements 2014

	Trust Land and Buildings \$'000	Investments Using the Equity Method \$'000	Unlisted Equity Securities \$'000	Library Collection \$'000	Total \$'000
Opening balance	910,553	1,710	1,576	21,662	935,501
Acquisitions	18,063	-	-	1,195	19,258
Disposals	-	-	-	(810)	(810)
Recognised in Net operating result	(22,040)	-	-	(2,167)	(24,207)
Recognised in other comprehensive income	-	278	-	-	278
Closing balance	906,576	1,988	1,576	19,880	930,020

Level 3 Fair Value Measurements 2013

Opening balance	-	-	-	-	-
Adoption of AASB13	776,440	1,989	1,575	23,434	803,438
Acquisitions	131,263	-	1	1,191	132,455
Disposals	-	-	-	(707)	(707)
Recognised in Net operating result	(21,265)	-	-	(2,897)	(24,162)
Recognised in other comprehensive income	24,115	(279)	-	641	24,477
Closing balance	910,553	1,710	1,576	21,662	935,501

(i) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between levels 2 and 3 during the year. There were no changes in valuation techniques during the year.

32. Fair Value Measurements - continued

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Description	Fair value at 31 Dec 2014 \$'000	Un- observable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Trust land and buildings	906,576	Estimated remaining useful lives of individual buildings	1 – 89 years	Increased remaining useful lives of buildings would result in higher fair values; lower remaining useful lives would result in lower fair values.
Investments using the equity method	1,988	Earnings growth factor	2.0% - 3.0% (2.5%)	Increased earnings growth factor of 1% would increase fair value by \$20,000; lower growth factor of 1% would decrease fair value by \$20,000.
Unlisted Equity Securities	1,576	Earnings growth factor	2.0% - 3.0% (2.5%)	Increased earnings growth factor of 1% would increase fair value by \$16,000; lower growth factor of 1% would decrease fair value by \$16,000.
Library Collection	19,880	Price of bound books	3.0% - 4.0% (3.5%)	The higher the price of bound books, the higher the fair value, with a 1% increase increasing the library collection value by \$0.2 million. A decrease of 1% will decrease the fair value by \$0.2 million.

(iii) Valuation processes

The Financial Services Branch of the Consolidated Entity includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

The Consolidated Entity engages external, independent and qualified valuers to determine the fair value of the Consolidated Entity's investment properties at the end of every financial year and for other land and buildings at least every three years. As at 31 December 2013, the fair values of the investment properties, and land and buildings were determined by Maloney Field Services (Australia) Pty Ltd.

Trust buildings have been valued using the depreciated replacement cost (DRC) method, where DRC is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of the already consumed or expired service potential / estimated remaining useful life of the asset.

Land and other buildings have been valued using the direct comparison approach, which determines the current value of an asset by reference to recent comparable transactions involving the sale of similar assets.

Adjustments are subsequently made for specific attributes including, but not limited to, size, topography, zoning and restrictions of use for Trust land to determine the value of the subject property.

Investment properties were revalued prior to being reclassified to non-current assets held for sale, using the capitalisation of net income approach, which capitalises an actual or imputed net rental income at an appropriate yield as determined by the marketplace. The yield is an expression of the perceived risks associated with the investment relating to such factors as the protection of capital invested and anticipated appreciation, security of income and cash flow, timeframe for the return of capital, liquidity, saleability and investor demand for the property, as well as economic factors including inflation, term and covenants of the lease, rental structure and financial backing of the sitting tenant. Research, investigation and analysis of sales of similar type investment properties is undertaken to determine appropriate rental and capitalisation rates.

33. Investments in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 3(b).

Controlled Entity	Holding		Investment at Fair Value		Investment at Cost		Contribution to Operating Result	
	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	\$000	\$000	\$000	\$000	\$000	\$000
The Adelaide Research & Innovation Investment Trust	100	100	580	896	-	-	389	660
Adelaide Unicare Pty Ltd	100	100	10,115	10,622	-	-	(434)	(581)
Martindale Holdings Pty Ltd as trustee for:								
• JS Davies Estate	83	83	-	-	-	-	(3)	3
• JAT Mortlock Trust	100	100	31	32	-	-	(1)	(5)
• Roseworthy Farm	100	100	1,756	1,516	-	-	442	288
National Wine Centre Pty Ltd	100	100	1,500	1,372	-	-	128	253
Roseworthy Piggery Pty Ltd	100	100	278	140	100	100	138	(93)
The Women's and Children's Health Research Institute	100	100	11,302	12,348	-	-	253	1,583
			25,562	26,926	100	100	912	2,108

All of the above controlled entities are incorporated in Australia.

Controlled Entity	Principal Activities
The Adelaide Research & Innovation Investment Trust	The University commercial arm that connects the community with a network of University of Adelaide researchers for purpose of research, development and innovation. The connection extends to commercialisation of the research developed.
Adelaide Unicare Pty Ltd	Manages the activities and operations of medical practices to provide placements for the teaching of medical students from The University of Adelaide. The practices provide quality general medical care to students, staff and the public.
Martindale Holdings Pty Ltd as trustee for:	Trustee Company for the following:
• JS Davies Estate	Established to operate farming properties that were bequeathed to the University of Adelaide and Prince Alfred College. This venture is no longer operating.
• JAT Mortlock Trust	Established to operate farming properties that were bequeathed to the University of Adelaide. This venture is no longer operating.
• Roseworthy Farm	Manages the broadacre farm operations at the University Roseworthy Campus.
National Wine Centre Pty Ltd	Operates the National Wine Centre complex undertaking banquets, events, conference space & wine tourism, and other catering operations as directed by the University of Adelaide.
Roseworthy Piggery Pty Ltd	Established to manage the piggery located on the Roseworthy Campus. The Piggery provides a source of pigs for research and supports the Veterinary School teaching.
The Women's and Children's Health Research Institute	Medical research institute involved in research towards improving the health of women and children, focussed on maternal and child nutrition, diseases of the blood and immune system and the development and repair of the digestive system, skull and skin.

The Women's and Children's Health Research Institute (WCHRI) became a controlled entity of the University on 1 January 2013. As at 1 January 2013, WCHRI's net assets totalled \$9.4 million and a gain on acquisition of \$9.4 million has been recognised in Other Revenue (refer Note 4) in the 2013 consolidated Net operating result.

34. Investments in Associates

(a) Equity and Contribution to Operating Result

Associate	Principal Activity	Holding		Consolidated Carrying Amount		Investment at Cost	
		2014	2013	2014	2013	2014	2013
		%	%	\$000	\$000	\$000	\$000
Held by the University							
Australian Centre for Plant Functional Genomics Pty Ltd	Responsible for the development of world-class capability in plant genomic research and its application for economic and social benefit to Australia.	45	45	393	-	-	-
SNAP Network Surveillance Pty Ltd	Production of software to simplify operation of large-scale video surveillance.	32	38	-	-	-	-
				393	-	-	-

The University has a 25% interest in an incorporated associate, SABRENet Ltd, which has been established to further the use of advanced data networking, for the conduct of research and education in South Australia. SABRENet Ltd is not accounted for using the equity method as the University does not have access to the residual assets of the entity.

The Australian Centre for Plant Functional Genomics Pty Ltd has a 31 December reporting period. SNAP Network Surveillance Pty Ltd has a 30 June reporting period.

	Consolidated		University	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
(b) Movements in Carrying Amounts of Investments in Associates				
At beginning of financial year	-	284	-	-
Additional investment in associates	-	-	-	-
Share of operating result	393	(284)	-	-
	393	-	-	-
(c) Results Attributed to Associates				
Operating result	393	(284)	-	-
Additional investment in associates	-	-	-	-
Retained surplus attributable to associates at the beginning of the financial year	-	284	-	-
Retained surplus attributable to associates at the end of the financial year	393	-	-	-

(d) Accounting for Associates

(i) Capital and other expenditure commitments

There are no material capital and other expenditure commitments relating to associates.

(ii) Contingent liabilities

There are no material contingent liabilities relating to associates.

(iii) Post balance date events

There are no material post balance date events to report for associates.

(iv) Assets, liabilities, revenue and expenditure

Since the above activities do not materially affect the Consolidated Entity figures, assets, liabilities, revenue and expenditure have been reported as net amounts.

(v) Off Statement of Financial Position financial instruments

Neither the Consolidated Entity, nor any of its associates, have any off Statement of Financial Position financial instruments.

35. Interests in Cooperative Research Centres (CRCs)

A CRC is a research initiative of the Australian Government established to pursue specific areas of research. One of the desired outcomes of a CRC is the creation of specific intellectual property with commercial value. The participants in CRCs are an amalgam of research institutions, eg CSIRO, government agencies, universities and private enterprise. The funding of the CRC is co-ordinated through either a Company formed by the core participants or by a Centre Agent who is appointed generally from one of the participating entities.

Funding transfers between the CRC and the University are accounted for as general revenue and expenditure.

	Participation		
CRC for Greenhouse Gas Technologies	(I)	(C)	0%
Energy Pipelines CRC	(I)	-	10%
Deep Exploration Technologies CRC	(I)	(C)	8%
CRC for High Integrity Australian Pork	(I)	-	11%
Plant Biosecurity CRC	(I)	(C)	1%
Invasive Animals CRC	(U)	(C)	1%
Bushfire and Natural Hazards CRC	(I)	-	5%
Data to Decisions CRC	(I)	-	5%
(I) Incorporated	(U) Unincorporated	(C) CSIRO is a partner	

The University was a supporting participant for the Poultry CRC, the CRC for Water Sensitive Cities and CRC for Sheep Industry Innovation. The Australian Seafood CRC and Future Farm Industries CRC both ceased trading during 2014.

The University over the next five years will make both cash and in-kind contributions to support the work of the CRCs. The University has committed to participate in the work of these CRCs, with contributions in constant dollars, \$1.8 million in cash (2013: \$1.1 million) and \$18.4 million in-kind (2013: \$19.3 million).

36. Interests in Joint Ventures

(a) Joint Ventures Accounted for Using the Equity Method

Name	Principal Activity	Participation	
Ngee Ann Adelaide Education Centre Pte Ltd	Operates a graduate education centre in Singapore	(I)	50%
Middleback Field Centre	To provide pastoral-zone courses and range land ecology research programmes.	(U)	33%
Professional Certificate in Arbitration	To develop and deliver tertiary courses in arbitration.	(U)	50%
South Australian Centre for Economic Studies	To obtain quality research regarding regional economic development with particular application to South Australia.	(U)	50%
South Australian Tertiary Admissions Centre	Established as the agent for tertiary institutions in Adelaide for the purpose of receiving and processing applications from intending students.	(U)	25%
Adelaide Proteomics Centre (APC)	Provision of cost effective and high quality proteomic analysis to researchers conducting basic and applied research.	(U)	50%
Adelaide MicroArray Centre	Provision of services for MicroRNA profiling using microarrays.	(U)	50%
Defence Systems Innovation Centre	A centre to conduct contract-based studies and consultancies, post-graduate and under-graduate education programs, and collaborative research projects focussed on the needs of the defence community.	(U)	50%
Mining Education Australia	Provision of a collaborative national mining education program for the benefit of mining engineering students.	(U)	25%
eResearch SA	To provide expertise, facilities and advice to the South Australian research community for research collaboration, data management, high performance computing and visualisation technologies.	(U)	33%
(I) Incorporated	(U) Unincorporated		

All joint ventures have a 31 December reporting period.

36. Interests in Joint Ventures - continued

During the year the University deemed Ngee Ann Education Centre Pte Ltd to be a joint venture as it is an arrangement over which two parties have joint control. This is a change of reporting disclosure from prior years when this entity was classified as an associate.

During the year the University deemed that it did not have joint control of Water Ed Australia as the University does not have the joint power to affect the returns from its involvement with the arrangement. Water Ed was recognised as a joint venture in 2013.

Ngee Ann Education Centre Pte Ltd is incorporated in Singapore. All other incorporated joint ventures are incorporated in Australia.

The Consolidated Entity's reported interest in the assets employed in the joint ventures totals \$1.6 million (2013: \$1.7 million). These are included in the Consolidated Statement of Financial Position, in accordance with the accounting policy described in note 3(m).

(b) Equity and Contribution to Operating Result

Joint Venture	Holding		Carrying Amount		Investment at Cost	
	2014	2013	2014	2013	2014	2013
	%	%	\$000	\$000	\$000	\$000
Held by the University						
Ngee Ann Adelaide Education Centre Pte Ltd	50%	50%	239	240	456	456
Middleback Field Centre	33%	33%	9	10	-	-
Professional Certificate in Arbitration	50%	50%	133	49	35	35
South Australian Centre for Economic Studies	50%	50%	135	256	-	-
South Australian Tertiary Admissions Centre	25%	25%	787	630	-	-
Adelaide Proteomics Centre (APC)	50%	50%	5	13	-	-
Adelaide MicroArray Centre	50%	50%	34	45	-	-
Defence Systems Innovation Centre	50%	50%	-	-	-	-
Mining Education Australia	25%	25%	155	215	-	-
eResearch SA	33%	33%	98	252	-	-
			1,595	1,710	491	491
			Consolidated		University	
			2014	2013	2014	2013
			\$000	\$000	\$000	\$000

(c) Movements in Carrying Amounts of Joint Ventures

At beginning of financial year	1,710	1,705	-	-
Share of operating result	(115)	5	-	-
Additional investment in joint ventures	-	-	-	-
	1,595	1,710	-	-

(d) Results Attributed to Joint Ventures

Operating result	(115)	5	-	-
Additional investment in joint ventures	-	-	-	-
Retained surplus attributable at the beginning of the financial year	1,710	1,705	-	-
Retained surplus attributable at the end of the financial year	1,595	1,710	-	-

(e) Accounting for Joint Ventures

(i) Capital and other expenditure commitments

There are no material capital and other expenditure commitments relating to joint ventures.

(ii) Contingent liabilities

There are no known material contingent liabilities relating to joint ventures.

(iii) Post balance date events

There are no material post balance date events to report for joint ventures.

(iv) Assets, liabilities, revenue and expenditure

Since the above activities do not materially affect the University group figures, assets, liabilities, revenue and expenditure have been reported as net amounts.

(v) Off Statement of Financial Position financial instruments

Neither the reporting entity, nor any of its joint ventures, have any off Statement of Financial Position financial instruments.

37. Related Parties

(a) Parent entity

The ultimate parent entity within the group is the University of Adelaide.

(b) Controlled entities, joint arrangements and associates

Investments in controlled entities are detailed in Note 33, investments in associates are detailed in Note 34 and interests in joint arrangements are detailed in Note 36.

(c) Council members and senior management

Disclosures relating to the University Council Members and Senior Management are detailed in Note 30.

(d) Councillor related transactions

Certain Councillors are members of incorporated and unincorporated associations that are an integral part of the University. Transactions between these bodies, the University and Council members, in respect of services provided to Council members, are trivial in nature.

Certain Council members hold positions and interests in entities that provide goods and services to the University and its subsidiaries. The provision of these goods and services is on normal trading terms.

(e) Property leases

The University is the lessor of long term leases at peppercorn rents to the CSIRO and SARDI. On this land, these organisations have erected or leased buildings. These buildings become property of the University at the termination of the lease.

The University and the CSIRO are partners in a number of Cooperative Research Centres - refer to Note 35.

(f) Students at The University of Adelaide

From time to time, Council members will have members of their immediate family who are students at the University. Unless specifically stated within the financial statements, such students are subject to the same fee structure and scholarships as any other students. This also applies to members of Council who are enrolled as students.

The following information being Note 38 to Note 43 has been prepared in accordance with the Department of Education reporting guidelines.

38. Income Statement for the Year Ended 31 December 2014

		Consolidated		University	
	Note	2014	2013	2014	2013
		\$000	\$000	\$000	\$000
REVENUE FROM CONTINUING OPERATIONS					
Australian Government financial assistance	39(g)	495,914	540,831	495,970	540,482
State and Local Government financial assistance	41	22,473	25,836	22,048	25,258
HECS-HELP - Student Payments	4	13,789	14,394	13,789	14,394
Fees and charges	42	192,646	176,725	192,290	176,446
Investment income		26,673	44,664	26,788	43,794
Royalties, trademarks and licenses	4	4,896	4,780	1,938	1,283
Consultancy and contracts	43	88,797	77,173	52,923	45,494
Other revenue		59,893	73,695	34,627	41,292
Total revenue from continuing operations		905,081	958,098	840,373	888,443
EXPENSES FROM CONTINUING OPERATIONS					
Salaries and related expenses	5	478,795	444,293	462,768	427,702
Depreciation and amortisation	5	47,721	46,117	47,039	45,454
Buildings and grounds	5	59,358	56,823	58,276	55,718
Bad and doubtful debts	5	321	598	319	595
Finance costs	5	6,803	7,138	6,920	7,269
Scholarships, grants and prizes		41,709	40,754	41,709	40,754
Non-capitalised equipment	5	13,045	10,681	13,045	10,673
Advertising, marketing and promotional expenses		4,604	4,866	4,317	4,636
Net losses on disposal of assets	5	1,300	1,729	1,300	1,705
Impairment loss on non-current assets held for sale	5	716	-	716	-
Other expenses		197,631	198,500	149,534	158,827
Total expenses from continuing operations		852,003	811,499	785,943	753,333
Net operating result for the year		53,078	146,599	54,430	135,110

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
39. Australian Government Financial Assistance					
(a) Education - Commonwealth Grants Scheme and Other Education Grants					
Commonwealth Grants Scheme		163,069	158,715	163,069	158,715
Teaching Hospitals Grant		1,068	1,042	1,068	1,042
Indigenous Support Program		584	571	584	571
Partnership & Participation Program		3,997	2,939	3,997	2,939
Disability Support Program		40	50	40	50
Promotion of Excellence in Learning & Teaching Program		306	530	306	530
Reward Funding Program		-	780	-	780
		169,064	164,627	169,064	164,627
(b) Higher Education Loan Programmes					
HECS-HELP		98,662	91,894	98,662	91,894
FEE-HELP		10,737	9,489	10,737	9,489
SA-HELP		2,884	2,614	2,884	2,614
		112,283	103,997	112,283	103,997
(c) Learning Scholarships					
Australian Postgraduate Awards		12,020	11,588	12,020	11,588
International Postgraduate Research Scholarships		988	997	988	997
Commonwealth Education Costs Scholarships		2	(27)	2	(27)
Commonwealth Accommodation Scholarships		80	(256)	80	(256)
Indigenous Access Scholarships		66	(99)	66	(99)
		13,156	12,203	13,156	12,203
(d) Education Research					
Joint Research Engagement Program		15,357	14,872	15,357	14,872
JRE Engineering Cadetships		185	-	185	-
Research Training Scheme		31,914	31,503	31,914	31,503
Research Infrastructure Block Grants		14,239	13,550	14,239	13,550
Sustainable Research Excellence in Universities		9,364	9,194	9,364	9,194
		71,059	69,119	71,059	69,119
(e) Other Capital Funding					
Teaching and Learning Capital Fund		-	-	-	-
Education Investment Fund		-	-	-	-
		-	-	-	-
(f) Australian Research Council					
(i) Discovery					
Projects		12,697	14,624	12,697	14,624
Fellowships		12,876	10,178	12,876	10,178
Indigenous Researchers Development		-	-	-	-
		25,573	24,802	25,573	24,802
(ii) Linkages					
Infrastructure		1,925	3,760	1,925	3,760
International		-	-	-	-
Projects		5,519	5,759	5,519	5,759
Industrial Transformation Research Program		3,059	809	3,059	809
		10,503	10,328	10,503	10,328
(iii) Networks and Centres					
Centres		9,102	5,549	9,102	5,549
		9,102	5,549	9,102	5,549
Total ARC		45,178	40,679	45,178	40,679

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
39. Australian Government Financial Assistance - continued					
(g) Other Australian Government financial assistance received:					
Non-Capital					
Attorney General's Department		969	907	969	907
Australian Centre for International Agricultural Research		3,060	1,058	3,060	1,058
Australian Institute of Health and Welfare		500	500	500	500
Australian Renewable Energy Agency		1,209	1,021	1,209	1,021
CSIRO		986	1,856	986	1,856
Defence, Science and Technology Organisation		2,093	1,773	2,093	1,773
Department of Agriculture		4,951	3,787	4,951	3,787
Department of Defence		328	740	328	740
Department of Education		9,352	5,627	9,352	5,627
Department of the Environment		1,520	1,368	1,520	1,368
Department of Foreign Affairs and Trade		2,170	769	2,170	769
Department of Health		10,810	11,426	10,866	11,077
Department of Human Services		3	448	3	448
Department of Industry		292	238	292	238
Department of Veterans' Affairs		1,511	215	1,511	215
Grains Research & Development Corporation		10,956	13,730	10,956	13,730
Health Workforce Australia		1,370	1,076	1,370	1,076
National Health & Medical Research Council		32,659	42,908	32,659	42,908
Other		435	759	435	759
		85,174	90,206	85,230	89,857
Capital					
Department of Industry		-	60,000	-	60,000
		-	60,000	-	60,000
		85,174	150,206	85,230	149,857
Reconciliation					
Australian Government grants		383,631	436,834	383,687	436,485
HECS-HELP payments		98,662	91,894	98,662	91,894
FEE-HELP payments		10,737	9,489	10,737	9,489
SA-HELP payments		2,884	2,614	2,884	2,614
		495,914	540,831	495,970	540,482
(h) Australian Government grants received - cash basis					
CGS and Other Education Grants		169,343	164,627	169,343	164,627
Higher Education Loan Programmes		112,040	105,377	112,040	105,377
Scholarships		13,156	12,203	13,156	12,203
Education Research		71,059	69,119	71,059	69,119
ARC Grants - Discovery		25,573	24,802	25,573	24,802
ARC Grants - Linkages		10,503	10,328	10,503	10,328
ARC Grants - Networks and Centres		9,102	5,549	9,102	5,549
Other Australian Government Grants		85,636	149,487	85,266	149,062
		496,412	541,492	496,042	541,067
OS-Help (Net)	40(g)	696	400	696	400
Higher Education Superannuation	40(g)	3,804	3,629	3,804	3,629
		500,912	545,521	500,542	545,096

40. Acquittal of Australian Government Financial Assistance

(a) Education - Commonwealth Grants Scheme and Other Education Grants

Parent Entity (University) Only

	Notes	Commonwealth Grants Scheme		Teaching Hospitals Grant		Indigenous Support Program		Partnership & Participation Program		Disability Support Program	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assistance received in cash during the reporting period		163,348	158,715	1,068	1,042	584	571	3,997	2,939	40	50
Net accrual adjustments		(279)	-	-	-	-	-	-	-	-	-
Revenue for the period	39(a)	163,069	158,715	1,068	1,042	584	571	3,997	2,939	40	50
Surplus/(Deficit) from the previous year		-	-	-	-	-	-	371	-	24	-
Total revenue including accrued revenue		163,069	158,715	1,068	1,042	584	571	4,368	2,939	64	50
Less expenses including accrued expenses		163,069	158,715	1,068	1,042	584	571	4,051	2,568	21	26
Surplus/(Deficit) for the reporting period		-	-	-	-	-	-	317	371	43	24

40. Acquittal of Australian Government Financial Assistance - continued

(a) Education - Commonwealth Grants Scheme and Other Education Grants Parent Entity (University) Only

	Notes	Promotion of Excellence in Learning & Teaching Program				Reward Funding Program				Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assistance received in cash during the reporting period		306	530	-	780	-	780	169,343	164,627		
Net accrual adjustments		-	-	-	-	-	-	(279)	-		
Revenue for the period	39(a)	306	530	-	780	-	780	169,064	164,627		
Surplus/(Deficit) from the previous year		490	50	993	758			1,878	808		
Total revenue including accrued revenue		796	580	993	1,538			170,942	165,435		
Less expenses including accrued expenses		339	90	530	545			169,662	163,557		
Surplus/(Deficit) for the reporting period		457	490	463	993			1,280	1,878		

