

Department of Treasury and Finance

# Annual Report

## 2015–16



**Government of South Australia**

Department of Treasury  
and Finance

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30 September 2016

**The Hon. T Koutsantonis MP**  
Treasurer  
Minister for Finance

**The Hon. John Rau MP**  
Minister for Consumer and Business Services

**The Hon. Martin Hamilton-Smith MP**  
Minister for Veterans' Affairs

Dear Ministers

**Department of Treasury and Finance 2015–16 Annual Report**

In accordance with the *Public Sector Act 2009* and associated regulations, the Department of the Premier and Cabinet Circular PC013 – Annual Reporting Requirements, and the financial reporting requirements of the *Public Finance and Audit Act 1987*, I am pleased to submit to you the Department of Treasury and Finance 2015–16 Annual Report.

This report demonstrates the Department of Treasury and Finance's commitment to the South Australian Government's economic and strategic priorities, and the achievement of key deliverables.



**David Reynolds**  
CHIEF EXECUTIVE  
UNDER TREASURER





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# Contents

Chief Executive/Under Treasurer's Report.....	2
Reconciliation statement .....	4
<b>Corporate governance</b>	
Our structure .....	5
Our strategies and objectives.....	6
Our functions.....	7
Our programs and highlights	
Program 1: Gambling Policy .....	8
Program 2: Accountability for Public Sector Resources .....	8
Program 3: Treasury Services .....	9
Program 4: Financial Services Provisions .....	9
Program 5: Veterans' Affairs .....	11
Acts administered.....	12
Major boards and committees.....	15
<b>Our people</b>	
Executive employment .....	16
Leave management .....	16
Workforce diversity.....	17
Performance management.....	18
Leadership and management development.....	18
Employment opportunity programs .....	19
Work health and safety and injury management .....	20
<b>Mandatory reporting</b>	
Disability Access and Inclusion Plan.....	23
<i>Whistleblowers Protection Act 1993</i> .....	23
Public complaints .....	24
<b>Other reporting</b>	
Overseas travel.....	25
<b>Financial performance</b>	
Financial overview.....	26
Use of consultants.....	28
Fraud, corruption and maladministration control .....	29
Financial statements .....	30

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## Chief Executive/Under Treasurer's Report

The 2015–16 financial year has seen the Department of Treasury and Finance (DTF) continue to excel in providing a range of quality services to the public sector, private sector and the community at large.

DTF continued to provide support and portfolio advice to:

- the Honourable Tom Koutsantonis MP, Treasurer and Minister for Finance
- the Honourable John Rau MP, Minister for Consumer and Business Services, as the Minister responsible for gambling policy
- the Honourable Martin Hamilton-Smith, MP Minister for Veterans' Affairs.

The department continued to maintain a central focus on the setting of budgetary strategy and ensuring the implementation of the government's policy priorities. That included a focus on supporting the government's economic priorities. While the nature of the department's operations means it is involved in all of the government's economic priorities, particularly through the budget process, we have particular responsibility for the Economic Priority – The Best Place to do Business.

The state government's major tax reform package will see almost \$670 million in tax reductions provided over the next four years to businesses and the community. The first one third reduction in non-residential real property conveyance stamp duty was brought forward to December 2015 as part of the 2015–16 Mid-Year Budget Review.

In addition, the 2016–17 State Budget extended the payroll tax rebate across the next four years, continued the Off-the-Plan apartment stamp duty concession to 2016–17 and introduced a Job Accelerator Grant Scheme which provides grants of up to \$10,000 over two years to businesses with payrolls less than \$5 million for each additional FTE employee. The department is implementing and promoting those initiatives to local businesses.

The department has delivered a range of other outcomes during 2015–16 including:

- produced the 2015–16 Mid-Year Budget Review and 2016–17 State Budget
- effective transition to private sector delivery of motor vehicle third party insurance from 1 July 2016
- beginning transition to low carbon vehicles within Fleet SA
- establishment of the Anzac Centenary Memorial Walk which was opened by Rat of Tobruk veteran Mr Bill Corey in the presence of His Excellency the Honourable Hieu Van Le AO, Governor of South Australia, and the Premier on Saturday 23 April 2016.

DTF continues to work closely with other government agencies to deliver on the government's priorities.

DTF has recently established a performance review team to enhance reporting and monitoring of agency and government activities, and an analytical support team to work with agencies to develop high-quality business cases on areas of government priority.