40. Acquittal of Australian Government Financial Assistance - continued

(b) Higher Education Loan Programmes

Parent Entity (University) Only

	Notes	HECS-HELP		FEE-HELP		SA-HELP		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash Payable/(Receivable) at beginning of year		443	654	(43)	(1,029)	(55)	(660)	345	(1,035)
Financial assistance received in cash during the reporting period		98,330	91,683	10,650	10,475	3,060	3,219	112,040	105,377
Cash available for period		98,773	92,337	10,607	9,446	3,005	2,559	112,385	104,342
Revenue earned	39(b)	98,662	91,894	10,737	9,489	2,884	2,614	112,283	103,997
Cash Payable/(Receivable) at end of year		111	443	(130)	(43)	121	(55)	102	345

40. Acquittal of Australian Government Financial Assistance - continued

(c) Learning Scholarships

Parent Entity (University) Only

	Notes	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Total	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assistance received in cash during the reporting period		12,020	11,588	988	997	2	(251)	80	(32)	66	(99)	13,156	12,203
Net accrual adjustments		-	-	-	-	-	224	-	(224)	-	-	-	-
Revenue for the period	39(c)	12,020	11,588	988	997	2	(27)	80	(256)	66	(99)	13,156	12,203
Surplus/(Deficit) from the previous year		254	191	-	-	925	1,016	(425)	45	72	343	826	1,595
Total revenue including accrued revenue		12,274	11,779	988	997	927	989	(345)	(211)	138	244	13,982	13,798
Less expenses including accrued expenses		12,112	11,525	988	997	1,046	64	(625)	214	(132)	172	13,389	12,972
Surplus/(Deficit) for the reporting period		162	254	-	-	(119)	925	280	(425)	270	72	593	826

40. Acquittal of Australian Government Financial Assistance - continued

(d) Education Research

Parent Entity (University) Only

	Notes	Joint Research Engagement		JRE Engineering Cadetships		Research Training Scheme		Research Infrastructure Block Grants	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assistance received in cash during the reporting period	39(d)	15,357	14,749	185	123	31,914	31,503	14,239	13,550
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period		15,357	14,749	185	123	31,914	31,503	14,239	13,550
Surplus/(Deficit) from the previous year		-	-	58	5	-	-	-	-
Total revenue including accrued revenue		15,357	14,749	243	128	31,914	31,503	14,239	13,550
Less expenses including accrued expenses		15,357	14,749	78	70	31,914	31,503	14,239	13,550
Surplus/(Deficit) for the reporting period		-	-	165	58	-	-	-	-

40. Acquittal of Australian Government Financial Assistance - continued

(d) Education Research

Parent Entity (University) Only

	Notes	Sustainable Research Excellence		Commercialisation Training Scheme		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assistance received in cash during the reporting period	39(d)	9,364	9,194	-	-	71,059	69,119
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period		9,364	9,194	-	-	71,059	69,119
Surplus/(Deficit) from the previous year		-	-	110	110	168	115
Total revenue including accrued revenue		9,364	9,194	110	110	71,227	69,234
Less expenses including accrued expenses		9,364	9,194	110	-	71,062	69,066
Surplus/(Deficit) for the reporting period		-	-	-	110	165	168

40. Acquittal of Australian Government Financial Assistance - continued

(e) Other Capital Funding

Parent Entity (University) Only

	Notes	Teaching and Learning Capital Fund		Education Investment Fund		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assistance received in cash during the reporting period		-	-	-	-	-	-
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	39(e)	-	-	-	-	-	-
Surplus/(Deficit) from the previous year		75	213	-	215	75	428
Total revenue including accrued revenue		75	213	-	215	75	428
Less expenses including accrued expenses		75	138	-	215	75	353
Surplus/(Deficit) for the reporting period		-	75	-	-	-	75

40. Acquittal of Australian Government Financial Assistance - continued

(f) Australian Research Council Grants - Discovery

Parent Entity (University) Only

	Notes	Projects		Fellowships		Indigenous Researchers Development		Total	
		2014	2013	2014	2013	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assistance received in cash during the reporting period		12,697	14,624	12,876	10,178	-	-	25,573	24,802
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period	39(f)	12,697	14,624	12,876	10,178	-	-	25,573	24,802
Surplus/(Deficit) from the previous year		9,730	7,520	6,903	5,454	19	41	16,652	13,015
Total revenue including accrued revenue		22,427	22,144	19,779	15,632	19	41	42,225	37,817
Less expenses including accrued expenses		13,182	12,414	10,395	8,729	-	22	23,577	21,165
Surplus/(Deficit) for the reporting period		9,245	9,730	9,384	6,903	19	19	18,648	16,652

40. Acquittal of Australian Government Financial Assistance - continued

(f) Australian Research Council Grants - Linkages

Parent Entity (University) Only

	Notes	Infrastructure				International		Projects		Industrial Transformation Research Program				Total								
		2014		2013		2014		2013		2014		2013		2014		2013						
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000					
Financial assistance received in cash during the reporting period		1,925		3,760		-				5,519		5,759				3,059		809		10,503		10,328
Net accrual adjustments		-		-		-				-		-				-		-		-		-
Revenue for the period	39(f)	1,925		3,760		-		-		5,519		5,759				3,059		809		10,503		10,328
Surplus/(Deficit) from the previous year		1,097		222		-		11		3,554		3,745				809		-		5,460		3,978
Total revenue including accrued revenue		3,022		3,982		-		11		9,073		9,504				3,868		809		15,963		14,306
Less expenses including accrued expenses		1,628		2,885		-		11		6,171		5,950				517		-		8,316		8,846
Surplus/(Deficit) for the reporting period		1,394		1,097		-		-		2,902		3,554				3,351		809		7,647		5,460

40. Acquittal of Australian Government Financial Assistance - continued

(f) Australian Research Council Grants - Networks and Centres Parent Entity (University) Only

	Notes	Centres		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assistance received in cash during the reporting period		9,102	5,549	9,102	5,549
Net accrual adjustments		-	-	-	-
Revenue for the period	39(f)	9,102	5,549	9,102	5,549
Surplus/(Deficit) from the previous year		1,145	1,813	1,145	1,813
Total revenue including accrued revenue		10,247	7,362	10,247	7,362
Less expenses including accrued expenses		8,130	6,217	8,130	6,217
Surplus/(Deficit) for the reporting period		2,117	1,145	2,117	1,145

40. Acquittal of Australian Government Financial Assistance - continued

(g) Other Australian Government Financial Assistance

Parent Entity (University) Only

OS HELP			
	Notes	2014 \$000	2013 \$000
Cash received during the reporting period		4,821	2,386
Cash spent during the reporting period		4,125	1,986
Net Cash received	39(h)	696	400
Surplus/(Deficit) from the previous year		(406)	(806)
Surplus/(Deficit) for the reporting period		290	(406)

Higher Education Superannuation			
	Notes	2014 \$000	2013 \$000
Cash received during the reporting period		3,804	3,629
University contribution in respect of current employees		-	-
Cash available	39(h)	3,804	3,629
Surplus/(Deficit) from the previous year		453	280
Cash available for current period		4,257	3,909
Contributions to specified defined benefit funds		4,009	3,456
Surplus/(Deficit) for the reporting period		248	453

Student Services and Amenities Fee			
	Notes	2014 \$000	2013 \$000
Unspent/(overspent) revenue from previous period		2,939	684
SA-HELP Revenue earned	39(b)	2,884	2,614
Student Services Fees direct from Students	42	2,686	2,212
Total revenue expendable in period		8,509	5,510
Student Services expenses during period		6,238	2,571
Unspent/(overspent) Student Services Revenue		2,271	2,939

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
41. State and Local Government Financial Assistance					
(a) South Australian Government and Local Government financial assistance					
Central Adelaide Local Health Network		8,004	7,484	8,004	7,484
Defence SA		2	294	2	294
Department for Communities and Social Inclusion		108	102	108	102
Department of Education and Child Development		30	590	30	490
Department of Health and Ageing		3,034	3,320	3,034	3,320
Department for Environment, Water and Natural Resources		1,545	1,618	1,545	1,618
Department for Planning, Transport and Infrastructure		749	763	749	763
Department of Primary Industries and Regions		341	501	341	501
Department of State Development		4,813	5,657	4,813	5,657
Department of the Premier and Cabinet		331	574	331	574
Motor Accident Commission		732	673	732	673
Northern Adelaide Local Health Network		531	926	531	926
SafeWork SA		535	453	535	453
Southern Adelaide Local Health Network		394	372	-	-
Other		720	1,507	689	1,401
Total South Australian Government and Local Government financial assistance		21,869	24,834	21,444	24,256
(b) Other State Government and Local Government financial assistance					
		604	1,002	604	1,002
Total State and Local Government financial assistance		22,473	25,836	22,048	25,258

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
42. Fees and Charges					
Course fees and charges					
Student fee income	4	166,180	151,918	166,180	151,918
Non-course fees and charges					
Student services and amenities fees	4	2,686	2,212	2,686	2,212
Library charges and fines	4	481	608	481	608
Application management and late fees	4	1,390	1,613	1,390	1,613
Parking fees	4	1,906	1,671	1,906	1,671
Rental charges/accommodation fees	4	11,709	11,139	11,533	11,023
Recharge of costs to other organisations	4	1,278	687	1,098	524
Franchise fees	4	1,946	2,104	1,946	2,104
Other		5,070	4,773	5,070	4,773
		192,646	176,725	192,290	176,446
43. Consultancy and Contract Revenue					
Consultancy		10,956	11,954	7,093	7,218
Contract research		77,841	65,219	45,830	38,276
		88,797	77,173	52,923	45,494

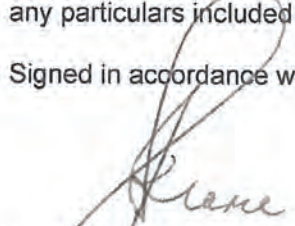
**Statement by the Chancellor, Vice-Chancellor & President
and Chief Financial Officer**

In our opinion:

- (a) the Financial Statements of The University of Adelaide have been prepared in accordance with the accounts and records of the University and present a true and fair view of the financial position of the University of Adelaide and the results of its operations and cash flows for the year ended 31 December 2014;
- (b) in all material respects, the Financial Statements have been prepared in accordance with Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, the Higher Education Funding Act 1988, the Higher Education Support Act 2003, Australian equivalents to International Financial Reporting Standards and other mandatory professional reporting requirements including Urgent Issues Group Consensus Views;
- (c) at the date of signing this Statement there are reasonable grounds to believe that The University of Adelaide will be able to pay its debts as and when they fall due;
- (d) the amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was provided;
- (e) The University of Adelaide has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure of the Australian Government financial assistance;
- (f) internal controls over financial reporting have been effective throughout the reporting period; and
- (g) The University of Adelaide has charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 and the Administration Guidelines made under the Act. Revenue from the fees were spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

We are not aware, at the date of signing this Statement, of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Council of The University of Adelaide.



THE HON KEVIN SCARCE AC CSC RAN (Rtd)
Chancellor



PROFESSOR WARREN BEBBINGTON
Vice-Chancellor and President



MR TONY MITCHELL
Chief Financial Officer

30th March 2015

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chancellor University of Adelaide

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 25(2) of the *University of Adelaide Act 1971*, I have audited the accompanying financial report of the University of Adelaide and the consolidated entity comprising the University of Adelaide and its controlled entities for the financial year ended 31 December 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2014
- a Statement of Financial Position as at 31 December 2014
- a Statement of Changes in Equity for the year ended 31 December 2014
- a Statement of Cash Flows for the year ended 31 December 2014
- notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial report comprises the University of Adelaide and the entities it controlled at the year's end or from time to time during the financial year.

The Council's Responsibility for the Financial Report

The Members of the Council 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*, the *Higher Education Support Act 2003* and Australian Accounting Standards, and for such internal control as the Members of the Council 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

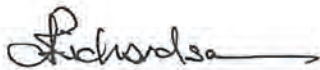
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical 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 Council, 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 University of Adelaide and its controlled entities (the consolidated entity) as at 31 December 2014, 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*, the *Higher Education Support Act 2003* and Australian Accounting Standards.



Andrew Richardson
ACTING AUDITOR-GENERAL
1 April 2015

University of South Australia

Financial report
for the year ended
30 June 2015



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated		University	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	258,406	294,222	258,406	294,222
HECS-HELP - Australian Government Payments	3	109,624	104,990	109,624	104,990
FEE-HELP	3	7,607	6,079	7,607	6,079
SA-HELP	3	2,733	2,609	2,733	2,609
State and Local Government financial assistance	4	10,576	12,628	10,481	12,435
HECS-HELP - Student Payments		12,681	13,702	12,681	13,702
Fees and charges	5	116,260	110,312	116,260	110,312
Investment revenue	6	13,905	15,151	13,833	14,925
Royalties		347	325	102	126
Consultancy and contract research	7	38,266	32,012	38,065	32,192
Other income	8	12,518	13,910	12,904	13,942
Total revenue from continuing operations		582,923	605,940	582,696	605,534
Gains/(Losses) on disposal of assets	9	1,234	(1,808)	1,020	(328)
Total income from continuing operations		584,157	604,132	583,716	605,206
Expenses from continuing operations					
Employee related expenses	10	349,978	338,030	348,593	336,539
Depreciation and amortisation	11	32,146	31,732	32,132	31,714
Repairs and maintenance	12	19,670	14,274	19,667	14,273
Other expenses	13	153,454	147,972	155,047	149,144
Bad and doubtful debts	14	429	468	429	468
Total expenses from continuing operations		555,677	532,476	555,868	532,138
Operating result before income tax		28,480	71,656	27,848	73,068
Income tax (income)/expense		(1,175)	87	(1,243)	78
Operating result attributable to members of University of South Australia	26(b)	29,655	71,569	29,091	72,990
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets valuation gains taken to equity	26(a)	214	1,315	214	1,315
Available-for-sale financial assets transfer to profit or loss	26(a)	(1,888)	-	(1,888)	-
Total		(1,674)	1,315	(1,674)	1,315
Items that will not be reclassified to profit or loss:					
Gain on revaluation of land and buildings	26(a)	-	17,841	-	17,841
Gain on revaluation of art collection	26(a)	-	665	-	665
Total		-	18,506	-	18,506
Total comprehensive income attributable to the members of the University of South Australia		27,981	91,390	27,417	92,811

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	Consolidated		University	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	15	316,932	310,083	314,628	307,676
Receivables	16	25,980	20,089	26,018	20,194
Deferred Government superannuation contribution	31	30,100	29,800	30,100	29,800
Other non-financial assets	19	18,877	16,990	18,829	16,968
Total current assets		391,889	376,962	389,575	374,638
Non-current assets					
Other financial assets	18	8,170	8,847	10,209	11,575
Property, plant and equipment	20	803,625	793,722	803,610	793,701
Deferred tax assets		270	251	-	-
Intangible assets	21	3,145	4,173	3,145	4,173
Deferred Government superannuation contribution	31	441,588	380,133	441,588	380,133
Total non-current assets		1,256,798	1,187,126	1,258,552	1,189,582
Total assets		1,648,687	1,564,088	1,648,127	1,564,220
Current liabilities					
Trade and other payables	22	32,099	27,259	32,267	27,512
Provisions	24	18,443	27,444	18,318	27,203
Current tax liabilities		36	900	21	821
Other liabilities	25	65,030	71,464	65,050	71,707
Defined benefit obligation	31	30,100	29,800	30,100	29,800
Total current liabilities		145,708	156,867	145,756	157,043
Non-current liabilities					
Trade and other payables	22	6,118	5,390	6,118	5,390
Provisions	24	46,121	40,527	46,121	40,527
Defined benefit obligation	31	441,588	380,133	441,588	380,133
Total non-current liabilities		493,827	426,050	493,827	426,050
Total liabilities		639,535	582,917	639,583	583,093
Net assets		1,009,152	981,171	1,008,544	981,127
Equity					
Reserves	26(a)	178,772	180,446	178,772	180,446
Retained earnings	26(b)	830,380	800,725	829,772	800,681
Total equity		1,009,152	981,171	1,008,544	981,127

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2013	160,625	729,156	889,781	160,625	727,691	888,316
Profit or loss	-	71,569	71,569	-	72,990	72,990
Available-for-sale financial assets valuation gains taken to equity	1,315	-	1,315	1,315	-	1,315
Gain on revaluation of land and buildings	17,841	-	17,841	17,841	-	17,841
Gain on revaluation of art collection	665	-	665	665	-	665
Total comprehensive income	19,821	71,569	91,390	19,821	72,990	92,811
Balance as at 31 December 2013	180,446	800,725	981,171	180,446	800,681	981,127

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	180,446	800,725	981,171	180,446	800,681	981,127
Profit or loss	-	29,655	29,655	-	29,091	29,091
Available-for-sale financial assets valuation gains taken to equity	214	-	214	214	-	214
Available-for-sale financial assets valuation gains taken to profit or loss	(1,888)	-	(1,888)	(1,888)	-	(1,888)
Total comprehensive income	(1,674)	29,655	27,981	(1,674)	29,091	27,417
Balance as at 31 December 2014	178,772	830,380	1,009,152	178,772	829,772	1,008,544

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated		University	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received	3(h)	375,543	400,541	375,543	400,541
OS-HELP (net)	3(h)	1,248	50	1,248	50
Superannuation Supplementation	3(h)	28,827	29,679	28,827	29,679
State and Local Government grants		9,696	12,785	9,601	12,592
HECS-HELP - Student payments		12,681	13,702	12,681	13,702
Receipts from student fees and other customers		124,322	121,389	124,177	121,634
Dividends received		1,730	2,896	1,730	2,896
Interest received		10,350	13,067	10,279	12,841
Royalties		347	325	102	126
Consultancy and contract research		35,074	32,257	34,764	31,373
Other receipts		12,652	11,136	13,042	12,650
GST recovered		9,212	11,109	9,401	11,272
Outflows:					
Payments to suppliers and employees (GST incl)		(573,466)	(558,797)	(573,561)	(557,354)
Net cash provided by / (used in) operating activities		48,216	90,139	47,834	92,002
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of plant and equipment		92	61	92	61
Proceeds from sale of investments		2,963	16	2,963	1,733
Outflows:					
Payments for property, plant and equipment		(42,203)	(73,953)	(42,193)	(73,945)
Payments for investments		(2,219)	(211)	(1,744)	(211)
Net cash provided by / (used in) investing activities		(41,367)	(74,087)	(40,882)	(72,362)
Net increase / (decrease) in cash and cash equivalents		6,849	16,052	6,952	19,640
Cash and cash equivalents at the beginning of the financial year		310,083	294,031	307,676	288,036
Cash and cash equivalents at the end of the financial year	15	316,932	310,083	314,628	307,676

Non-cash investing and financing activities - refer to note 37.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



1. Summary of significant accounting policies

General information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years reported unless otherwise stated. The financial statements include separate statements for the University of South Australia (the University) and the University and its subsidiaries (Consolidated Entity).

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards, AASB Interpretations, requirements of the Department of Education (EDUCATION) and other State / Australian Government legislative requirements.

The University applies Tier 1 reporting requirements. Except where in conflict with the EDUCATION requirements, the financial statements are prepared in accordance with the South Australian Treasurer's Instructions and Accounting Policy Statements issued under the provisions of the Public Finance and Audit Act 1987.

In our opinion, the financial statements and notes of the Consolidated Entity comply with Australian Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards.

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars and presented in Australian dollars.

Historical cost convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain assets and liabilities that were valued in accordance with the applicable valuation policy.

Critical accounting estimates

Compliance with Australian Accounting Standards requires certain critical accounting estimates and assumptions to be applied in preparing the financial statements. Further, it requires management to exercise judgement in applying the University's accounting policies. Management's judgement is based on estimates and associated assumptions which are supported by historical experience and other reasonable factors.

The areas involving a high degree of judgement where assumptions and estimates are significant to the financial statements are superannuation receivable and associated defined benefit obligation, long service leave provision, and valuation and depreciation of property, plant and equipment. Further details are disclosed in the relevant notes to the financial statements.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period which it effects. If the revision affects both current and future periods, the revision is recognised in the period of the revision and future periods.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2014 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.



1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries are all those entities over which the Group has control. The Group has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Details of subsidiaries are set out in Note 32.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group has no material investments in associates and therefore they are not incorporated in the financial statements (refer to Note 33).

(iii) Joint operations

If material, the share of assets, liabilities and expenses of a joint operation are incorporated in the financial statements under the appropriate headings.

Details of joint operations are set out in Note 34(a). The University's interests in these joint operations are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements.

(iv) Joint ventures

If material, interests in a joint venture are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost by the University.

Under the equity method the Group's share of the profits or losses of the entity are recognised in the Statement of Comprehensive Income, and the share of movements in reserves in the Statement of Comprehensive Income and the Statement of Changes in Equity.

Details of joint ventures are set out in Note 34(b). The University's interests in these joint ventures are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements.



1. Summary of significant accounting policies (continued)

(c) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(i) Financial assistance

EDUCATION financial assistance (including Commonwealth Grant Scheme, Higher Education Loan Programs, Scholarships and EDUCATION Research)

The University recognises EDUCATION financial assistance as revenue in the year in which it had been designated for the funding of teaching and research.

Other financial assistance (including ARC, NHMRC, Australian Government and State Government)

Grants received which have specified conditions which give the grantor the right to recall funds not spent in accordance with the specific agreement imposes on the University a performance obligation. That is, the University is required to consume the future economic benefits of the grant as specified, or return the grant to the grantor. Therefore these grants are deferred until this performance obligation has been extinguished and the grant funds have been expended in accordance with their respective agreement or the grantor has exercised the right for funds to be repaid or transferred.

Other grants which do not contain specified conditions are generally recognised on receipt.

(ii) Fees and charges

Fees and charges comprise revenue earned from the provision of programs and other services. Fees and charges are recognised in the period in which the programs or services are provided.

(iii) Investment income

Interest income is recognised as it accrues. Dividend income is recognised only when it is declared, determined or recommended by external entities before the 31 December reporting date.

(iv) Consultancy and contract research

Revenue from consultancy and contract research is recognised in the period in which the services are provided.

(v) Other revenue

Other revenue is recognised when the University obtains control or the right to receive the monies and the recognition criteria is met.



1. Summary of significant accounting policies (continued)

(e) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 14 days from the date that invoice was issued.

Student fees receivables are recognised initially at fair value as at census date and are collectible at that point. Periodically these receivables are adjusted for any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. The movement in the provision is recognised in the Statement of Comprehensive Income in the period in which receivables are adjusted to an estimated recoverable amount (at least annually).

(h) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date (the date on which the University commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation surplus. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

If the market for a financial asset is not active (e.g. unlisted securities), the University attempts to establish fair value by using other valuation techniques. If no relevant or reliable fair value can be determined then the valuation basis reverts to original cost adjusted for impairment.



1. Summary of significant accounting policies (continued)

(h) Available-for-sale financial assets (continued)

The University assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Statement of Comprehensive Income.

The University has investments in shares, property trusts and managed funds, which are classified as available-for-sale financial assets and measured at fair value.

(i) Property, plant and equipment

Property, plant and equipment original cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred (refer Note 12).

Revaluation increments are credited directly to the asset revaluation surplus except to the extent that the net increment reverses a net revaluation decrement previously recognised as an expense, in which case the revaluation increment is charged to the Statement of Comprehensive Income.

Revaluation decrements are debited directly to the asset revaluation surplus to the extent that a credit balance exists for that asset class. Any remainder of the net revaluation decrement is charged to the Statement of Comprehensive Income.

Revaluation increments and decrements are offset against one another within asset classes, but not otherwise.

Items of property, plant and equipment have been recognised in the financial statements as identified below. Expenditure on a single item of less than \$10,000 is generally not capitalised.

(i) Land

Land occupied by the University is either owned by the University or by the State Government. All land is recognised on the basis that the University effectively controls the land occupied and is shown at fair value based on periodic, but at least triennial, valuations by external independent valuers.

The last valuation was as at 31 December 2013 and was performed by R. Wood B AppSc PRM(VAL) AAPI from Opteon Pty Ltd (formerly Southwick Goodyear Pty Ltd). Land fair value estimates were based on the highest and best use of the land, being the existing use as University campuses and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in Note 1(i).



1. Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

(ii) Buildings

Buildings, other than buildings under construction, have been recognised on a fair value basis which management have concluded is approximated by written down current cost. These fair value estimates are based on periodic, but at least triennial, valuations by external independent valuers.

As at 31 December 2013, the entire buildings portfolio was re-valued independently by R. Wood B AppSc PRM(VAL) AAPI from Opteon Pty Ltd (formerly Southwick Goodyear Pty Ltd). Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation approach adopted has been to assess the 'written down current cost' for the Buildings. 'New replacement' costs on the basis of a modern equivalent were assessed and then generally depreciated using the 'straight line' method, having regard to the estimated useful and remaining life for each structure.

Buildings under construction and buildings commissioned or purchased after the valuation are measured at cost.

(iii) Library collection

The library collection is valued at fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation which is completed at the end of each year. The 2014 valuation resulted in a decrease of \$0.309 million (2013: increase of \$0.559 million). The full amount of the revaluation has been recognised as a loss in the Statement of Comprehensive Income recorded within other expenses.

(iv) Plant and equipment

Plant and equipment includes computer hardware and software, general equipment and vehicles. Plant and equipment is depreciated in accordance with Note 1(k). The carrying value, cost less accumulated depreciation, is deemed to approximate fair value.

(v) Art collection

As at 31 December 2013, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation surplus. The 2013 valuation resulted in an increase to the fair value of the art collection of \$0.665 million. The art collection will be internally re-valued by the Director: Samstag Museum of Art every three years giving consideration to current sales and auctions of works by the same artist and /or similar genre.

(vi) Leased assets

Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases. As at 31 December 2014 there are no finance leases.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis, over the period of the lease. Refer to Note 30(b) for details on operating leases.



1. Summary of significant accounting policies (continued)

(i) Fair value measurement

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the end of the reporting period (Level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the *highest and best use* of the asset. The Group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**1. Summary of significant accounting policies (continued)****(k) Depreciation**

Depreciation is provided for all property, plant and equipment other than land, art collection and buildings under construction. The Consolidated Entity does not depreciate the art collection because it believes that the service potential of the art collection has not, in any material sense, been consumed during the reporting period. Depreciation is calculated on a straight line basis to allocate the written down current cost of an asset over its estimated remaining useful life.

Assets class	Useful Life
Property:	
Buildings	50 - 150 years
Leasehold improvements	Lease term
Library collection:	
Books	10 years
Journals	15 years
Electronic materials	10 years
Plant and equipment:	
IT infrastructure	5 years
IT systems	7 years
IT other	3 years
Motor vehicles	5 years
Other	10 years
Leased plant and equipment:	
IT infrastructure	5 years
IT other	3 years

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

(l) Restrictions on assets

Land includes \$49.659 million (2013: \$49.659 million) of Crown Lands and \$14.900 million (2013: \$14.900 million) of land dedicated for educational use.

The University has restrictions on the above land by application of the University of South Australia Act, 1990 Section 6(3).

(m) Intangible assets and amortisation

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Income as an expense when it is incurred.

With respect to internally generated intangible assets, expenditure on development activities is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which is currently between 6 and 7 years.

Intangibles in progress represent capitalised expenditure where the project was incomplete at balance date. The expenditure is capitalised upon the completion of the project.



1. Summary of significant accounting policies (continued)

(n) Unfunded superannuation

An arrangement exists between the Australian Government and the South Australian State Government to share the unfunded liability of the University's beneficiaries of the South Australian State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position as a liability with a corresponding asset. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Group (refer to Note 31)

The recognition of the expense in the face statements is offset by the revenue received from the Australian Government. The Superannuation Supplementation Program funding is not recognised as revenue in the Statement of Comprehensive Income since it is in respect of an existing liability. Rather a net amount is shown as an "ordinary" expense within employee related expenses. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program it has reported a nil expense in the Statement of Comprehensive Income.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the University prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Employee benefits provisions

Employee benefits expected to be settled within twelve months have been recognised at their nominal amount. These liabilities are measured at the amounts expected to be paid when the liability is settled. Employee entitlements to be settled later than twelve months have been measured at the present value of the estimated applicable future cash flows.

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve months after the end of the reporting period, and is recognised in provision for employee benefits. 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.

(ii) Other long-term obligations

The liability for other long-term employee benefits such as annual leave and long service leave is recognised in non-current provisions for employee benefits if it is not expected to be settled wholly before twelve months after the end of the reporting period. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlements of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

The long service leave and annual leave liability is independently actuarially estimated each year in accordance with AASB 119 Employee Benefits. The last update was performed at 31 December 2014 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd.



1. Summary of significant accounting policies (continued)

(p) Employee benefits provisions (continued)

(iii) Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The University recognises an expense in the Statement of Comprehensive Income for contributions paid to the funded schemes and on an emerging cost basis for the unfunded schemes. Note 31 provides details of the individual schemes.

(q) Workers' compensation

The University is responsible for payments of workers' compensation.

The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2014 by Laurie Brett FIA, FIAA of Brett & Watson Pty Ltd using Case Estimation Methodology. Under this methodology, consideration is given to individual case estimates of all open claims plus an allowance for incurred but not reported claims, re-opening of claims regarded as closed and unforeseen escalation of case estimates as more information becomes available.

(r) Funds held on behalf of external entities

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash and cash equivalents and a corresponding liability is included in other liabilities (refer Note 25).

(s) Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the Statement of Financial Position.

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

(t) Income tax

The University is exempt from income tax pursuant to Division 50 of the Income Tax Assessment Act 1997. The University subsidiaries are not exempt from income tax. Income tax expense or benefit for the period is calculated as the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in some foreign countries. Tax in respect of these operations has been brought to account in the year it is incurred.

**1. Summary of significant accounting policies (continued)****(u) Interests in Co-operative Research Centres**

The University has an interest in 8 Co-operative Research Centres. During 2014 the University provided funding to Co-operative Research Centres through cash contributions and research resources (in-kind) support.

The Co-operative Research Centres are:

Automotive Australia 2020 CRC
 Co-operative Research Centre for Cell Therapy Manufacturing
 Co-operative Research Centre for Contamination Assessment and Remediation of the Environment II
 Co-operative Research Centre for Low Carbon Living
 Co-operative Research Centre for Rail Innovation
 Co-operative Research Centre for Remote Economic Participation
 Data to Decisions Co-operative Research Centre
 Wound Management Innovation Co-operative Research Centre

(v) Changes in accounting policies

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2014. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be immaterial.

(w) Comparative Amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(x) Rounding of amounts

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars.

2. Disaggregated information (Consolidated)**Geographical**

	Revenue		Results		Total Assets	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	578,823	600,467	29,470	71,323	1,648,612	1,563,974
Asia	4,100	5,473	185	246	75	114
Total	582,923	605,940	29,655	71,569	1,648,687	1,564,088

The University operates in the field of higher education principally in Australia and provides teaching and research services. The results of the geographical segments, other than Australia, are based upon consideration of the variable costs associated with those operations.



3. Australian Government financial assistance including HECS-HELP and FEE-HELP

(a) Commonwealth Grants Scheme and Other Grants

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Commonwealth Grants Scheme		168,174	168,759	168,174	168,759
Indigenous Support Program		1,113	1,197	1,113	1,197
Partnership and Participation Program		5,924	5,348	5,924	5,348
Disability Support Program		84	84	84	84
Diversity and Structural Adjustment Fund		1,296	1,546	1,296	1,546
Transitional Cost Program		-	235	-	235
Promotion of Excellence in Learning and Teaching		347	458	347	458
Reward Funding		-	804	-	804
Chair in Child Protection		-	2,719	-	2,719
Total Commonwealth Grants Scheme and Other Grants	40(a)	176,938	181,150	176,938	181,150

(b) Higher Education Loan Programs

	Note				
HECS-HELP - Australian Government Payments		109,624	104,990	109,624	104,990
FEE-HELP		7,607	6,079	7,607	6,079
SA-HELP		2,733	2,609	2,733	2,609
Total Higher Education Loan Programs	40(b)	119,964	113,678	119,964	113,678

(c) Scholarships

	Note				
Australian Postgraduate Awards		5,771	5,522	5,771	5,522
International Postgraduate Research Scholarships		470	465	470	465
Commonwealth Education Costs Scholarship		(7)	(614)	(7)	(614)
Commonwealth Accommodation Scholarships		35	(24)	35	(24)
Indigenous Access scholarships		28	(9)	28	(9)
Total Scholarships	40(c)	6,297	5,340	6,297	5,340



3. Australian Government financial assistance including HECS-HELP and FEE-HELP (continued)

(d) Education Research

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Joint Research Engagement Program		7,491	7,281	7,491	7,281
JRE Engineering Cadetships		90	59	90	59
Research Training Scheme		13,294	13,287	13,294	13,287
Research Infrastructure Block Grants		2,869	2,791	2,869	2,791
Sustainable Research Excellence in Universities		2,023	2,017	2,023	2,017
Total Education Research	40(d)	25,767	25,435	25,767	25,435

(e) Other Capital Funding

	Note				
Education Investment Fund		10,170	3,080	10,170	3,080
Total Other Capital Funding	40(e)	10,170	3,080	10,170	3,080

(f) Australian Research Council

	Note				
(i) Discovery					
Projects		2,630	2,722	2,630	2,722
Fellowships		2,482	2,323	2,482	2,323
Indigenous Researchers Development		152	232	152	232
Total Discovery	40(f)(i)	5,264	5,277	5,264	5,277
(ii) Linkages					
Infrastructure		1,244	800	1,244	800
Projects		2,189	2,445	2,189	2,445
Industrial Transformational Research Program		11	-	11	-
Total Linkages	40(f)(ii)	3,444	3,245	3,444	3,245
(iii) Networks and Centres					
Centres	40(f)(iii)	197	163	197	163
Total Networks and Centres		197	163	197	163
Special Research Initiatives	40(f)(iii)	13	137	13	137
Total ARC		8,918	8,822	8,918	8,822



3. Australian Government financial assistance including HECS-HELP and FEE-HELP (continued)

(g) Other Australian Government financial assistance

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Indigenous Tutorial Assistance Scheme	479	310	479	310
Other Commonwealth grants	4,773	7,637	4,773	7,637
Other Australian Government research grants	24,514	21,998	24,514	21,998
Total Non-capital	29,766	29,945	29,766	29,945
Capital				
Other Commonwealth grants	550	40,450	550	40,450
Total Capital	550	40,450	550	40,450
Total Other Australian Government financial assistance	30,316	70,395	30,316	70,395
Total Australian Government financial assistance	378,370	407,900	378,370	407,900
Reconciliation				
Australian Government grants	258,406	294,222	258,406	294,222
HECS-HELP payments	109,624	104,990	109,624	104,990
FEE-HELP	7,607	6,079	7,607	6,079
SA-HELP	2,733	2,609	2,733	2,609
Total Australian Government financial assistance	378,370	407,900	378,370	407,900



3. Australian Government financial assistance including HECS-HELP and FEE-HELP (continued)

(h) Australian Government Grants received - cash basis

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
CGS and Other EDUCATION Grants	175,793	177,520	175,793	177,520
Higher Education Loan Programs	118,296	116,803	118,296	116,803
Scholarships	6,351	4,640	6,351	4,640
EDUCATION Research	25,767	25,435	25,767	25,435
Other Capital Funding	4,920	3,080	4,920	3,080
ARC grants - Discovery	5,533	5,236	5,533	5,236
ARC grants - Linkages	3,444	2,344	3,444	2,344
Other Australian Government Grants	35,439	65,483	35,439	65,483
Total Australian Government Grants received - cash basis	375,543	400,541	375,543	400,541
OS-HELP (Net)	1,248	50	1,248	50
Superannuation Supplementation	28,827	29,679	28,827	29,679
Total Australian Government funding received - cash basis	405,618	430,270	405,618	430,270

4. State and Local Government financial assistance

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Research grants	9,272	8,378	9,305	8,444
Other	515	461	387	202
Total	9,787	8,839	9,692	8,646
Capital				
Other	789	3,789	789	3,789
Total	789	3,789	789	3,789
Total State and Local Government financial assistance	10,576	12,628	10,481	12,435



5. Fees and charges

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Course Fees and Charges				
Fee-paying onshore overseas students	87,048	82,990	87,048	82,990
Fee-paying offshore overseas students	4,002	5,787	4,002	5,787
Continuing education	531	718	531	718
Fee-paying domestic postgraduate students	4,370	3,058	4,370	3,058
Total Course Fees and Charges	95,951	92,553	95,951	92,553
Other Non-Course Fees and Charges				
Miscellaneous Enrolment Fees	7,816	6,552	7,816	6,552
Other fees and charges	9,745	9,238	9,745	9,238
Seminar / Workshop Fees	1,216	886	1,216	886
Student Services Fees from students	1,532	1,083	1,532	1,083
Total Other Fees and Charges	20,309	17,759	20,309	17,759
Total Fees and Charges	116,260	110,312	116,260	110,312

6. Investment revenue

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Dividends and distributions	1,807	1,706	1,807	1,706
Interest	12,098	13,445	12,026	13,219
Total investment revenue	13,905	15,151	13,833	14,925

7. Consultancy and contract research

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Consultancy	5,231	3,975	4,413	3,722
Contracts	33,035	28,037	33,652	28,470
Total consultancy and contract research	38,266	32,012	38,065	32,192



8. Other revenue

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Donations and bequests	1,220	1,887	1,220	1,887
Scholarships and prizes	1,575	1,649	1,575	1,649
Other fees and charges	6,263	7,245	6,634	7,258
Other*	3,460	3,129	3,475	3,148
Total other revenue	12,518	13,910	12,904	13,942

* Net foreign exchange gains included in other revenue for 2014 were \$0.497 million University (\$0.490 million Consolidated) (2013: Net foreign exchange gains included in other revenue \$0.530 million University and \$0.531 million Consolidated).

9. Gains/(Losses) on disposal of assets

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
(a) Disposal of property, plant and equipment				
Proceeds from sale	92	61	92	61
Carrying amount of assets sold	(934)	(1,875)	(934)	(1,875)
Net Loss on disposal of property, plant and equipment	(842)	(1,814)	(842)	(1,814)
(b) Sale of shares				
Realised gain/(loss) on disposal of investments	2,076	6	1,862	1,486
Total of Net Gain/(Loss) on disposal of assets	1,234	(1,808)	1,020	(328)



10. Employee related expenses

(a) Employee related expenses

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	145,753	148,027	145,794	148,010
Contributions to superannuation and pension schemes:				
Emerging cost	458	707	458	707
Funded	22,007	20,667	22,007	20,667
Payroll tax	9,119	8,551	9,119	8,551
Workers' compensation	108	490	108	490
Long service leave	5,728	1,615	5,728	1,615
Annual leave	9,323	9,455	9,323	9,455
Total academic	192,496	189,512	192,537	189,495
Non-academic				
Salaries	116,492	112,116	115,250	110,830
Contributions to superannuation and pension schemes:				
Emerging cost	199	235	84	129
Funded	18,675	17,138	18,675	17,138
Payroll tax	7,216	7,199	7,142	7,129
Workers' compensation	88	897	88	897
Long service leave	5,865	1,923	5,868	1,897
Annual leave	8,725	8,782	8,727	8,796
Total non-academic	157,260	148,290	155,834	146,816
Total academic & non-academic employee related benefits	349,756	337,802	348,371	336,311
Council member remuneration	222	228	222	228
Total employee related expenses	349,978	338,030	348,593	336,539



10. Employee related expenses (continued)

(b) Voluntary separation packages

Employee related expenses include voluntary separation packages paid during the year as follows:

	Consolidated		University	
	2014	2013	2014	2013
	Number	Number	Number	Number
Number of voluntary separation packages	9	7	9	7
	\$'000	\$'000	\$'000	\$'000
Voluntary separation packages expenses	945	423	945	423
Annual leave and long service leave entitlements paid	273	148	273	148
Total amount associated with separations	1,218	571	1,218	571

11. Depreciation and amortisation

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	19,912	18,774	19,912	18,774
Leasehold improvements	664	766	664	766
Library collection	2,023	1,978	2,023	1,978
Plant and equipment	8,116	8,571	8,102	8,553
Total depreciation	30,715	30,089	30,701	30,071
Amortisation				
Intangibles	1,431	1,643	1,431	1,643
Total amortisation	1,431	1,643	1,431	1,643
Total depreciation and amortisation	32,146	31,732	32,132	31,714

12. Repairs and maintenance

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Buildings	12,724	12,964	12,721	12,963
Grounds	6,946	1,310	6,946	1,310
Total repairs and maintenance	19,670	14,274	19,667	14,273



13. Other expenses

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	23,376	25,056	23,376	25,056
Non-capitalised equipment	5,182	6,158	5,182	6,158
Advertising, marketing and promotion	6,879	6,709	6,867	6,693
Telecommunications	3,780	4,109	3,769	4,098
Travel, staff development and entertainment	17,058	17,933	16,946	17,860
External services*	49,453	44,876	51,282	46,610
IT hardware and software	14,840	10,588	14,817	10,568
Library subscriptions	4,610	4,311	4,610	4,311
Printing	983	1,098	983	1,098
Operating lease rental expenses	1,736	1,958	1,736	1,958
Bank charges, legal costs, insurance and taxes	5,262	5,626	5,215	5,313
General consumables	7,412	8,309	7,388	8,294
Other	12,883	11,241	12,876	11,127
Total other expenses	153,454	147,972	155,047	149,144

* Included within external services for 2014 is an amount for consultants of \$2.451 million University (\$2.628 million Consolidated) exclusive of GST (2013: \$2.236 million University, \$2.426 million Consolidated). This amount excludes consultant payments for the capital works program.

14. Bad and doubtful debts

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Bad and doubtful debts	429	468	429	468
Total bad and doubtful debts	429	468	429	468



15. Cash and cash equivalents

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	8,284	7,139	7,786	6,784
Deposits at call	308,648	302,944	306,842	300,892
Total cash and cash equivalents	316,932	310,083	314,628	307,676

(a) Reconciliation to cash at the end of the year

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balances as per Statement of Financial Position	316,932	310,083	314,628	307,676
Balances as per Statement of Cash Flows	316,932	310,083	314,628	307,676

(b) Cash at bank and on hand

During the year cash earned an average of 2.02% (2013: 3.35%) and interest is credited to the University on a monthly basis.

(c) Deposits

During the year cash deposits earned interest at a fixed rate which ranged between 3.05% and 4.33% (2013: range between 3.49% and 6.44%). These deposits had an average maturity of 201 days (2013: 169 days).

16. Receivables

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade debtors	18,459	13,534	18,344	13,495
Less: Provision for impaired receivables	(151)	(160)	(151)	(160)
	18,308	13,374	18,193	13,335
Student fees	3,268	3,566	3,268	3,566
Less: Provision for impaired receivables	(647)	(692)	(647)	(692)
	2,621	2,874	2,621	2,874
Commonwealth receivables	2,559	1,374	2,559	1,374
Other	2,492	2,467	2,645	2,611
Total receivables	25,980	20,089	26,018	20,194

(a) Impaired receivables

As at 31 December 2014 current trade receivables of the Group with a nominal value of \$0.136 million (2013: \$0.146 million) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past due status and historical collection experience resulting in a further provision of \$0.015 million (2013: \$0.014 million). The total amount of the provision for impaired trade receivables was \$0.151 million (2013: \$0.160 million).



16. Receivables (continued)

(a) Impaired receivables (continued)

Trade receivables

The ageing analysis of impaired trade receivables is as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	79	41
Over 6 months	72	119
Total impaired trade receivables	151	160

As at 31 December 2014, trade receivables of \$9.624 million (2013: \$6.966 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of past due but not impaired receivables is as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
Less than 3 months	8,379	5,912
3 to 6 months	1,144	568
Over 6 months	101	486
	9,624	6,966

Movements in the trade debtors provision for impaired receivables are as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
At 1 January	160	197
Provision for impairment recognised during the year	136	133
Receivables written off during the year as uncollectible	(11)	(18)
Unused amount reversed and debts collected	(134)	(152)
At 31 December	151	160

**16. Receivables (continued)****(a) Impaired receivables (continued)****Student receivables**

As at 31 December 2014, student receivables of \$2.322 million (2013: \$2.788 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
Less than 3 months	435	598
3 to 6 months	1,127	1,275
Over 6 months	760	915
	2,322	2,788

Movements in the student fees provision for impaired receivables are as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
At 1 January	692	640
Provision for impairment recognised during the year	488	478
Receivables written off during the year as uncollectible	(471)	(413)
Unused amount reversed and debts collected	(62)	(13)
At 31 December	647	692

The creation and release of the provision for impaired receivables has been included in 'Bad and doubtful debts expense' in the Statement of Comprehensive Income. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

(b) Foreign exchange and interest rate risk

The carrying amount of the Group and the University's receivables are denominated in Australian Dollars.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

17. Investments accounted for using the equity method

The University has no material investments in associates or joint venture entities which would be accounted for in the consolidated financial statements using the equity method of accounting.



18. Other financial assets

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Non-Current					
Shares in subsidiaries	32	-	-	4,000	4,000
Available-for-sale financial assets at fair value		8,170	8,847	6,209	7,575
Total other financial assets		8,170	8,847	10,209	11,575

19. Other non-financial assets

	Note	Consolidated		University	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Current					
Prepayments		11,891	11,808	11,860	11,786
Accrued income		6,986	5,182	6,969	5,182
Total other non financial assets		18,877	16,990	18,829	16,968



20. Property, plant and equipment

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Land				
At valuation	128,030	128,030	128,030	128,030
At cost	9,276	-	9,276	-
Net book amount	137,306	128,030	137,306	128,030
Buildings				
At valuation	1,022,527	1,022,527	1,022,527	1,022,527
At cost	83,785	-	83,785	-
Accumulated depreciation	(512,061)	(492,149)	(512,061)	(492,149)
Net book amount	594,251	530,378	594,251	530,378
Construction in progress				
At cost	12,160	77,843	12,160	77,843
Net book amount	12,160	77,843	12,160	77,843
Plant and equipment				
At cost	84,073	80,249	83,996	80,155
Accumulated depreciation	(49,637)	(45,174)	(49,575)	(45,101)
Net book amount	34,436	35,075	34,421	35,054
Leasehold improvements				
At cost	10,362	7,215	10,362	7,215
Accumulated amortisation	(5,107)	(4,443)	(5,107)	(4,443)
Net book amount	5,255	2,772	5,255	2,772
Art collection				
At valuation	3,279	3,279	3,279	3,279
At cost	20	-	20	-
Net book amount	3,299	3,279	3,299	3,279
Library collection				
At valuation	24,686	21,584	24,686	21,584
Accumulated depreciation	(10,920)	(7,847)	(10,920)	(7,847)
Net book amount	13,766	13,737	13,766	13,737
Plant and equipment in progress				
At cost	3,152	2,608	3,152	2,608
Net book amount	3,152	2,608	3,152	2,608
Total property, plant and equipment	803,625	793,722	803,610	793,701



20. Property, plant and equipment (continued)

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

	Construction in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Library collection	Art collection	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2013									
Opening net book amount	32,663	126,296	516,856	37,136	691	2,208	13,120	1,594	730,564
Revaluation	-	1,598	16,243	-	-	-	559	665	19,065
Additions	63,120	-	47	5,834	2,608	-	3,437	1,020	76,066
Disposals	-	-	(59)	(357)	-	-	(1,401)	-	(1,817)
Reclassifications	(17,911)	136	16,065	1,033	(653)	1,330	-	-	-
Depreciation/amortisation charge	-	-	(18,774)	(8,571)	-	(766)	(1,978)	-	(30,089)
Other changes, movements	(29)	-	-	-	(38)	-	-	-	(67)
Closing net book amount	77,843	128,030	530,378	35,075	2,608	2,772	13,737	3,279	793,722
Year ended 31 December 2014									
Opening net book amount	77,843	128,030	530,378	35,075	2,608	2,772	13,737	3,279	793,722
Revaluation	-	-	-	-	-	-	(309)	-	(309)
Additions	24,213	9,276	-	6,365	2,462	-	2,370	10	44,696
Disposals	-	-	-	(926)	-	-	(9)	-	(935)
Reclassifications	(87,123)	-	83,785	2,038	(1,857)	3,147	-	10	-
Depreciation/amortisation charge	-	-	(19,912)	(8,116)	-	(664)	(2,023)	-	(30,715)
Other changes, movements	(2,773)	-	-	-	(61)	-	-	-	(2,834)
Closing net book amount	12,160	137,306	594,251	34,436	3,152	5,255	13,766	3,299	803,625



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20. Property, plant and equipment (continued)