We have also identified and progressed a number of priorities inside the department focussed on improving the quality of our outputs through supporting high-quality staff performance. These priorities and initiatives have included:

- a Gender Equality in Leadership strategy and actions including support for increased flexibility in working arrangements
- achievement of White Ribbon accreditation
- a strong focus on Innovation as a driver for performance improvement including four priority challenge areas of:
  - continue to be an employer of choice
  - provide a better service to our customers and better engagement with our stakeholders
  - reduce costs, improve efficiency and productivity
  - develop ourselves to sustain innovation.
- commencement of key knowledge management and technology enhancements identified through the DTF Digital Roadmap.

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This is my first annual report as Chief Executive/Under Treasurer having commenced in this role on 1 December 2015. I want to acknowledge the contribution and high-quality service to the department of the former Under Treasurer, Mr Brett Rowse, who retired on 30 November 2015.

I also wish to thank the Executive Leadership Group and all DTF staff for their outstanding contributions and support both in their ongoing commitment to their work and supporting the transformation of the department.

Looking forward, we have recently established a new strategic plan for the department — Our Plan 2016–2018 — which sets out the key objectives and actions for the department for the next two years. I look forward to building on our success as we deliver high-quality policy advice and service to our customers in 2016-17.



**David Reynolds**  
CHIEF EXECUTIVE  
UNDER TREASURER

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## Reconciliation statement

The Department of Treasury and Finance (DTF) is the lead agency in supporting the South Australian Government's key economic and financial policy outcomes through the provision of advice and coordination of resource allocation for government programs. It also provides financial service to the government and the community, including financial asset and liability management, overseeing government businesses, collection of state taxes and insurance and superannuation services.

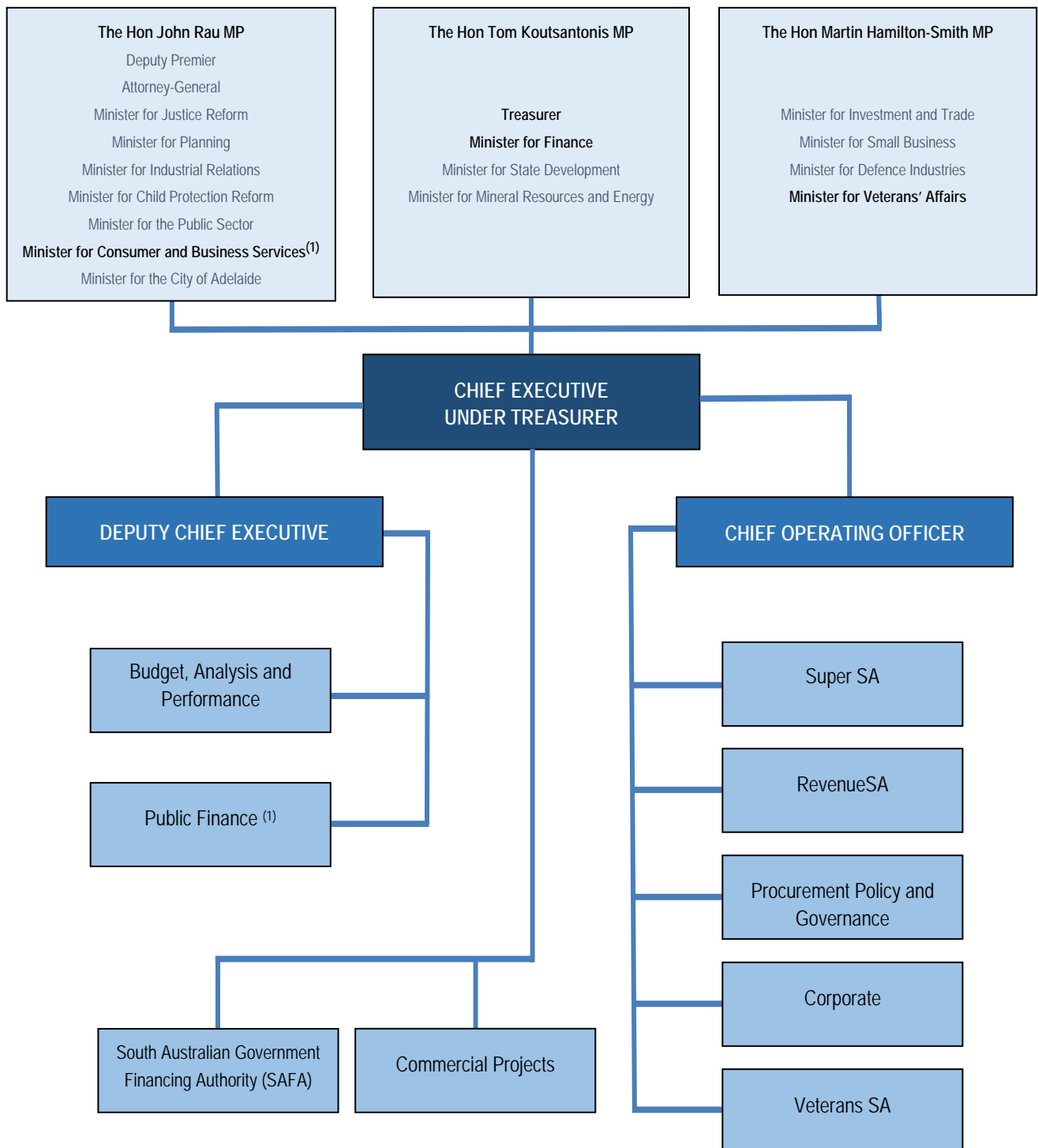
DTF supports the achievement of the vision of Reconciliation Australia:

**"An Australia that provides equal life chances for all, recognising and respecting the special place, culture and contribution of Aboriginal and Torres Strait Islander peoples as the First Australians."**

We will demonstrate our commitment by steadily working towards and realising all components of our Reconciliation Action Plan 2015–2018.

# Corporate governance

## Our structure



(1) The Department of Treasury and Finance reports to the Minister for Consumer and Business Services on Program 1: Gambling Policy matters, which is a Public Finance Branch function.

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## Our strategies and objectives

The Department of Treasury and Finance plays a vital role providing economic and fiscal policy advice to the government, assisting it to allocate resources to government programs, monitoring and reporting on state finances, and delivering important services to government agencies and the community.

### Economic priorities

The Department also supports the government's ten economic priorities for our state, including five areas where government is tackling barriers to growth:

1. Unlocking the full potential of South Australia's resources, energy and renewable assets
2. Premium food and wine produced in our clean environment and exported to the world
3. A globally recognised leader in health research, ageing and related services and products
4. The knowledge state – attracting a diverse student body and commercialising our research
5. South Australia – a growing destination choice for international and domestic travellers
6. Growth through innovation
7. South Australia – the best place to do business
8. Adelaide, the heart of the vibrant state
9. Promoting South Australia's international connections and engagement
10. South Australia's small businesses have access to capital and global markets.

### DTF's purpose

Working together to support the prosperity and wellbeing of South Australians.

### DTF's objectives

- Trust and empower our skilled, diverse, flexible and committed people.
- Promote sustainable state finances.
- Support responsible budget and financial management.
- Deliver timely high quality services.
- Collaborate to deliver high quality advice on economic, social and environmental issues.

### Strategic priorities

The Premier of South Australia announced the government's seven strategic priorities for our state:

1. Creating a vibrant city
2. Safe communities, healthy neighbourhoods
3. An affordable place to live
4. Every chance for every child
5. Growing advanced manufacturing
6. Realising the benefits of the mining boom for all
7. Premium food and wine from our clean environment.

These seven strategic priorities are where government is focusing its efforts to make the biggest difference in the long term, while South Australia's Strategic Plan provides an enduring policy compass for the state through targets out to 2020.

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# Our functions

## Budget, Analysis and Performance

- Provision of advice on budgetary and financial issues.
- Management of state budget process.
- Economic and financial analysis of government programs and projects.
- Provision of fiscal and policy advice on a range of government programs and projects, including proposed new initiatives and government reform initiatives.
- Monitoring financial performance of government agencies.

## Public Finance

- Maintenance of government budget management and reporting systems.
- Management of financial policy, legislation and governance framework.
- Preparation of budget and actual financial reports.
- Provision of policy advice on a range of issues, including:
  - Commonwealth-state relations
  - economic regulation
  - fiscal policy
  - revenue forecasts and revenue policy matters
  - gambling and not-for-profit reform
  - commercial transactions.

## Commercial Projects

- Realise the value of selected state assets to strengthen the state's balance sheet including a range of commercial property sales, the Compulsory Third Party Insurance Market Reform project and other projects.