University	Construction in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library collection \$'000	Art collection \$'000	Total \$'000
Year ended 31 December 2013									
Opening net book value	32,663	126,296	516,856	37,105	691	2,208	13,120	1,594	730,533
Revaluation	-	1,598	16,243	-	-	-	559	665	19,065
Additions	63,120	-	47	5,826	2,608	-	3,437	1,020	76,058
Disposals	-	-	(59)	(357)	-	-	(1,401)	-	(1,817)
Reclassifications	(17,911)	136	16,065	1,033	(653)	1,330	-	-	-
Depreciation/amortisation charge	-	-	(18,774)	(8,553)	-	(766)	(1,978)	-	(30,071)
Other changes, movements	(29)	-	-	-	(38)	-	-	-	(67)
Closing net book amount	77,843	128,030	530,378	35,054	2,608	2,772	13,737	3,279	793,701
Year ended 31 December 2014									
Opening net book value	77,843	128,030	530,378	35,054	2,608	2,772	13,737	3,279	793,701
Revaluation	-	-	-	-	-	-	(309)	-	(309)
Additions	24,213	9,276	-	6,356	2,462	-	2,370	10	44,687
Disposals	-	-	-	(925)	-	-	(9)	-	(934)
Reclassifications	(87,123)	-	83,785	2,038	(1,857)	3,147	-	10	-
Depreciation/amortisation charge	-	-	(19,912)	(8,102)	-	(664)	(2,023)	-	(30,701)
Other changes, movements	(2,773)	-	-	-	(61)	-	-	-	(2,834)
Closing net book amount	12,160	137,306	594,251	34,421	3,152	5,255	13,766	3,299	803,610



21. Intangible assets

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Intangibles in progress				
At cost	328	-	328	-
Net closing book amount	328	-	328	-
Other intangible assets				
At cost	10,623	10,548	10,623	10,548
Accumulated amortisation and impairment	(7,806)	(6,375)	(7,806)	(6,375)
Net closing book amount	2,817	4,173	2,817	4,173
Total Intangibles	3,145	4,173	3,145	4,173

	Consolidated		Total
	Intangibles in progress	Other intangible assets	
	\$'000	\$'000	\$'000
Year ended 31 December 2014			
Balance at the beginning of the year	-	4,173	4,173
Additions	328	75	403
Amortisation charge	-	(1,431)	(1,431)
Closing value at 31 December 2014	328	2,817	3,145
Year ended 31 December 2013			
Balance at the beginning of the year	744	5,092	5,836
Additions	19	19	38
Disposals	-	(58)	(58)
Reclassifications	(763)	763	-
Amortisation charges	-	(1,643)	(1,643)
Closing value at 31 December 2013	-	4,173	4,173



21. Intangible assets (continued)

	University		
	Intangibles in progress	Other intangible assets	Total
	\$'000	\$'000	\$'000
Year ended 31 December 2014			
Balance at the beginning of the year	-	4,173	4,173
Additions	328	75	403
Amortisation charge	-	(1,431)	(1,431)
Closing value at 31 December 2014	328	2,817	3,145
Year ended 31 December 2013			
Balance at the beginning of the year	744	5,092	5,836
Additions	19	19	38
Disposals	-	(58)	(58)
Reclassifications	(763)	763	-
Amortisation charge	-	(1,643)	(1,643)
Closing value at 31 December 2013	-	4,173	4,173

22. Payables

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors	23,796	20,694	23,964	20,978
Accrued salaries	3,402	2,954	3,402	2,923
Annual leave on-costs	3,037	2,971	3,037	2,971
Long service leave on-costs	566	590	566	590
OS-HELP liability to Australian Government	1,298	50	1,298	50
Total current payables	32,099	27,259	32,267	27,512
Non-current				
Annual leave on-costs	1,700	1,685	1,700	1,685
Long service leave on-costs	4,418	3,705	4,418	3,705
Total non-current payables	6,118	5,390	6,118	5,390
Total payables	38,217	32,649	38,385	32,902

(a) Foreign exchange and interest rate risk

The carrying amounts of the Group and the University's payables are denominated in Australian Dollars.



23. Borrowings

The University does not hold any borrowings.

(a) Financing arrangements

Unrestricted access was available at reporting date to the following lines of credit:

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Total facilities				
Credit card facility with National Australia Bank (NAB)	8,000	8,000	8,000	8,000
Credit card facility with American Express (Amex)	1,080	1,230	1,080	1,230
Documentary letter of credit facility with NAB	200	200	200	200
Bank Guarantee	5,100	5,100	5,100	5,100
Total credit standby arrangements	14,380	14,530	14,380	14,530
Used at balance date				
Credit card facility with NAB	6	11	6	11
Credit card facility with Amex	124	-	124	-
Documentary letter of credit facility with NAB	-	-	-	-
Bank Guarantee	2,600	2,600	2,600	2,600
Total used at balance date	2,730	2,611	2,730	2,611
Unused at balance date				
Credit card facility with NAB	7,994	7,989	7,994	7,989
Credit card facility with Amex	956	1,230	956	1,230
Documentary letter of credit facility with NAB	200	200	200	200
Bank Guarantee	2,500	2,500	2,500	2,500
Total unused at balance date	11,650	11,919	11,650	11,919



24. Provisions

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	12,786	12,913	12,729	12,853
Long service leave	5,231	6,213	5,163	6,118
Separation scheme	-	7,707	-	7,621
Workers' compensation liability	426	611	426	611
Total current provisions	18,443	27,444	18,318	27,203
Non-current				
Annual leave	7,053	6,985	7,053	6,985
Long service leave	38,466	32,538	38,466	32,538
Workers' compensation liability	602	1,004	602	1,004
Total non-current provisions	46,121	40,527	46,121	40,527
Total provisions	64,564	67,971	64,439	67,730

Movements in the Workers' compensation liability are set out below:

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	1,615	725	1,615	725
Additional provisions recognised	640	660	640	660
Amounts used	(438)	(261)	(438)	(261)
Unused amounts reversed	(751)	468	(751)	468
Increase/(decrease) in discounted amount	(38)	23	(38)	23
Carrying amount at end of year	1,028	1,615	1,028	1,615

25. Other liabilities

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	9,691	16,841	9,512	16,762
Income in advance on incomplete projects	1,022	813	1,022	813
Fees and charges	14,327	13,063	14,327	13,063
Cwth and State Government grants	33,915	36,241	33,915	36,241
Other	6,075	4,506	6,274	4,828
Total other liabilities	65,030	71,464	65,050	71,707



26. Reserves and retained earnings

(a) Reserves

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment revaluation surplus				
Land and Buildings	176,680	176,680	176,680	176,680
Art collection	1,089	1,089	1,089	1,089
Library collection	-	-	-	-
	177,769	177,769	177,769	177,769
Available-for-sale investments revaluation surplus	1,003	2,677	1,003	2,677
Total reserves	178,772	180,446	178,772	180,446

Movements

Property, plant and equipment revaluation reserve

Land and buildings				
Balance 1 January	176,680	158,839	176,680	158,839
Asset revaluation increment	-	17,841	-	17,841
Balance 31 December	176,680	176,680	176,680	176,680

Art collection				
Balance 1 January	1,089	424	1,089	424
Asset revaluation increment	-	665	-	665
Balance 31 December	1,089	1,089	1,089	1,089

Available-for-sale investments revaluation surplus

Balance 1 January	2,677	1,362	2,677	1,362
Available-for-sale financial assets valuation gains taken to equity	214	1,315	214	1,315
Available-for-sale financial assets transfer to profit or loss	(1,888)	-	(1,888)	-

Total Available-for-sale investments revaluation surplus	1,003	2,677	1,003	2,677
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(b) Retained earnings

Retained earnings at 1 January	800,725	729,156	800,681	727,691
Operating result for the period	29,655	71,569	29,091	72,990
Retained earnings at 31 December	830,380	800,725	829,772	800,681

(c) Nature and purpose of reserves

The University has three reserves. The land and buildings revaluation surplus records revaluations in land and buildings, the art collection revaluation surplus records revaluations in the art collection and the available-for-sale investments revaluation surplus records revaluations in investments.



27. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2014 year. Council members include University employees who may be ex-officio members or elected staff members.

2014 Council Members

Dr Ian Gould AM, Chancellor (term completed 1 January 2014, reappointed until 1 January 2016)

Professor David Lloyd, Vice Chancellor and President

Dr Wendy Craik AM, Deputy Chancellor (term completed 31 March 2014, re-appointed as Deputy Chancellor until 31 March 2016, and reappointed as Council member until 31 March 2018)

Mr Terry Evans, Pro Chancellor

Associate Professor Pat Buckley

Ms Pauline Carr

Mr Andrew Friebe (term completed 18 June 2014)

Mr Eric Granger

Mr Jay Joseph (term commenced 21 August 2014)

Ms Lia Lawrie (term commenced 21 August 2014)

Mr Bruce Linn (term completed 31 December 2014)

Ms Paula Nagel AM

Ms Corinne Namblard (term commenced 31 March 2014, leave of absence 21 August 2014 to 31 December 2014)

Professor Leanna Read

Professor Rick Sarre (term completed 31 December 2014, re-appointed 1 January 2015 to 31 December 2016)

Ms Miriam Silva (leave of absence 21 August 2014 to 31 December 2014)

Ms Carol Sutherland

Mr Arun Thomas (term completed 18 June 2014)

Directorships held by Council members during the 2014 year in subsidiaries and associates of University

Mr Bruce Linn, ITEK Ventures Pty Ltd and SABRENet Ltd.



27. Key management personnel disclosures (continued)

(b) Remuneration of Key management personnel

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Remuneration of Council members				
Nil	4	6	4	6
\$1 to \$9,999	6	-	6	-
\$10,000 to \$19,999	3	7	3	7
\$20,000 to \$29,999	3	3	4	4
\$40,000 to \$49,999	1	1	-	-
\$60,000 to \$69,999	1	1	1	1
	18	18	18	18

Remuneration received and receivable by Council members for their services as Council members was \$221,820 (2013: \$228,225). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$249,820 (2013: \$256,225).

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Remuneration of executive officers				
\$140,000 to \$149,999	-	1	-	1
\$150,000 to \$159,999	-	2	-	2
\$220,000 to \$229,999	-	1	-	1
\$290,000 to \$299,999	1	-	1	-
\$310,000 to \$319,999	1	1	1	1
\$330,000 to \$339,999	1	1	1	1
\$340,000 to \$349,999	3	-	3	-
\$370,000 to \$379,999	-	1	-	1
\$390,000 to \$399,999*	1	1	1	1
\$450,000 to \$459,999	1	-	1	-
\$470,000 to \$479,999*	-	1	-	1
\$500,000 to \$509,999	-	1	-	1
\$540,000 to \$549,999	-	1	-	1
\$570,000 to \$579,999*	1	-	1	-
\$810,000 to \$819,999	1	-	1	-
	10	11	10	11

* includes leave paid on termination.

**27. Key management personnel disclosures (continued)****(b) Remuneration of Key management personnel (continued)**

Executives are defined as the Vice Chancellor & President and the University's Senior Management Group. The remuneration includes all normal salary, leave, allowances and other benefits paid during the reporting year. No executive received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

(c) Executive Officers' compensation

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	3,762	3,378	3,762	3,378
Post-employment benefits	401	436	401	436
Other long-term benefits	54	-	54	-
Total Executive Officer's compensation	4,217	3,814	4,217	3,814

(d) Related party transactions

From time to time University Council members have interests or positions in entities with which the University conducts business. In all cases, transactions with these entities are undertaken on a normal commercial basis.

28. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of the University, its related practices and non-related audit firms:

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Audit and review of the Financial Statements				
Fees paid to Auditor-General's Department	281	258	281	258
Fees paid to BDO Australia Ltd	17	9	-	-
Total paid for audit and review	298	267	281	258

29. Contingencies

The University has no material contingent liabilities.



30. Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment:				
Within one year	28,617	5,820	28,617	5,820
Between one and five years	29,155	195	29,155	195
Later than five years	-	-	-	-
Total Property, plant and equipment commitments	57,772	6,015	57,772	6,015

(b) Lease commitments - Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities (i.e. operating leases), are payable as follows:

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Within one year	2,557	2,504	2,557	2,504
Between one and five years	5,853	6,400	5,853	6,400
Later than five years	2,577	3,805	2,577	3,805
Total future minimum lease payments	10,987	12,709	10,987	12,709

Major operating leases include leases for office space, vehicles and computers. The terms of the office space lease agreements include renewal or purchase options ranging between 1 and 10 years.

(c) Other expenditure commitments

Commitments for other expenditure in existence at the reporting date but not recognised as liabilities, are payable as follows:

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Within one year	11,067	8,760	11,067	8,760
Between one and five years	14,037	17,177	14,037	17,177
Later than five years	125	663	125	663
Total other expenditure commitments	25,229	26,600	25,229	26,600

Other expenditure commitments includes cleaning, contributions to Co-operative Research Centres (CRC) and material commitments arising from grants received from the NHMRC.



31. Superannuation plans

(a) Categories

The University contributes to a numbers of superannuation schemes, divided into the following categories:

- (i) Those operative and open to membership:
 - Uni Super Defined Benefit Plan or Accumulation Super 2
 - Accumulation Super 1
- (ii) State Government Schemes closed to future membership by University employees:
 - State Pension Scheme
 - State Lump Sum Scheme

(b) UniSuper Limited Superannuation Scheme

The employees' UniSuper plan is determined by the terms of employment and is managed by a corporate trustee, UniSuper Limited. The plan is administered by UniSuper Manager Pty Ltd, a wholly owned subsidiary company.

The employer contribution rate for 2014 for employees in either the Defined Benefit Division (DBD) or Accumulation Super 2 was 17% of salaries. For employees in Accumulation Super 1 the contribution rate was 9.25% for January 2014 to June 2014 and 9.50% of salaries from July 2014 to December 2014. During the 2013 year the contribution rate was 9.0% for January 2013 to June 2013 and 9.25% of salaries from July 2013 to December 2013.

The UniSuper DBD is a defined benefit plan under Superannuation Law but is considered to be a defined contribution plan under Accounting Standards AASB 119. As set out under paragraph 28 of AASB 119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the funds and the actuarial risk and investment risk fall on the employee.

Clause 34 (b) states that the "Trustee must consider whether it is in the interests of the Members of Division A and Division B as a whole to reduce the benefits payable under Division A and and Division B and, if it so considers that it should reduce benefits (which may include benefits in the course of payment), it must do so on a fair and equitable basis and at a time or times it decides".

As at 30 June 2014 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$271 million in excess (2013: \$691 million deficiency) of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.
- \$2,071 million in excess (2013: \$861 million in excess) of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to reporting date.

**31. Superannuation plans (continued)****(b) UniSuper Limited Superannuation Scheme (continued)**

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 30 June 2014. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - DBD pensions	6.10% p.a.	7.80% p.a.
Gross of tax investment return - commercial rate indexed pensions	3.70% p.a.	3.70% p.a.
Net of tax investment return - non pensioner members	5.50% p.a.	7.00% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases long term	3.75% p.a.	3.75% p.a.

Assets have been included at their net market value, i.e. allowing for realisation costs.

As at 30 June 2014 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Benefit Plan.

(c) Super SA Superannuation plan

A number of present and past employees of the University and its predecessor institutions are members of the South Australian Superannuation Scheme. This scheme is administered by Super SA on behalf of the South Australian Superannuation Board (the Board) which is responsible for managing this scheme. The board was established under section 5 of the Superannuation Act 1988. The funds are managed by the specialist investment manager, Superannuation Funds Management Corporation of South Australia (Funds SA).

Under this scheme, benefits are paid as a continuing pension or lump sum to members eligible to claim their entitlement. The Pension Scheme is a defined benefit scheme where member benefits are calculated as a percentage of final salary. Benefits are generally payable fortnightly and are indexed by Consumer Price Index (CPI). The Lump Sum Scheme is part accumulation and part defined benefit where member basic entitlements represent a refund of the member's contributions with investment returns plus a defined multiple of final salary.

Under current arrangements, Super SA pays eligible members their benefit and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government fully funds the University on an emerging cost basis for the costs and recovers the State's share of the cost directly from the State Government under the Commonwealth State Agreement. The Agreement provides that the employer component of the superannuation benefits payable to former employees of the University who were members of one of the main State Schemes, be shared.

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by PricewaterhouseCoopers Securities Ltd as at 31 December 2014. The actuarial valuation was based on 30 June 2014 membership data which was projected to 31 December 2014 using the Project Unit Credit Method. The University's present value of the defined benefit obligations was assessed to be \$508.6 million (2013: \$444.3 million).

The University's liability under the scheme has been partly funded by assets of \$36.9 million (2013: \$34.3 million) from 3% productivity employer contributions. This results in an unfunded liability of \$471.7 million (2013: \$409.9 million).



31. Superannuation plans (continued)

(c) Super SA Superannuation plan (continued)

The weighted average duration of the defined benefit obligation is 14.11 years (2013: 14.43 years). The expected maturity analysis of undisclosed benefit obligations is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined Benefit obligation - 31 Dec 2014	30,102	30,190	91,879	612,103	764,274
Defined Benefit obligation - 31 Dec 2013	29,838	30,581	92,023	639,068	791,510

The analysis of the plan assets and the expected rate of return at the balance sheet date is as follows:

	2014 (%)		2013 (%)	
	Active Market	No Active Market	Active Market	No Active Market
Equity instruments	51.3 %	0.0 %	52.2 %	0.0 %
Property	2.6 %	11.6 %	2.6 %	12.2 %
Diversified Strategies Growth	1.1 %	7.5 %	0.9 %	7.6 %
Diversified Strategies Income	14.0 %	0.0 %	13.3 %	0.0 %
Inflation Linked Securities	0.0 %	7.5 %	0.0 %	7.6 %
Debt instruments	2.1 %	0.0 %	2.5 %	0.0 %
Cash	2.3 %	0.0 %	1.1 %	0.0 %
Total	73.4 %	26.6 %	72.6 %	27.4 %



31. Superannuation plans (continued)

(d) Balance Sheet Amounts

	University	
	2014	2013
	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligation at beginning of year	444,273	495,700
Current service cost	404	1,025
Interest cost	19,750	18,263
Actuarial (gains) / losses		
(a) Impact of changes in demographic assumptions	1,172	-
(b) Impact of changes in financial assumptions	74,221	(38,802)
(c) Experience items	(1,060)	(1,306)
Benefits and expenses paid	(30,191)	(30,608)
Present value of defined benefits obligations at end of year	508,569	444,272
Reconciliation of the fair value of the defined benefit plan assets		
Fair value of Scheme assets at start of year	34,340	29,900
Interest income	1,629	1,116
Actual return on assets less Interest income	849	3,217
Employer contributions	30,254	30,714
Benefits and expenses paid	(30,191)	(30,608)
Fair value of Scheme assets at end of year	36,881	34,339
Net Liability		
Defined Benefit Obligation	508,569	444,272
Less: Fair value of plan assets	(36,881)	(34,339)
Net Liability	471,688	409,933

The net unfunded amount of \$471.7 million (2013: \$409.9 million) has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non current according to cash flow projections of the Assessment.



31. Superannuation plans (continued)

(d) Balance Sheet Amounts (continued)

The Commonwealth Government has agreed to provide assistance under Section 20 of the Higher Education Funding Act to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided for this purpose in the base operating grant.

Assumptions adopted by PricewaterhouseCoopers Securities Ltd in determining the University's liability were:

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2013 2.5%)
- Rate of salary increases 4.0% per annum (2013 4.0%)
- Discount Rate 3.1% per annum (2013 4.6%)
- Return of Fund assets 7.0% per annum (2013 7.0%)

These rates provide for a 1.5% real gap between long term CPI and salary increases and a 3% real gap between salary increases and investment earnings.

The sensitivity of the defined benefit obligation to changes in the significant assumptions is:

Significant Assumption	Increase in assumption	Impact on Defined Benefit Obligation	Decrease in assumption	Impact on Defined Benefit Obligation
Discount rate	0.5%	Decrease by 5.3%	0.5%	Increase by 5.8%
Salary growth rate	0.5%	Increase by 0.2%	0.5%	Decrease by 0.1%
Pension increase rate	0.5%	Increase by 6.0%	0.5%	Decrease by 5.4%



32. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	Principal place of business	Ownership interest	
		2014	2013
		%	%
(a) University of South Australia Foundation Incorporated	Australia	100	100
(b) ITEK Ventures Pty Ltd	Australia	100	100
(c) UniSA Health Pty Ltd	Australia	100	100

(a) University of South Australia Foundation Incorporated (Foundation)

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2014. This company will remain legally intact indefinitely to ensure that any future bequests, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

(b) ITEK Ventures Pty Ltd

ITEK Ventures Pty Ltd was incorporated on 15 November 2011 and is wholly owned by the University. The University was allotted four million Ordinary Shares, issued at \$1.00 per share.

ITEK Ventures Pty Ltd provides the University with business incubation and technology commercialisation services. Its role is to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

(c) UniSA Health Pty Ltd

UniSA Health Pty Ltd was incorporated on 13 September 2011 and is wholly owned by the University. The University was allotted ten Ordinary Shares, issued at \$1.00 per share.

The core business of UniSA Health Pty Ltd will initially be to contribute to quality teaching through the provision of placements to undergraduate and postgraduate students through a private clinic and to provide high quality patient care and health prevention/promotion to UniSA staff and students.

33. Investments in associates

SABRENet Ltd (SABRENet)

SABRENet is incorporated in Australia and was registered on 28 September 2005 as a nonprofit company limited by guarantee. The founding members are the three South Australian universities and the South Australian Government. The Defence Science and Technology Organisation (DSTO) is a contractual partner.

The company was established to further the use of advanced data networking for research and education in South Australia, in addition to enhancing economic and social advancement across the nation.

While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset (the network). That is, the University receives no return for its interest in SABRENet. To date, the University has provided \$0.250 million to SABRENet which was recognised as an expense in the year payment was made. Consequently, the University's interest in SABRENet has not been recognised in the accounts on an equity basis.



34. Interests in joint arrangements

(a) Joint operations

The University's interests in joint operations are as follows:

Entity	Reporting date	Ownership interest	
		2014	2013
		%	%
(i) Centre for Cancer Biology	31 Dec	50.00 %	0.00 %
(ii) Mawson Centre Building	31 Dec	63.00 %	63.00 %

(i) Centre for Cancer Biology

The Centre for Cancer Biology (CCB) carries out an innovative research program focusing on the fundamental causes of cancer and translating these discoveries into new ways to prevent and treat the disease.

In December 2014 the University and Central Adelaide Local Health Network (CALHN) entered into an alliance agreement to establish the CCB to further accommodate and support the growth of the Centre.

(ii) Mawson Centre Building

The University, the City of Salisbury, the Land Management Corporation, Delfin Lend Lease and the Department of Education and Child Development (DECD) entered into an agreement in 2003 to design, develop, construct and operate the Mawson Centre at Mawson Lakes. This multi-purpose community centre assists in meeting the cultural, entertainment, recreational and educational needs of the Mawson Lakes residents, employees and adjacent community. The University has a 63% share of the joint venture and management responsibility for the centre, with the City of Salisbury holding a 19% share and DECS holding an 18% share.

In 2013 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2014 is \$6.515 million (2013: \$6.678 million) which is included in Buildings.



34. Interests in joint arrangements (continued)

(b) Joint venture

The University has an interest in a number of joint venture as described below. The University's interests in these joint ventures are not considered to be material to the University's core activities. Consequently, they have not been taken up in the accounts on an equity basis as per the Australian Accounting Standard AASB 128 Investments in Associates and Joint Ventures.

Entity	Reporting date	Ownership interest	
		2014	2013
		%	%
(i) eResearch SA	31 Dec	33.00 %	33.00 %
(ii) South Australian Tertiary Admissions Centre	31 Dec	25.00 %	25.00 %

(i) eResearch SA (formerly South Australian Partnership for Advanced Computing (SAPAC))

eResearch SA is a collaborative joint venture of the three South Australian universities. Its mission is to support the development, implementation and use of eResearch methodologies and activities in South Australia, and to provide access to eResearch facilities and practical support for researchers from all disciplines. The University's 33% share of this joint venture has not been included in the consolidated report as this is immaterial to the University's activities.

(ii) South Australian Tertiary Admissions Centre (SATAC)

SATAC is a joint operation between the three South Australian universities and the Minister for Employment, Higher Education and Skills. SATAC receives and processes undergraduate and postgraduate applications for admission to the TAFE SA, Charles Darwin University and the three universities in South Australia. The University's 25% share of this joint operation has not been included in the consolidated report as this is immaterial to the University's activities.

35. Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction, event of a material and unusual nature likely to affect significantly the operation of the Consolidated Entity, the results of operations, or the state of affairs of the Consolidated Entity in future periods.

**36. Reconciliation of operating results after income tax to net cash flows from operating activities**

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	29,655	71,569	29,091	72,990
Add/(less) non-cash items:				
Depreciation and amortisation	32,146	31,732	32,132	31,714
Non-cash donations	(91)	(1,045)	(91)	(1,045)
Capital assets accrual	(2,805)	(1,106)	(2,805)	(1,106)
Library collection revaluation	309	(559)	309	(559)
Other	336	-	336	-
Net (gain)/loss on sale of property, plant and equipment	842	1,814	842	1,814
Net (gain)/loss on sale of available-for-sale financial assets	(2,076)	-	(1,862)	-
Fair value (gains)/losses on other financial assets at fair value through profit or loss	-	100	-	-
Property, plant and equipment in progress adjustments	2,834	67	2,834	67
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	(5,891)	3,712	(5,824)	3,180
(Increase)/decrease in other assets	(1,906)	(4,008)	(1,861)	(3,904)
Increase/(decrease) in payables	5,568	(2,423)	5,483	(1,869)
Increase/(decrease) in provisions	(3,407)	6,808	(3,291)	6,709
Increase/(decrease) in other liabilities	(7,298)	(16,522)	(7,459)	(15,989)
Net cash provided by / (used in) operating activities	48,216	90,139	47,834	92,002

37. Non-cash investing and financing activities

	Consolidated		University	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Donations of works of art and library materials	91	1,045	91	1,045
	91	1,045	91	1,045



38. Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The University uses different methods to measure different types of risk to which it is exposed. These methods include informal sensitivity analyses and seeking professional advice to manage the market risk of its investments.

Risk management is co-ordinated by the University under policies approved by Council. The University identifies and evaluates financial risks in close co-operation with the University's operating units.

(a) Market risk

(i) Foreign exchange risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2014 the University held MYR\$0.216 million (AUD\$0.075 million) (2013: MYR\$0.336 million (AUD\$0.114 million)) in an offshore bank account.

The University assesses the likely foreign exchange risk for probable forecasted transactions in foreign currencies for onshore activities and enters into hedging arrangements to mitigate foreign exchange risk if appropriate. During 2014 the University did not enter into any USD hedging contracts, and as at 31 December 2014 held USD \$5.511 million (AUD\$6.719 million) in an onshore bank account. As no contracts were held at 31 December 2014 there were no associated payable/receivables balances. (2013: Net receivable of AUD\$0.085 million).

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate assets and liabilities to maturity.

(iii) Risk associated with available-for-sale assets

Investments mainly comprise investments in listed entities. The University has a prudent investment strategy. It is acknowledged there may be short-term fluctuations in asset values from time to time; however historical trends for such a strategy indicate that, with reasonable probability, unrealised losses will be recovered in the medium to long-term.

The nature of the University's activities are generally low risk. Investments tend to be largely held in term deposits with banking institutions and debtors are spread across a large number of customers. Due to the nature and value of the financial instruments held by the University, sensitivity analysis has not been provided.

(b) Credit risk

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

The credit risk on financial assets excluding investments of the University which have been recognised in the statement of financial position is the carrying amount net of any provisions for impaired receivables.

The University is not materially exposed to any specific overseas country or individual customer.



38. Financial risk management (continued)

(c) Liquidity risk

The following tables summarise the maturity of the Group's financial assets and financial liabilities:

	Average Interest rate	Less than 1 Year	1 to 5 years	5+ years	Non interest bearing	Total
2014	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	3.65 %	316,932	-	-	-	316,932
Receivables		-	-	-	23,335	23,335
Other financial assets		-	-	-	8,170	8,170
Total financial assets		316,932	-	-	31,505	348,437
Financial liabilities						
Payables		-	-	-	25,259	25,259
Total financial liabilities		-	-	-	25,259	25,259

	Average Interest rate	Less than 1 Year	1 to 5 years	5+ years	Non interest bearing	Total
2013	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	4.14 %	310,083	-	-	-	310,083
Receivables		-	-	-	17,562	17,562
Other financial assets		-	-	-	8,847	8,847
Total financial assets		310,083	-	-	26,409	336,492
Financial liabilities						
Payables		-	-	-	20,902	20,902
Total financial liabilities		-	-	-	20,902	20,902



39. Fair Value Measurement

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivable their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate fair values of the Group's financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	316,932	310,083	316,932	310,083
Receivables	23,335	17,562	23,335	17,562
Other financial assets	8,170	8,847	8,170	8,847
Total financial assets	348,437	336,492	348,437	336,492
Financial Liabilities				
Payables	25,259	20,902	25,259	20,902
Total financial liabilities	25,259	20,902	25,259	20,902

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Land and buildings
- Library collection
- Art collection

(b) Fair value hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurements.

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



39. Fair Value Measurement (continued)

(b) Fair value hierarchy (continued)

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2014.

Fair value measurements

	Note	2014 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 December 2014					
Financial assets					
Available-for-sale financial assets	18				
Equity securities		8,170	5,585	-	2,585
Total financial assets		8,170	5,585	-	2,585
Non-financial assets					
Land and buildings	20				
Land		137,306	-	137,306	-
Buildings		594,251	-	-	594,251
Other non-financial assets	20				
Library collection		13,766	-	-	13,766
Art collection		3,299	-	-	3,299
Total non-financial assets		748,622	-	137,306	611,316

	Note	2013 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 December 2013					
Financial assets					
Available-for-sale financial assets	18				
Equity securities		8,847	6,996	-	1,851
Total financial assets		8,847	6,996	-	1,851
Non-financial assets					
Land and buildings	20				
Land		128,030	-	128,030	-
Buildings		530,378	-	-	530,378
Other non-financial assets	20				
Library collection		13,737	-	-	13,737
Art collection		3,279	-	-	3,279
Total non-financial assets		675,424	-	128,030	547,394



39. Fair Value Measurement (continued)

(b) Fair value hierarchy (continued)

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers in and out of Level 3 measurements.

The University's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as trading and available-for-sale securities disclosed in notes 18.) is based on quoted market prices for identical assets or liabilities at the reporting date (Level 1). This is the most representative of fair value in the circumstances.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

(c) Valuation techniques used to derive Level 2 and Level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments 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. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If there are significant inputs to a valuation which are not obtained from observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.



39. Fair Value Measurement (continued)

(d) Fair value measurements using significant unobservable inputs (Level 3)

The following table is a reconciliation of Level 3 items for the periods ended 31 December 2014 and 2013.

Level 3 Fair Value Measurement 2014	Unlisted equity securities \$'000	Buildings \$'000	Library Collection \$'000	Art Collection \$'000	Total \$'000
Opening balance	1,851	530,378	13,737	3,279	549,245
Acquisitions	475	83,785	2,370	20	86,650
Disposals	-	-	(9)	-	(9)
Recognised in profit or loss	-	(19,912)	(2,332)	-	(22,244)
Recognised in other comprehensive income	259	-	-	-	259
Closing balance	2,585	594,251	13,766	3,299	613,901

Level 3 Fair Value Measurement 2013	Unlisted equity securities \$'000	Buildings \$'000	Library Collection \$'000	Art Collection \$'000	Total \$'000
Adoption of AASB13	1,880	516,856	13,120	1,594	533,450
Acquisitions	-	16,112	3,437	1,020	20,569
Disposals	(13)	(59)	(1,401)	-	(1,473)
Recognised in profit or loss	-	(18,774)	(1,419)	-	(20,193)
Recognised in other comprehensive income	(16)	16,243	-	665	16,892
Closing balance	1,851	530,378	13,737	3,279	549,245

(i) Transfers between Level 2 and Level 3 and changes in valuation techniques

Other than described above, there were no changes in valuation techniques during the year.



39. Fair Value Measurement (continued)

(d) Fair value measurements using significant unobservable inputs (Level 3) (continued)

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Description	Fair value at 31 December 2014 \$'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	2,585	Market comparison based on internal assessment of net asset values and potential growth.	Net asset position and future earnings.	Increase in net assets and increase in future earnings would result in higher fair values; decrease in net assets and decrease in future earnings would result in lower fair values.
Buildings	594,251	Estimated useful lives of individual buildings.	Useful life ranges for buildings provided by valuer.	Increased remaining useful lives of buildings would result in higher fair values; lower remaining useful lives would result in lower fair values.
Library Collection	13,766	Current year average purchase cost.	Ranges of prices and volumes of purchases.	Increased average purchased cost would result in higher fair values; lower average purchased cost would result in lower fair values.
Art Collection	3,299	Market comparison based on internal assessment of the value of comparable artworks.	Number and type of purchases and market value of comparable artworks.	Increase in market value assessment of similar art would result in higher fair value; decrease in market value assessment of similar art would result in lower fair value.

(iii) Valuation processes

The Group performs the valuations of non-property items required for financial reporting purposes, including Level 3 fair values.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings at least every 3 years. As at 31 December 2013, the fair values of land and buildings have been determined by Opteon Pty Ltd.

The valuation technique for buildings adopted by Opteon Pty Ltd was to assess the written down current cost for the buildings. New replacement costs on the basis of a modern equivalent were assessed and then generally depreciated using the straight line method, having regard to the estimated useful and remaining life for each structure.

The Library collection is revalued annually at the end of each year using an internal valuation based on the average purchase cost of books and journals.



39. Fair Value Measurement (continued)

(d) Fair value measurements using significant unobservable inputs (Level 3) (continued)

The Art collection is revalued at least every 3 years using an internal valuation carried out by the Director: Samstag Museum of Art giving consideration to current sales and auctions of works by the same artist and/or similar genre.



40. Acquittal of Australian Government financial assistance

(a) Commonwealth Grants Scheme and other Grants

	Commonwealth Grants Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program		Capital Development Pool	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	168,415	166,587	1,113	1,335	5,608	6,874	84	84	-	-
Net accrual adjustments	(241)	2,172	-	(138)	316	(1,526)	-	-	-	-
Revenue for the period	168,174	168,759	1,113	1,197	5,924	5,348	84	84	-	-
Movement in deferred income	-	-	-	-	(316)	1,526	-	-	-	-
Surplus/(deficit) from the previous year	-	-	-	-	1,642	232	346	368	4,900	4,900
Total revenue including accrued revenue	168,174	168,759	1,113	1,197	7,250	7,106	430	452	4,900	4,900
Less expenses including accrued expenses	(168,174)	(168,759)	(1,113)	(1,197)	(6,041)	(5,464)	(413)	(106)	-	-
Surplus/(deficit) for the reporting period	-	-	-	-	1,209	1,642	17	346	4,900	4,900

	Diversity and Structural Adjustment Fund		Transitional Cost Program		Promo of Exc in Learning and Teaching		Reward Funding		Australian Maths & Science Partnership Program	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	-	-	-	-	312	599	-	804	261	-
Net accrual adjustments	1,296	1,546	-	235	35	(141)	-	-	(261)	-
Revenue for the period	1,296	1,546	-	235	347	458	-	804	-	-
Movement in deferred income	(1,296)	(1,546)	-	-	(35)	141	-	-	261	-
Surplus/(deficit) from the previous year	3,478	5,037	-	-	480	310	-	-	-	-
Total revenue including accrued revenue	3,478	5,037	-	235	792	909	-	804	261	-
Less expenses including accrued expenses	(1,296)	(1,559)	-	(235)	(371)	(429)	-	(804)	-	-
Surplus/(deficit) for the reporting period	2,182	3,478	-	-	421	480	-	-	261	-



40. Acquittal of Australian Government financial assistance (continued)

(a) Commonwealth Grants Scheme and other Grants (continued)

	Chair in Child Protection				Total	
	2014		2013		2014	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Note						
Financial assistance received in cash during the reporting period	-	-	1,237	175,793	177,520	
Net accrual adjustments	-	-	1,482	1,145	3,630	
Revenue for the period	-	-	2,719	176,938	181,150	
Movement in deferred income	-	-	(1,482)	(1,386)	(1,361)	
Surplus/(deficit) from the previous year	-	-	1,482	10,846	12,329	
Total revenue including accrued revenue	-	-	2,719	186,398	192,118	
Less expenses including accrued expenses	-	-	(2,719)	(177,408)	(181,272)	
Surplus/(deficit) for the reporting period	-	-	-	8,990	10,846	



40. Acquittal of Australian Government financial assistance (continued)

(b) Higher Education Loan Programs (excl OS-HELP)

	HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Payable/(Receivable) at the beginning of the year	1,036	762	1,098	(1,269)	14	(470)	2,148	(977)
Financial assistance received in cash during the reporting period	108,442	105,264	7,117	8,446	2,737	3,093	118,296	116,803
Cash available for the period	109,478	106,026	8,215	7,177	2,751	2,623	120,444	115,826
Revenue earned	109,624	104,990	7,607	6,079	2,733	2,609	119,964	113,678
Cash Payable/(Receivable) at the end of the year	(146)	1,036	608	1,098	18	14	480	2,148

3(b)

40. Acquittal of Australian Government financial assistance (continued)
(c) Scholarships

	Note	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Indigenous Staff Scholarships		Total	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period		5,771	5,522	470	465	8	(1,085)	60	(202)	42	(60)	-	-	6,351	4,640
Net accrual adjustments		-	-	-	-	(15)	471	(25)	178	(14)	51	-	-	(54)	700
Revenue for the period	3(c)	5,771	5,522	470	465	(7)	(614)	35	(24)	28	(9)	-	-	6,297	5,340
Movement in deferred income		-	-	-	-	15	(471)	25	(178)	14	(51)	-	-	54	(700)
Surplus/(deficit) from the previous year		1,342	1,302	-	-	136	1,372	26	290	28	(5)	12	12	1,544	2,971
Total revenue including accrued revenue		7,113	6,824	470	465	144	287	86	88	70	(65)	12	12	7,895	7,611
Less expenses including accrued expenses		(5,515)	(5,482)	(470)	(465)	(4)	(151)	(67)	(62)	(56)	93	-	-	(6,112)	(6,067)
Surplus/(deficit) for the reporting period		1,598	1,342	-	-	140	136	19	26	14	28	12	12	1,783	1,544



40. Acquittal of Australian Government financial assistance (continued)

(d) EDUCATION Research

	Note	Joint Research Engagement		JRE Engineering Cadetships		Research Training Scheme		Research Infrastructure Block Grants	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial assistance received in cash during the reporting period		7,491	7,281	90	59	13,294	13,287	2,869	2,791
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period	3(d)	7,491	7,281	90	59	13,294	13,287	2,869	2,791
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-
Total revenue including accrued revenue		7,491	7,281	90	59	13,294	13,287	2,869	2,791
Less expenses including accrued expenses		(7,491)	(7,281)	(90)	(59)	(13,294)	(13,287)	(2,869)	(2,791)
Surplus/(deficit) for the reporting period		-	-	-	-	-	-	-	-

	Note	Sustainable Research Excellence in Universities		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial assistance received in cash during the reporting period		2,023	2,017	25,767	25,435
Net accrual adjustments	3(d)	-	-	-	-
Revenue for the period		2,023	2,017	25,767	25,435
Surplus/(deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		2,023	2,017	25,767	25,435
Less expenses including accrued expenses		(2,023)	(2,017)	(25,767)	(25,435)
Surplus/(deficit) for the reporting period		-	-	-	-



40. Acquittal of Australian Government financial assistance (continued)

(e) Other Capital Funding

	Education Investment				
	Fund		Total		
	2014	2013	2014	2013	2013
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	4,920	3,080	4,920	3,080	3,080
Net accrual adjustments	5,250	-	5,250	-	-
Revenue for the period	10,170	3,080	10,170	3,080	3,080
Surplus/(deficit) from the previous year	2,626	3,023	2,626	3,023	3,023
Total revenue including accrued revenue	12,796	6,103	12,796	6,103	6,103
Less expenses including accrued expenses	(5,426)	(3,477)	(5,426)	(3,477)	(3,477)
Surplus/(deficit) for the reporting period	7,370	2,626	7,370	2,626	2,626



40. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants

	Note	Projects			Fellowships			Indigenous Researchers Development			Total	
		2014	2013		2014	2013		2014	2013		2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(i) Discovery												
Financial assistance received in cash during the reporting period		2,612	2,601		2,684	2,321		237	314		5,533	5,236
Net accrual adjustments		18	121		(202)	2		(85)	(82)		(269)	41
Revenue for the period	3(f)(i)	2,630	2,722		2,482	2,323		152	232		5,264	5,277
Movement in deferred income		(248)	(228)		202	(2)		58	81		12	(149)
Surplus/(deficit) from the previous year		2,310	2,538		1,046	1,047		152	70		3,508	3,655
Total revenue including accrued revenue		4,692	5,032		3,730	3,368		362	383		8,784	8,783
Less expenses including accrued expenses		(2,630)	(2,722)		(2,482)	(2,322)		(152)	(231)		(5,264)	(5,275)
Surplus/(deficit) for the reporting period		2,062	2,310		1,248	1,046		210	152		3,520	3,508



40. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants (continued)

(ii) Linkages	Note	Infrastructure		Projects		Industrial Transformational Research Program		Total	
		2014	2013	2014	2013	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period		1,075	-	2,369	2,344	-	-	3,444	2,344
Net accrual adjustments		169	800	(180)	101	11	-	-	901
Revenue for the period	3(f)(ii)	1,244	800	2,189	2,445	11	-	3,444	3,245
Movement in deferred income		(36)	(211)	8	(93)	230	-	202	(304)
Surplus/(deficit) from the previous year		36	247	2,915	3,008	-	-	2,951	3,255
Total revenue including accrued revenue		1,244	836	5,112	5,360	241	-	6,597	6,196
Less expenses including accrued expenses		(1,244)	(800)	(2,189)	(2,445)	(11)	-	(3,444)	(3,245)
Surplus/(deficit) for the reporting period		-	36	2,923	2,915	230	-	3,153	2,951



40. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants (continued)

(iii) Networks and Centres

Financial assistance received in cash during the reporting period

Net accrual adjustments

Revenue for the period

Movement in deferred income

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

	Note	Centres		Special Research Initiatives				Total	
		2014	2013	2014	2013	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		-	-	-	-	-	-	-	-
		197	163	13	137	210	300	210	300
	3(f)(iii)	197	163	13	137	210	300	210	300
		262	-	-	(25)	262	(25)	262	(25)
		-	-	-	25	-	25	-	25
		459	163	13	137	472	300	472	300
		(197)	(163)	(13)	(137)	(210)	(300)	(210)	(300)
		262	-	-	-	262	-	262	-



40. Acquittal of Australian Government financial assistance (continued)

(g) Student Services and Amenities Fee

	Note	2014 \$'000	2013 \$'000
Unspent/(overspent) revenue from previous period		50	-
SA-HELP revenue earned		2,733	2,609
Student services fees direct from students	3(b)	1,532	1,083
Total revenue expendable in period	5	4,315	3,692
Student services expenses during period		(4,137)	(3,642)
Unspent/(overspent) student services revenue		178	50

(h) OS-HELP

	Note	2014 \$'000	2013 \$'000
Cash Received during the reporting period		2,500	908
Cash Spent during the reporting period		(1,252)	(858)
Net Cash received		1,248	50
Cash Surplus/(deficit) from the previous period		50	-
Cash surplus for the reporting period	22	1,298	50



40. Acquittal of Australian Government financial assistance (continued)

(i) Superannuation Supplementation

	Note	2014	2013
		\$'000	\$'000
Cash Received during the reporting period	3(h)	28,827	29,679
Cash available		28,827	29,679
Cash surplus / (deficit) from the previous period		657	857
Cash available for current period		29,484	30,536
Contributions to specified defined benefit funds		(29,631)	(29,879)
Cash surplus for this period		(147)	657



41. Acronyms and definitions

The following acronyms and terminology are used throughout the Financial Statements:

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ARC	Australian Research Council
ATO	Australian Taxation Office
AUD	Australian Dollar
CPI	Consumer Price Index
CRC	Co-operative Research Centre
DBD	UniSuper Defined Benefit Division
DECD	South Australian Government Department of Education and Child Development
DETAFE	South Australian Government Department of Education, Training and Employment
EDUCATION	Australian Government Department of Education
GST	Goods and Services Tax
HECS	Higher Education Contribution Scheme
MYR	Malaysian Ringgit
NAB	National Australia Bank
NHMRC	National Health and Medical Research Council
Safety margin	Operating result as a percentage of total income
USD	United States Dollar



CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

To the best of our knowledge and belief:

- the financial statements:
 - are in accordance with the accounts and records of the University and give an accurate indication of the financial transactions of the University for the year then ended;
 - comply with the relevant Treasurer's Instructions promulgated under the provisions of the South Australian Public Finance and Audit Act 1987;
 - comply with relevant Accounting Standards and other mandatory professional reporting requirements in Australia, except to the extent noted in Note 1 Summary of Significant Accounting Policies and the Independent Audit Report; and
 - present a true and fair view of the financial position of the University as at 31 December 2014 and the result of its operations and its cash flows for the year then ended.
- the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.
- the University charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Dr Ian Gould
Chancellor

16 April 2015

Professor David G. Lloyd
Vice Chancellor and President

16 April 2015

Mr Paul Beard
Chief Operating Officer

16 April 2015



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To the Chancellor University of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *University of South Australia Act 1990*, I have audited the accompanying financial report of the University of South Australia (the University) and the consolidated entity comprising the University and its controlled entities for the financial year ended 31 December 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2014
- a Statement of Financial Position as at 31 December 2014
- a Statement of Changes in Equity for the year ended 31 December 2014
- a Statement of Cash Flows for the year ended 31 December 2014
- notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial report comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

The Council's Responsibility for the Financial Report

The members of the Council 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*, the *Higher Education Support Act 2003* and Australian Accounting Standards, and for such internal control as the members of the Council determines is necessary to enable the preparation of a 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 Council, 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 qualified audit opinion.

Basis for Qualified Opinion

The University has recognised \$34.8 million of unspent funding as a liability for the year ended 31 December 2014. These amounts have been accounted for as income received in advance and included in 'Other liabilities – Commonwealth and State Government grants', 'Other liabilities – Income in advance on incomplete projects' and 'Other liabilities – Other current liability' in note 25 to the financial report. The University has disclosed its accounting treatment of these funds in note 1(d) to the financial report.

The funds represent contributions and meet the recognition criteria of income in accordance with Accounting Standard AASB 1004 Contributions and Accounting Policy Framework V Income Framework. The University controls these funds upon receipt and it is highly probable that any unspent funds will be spent in accordance with stipulated conditions. It is highly unlikely that unspent funds will need to be repaid to the granting bodies and as such funds should be recognised as income at the time of receipt.

As a result, the following has been misstated in the 2014 financial report:

- the revenue recognised as Australian Government grants is understated by \$1.7 million (\$4.9 million overstated in 2013)
- the revenue recognised as State and Local Government financial assistance is overstated by \$800 000 (\$60 000 overstated in 2013)
- the revenue recognised as consultancy and contract research is overstated by \$1.6 million (\$2.5 million overstated in 2013)
- operating result attributable to members of University of South Australia is overstated by \$700 000 (\$7.5 million overstated in 2013)
- other liabilities is overstated by \$34.8 million (\$35.5 million overstated in 2013)
- closing retained earnings is understated by \$34.8 million (\$35.5 million understated in 2013).

Qualified Opinion

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraphs, the financial report gives a true and fair view of the financial position of the University of South Australia and its controlled entities (the consolidated entity) as at 31 December 2014, 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*, the *Higher Education Support Act 2003* and Australian Accounting Standards.



Andrew Richardson
ACTING AUDITOR-GENERAL
28 April 2015

Urban Renewal Authority

Financial report
for the year ended
30 June 2015

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INCOME			
Revenue from sales	4	48,281	63,853
Less: cost of sales	4	33,726	33,556
Gross profit		14,555	30,297
Share of net profit in joint ventures	5	2,906	3,820
Revenues from Commonwealth and SA Government	6	11,105	11,289
Interest revenues	7	969	2,099
Property income	8	26,193	25,830
Other revenues	9	10,893	7,768
Net gain from disposal of non-current assets	10	-	1,277
Total other income		52,066	52,083
Net gain from administrative restructures	39	-	4,036
TOTAL INCOME		66,621	86,416
EXPENSES			
Employee benefits expenses	11	25,322	20,659
Operating expenditure	14	51,018	67,538
Borrowing costs	15	14,938	13,685
Depreciation and amortisation	23	501	558
Net loss from changes in value of non-current assets	5,21,22	96,722	23,183
Net loss from disposal of non-current assets	10	950	-
TOTAL EXPENSES		189,451	125,623
PROFIT/(LOSS) BEFORE INCOME TAX EQUIVALENT		(122,830)	(39,207)
Income tax equivalent expense	17	-	-
PROFIT/(LOSS) AFTER INCOME TAX EQUIVALENT		(122,830)	(39,207)
TOTAL COMPREHENSIVE RESULT		(122,830)	(39,207)

The profit/(loss) after income tax equivalent and total comprehensive result are attributable to the SA Government as owner

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	37	16,532	16,285
Mortgage debtor receivables	19	-	6,775
Receivables	20	17,584	7,216
Inventories	21	86,432	60,768
Work in progress	24	1,084	-
Investment in joint ventures	5	6,116	5,293
Total current assets		127,748	96,337
NON-CURRENT ASSETS			
Mortgage debtor receivables	19	-	15,035
Receivables	20	6,018	3,556
Inventories	21	333,963	394,415
Investment properties	22	135,003	167,619
Property, plant and equipment	23	2,916	3,383
Investment in joint ventures	5	469	586
Total non-current assets		478,369	584,594
TOTAL ASSETS		606,117	680,931
LIABILITIES			
CURRENT LIABILITIES			
Payables	26	15,661	20,078
Unearned income	29	5,925	2,326
Borrowings	27	190,760	289,890
Provisions	30	49	-
Employee benefits	31	3,671	1,718
Other liabilities	32	293	286
Total current liabilities		216,359	314,298
NON-CURRENT LIABILITIES			
Payables	26	548	347
Unearned income	29	7,236	9,832
Borrowings	27	328,394	182,586
Provisions	30	153	-
Employee benefits	31	6,127	3,738
Total non-current liabilities		342,458	196,503
TOTAL LIABILITIES		558,817	510,801
NET ASSETS		47,300	170,130
EQUITY			
Contributed capital		107,939	107,939
Retained earnings		(60,639)	62,191
TOTAL EQUITY		47,300	170,130
Total equity is attributable to the SA Government as owner			
Remuneration commitments	11		
Unrecognised contractual commitments - operating leases	33		
Unrecognised contractual commitments - capital expenditure	34		
Contingent liabilities	35		

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

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

	Contributed Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2013	107,939	101,398	209,337
Profit after income tax equivalent for 2013-14	-	(39,207)	(39,207)
Total comprehensive result for 2013-14	-	(39,207)	(39,207)
Balance at 30 June 2014	107,939	62,191	170,130
Profit after income tax equivalent for 2014-15	-	(122,830)	(122,830)
Total comprehensive result for 2014-15	-	(122,830)	(122,830)
Balance at 30 June 2015	107,939	(60,639)	47,300

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

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Statement of Cash Flows for the year ended 30 June 2015

		2015 \$'000	2014 \$'000
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Cash Inflows			
Receipts from sales		57,405	76,265
Receipts from SA Government		20,827	24,133
Interest received		446	427
Receipts from mortgage debtors (principal and interest)		22,423	9,423
Receipts from tenants (rent and recoveries)		25,690	23,734
Recoveries and sundry receipts		6,274	6,498
Funds held in trust		7	12
Receipts for paid parental leave scheme		8	44
GST recovered from the Australian Taxation Office		3,590	93
Cash generated from operations		136,670	140,629
Cash outflows			
Payments for land purchase and development		(81,697)	(104,631)
Land tax paid		(22,522)	(23,703)
Interest paid		(24,001)	(21,503)
Payments to suppliers		(41,811)	(48,214)
Payments for employee benefits		(23,027)	(23,476)
Payments of funds held in trust		-	(693)
Payments for paid parental leave scheme		(5)	(48)
Cash used in operations		(193,063)	(222,268)
Net cash provided by/(used in) operating activities	36	(56,393)	(81,639)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Capital repayments by joint ventures		2,200	5,460
Proceeds from the sale of investment properties		9,000	15,350
Cash generated from investing activities		11,200	20,810
Cash outflows			
Purchase of property, plant and equipment and investment property		(155)	(214)
Payments for work in progress (property, plant and equipment and investment property)		(1,084)	-
Cash used in investing activities		(1,239)	(214)
Net cash provided by/(used in) investing activities		9,961	20,596
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Proceeds from borrowings		86,300	94,000
Cash generated from financing activities		86,300	94,000
Cash outflows			
Repayment of borrowings		(39,621)	(36,389)
Cash used in financing activities		(39,621)	(36,389)
Net cash provided by/(used in) financing activities		46,679	57,611
Net increase/(decrease) in cash and cash equivalents		247	(3,432)
Cash and cash equivalents at the beginning of the period		16,285	19,717
Cash and cash equivalents at the end of the period	37	16,532	16,285

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Notes to and forming part of the Financial Statements

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RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

1 Objectives of the Urban Renewal Authority

The Urban Renewal Authority (trading as Renewal SA) (Renewal SA) was established as a statutory corporation on 1 March 2012 by the *Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012* (the Regulations) under the *Housing and Urban Development (Administrative Arrangements) Act 1995*. On 18 September 2014, both pieces of legislation were revoked and replaced by the *Urban Renewal Act 1995* (the Act) and the *Urban Renewal Regulations 2014*. In accordance with the Act, Renewal SA's Board of Management is appointed by His Excellency the Governor and comprises up to seven members, including a Presiding Member. The Presiding Member reports to the Minister for Housing and Urban Development. Renewal SA's functions are contained in Section 7C of the Act and the specific powers of Renewal SA are contained in Section 7D.

In undertaking its functions, Renewal SA will make a significant contribution to creating a vibrant city; safe communities, healthy neighbourhoods; an affordable place to live; and growing advanced manufacturing. Renewal SA has the responsibility for leading and co-ordinating urban renewal activity to ensure that our future housing needs are met through better planned, affordable and vibrant mixed use (residential and commercial) urban developments located near to transport, employment, education and other services.

Renewal SA has the following key strategic objectives:

- (a) Contribute to key strategic priorities of the SA Government, including:
 - creating a vibrant city
 - safe communities, healthy neighbourhoods
 - an affordable place to live; and
 - growing advanced manufacturing.
- (b) As the key precinct planning and delivery agency responsible for The 30-year Plan for Greater Adelaide outcomes, work in partnership with communities and industry to help significantly reduce urban sprawl and progressively deliver 70% of urban growth within existing urban areas by 2038.
- (c) Through innovation and excellence in design quality, create well connected and integrated neighbourhoods where people can afford to live in safe, vibrant and healthy communities.
- (d) Show leadership to the market in social and environmental sustainability with smart planning and delivery for South Australia's expected population growth.
- (e) Acquire and assemble land to generate agreed urban outcomes in strategic locations for development or redevelopment via commercial negotiation and by leveraging opportunities from government owned land assets.
- (f) Facilitate opportunities to renew and improve social housing stock through urban renewal projects and by supporting the growth of the not-for-profit housing sector to meet future tenancy needs, to reduce current concentrations of social disadvantage and create safe healthy and vibrant communities.
- (g) Undertake development, including precinct planning, infrastructure and human services planning and coordination, to ensure the appropriate delivery of approved projects.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

1 Objectives of the Urban Renewal Authority (continued)

(h) Engage, involve and consult with the community and other stakeholders during the planning and delivery of residential, commercial and mixed use projects that connect people to transport, services, employment and the community around them.

(i) Negotiate with key stakeholders financial arrangements for the delivery of necessary infrastructure in development areas.

(j) Ensure levels of affordable housing (purchase and rental) are increased, and overall levels of social rental housing (public, not-for-profit and community housing) are maintained across urban renewal projects.

(k) Improve opportunities for more affordable living by concentrating Renewal SA program and project activity in transport corridors, maximising access to public transport and designing for reduced energy and water consumption.

(l) Support economic development and employment growth through the creation and supply of employment lands and create opportunities for the private sector that will enable them to invest capital that will drive investment in urban renewal activities.

(m) To be accountable and operate commercially in accordance with:

- Sound business and financial management policies and practices
- Government policy objectives; and
- Prudent risk management practices.

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 comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Renewal SA has applied Australian Accounting Standards that are applicable to for-profit entities, as Renewal SA is a for-profit entity.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Renewal SA for the reporting period ended 30 June 2015.

Renewal SA has assessed the impact of new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of Renewal SA.

Renewal SA did not voluntarily change any of its accounting policies during 2014-15.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.2 Basis of preparation

The preparation of the financial statements requires:

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

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

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

The financial statements have been prepared based on a 12 month period and 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 the comparative information presented.

2.3 Comparative information and rounding

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.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.3 Comparative information and rounding (continued)

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 if the impact is material. The restated comparative amounts do not replace the original financial statements for the preceding period.

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

2.4 Taxation

In accordance with Treasurer's Instruction 22 *Tax Equivalent Payments*, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. The current income tax liability, if applicable, relates to the income tax expense outstanding for the current period (refer to note 28).

Renewal SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax and local government rate equivalents.

With respect to GST, Renewal SA became part of a GST group during the current financial year, of which the nominated representative of the group is the Department for Communities and Social Inclusion (DCSI). DCSI is responsible for paying GST on behalf of Renewal SA and is entitled to claim input tax credits. Administrative arrangements between DCSI and Renewal SA provide for the reimbursement of the GST consequence incurred / earned by Renewal SA. The reimbursement receivable from / payable to Renewal SA is recognised as part of receivables or payables in the Statement of Financial Position.

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

- when the GST incurred on the 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 are recoverable from, or payable to, the Australian Taxation Office are classified as part of operating cash flows.

Unrecognised commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the 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.

2.5 Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event arose 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 occurred after 30 June and which may have a material impact on the results of subsequent years.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses

Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Renewal SA 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 sales

(a) Inventories - Land held for resale

Sales revenue in respect of land made available to the Northgate Joint Venture is brought to account when settlement occurs on individual allotments, on the basis of a percentage of gross sales revenue as specified in the Joint Venture Agreement.

With respect to all other land sales, recognition of sales revenue occurs when settlement is completed and legal title transfers to the purchaser.

(b) Investment properties

Sales revenue from the disposal of investment properties is recognised when settlement is completed and legal title transfers to the purchaser.

For investment properties that are the subject of a deferred purchase agreement, sales revenue is recognised at the commencement of the agreement (which coincides with expiration of the 12 month building defects liability period), however title to the property does not transfer to the purchaser until the deferred purchase agreement has been paid out in full.

Revenue from development fees

Development fee revenue is recognised when the right to develop parcels of land is transferred to the developer and the right to receive payment is established and it is expected that additional revenue will be realised from the subsequent sales of the allotments.

Property income

Property income arising on investment properties is accounted for on a straight-line basis over the lease term. Income received in advance is disclosed as unearned income to the extent that it relates to future accounting periods.

Interest income

Interest revenue includes interest received on bank term deposits, interest from investments, interest from mortgage debtor receivables, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Joint venture income

Joint venture income is recognised when the right to receive payment is established.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses (continued)

Revenues from Commonwealth and SA Government

(a) Community service obligations

Renewal SA may be required under its charter to provide a number of non-commercial services to the community on behalf of the SA Government.

The SA Government provides Renewal SA with funding to compensate for these non-commercial activities. Non-commercial activities include the provision of infrastructure, sustainable energy development and precinct and urban planning works.

Community service obligations are recognised at their fair value where there is a reasonable assurance that the funding will be received and Renewal SA will comply with all attached conditions.

Community service obligations relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate (refer to note 6). Inventory development costs funded by community service obligations are capitalised against inventories and recognised in the Statement of Comprehensive Income as cost of sales when inventory is sold during the reporting period.

(b) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and Renewal SA will comply with all attached conditions.

Renewal SA receives Government grants from the Commonwealth Government to implement a number of reforms in the social housing sector.

The reforms include increasing the supply of social housing dwellings through construction of environmentally sustainable dwellings and locating social housing closer to transport, facilities and employment opportunities.

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate (refer to note 6).

Other contributions

All contributions from non-government entities are recognised as income when Renewal SA obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

Resources received free of charge

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

Gain from disposal of non-current assets and investments

Income from the disposal of non-current assets and investments is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses (continued)

Other revenues

Other revenue is derived from the provision of goods and services to the public and other SA Government agencies. This revenue is recognised upon delivery of the service or by reference to the stage of completion and is brought to account when earned (refer to note 9).

Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from Renewal SA 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 and leave entitlements. These are recognised when incurred.

Superannuation

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

Supplies and services

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

Cost of sales

Cost of sales comprises all direct material acquisition, development and holding costs, offset by deferred community service obligations relating to these costs in respect of inventory sold during the reporting period. The carrying amount of any inventories held for sale are expensed as cost of sales when settlement occurs. A portion of future development obligations in respect of land which has been sold is also recognised in cost of sales when settlement occurs, where applicable.

Project expenditure

Costs associated with projects are capitalised where it is expected that future economic benefits will be derived by Renewal SA so as to recover those capitalised costs. Project costs are expensed where it is expected that the costs incurred will not be recovered.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.6 Income and expenses (continued)

Depreciation and amortisation

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, 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 investment properties 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:

Leasehold improvements	Life of lease
Plant and equipment	5 - 10 years
Furniture and fittings	5 - 10 years
Computer equipment	5 years

Borrowing costs

Borrowing costs include interest expense, guarantee fees and indemnity margin charges. In accordance with *Accounting Policy Framework II General Purpose Financial Statements Framework* and *AASB 123 Borrowing Costs*, material borrowing costs attributable to the construction of a qualifying asset are capitalised. All other borrowing costs are expensed when incurred.

2.7 Current and non-current classification

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

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

2.8 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.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.9 Cash and cash equivalents

Cash assets in the Statement of Financial Position include cash at bank, cash on hand, cash held in trust accounts and other short-term highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

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

Cash is measured at nominal value.

2.10 Receivables

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

Receivables arise in the normal course of selling goods and services to the public and other SA Government agencies. 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 Renewal SA will not be able to collect the debt. Bad debts are written off when identified.

2.11 Mortgage debtor receivables

Mortgage debtor receivables include amounts receivable from deferred purchase arrangements, measured at historical cost.

Mortgage debtor receivables arise from the administering of deferred purchase agreements to the public and other SA Government agencies. Mortgage debtor receivables are generally receivable as specified in the original contract payment schedule.

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

2.12 Inventories

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

Inventories are measured at the lower of cost or their net realisable value (refer to note 21). Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.12 Inventories (continued)

The following are specific recognition criteria:

Land held for resale

Land held for resale is carried at the lower of cost or net realisable value. Costs comprise all direct material acquisition, development and holding costs offset by deferred Government grants relating to these costs. Net realisable value is the estimated selling price in the ordinary course of business less both the estimated costs of completion and the estimated cost necessary to make the sale.

Renewal SA reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount.

The frequency of independent valuations is determined in accordance with *Accounting Policy Framework III Asset Accounting Framework*, which requires valuation appraisal by a professionally qualified valuer to be performed at least every six years and allows for classes of assets to be revalued on a rolling two year basis. In 2015, Renewal SA opted to obtain independent valuations by qualified valuers for inventories, which will be performed over a two year basis.

All land inventory is classified as a non-current asset unless its value is anticipated to be realised through sale within 12 months.

Where inventory was acquired at no or nominal consideration as part of a restructuring of administrative arrangements, the inventory was recorded at the value recorded by the transferor, immediately prior to transfer.

2.13 Investment properties

Investment properties are held to earn rentals and/or for capital appreciation purposes.

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 Renewal SA.

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.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of property income, on a straight-line basis over the lease term.

Any gains or losses on the sale of investment property are recognised in the Statement of Comprehensive Income in the year of sale.

Where investment property was acquired at no or nominal consideration as part of a restructuring of administrative arrangements, the investment property was recorded at the value recorded by the transferor, immediately prior to transfer.

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2015.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.14 Acquisition and recognition of non-current assets

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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

All non-current assets, having limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment (refer to note 2.6).

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

2.15 Interests in joint ventures

Renewal SA's interest in joint ventures is measured by applying the equity method. Renewal SA's share of the assets and liabilities of joint ventures in which it has a participating interest is included in the Statement of Financial Position as investment in joint ventures. Renewal SA's share of net profit from joint ventures is included as revenue in the Statement of Comprehensive Income as share of net profit/(loss) in joint ventures. Details of Renewal SA's interests in joint ventures is shown in note 5.

2.16 Work in progress

Expenditure associated with the construction of projects held for operational purposes is capitalised as work in progress as incurred (refer to note 24). When a project of this nature reaches practical completion (which generally coincides with the commencement of the building defects liability period), the accumulated costs are transferred from work in progress to property, plant and equipment or investment properties.

2.17 Impairment

All non-current assets are tested for indications 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 or depreciated replacement cost. An amount by which the asset's carrying amount exceeds its recoverable amount is recorded as an impairment loss.

2.18 Fair value measurement

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.18 Fair value measurement (continued)

Renewal SA 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 were reviewed by the Chief Executive and Audit and Risk Committee at reporting date.

Non-financial assets

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

Renewal SA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible.

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

Refer to notes 22, 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurement for non-financial assets.

Financial assets/liabilities

Renewal SA does not recognise any financial assets or financial liabilities at fair value.

2.19 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.

2.20 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 Renewal SA.

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.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.20 Payables (continued)

The Paid Parental Leave Scheme payable represents amounts which Renewal SA has received from the Commonwealth Government to forward onto eligible employees via Renewal SA's standard payroll processes. That is, Renewal SA 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 date the invoice is first received.

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

Renewal SA 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 various superannuation schemes.

2.21 Borrowings/Financial liabilities

Renewal SA measures financial liabilities including borrowings/debt at historical cost. Financial liabilities that are due to mature within 12 months after the reporting date have been classified as current liabilities. All other financial liabilities are classified as non-current.

2.22 Leases

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

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. Renewal SA has only entered into operating leases.

Renewal SA as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Renewal SA as lessee

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

2.23 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.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.23 Employee benefits (continued)

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

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

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

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

Long service leave

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 durations that match, as closely as possible, the estimated future cash outflows.

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

Employee benefit on-costs

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

2.24 Unearned Income

Unearned income includes rental income and revenues from Commonwealth and SA Government received in advance. Rental income from the leasing of inventories and investment properties is recognised in the Statement of Comprehensive Income as part of property income, on a straight-line basis over the lease term. Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

2.25 Provisions

Provisions are recognised when Renewal SA 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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 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.

Renewal SA is responsible for the payment of workers compensation claims.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

2.26 Guarantees and indemnities

Renewal SA constructs and owns specialised building premises which are leased or sold to private companies under the Premises SA Scheme. The construction of these buildings is financed through the use of SA Government Financing Authority loans. In some instances the outstanding loan amount in respect of construction exceeds the market value of the building. In order to address these value shortfalls, the former Industrial and Commercial Premises Corporation obtained guarantees and indemnities from the Minister for Industry and Trade for some of the arrangements entered into. All outstanding loans associated with the Premises SA Scheme have been repaid during the financial year, as such Renewal SA is no longer the beneficiary of these guarantees and indemnities.

2.27 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 (refer to notes 33 and 34).

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 to note 35).

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.

2.28 Insurance

Renewal SA has arranged through the SA Government Captive Insurance Corporation (SAICORP) to insure all major risks of Renewal SA. The excess payable under this arrangement varies depending on each class of insurance held.

2.29 Financial risk management

Renewal SA is exposed to a variety of financial risks, i.e. market risk, credit risk and liquidity risk (refer to note 38).

Renewal SA maintains risk management policies and practices in accordance with 'AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines'.

Renewal SA has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (deposits with the Treasurer and the SA Government Financing Authority and mortgage debtor receivables) and liabilities (borrowings from the SA Government).

Renewal SA's exposure to foreign exchange risk and cash flow interest risk is minimal. Renewal SA is exposed to price risk for changes in interest rates that relate to long-term debt obligations.

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

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

3 Material transactions

3.1 Investment property sale - 5-10 Third Avenue Mawson Lakes (Optus Call Centre Building - Technology Park)

In March 2015, Renewal SA received \$9.000 million for the sale of 5-10 Third Avenue Mawson Lakes, Technology Park (the Optus Call Centre Building). The sale resulted in a net loss on disposal of non-current assets of \$0.950 million (refer to note 10).

3.2 Inventory land sale - Lot 201 Hanson Road (Dean Rifle Range)

In December 2014, Renewal SA received \$5.460 million for the sale of Lot 201 Hanson Road, Dean Rifle Range, which has been disclosed in revenue from sales (refer to note 4).

3.3 Inventory land sale - Lot 113 South Road, Tonsley (TAFE Site)

In June 2015, Renewal SA received \$4.848 million on the vesting of the TAFE Site, Lot 113 South Road, Tonsley to the Department of State Development. The sale has been disclosed in revenue from sales (refer to note 4).

3.4 Deferred purchase agreement settlement - 27-35 Sturton Road Edinburgh (Technology Park)

In June 2006, Renewal SA entered into a Deferred Purchase Agreement (DPA) with Inghams Enterprises Pty Limited (Inghams) for the sale of 27-35 Sturton Road Edinburgh for \$52.200 million. Under the DPA, Inghams entered into a financial agreement with quarterly repayments of interest and principal for a term of 10 years to repay the full purchase price by September 2017. In October 2014, Renewal SA received notification of Inghams' intention to payout the purchase price early. Renewal SA agreed to terminate the DPA on 31 October 2014 and requested Inghams to pay the final mortgage debtor receivable balance of \$20.786 million (refer to note 19). Renewal SA subsequently repaid the corresponding borrowings of \$18.075 million with the SA Government Financing Authority (refer to note 27).

3.5 Administrative restructures - Transfer of employees from the Department for Communities and Social Inclusion (DCSI)

On 8 December 2014, Cabinet approved a strategy to progressively replace ageing South Australian Housing Trust (SAHT) owned housing with new social housing dwellings that better meet contemporary social housing needs. Subsequently, in order to align the strategic and operational governance of SAHT with the Cabinet approved strategy, the responsibility for the *South Australian Housing Trust Act 1995* and other relevant Acts transferred from the Minister for Social Housing to the Minister for Housing and Urban Development. The financial, asset management and not-for-profit community housing sector growth responsibilities transferred to the Minister for Housing and Urban Development, while the provision of social housing services (including property maintenance) and other housing programs and responsibilities (including rent assistance, indigenous housing programs and delegated social housing duties) remained with the Minister for Social Housing. SAHT and Renewal SA have entered into a Service Level Administrative Arrangement (SLAA) to reflect the services to be provided by Renewal SA to SAHT under the Cabinet approved strategy. To enable Renewal SA to manage the services that Renewal SA is providing to SAHT under the SLAA, on 5 February 2015, under the Public Sector (Reorganisation of Public Sector Operations) Notice 2015, and pursuant to section 9 (1) of the *Public Sector Act 2009*, the employment of 130 people (125.2 full time equivalents) was gazetted over to Renewal SA from DCSI. Assets and liabilities relating to these employees were transferred into Renewal SA as at 31 January 2015 (refer to note 39).

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

3 Material transactions (continued)

3.6 Land Sale Option - Dry Creek/Gillman

Pursuant to an Option Deed Renewal SA granted Adelaide Capital Partners (ACP) exclusive call options to acquire up to 407 hectares of future industrial land in the suburbs of Gillman and Dry Creek owned by Renewal SA within three tranches over a nine year period. In late December 2014, ACP exercised the first option, representing Stage 1 of its proposed project. The exercise of the Stage 1 option gave rise to a conditional land sale contract for a minimum of 150 hectares of land, with a minimum payment to Renewal SA of \$45.000 million to be paid by ACP at the time of settlement under the stage 1 land contract. Settlement of the Stage 1 option land remains contingent upon certain condition precedents being met. Upon settlement of the Stage 1 option land, Renewal SA will also enter into a long-term licence with ACP over the remaining land which will form part of the second and third exercisable options. If ACP exercises the second and third options and effects settlement under the land sale contract(s) which arise when ACP exercises its second and third options, this will result in further off market sales of up to 257 hectares of land at Gillman and Dry Creek for a combined total of up to \$77.100 million.

4 Revenue from sales and cost of sales

Sales revenue comprises revenue earned from the sale of land for residential, commercial and community purposes, including land made available for joint venture developments.

Sales revenue for the reporting period is summarised as follows:

	2015 \$'000	2014 \$'000
<i>Land sales to:</i>		
Joint ventures	11,858	10,337
Entities within the SA Government	9,070	1,556
Other - sales to general public and developers	27,353	51,960
Total sales revenue	48,281	63,853

Cost of sales comprise all direct material acquisition, development and holding costs in respect of inventory sold during the reporting period.

Cost of sales for the reporting period is summarised as follows:

	2015 \$'000	2014 \$'000
<i>Cost of sales associated with:</i>		
Joint ventures	596	432
Entities within the SA Government	9,681	971
Other - cost of sales associated with sales to general public and developers	23,449	32,153
Total cost of sales	33,726	33,556

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5 Joint ventures

5.1 Joint ventures summary

Renewal SA's share of the profit from ordinary activities of joint ventures in which Renewal SA has a participating interest, is as follows:

	Northgate Stage 3 Joint Venture		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Revenues	15,737	14,071	15,737	15,214
Expenses	(12,947)	(10,744)	(12,831)	(11,394)
Profit from ordinary activities	2,791	3,327	2,906	3,820

Movements in Renewal SA's investment in joint ventures during the reporting period are summarised as follows:

Share of investment in joint ventures:

Carrying amount at the beginning of the period	5,764	6,937	5,879	7,688
Profit for the reporting period	2,791	3,327	2,906	3,820
Distribution of profit	(2,000)	(4,500)	(2,200)	(5,459)
Impairment	-	-	-	(170)
Total carrying amount of investment in joint ventures	6,555	5,764	6,585	5,879

Renewal SA's investment in joint ventures is represented by its share of assets and liabilities as follows:

	Northgate Stage 3 Joint Venture		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Current assets:</i>				
Cash	4,483	3,322	4,825	3,891
Receivables	598	717	610	730
Inventories	5,030	5,566	5,226	5,764
Financial assets	-	-	197	197
Deferred tax asset	-	-	157	157
	10,111	9,605	11,015	10,739
<i>Non current assets:</i>				
Property, plant and equipment	469	586	469	586
	469	586	469	586
Total assets	10,580	10,191	11,484	11,325

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

5.1 Joint ventures summary (continued)

Current liabilities:

Creditors and other payables	4,025	4,427	4,439	4,986
Financial liabilities	-	-	226	226
Tax liabilities	-	-	64	64
	<u>4,025</u>	<u>4,427</u>	<u>4,729</u>	<u>5,276</u>
Total liabilities	<u>4,025</u>	<u>4,427</u>	<u>4,729</u>	<u>5,276</u>
Net assets	<u>6,555</u>	<u>5,764</u>	<u>6,755</u>	<u>6,049</u>
Impairment	-	-	(170)	(170)
Net assets after impairment	<u>6,555</u>	<u>5,764</u>	<u>6,585</u>	<u>5,879</u>

The net assets is split as follows:

Current	6,086	5,178	6,116	5,293
Non current	469	586	469	586
	<u>6,555</u>	<u>5,764</u>	<u>6,585</u>	<u>5,879</u>

5.2 Northgate Stage 3 Joint Venture

In July 2006 documentation was executed with CIC Northgate Pty Ltd, a wholly-owned subsidiary of CIC Australia Limited, to establish a joint venture to develop the land subdivision component of Precinct One at Northgate Stage 3. In November 2010 documentation was executed with the same partner, to extend the Northgate Stage 3 Joint Venture over Renewal SA's adjoining Precinct 2 land parcel. In November 2013 the Northgate Stage 3 Precinct One Joint Venture was extended to include the Ross Smith Secondary School site, which was subsequently acquired by Renewal SA in June 2014.

The project primarily comprises the subdivision and sale of residential allotments and integrated housing sites together with the development of reserves and associated community facilities. The 100 hectare project is forecast to deliver in the order of 2,100 allotments and 2,600 dwellings and is required to achieve a number of paramount development objectives established by the Government, including the provision of a wide diversity of housing allotments and 15% of sites for high needs and affordable housing.

Renewal SA has a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, Renewal SA will make available to the joint venture land for development and receive progressive land payments as development proceeds.

5.3 Mawson Lakes Economic Development Project

On 10 July 1997 Joint Venture Agreements were executed with Delfin Property Group Limited (now Lend Lease Communities Australia Limited), Lend Lease Corporation Limited and associated subsidiary companies to commence the Mawson Lakes Economic Project at the Levels.

This project comprised residential, retail and industrial land to be developed over a fifteen year timeframe. Other parties with commitments to the joint venture arrangements were the City of Salisbury, University of South Australia and the Government of South Australia.

Renewal SA had a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, Renewal SA made available to the joint venture land for development. In addition the State Government had obligations for various infrastructure works associated with the project.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

5.3 Mawson Lakes Economic Development Project (continued)

The joint venture terminated on 30 June 2011. A Project Completion Arrangements Deed is now in effect. This deed covers the sale of the remaining residential and commercial lots unsold at June 2011 and the completion of some remaining works. Obligations for Renewal SA project works have been completed. The Mawson Lakes Economic Development Project is scheduled to complete in 2015-16.

5.4 PAWR Marina Joint Venture

Renewal SA has a 50% interest in a marina berth joint venture with Newport Quays Consortium, the former developers of the Port Adelaide Waterfront Redevelopment (PAWR). The Newport Quays Consortium comprises developers Urban Construct Pty Limited and Brookfield Multiplex Developments Australia Pty Limited. The PAWR Marina Joint Venture contemplated the construction of approximately 600 marina berths in the Port Adelaide inner harbour to be staged with the land-based PAWR development (which was terminated on 31 October 2011). As at 30 June 2015, two marinas have been constructed and leased by PAWR Marina Joint Venture, being Edgewater Marina and MC Marina South Marina (aggregating to 137 marina berths).

Under the PAWR Marina Joint Venture, marina berths were offered under leasehold arrangements, with Renewal SA retaining ownership of the inner harbour (subjacent land). Renewal SA has entered into lease arrangements with marina lessee companies (representing berth holders) which has placed obligations on lessees to procure the services of competent marina managers and achieve appropriate environmental standards in the management of the marinas.

On 13 February 2014, Renewal SA and the Newport Quays Consortium executed a deed of settlement. Subject to various conditions precedent being met, the deed of settlement provides for the resolution of a number of issues arising between the parties following the termination of the PAWR Project Development Agreement (PDA) with the Newport Quays Consortium, which occurred on 31 October 2011, including the dissolution of the PAWR Marina Joint Venture. Renewal SA and the Newport Quays Consortium are presently working through these conditions precedent, which conditions when fulfilled will dissolve the PAWR Marina Joint Venture. The dissolution of the PAWR Marina Joint Venture is anticipated to be finalised during the next financial year.

Renewal SA's investment of \$0.170 million in the PAWR Marina Joint Venture was impaired as a result of the Deed of Settlement and was written-off in 2013-14.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

6 Revenues from Commonwealth and SA Government

	2015 \$'000	2014 \$'000
<i>Revenues from Commonwealth and SA Government is summarised as follows:</i>		
Community service obligations from SA Government	20,827	22,488
Funding from Commonwealth Government	4,772	1,560
Other SA Government revenues	256	3,032
Gross revenues from Commonwealth and SA Government	<u>25,855</u>	<u>27,080</u>
Less: Deferred community service obligations from SA Government for inventories development costs	(14,750)	(15,791)
Total revenues from Commonwealth and SA Government	<u>11,105</u>	<u>11,289</u>

7 Interest revenues

	2015 \$'000	2014 \$'000
Mortgage debtor interest	506	1,683
Interest from operating accounts	463	416
Total interest revenue	<u>969</u>	<u>2,099</u>

8 Property income

	2015 \$'000	2014 \$'000
Rental income	17,953	17,166
Recoveries	8,027	8,339
Other property income	213	325
Total property income	<u>26,193</u>	<u>25,830</u>

9 Other revenues

	2015 \$'000	2014 \$'000
Consulting revenue	9,001	4,508
Recoveries	1,543	2,530
Other revenues	349	730
Total other revenues	<u>10,893</u>	<u>7,768</u>

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

	2015 \$'000	2014 \$'000
<i>Plant and equipment:</i>		
Proceeds from disposal	-	-
Net book value of assets disposed	-	(73)
Net gain/(loss) on disposal of plant and equipment	<u>-</u>	<u>(73)</u>
<i>Investment properties:</i>		
Proceeds from disposal	9,000	15,350
Less: Net book value of assets disposed	(9,950)	(14,000)
Net gain/(loss) on disposal of investment properties	<u>(950)</u>	<u>1,350</u>
Total net gain/(loss) from disposal of non-current assets	<u>(950)</u>	<u>1,277</u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

11 Employees benefits expenses

	2015 \$'000	2014 \$'000
Salaries and wages	24,145	20,070
Long service leave	25	504
Annual leave	374	(129)
Skills and experience retention leave	34	(5)
Employment on-costs - superannuation	2,329	1,772
Employment on-costs - other	1,345	1,431
Board and committee fees	228	247
Other employee related expenses	317	134
Gross employee benefits expense	28,797	24,024
Less: Employee benefits capitalised to inventories	(3,475)	(3,365)
Total employee benefits expenses	25,322	20,659

No employees were paid targeted voluntary separation packages during the reporting period (2014: nil).

Remuneration of employees

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

	2015 No.	2014 No.
\$141 500 to \$151 499	2	9
\$151 500 to \$161 499	8	10
\$161 500 to \$171 499	13	5
\$171 500 to \$181 499*	3	4
\$181 500 to \$191 499	3	2
\$191 500 to \$201 499	-	3
\$201 500 to \$211 499	2	1
\$211 500 to \$221 499	-	2
\$231 500 to \$241 499	-	1
\$241 500 to \$251 499*	1	1
\$251 500 to \$261 499	-	1
\$261 500 to \$271 499	2	1
\$271 500 to \$281 499	-	1
\$291 500 to \$301 499	-	1
\$301 500 to \$311 499	1	-
\$321 500 to \$331 499*	1	-
\$331 500 to \$341 499	1	-
\$391 500 to \$401 499	-	1
\$411 500 to \$421 499*	1	-
Total	38	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 any fringe benefits tax paid and payable in respect of those benefits.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

11 Employees benefits expenses (continued)

* The table above also includes the termination component where the employee meets the \$141 500 threshold on normal remuneration. In 2014-15, four employees included in the table received termination payments.

Total remuneration received or due and receivable by the above employees for the period they held office was \$7.342 million (2014: \$7.982 million).

Remuneration of employees transferred in

Renewal SA recognised employee benefits expenses for those employees who transferred under the Machinery of Government Arrangements from the date of transition. Expenses prior to that date were incurred and recognised by the transferor department, the Department for Communities and Social Inclusion. The number of employees, who transferred under the Machinery of Government

Arrangements, whose full year remuneration received or receivable for 2014-15 falls within the following bands:

	2015
	No.
\$151,500 - \$161,499	<u>2</u>
Total	<u>2</u>

Total remuneration received or due and receivable by the above employees for the full year of 2014-15 was \$0.317 million.

The number of employees at the reporting date was 299.3 (2014: 196.8).

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	13,502	14,922
Later than one year but not longer than five years	<u>11,749</u>	<u>16,410</u>
Total	<u>25,251</u>	<u>31,332</u>

Amounts disclosed include commitments arising from executive and other service contracts.

For term contracted employees, Renewal SA does not offer fixed term remuneration contracts greater than five years.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

12 Key management personnel

12.1 Board members

The following persons held the position of governing board member during the financial year:

Hon B J Pike, Presiding Member
P A Baker
A D Blair (from 1 July 2014 to 3 July 2014)
R L Boorman
H M Fulcher
G R Knight (from 31 July 2014 to 30 June 2015)

12.2 Key management personnel compensation

Key management personnel compensation for the period ended 30 June 2015 and 2014 is set out below.

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

	2015 \$'000	2014 \$'000
Short-term employee benefits	2,406	2,987
Termination benefits	1,465	-
Total employee benefits	3,871	2,987

12.3 Remuneration of governing board members

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

	2015 No.	2014 No.
\$1 - \$9,999	1	1
\$10,000 - \$19,999	-	7
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	3	1
\$70,000 - \$79,999	1	1
Total number of governing board members	6	10

Total remuneration received and receivable by all governing board members for the period they held office was \$0.228 million (2014: \$0.247 million) which includes superannuation contributions.

The number of board members who held office at 30 June 2015 was 5 (2014: 5).

Unless otherwise disclosed, transactions between members and Renewal SA 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.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

12.4 Remuneration of committee members

Committee members during the financial year were:

Playford North Urban Renewal Project Steering Committee	Port Adelaide Steering Committee
J Blaess	P Bicknell
M Buchan	C Duncan
P Fagan Schmidt	J Ford
M Hemmerling	T Kearney
S Kennedy	B McFarlane
G Martin	S Melville
P Reardon	M O'Brien
L Stevens	C Siegfriedt
R Veitch	

The Playford North Urban Renewal Project Steering Committee disbanded in December 2014. The Port Adelaide Steering Committee disbanded in October 2013.

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

	2015 No.	2014 No.
Nil*	8	14
\$1 - \$9,999	1	6
\$20,000 - \$29,999	-	1
Total number of committee members	9	21

Remuneration of committee members reflects all costs of performing committee member duties including sitting fees, superannuation contributions and salary sacrifice benefits. Total remuneration received by all committee members for the period they held office was \$0.006 million (2014: \$0.029 million).

* In accordance with the Department of the Premier and Cabinet Circular No. 016, SA Government employees did not receive any remuneration for governing board duties during the financial year.

Unless otherwise disclosed, transactions between members and Renewal SA 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.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

13 Related party disclosure

Directors

Details of the Directors of Renewal SA appointed in accordance with the *Urban Renewal Act 1995* are set out in note 12.1.

During the period of their appointment to Renewal SA the Directors disclosed the following:

Hon B J Pike was the Presiding Member of the Board of Management of the Urban Renewal Authority (trading as Renewal SA) and is employed on a part-time basis by Telstra Health.

Mr P A Baker was Chairman of the Adelaide Convention Bureau and Non-Executive Director of Flinders Ports Holdings.

Ms A D Blair was a Member of the Board of Management of the South Australian Housing Trust.

Mr R L Boorman was a Director of Bob Boorman and Associates, Member and Deputy Chairman of the Board of Management of the South Australian Housing Trust, Director of Atomix Pty Ltd, Director of Haslop Pty Ltd and Board Member of Bowls SA.

Ms H M Fulcher was a member of the Board of Uniting Care Wesley Port Adelaide.

Mr G R Knight was a Commissioner of the Essential Services Commission of South Australia and a Consultant for KPMG.

From time to time Renewal SA may have dealings with the above entities. Any transactions entered into with these entities are carried out in the ordinary course of business and on normal commercial terms and conditions.

Apart from the above interests, no Directors have declared a pecuniary interest, either direct or indirect, in any firm, trust or company with which Renewal SA had entered into a transaction during the financial year.

14 Operating expenditure

	2015 \$'000	2014 \$'000
Property expenditure	15,707	19,370
Land tax	22,522	23,703
Contractors and consultants	3,527	13,624
Accommodation costs	1,791	2,127
Administration and other expenditure	13,306	15,791
Gross supplies and service expenditure	56,853	74,615
Less: Land tax capitalised to inventories	(5,835)	(7,077)
Total operating expenditure	51,018	67,538

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

14.1 External consultants

The number and dollar amount of external consultancies paid/payable included in the Statement of Comprehensive Income that fell within the following bands:

	2015	2015	2014	2014
	No.	\$'000	No.	\$'000
Below \$10,000	67	215	62	274
Above \$10,000	38	1,220	37	1,573
Total paid/payable to consultants engaged	105	1,435	99	1,847

15 Borrowing costs

	2015	2014
	\$'000	\$'000
Borrowing costs on Premises SA Scheme loans	1,319	2,549
Borrowing costs other loans	13,424	11,645
Borrowing costs overdraft	1,156	832
Guarantee fees on Premises SA Scheme loans	341	344
Guarantee fees other loans	6,903	5,612
Guarantee fees overdraft	679	494
Gross borrowing costs	23,822	21,476
Less: Borrowing costs capitalised to inventories	(8,884)	(7,791)
Total borrowing costs	14,938	13,685

Renewal SA does not capitalise borrowing costs unless they are material and directly attributable to the acquisition, construction or production of a qualifying asset.

The average rate of interest capitalised in the reporting period was 4.9% (2014: 4.8%).

16 Auditor's remuneration

	2015	2014
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the financial statements audit	196	212
Total auditor's remuneration	196	212

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 and other expenditure (refer to note 14).

17 Income tax equivalent

In accordance with Treasurer's Instructions issued under the *Public Finance and Audit Act 1987*, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30.0%) be applied to the profit for the reporting period.

Renewal SA made a financial loss for the years ended 30 June 2015 and 2014, therefore no income tax equivalent is payable in either reporting period.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

18 Dividends paid to SA Government

Pursuant to the *Urban Renewal Act 1995*, Renewal SA may be required to pay dividends to the Minister. After consultation with the Treasurer, the Minister determined that there is no dividend payable in respect of the reporting period.

19 Mortgage debtor receivables

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Mortgage debtor receivables	-	6,775
	<u>-</u>	<u>6,775</u>
<i>Non-current:</i>		
Mortgage debtor receivables	-	15,035
	<u>-</u>	<u>15,035</u>
Total mortgage debtor receivables	<u><u>-</u></u>	<u><u>21,810</u></u>

Categorisation and maturity analysis of financial instruments
Refer to table in note 38.3

Ageing analysis of financial assets
Refer to table in note 38.6

Risk exposure information:
Refer to note 38.1

20 Receivables

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Trade and other receivables	15,692	6,156
Operating lease receivables	4,551	2,014
GST input tax recoverable	-	682
Allowance for doubtful debts	(2,931)	(1,668)
Prepayments	272	32
	<u>17,584</u>	<u>7,216</u>
<i>Non-current:</i>		
Marina Adelaide	3,316	3,556
Other receivables	2,702	-
	<u>6,018</u>	<u>3,556</u>
Total Receivables	<u><u>23,602</u></u>	<u><u>10,772</u></u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

20 Receivables (continued)

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 note 14 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	1,668	579
Debts no longer legally enforceable	-	(395)
Debts extinguished on legal settlement	-	(115)
Increase in the allowance	1,704	1,669
Decrease in the allowance	(441)	(70)
Carrying amount at the end of the period	2,931	1,668
<i>Bad debts written off:</i>		
Trade debtors	709	21
<i>Transfer to provision for doubtful debts:</i>		
Trade debtors	1,263	1,599
Total bad and doubtful debts expense	1,972	1,620

The bad and doubtful debts expense is recorded in operating expenditure as part of administration and other expenditure (refer to note 14).

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Categorisation and maturity analysis of financial instruments

Refer to table in note 38.3

Ageing analysis of financial assets

Refer to table in note 38.6

Risk exposure information:

Refer to note 38.1

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

21 Inventories

	2015	2014
	\$'000	\$'000
<i>Current:</i>		
Inventories	86,432	60,768
	<u>86,432</u>	<u>60,768</u>
<i>Non-current:</i>		
Inventories	333,963	394,415
	<u>333,963</u>	<u>394,415</u>
Total inventories	<u>420,395</u>	<u>455,183</u>
Movements in carrying amounts:		
Carrying amount at the beginning of the period	455,183	399,527
Transfer in from administrative restructure	-	4,036
Land purchases	355	23,961
Development costs capitalised	87,258	92,040
Community service obligations for development costs	(14,750)	(15,791)
Cost of sales	(33,726)	(33,556)
Inventories write-down	(75,226)	(15,034)
Reversal of inventories write-down	1,301	-
Carrying amount at the end of the period	<u>420,395</u>	<u>455,183</u>

Inventories acquired for development and sale in the ordinary course of business are carried at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Estimates of net realisable value are based on the most recent reliable evidence available at the time the estimates are made including the amount the inventories are expected to realise and the estimate of costs to complete.

The net realisable value of each property is assessed at each balance date and where cost (including costs to complete) exceeds net realisable value that inventory is written down with the amount being recognised as an expense in the period the write-down occurred. Any write-down reversals are recognised as a reduction to expense. In determining the net realisable value, regard is given to the market conditions affecting each property and the underlying strategy for selling the property. This requires the use of management judgement and key assumptions in estimates are reviewed on a regular basis.

Independent valuations of inventories were undertaken by the firm of M3 Property Specialists and Knight Frank and prepared by qualified Certified Practising Valuers with extensive experience in the local market with equivalent properties. Valuations were carried out in accordance with the relevant provisions of the *Australian Property Institute of Australia and New Zealand's Valuation and Property Standards* and as per *AASB 102 Inventories*.

Where no independent valuation was performed at reporting date, an internal assessment to determine whether a write-down or write-down reversal was required was performed. This analysis included reference to recent sale contracts, other independent valuations performed for specific land parcels during the financial year and project cash flows.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

21 Inventories (continued)

As a result of this assessment inventories were written down by \$75.226 million (2014: \$15.034 million) and write-down reversals were recognised of \$1.301 million (2014: nil).

Write-down reversals were recognised given independent valuations indicated the circumstances that previously caused inventories to be written down below cost no longer exist, or there was clear evidence of an increase in net realisable value because of changed economic circumstances.

22 Investment properties

Investment properties at fair value

	2015 \$'000	2014 \$'000
<i>Freehold land at fair value:</i>		
Independent valuation - 2015	76,067	-
Independent valuation - 2014	-	89,892
	76,067	89,892

Buildings at fair value:

Independent valuation - 2015	58,936	-
Independent valuation - 2014	-	77,727
	58,936	77,727
Total investment properties	135,003	167,619

Freehold land at fair value:

Carrying amount at the beginning of the period	89,892	100,928
Disposals	(3,536)	(3,080)
Net (loss)/gain on fair value adjustments	(10,289)	(7,956)
Carrying amount at the end of the period	76,067	89,892

Buildings at fair value:

Carrying amount at the beginning of the period	77,727	88,496
Additions	131	174
Disposals	(6,414)	(10,920)
Net loss on fair value adjustments	(12,508)	(23)
Carrying amount at the end of the period	58,936	77,727
Total carrying amount at the end of the period	135,003	167,619

Amounts recognised in the Statement of Comprehensive Income

Property income	13,663	15,517
Direct operating expenses arising from investment properties that generated rental income	(18,986)	(8,083)
Direct operating expenses arising from investment properties that did not generate rental income	(680)	(43)
Total amount recognised in the Statement of Comprehensive Income	(6,003)	7,391

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

22 Investment properties (continued)

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2015. Valuations of investment properties were undertaken by the firms of Jones Lang LaSalle and M3 Property Specialists and prepared by qualified Certified Practicing Valuers with extensive experience in the local market with equivalent properties. Valuations were carried out in accordance with the relevant provisions of the *Australian Property Institute of Australia and New Zealand's Valuation and Property Standards* and as per *AASB 140 Investment Property*. The valuer arrived at fair value using the direct comparison, discounted cash flows, summation or capitalisation of net income approach. The valuation was based on recent market transactions for similar land and buildings in the area and includes adjustments for factors specific to the land and building being valued such as size, location and current use. In instances where an alternative use for an asset was identified the highest and best use was determined and the asset valued accordingly.

23 Property, plant and equipment

	2015	2014
	\$'000	\$'000
<i>Leasehold Improvements</i>		
At cost (deemed fair value)	3,162	3,152
Accumulated amortisation	(1,096)	(759)
Total leasehold improvements (deemed fair value)	2,066	2,393

Carrying amount of leasehold improvements

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 leasehold improvements at 30 June 2015.

Movements in carrying amounts:	2015	2014
	\$'000	\$'000
Leasehold improvements:		
Carrying amount at the beginning of the period	2,393	2,729
Additions	10	-
Amortisation	(337)	(336)
Carrying amount at the end of the period	2,066	2,393

	2015	2014
	\$'000	\$'000
<i>Plant and equipment</i>		
At cost (deemed fair value)	1,322	1,319
Accumulated depreciation	(472)	(329)
Total plant and equipment (deemed fair value)	850	990

Carrying amount of plant and equipment

The carrying value of these items are deemed to approximate fair value. These assets are subsequent adjustments to their value, except for management assumptions about the assets' classified in level 3 as there has been no condition and remaining useful life.

Plant and equipment includes \$0.270m (2014: \$0.332m) of fully depreciated assets still in use.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

23 Property, plant and equipment (continued)

Impairment

There were no indications of impairment of plant and equipment at 30 June 2015.

Movements in carrying amounts:

Plant and equipment

Carrying amount at the beginning of the period

Transfer in from work in progress

Additions

Disposals

Depreciation

Carrying amount at the end of the period

2015	2014
\$'000	\$'000
990	1,246
-	-
24	39
-	(73)
(164)	(222)
850	990

Total property, plant and equipment

2,916	3,383
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24 Work in progress

Movements in carrying amounts:

Carrying amount at the beginning of the period

Additions

Carrying amount at the end of the period

Consists of -

Construction projects in progress

Total work in progress

2015	2014
\$'000	\$'000
-	-
1,084	-
1,084	-
1,084	-
1,084	-

Renewal SA has Cabinet approval to develop an investment property at Mawson Lakes. These works commenced in the current financial year and will be completed next financial year.

25 Fair value measurement

Fair value hierarchy

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

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

Renewal SA had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

	Level 2	Level 3	Total
	\$ '000	\$ '000	\$ '000
Recurring fair value measurements			
Investment properties (refer to note 22)	135,003	-	135,003
Leasehold improvements (refer to note 23)	-	2,066	2,066
Plant and equipment (refer to note 23)	-	850	850
Total recurring fair value measurements	135,003	2,916	137,919

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

25 Fair value measurement (continued)

Fair value measurements at 30 June 2014

	Level 2 \$ '000	Level 3 \$ '000	Total \$ '000
Recurring fair value measurements			
Investment properties (refer to note 22)	167,619	-	167,619
Leasehold improvements (refer to note 23)	-	2,393	2,393
Plant and equipment (refer to note 23)	-	990	990
Total recurring fair value measurements	167,619	3,383	171,002

There were no transfers of assets between level 1 and 2 fair value hierarchy levels during the financial year. Renewal SA'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

Refer to notes 22 and 23 for valuation techniques and inputs used to derive level 2 and 3 fair values. There were no changes in valuation techniques during the financial year. Although unobservable inputs were used in determining fair value, and are subjective, Renewal SA 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).

Reconciliation of recurring fair value measurements - level 3

	Leasehold improvements \$ '000	Plant and Equipment \$ '000
Opening balance at the beginning of the period	2,393	990
Acquisitions	10	24
Total losses for the period recognised in net result:		
Depreciation	(337)	(164)
Closing balance at the end of the period	2,066	850

26 Payables

	2015 \$ '000	2014 \$ '000
<i>Current:</i>		
Trade creditors	7,777	10,060
Sundry creditors and accrued expenses	6,320	9,665
GST payable	470	-
Parental Leave Scheme	-	1
Employment on costs	1,094	352
	15,661	20,078
<i>Non-current:</i>		
Employment on costs	548	347
	548	347
Total payables	16,209	20,425

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

26 Payables (continued)

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 37.0% (2014: 40.0%) and the average factor for the calculation of employer superannuation costs 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 these rates in the current financial year 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 benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Categorisation of financial instruments and maturity analysis of payables:

Refer to table in note 38.3

Risk exposure information:

Refer to note 38.1

27 Borrowings

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Loans - SA Government Financing Authority (a)	12,710	18,789
Loans - SA Government Financing Authority (b)	178,050	271,101
	190,760	289,890
<i>Non-current:</i>		
Loans - SA Government Financing Authority (a)	8,143	21,686
Loans - SA Government Financing Authority (b)	320,251	160,900
	328,394	182,586
Total borrowings	519,154	472,476

(a) Comprises borrowings from the SA Government Financing Authority in respect of funding for industrial and commercial construction projects under the Premises SA Scheme.

(b) Comprises borrowings from the SA Government Financing Authority in respect of other activities of Renewal SA.

Categorisation of financial instruments and maturity analysis of borrowings:

Refer to table in note 38.3

Risk exposure information:

Refer to note 38.1

Defaults and breaches

There were no defaults or breaches on any of the above borrowings during the year.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

28 Tax liabilities

In accordance with Treasurer's Instructions issued under the *Public Finance and Audit Act 1987*, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30.0%) be applied to the profit for the reporting period.

Renewal SA made a financial loss for the years ended 30 June 2015 and 2014, therefore no income tax equivalent is payable in either reporting period.

29 Unearned income

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Unearned income	5,925	2,326
	5,925	2,326
<i>Non-current:</i>		
Unearned income	7,236	9,832
	7,236	9,832
Total unearned income	13,161	12,158
<i>Movements in carrying amounts:</i>		
	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the period	12,158	15,144
Received during the year	1,249	1,961
Recognised in the Statement of Comprehensive Income	(246)	(4,947)
Carrying amount at the end of the period	13,161	12,158

Includes rental income of \$9.029 million (2014: \$10.945 million) and revenues from Commonwealth and SA Government of \$4.130 million (2014: \$1.211 million) received in advance.

30 Provisions

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Provision for workers compensation	49	-
	49	-
<i>Non-current:</i>		
Provision for workers compensation	153	-
	153	-
Total provision	202	-

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

30 Provisions (continued)

	2015 \$'000	2014 \$'000
Movements in carrying amounts:		
Carrying amount at the beginning of the period	-	967
Additional provisions recognised	406	-
Reductions in provisions	-	(967)
Reductions arising from payments	(204)	-
Total carrying amount at the end of the period	202	-

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is provided by a consulting actuary engaged through the Office for the Public Sector.

31 Employee benefits

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Accrued wages and salaries	260	78
Annual leave	2,316	1,260
Long service leave	969	345
Skills and experience retention leave	126	35
	3,671	1,718
<i>Non current:</i>		
Long service leave	6,127	3,738
	6,127	3,738
Total employee benefits	9,798	5,456

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

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 actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of factors and assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.0% for long service leave liability and revised the salary inflation rate down by 1.0% from 2014 (4.0%) to 2015 (3.0%) for annual leave and skills, experience and retention leave liability. The net financial effect of the changes in the current financial year is immaterial.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

32 Other liabilities

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Funds held in trust	293	286
Total other liabilities	293	286

These funds are being held in trust on behalf of the Minister for Housing and Urban Development. The funds are to be disbursed by Renewal SA to the developer of the land formerly occupied by the Cheltenham racecourse upon achievement of key deliverables related to affordable housing and the development of open spaces.

33 Unrecognised contractual commitments - operating leases

Operating lease receivables:

Future minimum rental revenues under non-cancellable operating property leases held at balance date but not provided for in the accounts:

	2015 \$'000	2014 \$'000
Due within one year	10,006	12,394
Due later than one year but not longer than five years	19,084	35,731
Due later than five years	17,238	9,995
Total operating lease receivables	46,328	58,120

Operating lease payables:

Non-cancellable operating leases contracted for at balance date but not provided for in the accounts, net of GST:

	2015 \$'000	2014 \$'000
Payable within one year	1,213	1,578
Payable later than one year but not longer than five years	4,858	6,362
Payable later than five years	669	2,650
Total operating lease payables	6,740	10,590

These amounts comprise property leases and leases for motor vehicles. The property leases are non-cancellable and will expire on 31 December 2020, with rent payable monthly in advance. Motor vehicles are leased over varying terms up to three years.

34 Unrecognised contractual commitments - capital expenditure

Capital expenditure commitments arising from general operations:

At reporting date Renewal SA had capital expenditure commitments from general operations as follows:

	2015 \$'000	2014 \$'000
Payable within one year	13,891	22,436
Payable later than one year but not longer than five years	2,136	11,556
	16,027	33,992

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

34 Unrecognised contractual commitments - capital expenditure (continued)

As at 30 June 2015 commitments relating to Playford Alive were \$4.984 million (2014: \$13.759 million), commitments for Bowden were \$2.125 million (2014: \$2.156 million), commitments for Tonsley were \$3.654 million (2014: \$3.295 million), commitments for Gillman were \$3.346 million (2014: \$13.348 million) and commitments for Woodville West were \$1.821 million (2014: \$0.895 million).

Estimates of additional commitments in respect of the Edinburgh Parks acquisition are detailed below and are not included in the above amounts.

Capital expenditure commitments arising from Edinburgh Parks acquisition:

On 10 May 2004 Cabinet approved the transfer of the management of the land known collectively as Edinburgh Parks to the former Land Management Corporation, from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), to be exercised in stages and effective from 1 July 2004. At balance date commitments for the purchase are summarised as follows:

Stage 0 land and buildings:

Based on the contractual agreements, an amount may be payable to DMITRE, representing 25% of the net profit arising from completion of the development and sale of Stage 0. Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2015 \$'000	2014 \$'000
Payable later than one year but not longer than five years	225	606
Payable later than five years	35	693
	<u>260</u>	<u>1,299</u>

Stages 1 and 3:

Assets included in stages 1 and 3 have been acquired by Renewal SA on a deferred payment basis. Payments are made to the Department of State Development (formerly DMITRE) and the Commonwealth Department of Defence based on the land area sold. Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2015 \$'000	2014 \$'000
<i>Stages 1 and 3 land:</i>		
Payable later than one year but not longer than five years	675	4,851
Payable later than five years	9,230	6,246
	<u>9,905</u>	<u>11,097</u>

Stage 2 was completed by the former Department of Trade and Economic Development.

Stages 4 to 11:

On 1 June 2005, a further 505.6 hectares was acquired from the Commonwealth. Commitments for the purchase of this land, based on current sales forecasts, are summarised below:

	2015 \$'000	2014 \$'000
<i>Stages 4 to 11 land:</i>		
Payable within one year	93	107
Payable later than one year but not longer than five years	282	926
Payable later than five years	5,925	6,455
	<u>6,300</u>	<u>7,488</u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

34 Unrecognised contractual commitments - capital expenditure (continued)

	2015	2014
	\$'000	\$'000
<i>Total capital expenditure commitments:</i>		
Payable within one year	13,984	22,543
Payable later than one year but not longer than five years	3,318	17,939
Payable later than five years	15,190	13,394
	<u>32,492</u>	<u>53,876</u>

35 Contingent liabilities

Dean Rifle Range

In October 2009, Cabinet approved the compulsory acquisition of the interest held by the Corporation of the City of Adelaide (ACC) in the Dean Rifle Range (DRR), being a 50% interest in the DRR, with the remaining 50% equitable interest owned by the former Land Management Corporation (now Renewal SA). The compulsory acquisition of the ACC's 50% equitable interest was completed on 11 February 2010 by the Minister for Environment and Conservation ("the Minister"). In 2011, ACC instituted proceedings against the Minister disputing the compensation payable for the compulsory acquisition of the ACC's interest in the DRR.

The Corporation was nominated as the Minister's agent in relation to the compulsory acquisition of the ACC's 50% equitable interest in the DRR. The Minister transferred the compulsorily acquired 50% equitable interest and as a result Renewal SA became the owner of 100% legal and equitable interest in the DRR.

As at 30 June 2015, the Minister (acting through Renewal SA as the Minister's agent) and ACC were still disputing the compensation amount. As this relates to ongoing court proceedings, no value has been disclosed. Pursuant to the arrangement between Renewal SA and the Minister in respect of Renewal SA becoming the 100% legal and equitable owner of the DRR, Renewal SA will be responsible for any compensation which may be determined to be payable, which exceeds the compensation amount paid by Renewal SA to the Court.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

36 Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents - cash at the end of the reporting period		
Statement of Cash Flows	16,532	16,285
Statement of Financial Position	16,532	16,285
Reconciliation of profit/(loss) after income tax equivalent to net cash provided by/(used in) operating activities:		
Profit/(loss) after income tax equivalent	(122,830)	(39,207)
Add/less non-cash items		
Share of net profits of joint ventures	(2,906)	(3,820)
Net (gain)/loss on disposal of plant and equipment	-	73
Net (gain)/loss on disposal of investment property	950	(1,350)
Depreciation and amortisation	501	558
Inventories write-down	75,226	15,034
Reversal of inventories write-down	(1,301)	-
Investment properties net loss on fair value adjustments	22,797	7,979
Impairment of joint ventures	-	170
Net gain from restructure	-	(4,036)
Movements in assets and liabilities:		
(Increase)/Decrease in mortgage debtor receivables	21,812	7,556
(Increase)/Decrease in other receivables	(13,853)	(1,132)
Increase/(Decrease) in doubtful debts	1,263	1,089
(Increase)/Decrease in prepayments	(238)	(24)
(Increase)/Decrease in inventories	(39,139)	(66,654)
Increase/(Decrease) in payables	(5,173)	6,213
Increase/(Decrease) in unearned income	1,003	(2,986)
Increase/(Decrease) in provisions	202	(967)
Increase/(Decrease) in employee benefits	5,286	546
Increase/(Decrease) in other liabilities	7	(681)
Net cash provided by/(used in) operating activities	(56,393)	(81,639)

37. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Deposits with the Treasurer	14,574	14,295
Short-term deposits with SA Government Financing Authority	168	164
Cash held in Cheltenham trust account	293	286
Cash at bank and on hand	1,497	1,540
Total cash and cash equivalents	16,532	16,285

Deposits with the Treasurer

Includes funds held in Renewal SA's operating account.

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. These deposits are lodged with the SA Government Financing Authority and earn the respective short-term deposit rates.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

37. Cash and cash equivalents (continued)

Interest rate risk

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

38 Financial instruments disclosure/ financial risk management

38.1 Financial risk management

Renewal SA maintains risk management policies 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*.

Renewal SA 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.

38.2 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 to note 38.3 for the carrying amounts of each of the following categories of financial assets and liabilities: loans and receivables; financial liabilities measured at cost; and held-to-maturity investments.

Renewal SA 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. Refer to note 2.18 for information on Renewal SA's fair value measurement hierarchy.

- the carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short-term nature (refer to notes 2, 20 and 26).
- borrowings are recognised at historical cost, plus any transaction costs directly attributable to the borrowings. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer to notes 2 and 27).
- held-to-maturity investments are initially recognised at historical cost. The fair value of held to maturity investments approximates the carrying amount, as the impact of discounting is not significant (refer to notes 2 and 19).

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

38.3 Categorisation and maturity analysis of financial assets and liabilities

		Carrying amount \$'000	2015 Contractual maturities			Fair value \$'000
	Note		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
2015						
Financial assets:						
Cash and cash equivalents	37	16,532	16,532	-	-	16,532
Loans and receivables						
Receivables (a) (b)	20	21,673	18,357	3,316	-	21,673
Mortgage debtors receivables	19	-	-	-	-	-
Allowance for doubtful debts	20	(2,931)	(2,931)	-	-	(2,931)
Total financial assets		35,274	31,958	3,316	-	35,274
Financial liabilities:						
Financial liabilities at cost:						
Payables (a)	26	13,899	13,899	-	-	13,899
Borrowings	27	519,154	190,760	285,142	43,252	495,386
Total financial liabilities		533,053	204,659	285,142	43,252	509,285
Net financial assets/(liabilities)		(497,779)	(172,701)	(281,826)	(43,252)	(474,011)
		Carrying amount \$'000	2014 Contractual maturities			Fair value \$'000
	Note		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
2014						
Financial assets:						
Cash and cash equivalents	37	16,285	16,285	-	-	16,285
Loans and receivables						
Receivables (a) (b)	20	11,727	8,171	3,556	-	11,727
Mortgage debtors receivables	19	21,810	6,775	15,035	-	20,600
Allowance for doubtful debts	20	(1,668)	(1,668)	-	-	(1,668)
Total financial assets		48,154	29,563	18,591	-	46,944
Financial liabilities:						
Financial liabilities at cost:						
Payables (a)	26	19,523	19,523	-	-	19,523
Borrowings	27	472,476	289,890	176,185	6,401	447,456
Total financial liabilities		491,999	309,413	176,185	6,401	466,979
Net financial assets/(liabilities)		(443,845)	(279,850)	(157,594)	(6,401)	(420,035)

(a) 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 levies, tax equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

38.3 Categorisation and maturity analysis of financial assets and liabilities (continued)

(b) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 20 as receivables in accordance with paragraph 78(b) of *AASB 101 Presentation of Financial Statements*. However, prepayments are not financial assets as defined in *AASB 132 Financial Instruments: Presentation* as the future economic benefits of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

38.4 Liquidity risk

Liquidity risk arises from the possibility that Renewal SA is unable to meet its financial obligations as they fall due. The continued existence of Renewal SA is dependent on SA Government policy. Renewal SA has policies in place to provide a framework for managing liquidity risk. Renewal SA settles undisputed accounts within 30 days from the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The carrying amount recorded in the table of note 38.3 represents Renewal SA's maximum exposure. The table discloses the carrying amount of each category of financial instrument held by the authority 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.

38.5 Credit risk

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

The carrying amount of financial assets as detailed in Table 38.3 represents Renewal SA's maximum exposure to credit risk.

Renewal SA has minimal concentration of credit risk. Renewal SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. Renewal SA 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 Renewal SA.

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 20 for information on the allowance for impairment in relation to receivables.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

38.6 Ageing analysis of receivables

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

	Overdue < 30 days \$'000	Overdue 30 - 60 day \$'000	Overdue > 60 days \$'000	Carrying amount \$'000
2015				
Not impaired:				
Receivables	469	176	478	1,123
Impaired:				
Receivables	111	115	2,255	2,481
Receivables at 30 June 2015	580	291	2,733	3,604
2014				
Not impaired:				
Receivables	583	100	164	847
Impaired:				
Receivables	78	120	1,397	1,595
Receivables at 30 June 2014	661	220	1,561	2,442

38.7 Market risk

Market risk for Renewal SA is primarily through exposure to interest rate risk arising through its borrowings. Renewal SA's borrowings are managed through the SA Government Financing Authority and any movement in interest rates are monitored regularly. There is no exposure to foreign currency risks.

38.8 Sensitivity analysis

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

39 Administrative restructures

2015

Transfer of employees from the Department for Communities and Social Inclusion

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2015*, from 5 February 2015 the Department for Communities and Social Inclusion transferred specified employees only to Renewal SA. Assets and liabilities relating to these employees were transferred into Renewal SA as at 31 January 2015.

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

39 Administrative restructures (continued)

Revenue and expenses for the transferred employees for 2014-15:

	DCSI	URA	
	Jul - Jan	Feb - Jun	Total
	2015	2015	2015
	\$'000	\$'000	\$'000
INCOME			
Other revenues - Consulting revenue	6,151	4,692	10,843
Total income	6,151	4,692	10,843
EXPENSES			
Employee benefits expenses	6,151	4,692	10,843
Total expenses	6,151	4,692	10,843
Profit/(loss) before income tax equivalent	-	-	-
Assets and liabilities transferred in as at 31 January 2015:			2015
			\$'000
CURRENT ASSETS			
Receivables			1,036
Total current assets			1,036
NON-CURRENT ASSETS			
Receivables			3,126
Total non-current assets			3,126
Total assets			4,162
CURRENT LIABILITIES			
Payables			143
Employee benefits			893
Total current liabilities			1,036
NON-CURRENT LIABILITIES			
Payables			283
Employee benefits			2,843
Total non-current liabilities			3,126
Total liabilities			4,162
Net assets transferred			-

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

39 Administrative restructures (continued)

2014

Transfer of assets from the South Australian Housing Trust

Pursuant to the provisions of Section 23 of the *South Australian Housing Trust Act 1995*, the Minister for Social Housing, with the concurrence of the Treasurer, gazetted on 26 September 2013 the transfer of assets from the South Australian Housing Trust to Renewal SA effective on 15 August 2013.

Renewal SA recognised the following income upon the transfer of these assets from the South Australian Housing Trust:

	2014 \$'000
INCOME	
Net gain from administrative restructure	4,036
Total income	<u>4,036</u>
Profit/(loss) before income tax equivalent	<u>4,036</u>

Renewal SA recognised the assets transferred from the South Australian Housing Trust in the Statement of Financial Position as follows:

	2014 \$'000
NON-CURRENT ASSETS	
Inventories	4,036
Total non-current assets	<u>4,036</u>
Total assets	<u>4,036</u>
Net assets transferred	<u>4,036</u>

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

40 Transactions with SA Government

Note	SA Government		Non-SA Government		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
INCOME						
4 Revenue from sales	9,070	1,556	39,211	62,297	48,281	63,853
4 Less: cost of sales	9,681	971	24,045	32,585	33,726	33,556
Gross profit	(611)	585	15,166	29,712	14,555	30,297
5 Share of net profit in joint ventures	-	-	2,906	3,820	2,906	3,820
6 Revenues from Commonwealth and SA Government	6,333	9,729	4,772	1,560	11,105	11,289
7 Interest revenues	457	409	512	1,690	969	2,099
8 Property income	8,543	7,639	17,650	18,191	26,193	25,830
9 Other revenues	9,170	4,587	1,723	3,181	10,893	7,768
10 Net gain from disposal of non-current assets	-	-	-	1,277	-	1,277
39 Net gain from administrative restructures	-	4,036	-	-	-	4,036
TOTAL INCOME	23,892	26,985	42,729	59,431	66,621	86,416
EXPENSES						
11 Employee benefits expenses	1,218	1,257	24,104	19,402	25,322	20,659
14 Operating expenditure	25,950	35,006	25,068	32,532	51,018	67,538
15 Borrowing costs	14,938	13,683	-	2	14,938	13,685
23 Depreciation and amortisation	-	-	501	558	501	558
5,21, Net loss from changes in value of non-current assets	-	-	96,722	23,183	96,722	23,183
10 Net loss from disposal of non-current assets	-	-	950	-	950	-
TOTAL EXPENSES	42,106	49,946	147,345	75,677	189,451	125,623
FINANCIAL ASSETS						
20 Receivables	17,398	4,670	9,135	7,770	26,533	12,440
19 Mortgage debtor receivables	-	-	-	21,810	-	21,810
20 Provision for doubtful debts	-	-	(2,931)	(1,668)	(2,931)	(1,668)
TOTAL FINANCIAL ASSETS	17,398	4,670	6,204	27,912	23,602	32,582
FINANCIAL LIABILITIES						
26 Payables	7,358	12,793	8,851	7,632	16,209	20,425
27 Borrowings	519,154	472,476	-	-	519,154	472,476
TOTAL FINANCIAL LIABILITIES	526,512	485,269	8,851	7,632	535,363	492,901

RENEWAL SA STATUTORY REPORT

For the year ended 30 June 2015

Certification of the Financial Statements

We certify that the:

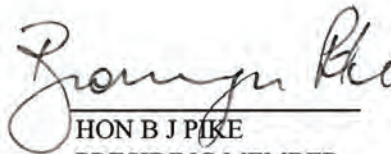
- Attached general purpose financial statements for the Urban Renewal Authority (trading as Renewal SA):
 - are in accordance with the accounts and records of the Urban Renewal Authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant Australian Accounting Standards; and
 - present a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2015 and the results of its operations and cash flows for the financial year.
- Internal controls employed by the Urban Renewal Authority for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the financial year and there are reasonable grounds to believe the Urban Renewal Authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board members.



J F HANLON
CHIEF EXECUTIVE

17 September 2015



HON B J PIKE
PRESIDING MEMBER

14 September 2015



M J BUCHAN
GENERAL MANAGER
COMMERCIAL AND
CORPORATE SERVICES

17 September 2015

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Presiding Member Urban Renewal Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *Urban Renewal Act 1995*, I have audited the accompanying financial report of the Urban Renewal 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, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the General Manager Commercial and Corporate Services.

The Board's Responsibility for the Financial Report

The members 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 members of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

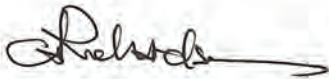
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical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

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

21 September 2015