## Super SA

- Management of public sector superannuation schemes.
- Provision of advice on superannuation policy.

## RevenueSA

- Management of state taxation legislation.
- Management of state revenue systems.
- Management of compliance programs.
- Provision of policy advice on taxation issues.
- Management of various grants, rebates and subsidy schemes.

## South Australian Government Financing Authority

- Management of funding requirements and existing stock of government liabilities.
- Provision of financial risk management and advisory services.
- Management of the insurance and reinsurance of government risks.
- Provision of corporate governance, transaction management and support services for the electricity entities and administration of contracts associated with industry assistance programs.
- Provision of advice on Public Private Partnerships.
- Management of government light commercial and passenger vehicle fleet.

## Procurement Policy and Governance

- Provision of management and administrative support to the State Procurement Board.
- Development and management of Board policy framework.
- Development and delivery of the capability development program, including training courses and other development activities.
- Management of the Board's agency accreditation and assurance programs.
- Provision of advice and support to agencies and government on all procurement matters.

## Veterans SA

- Monitors and provides policy advice about matters relating to the welfare of veterans and the commemoration of their service.
- Supports the Veterans' Advisory Council to provide a forum for the veteran community to communicate directly to the highest levels of state government through the Minister for Veterans' Affairs.
- Promotes Australia's wartime history and the significance of national events such as Anzac Day, Remembrance Day and Vietnam Veterans' Day.
- Management of various grants to support the veteran community and commemorate the service and sacrifice of South Australia's veterans.

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# Our programs and highlights

## Program 1: Gambling Policy

The Department of Treasury and Finance provides policy advice to the government on economic, social and regulatory issues associated with gambling.

### Achievements 2015–16

- Commenced amendments contained in the *Statutes Amendment (Gambling Measures) Act 2015*, which offers improvements to the regulatory framework for gaming.
  - Implemented regulation for trade promotion tournament and general poker tournament under the *Lottery and Gaming Act 1936*.
  - Progressed changes to the *Collections for Charitable Purposes Act 1939* to reduce regulatory duplication for charities.
  - Led the inter-jurisdictional on-line wagering taxation working group.
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## Program 2: Accountability for Public Sector Resources

The Department of Treasury and Finance has the role of ensuring 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.

The department provides support to the government through delivering a range of key projects aimed at maximising commercial outcomes for government. These projects progress policy reforms and commercial initiatives for the economic benefit of the state.

### Achievements 2015–16

- Produced and published the consolidated Government of South Australia financial statements for 2014–15, the 2015–16 Mid-Year Budget Review and prepared the 2016–17 Budget.
  - Provided advice and analysis on proposals arising out of the Commonwealth Government's White Papers on tax reform and the Federation.
  - Analysed the National Disability Insurance Scheme transition bilateral agreement and provided advice on its impacts.
  - Further progressed the divestment of the State Administration Centre Precinct in Adelaide, including the State Administration Centre, Education Building, 12 Victoria Place, Hemmings Place, 30 Wakefield Street and 24 Flinders Street.
  - Progressed the Compulsory Third Party Insurance (CTPI) market reforms including the approval of four private insurers to enter the new private market and begin to write CTPI in South Australia from 1 July 2016.
  - Developed the Compulsory Third Party Insurance Regulation Bill 2016, to establish an independent CTPI Regulator, which was passed by parliament in April 2016.
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## Program 3: Treasury Services

Management of the government's financial assets and liabilities and provision of certainty of funding to the state.

### Achievements 2015–16

- Further extended the South Australian Government Financing Authority's (SAFA) debt profile with increased investor penetration.
  - Consolidated the Treasurer's various portfolios into the one portfolio with revised policies, limits and guidelines.
  - Successfully implemented a new treasury management system.
  - Successfully commenced bi-lateral Collateral Swap Agreements (CSAs) with main derivative counterparties.
  - Finalised a revised Government Guarantee Fee Pricing Policy.
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## Program 4: Financial Services Provision

The Department of Treasury and Finance has the role of providing a range of whole of government services including liability management, collection of taxes, insurance, superannuation and fleet administration.

### Sub-program 4.1 Revenue Collection and Management

Management of taxation legislation, revenue systems and compliance systems to enable the government to raise revenue using its taxation powers and the provision of policy advice on taxation issues. Management of various grants and subsidy schemes for the government.

### Achievements 2015–16

- Implemented amendments to the *Stamp Duties Act 1923*, the *Land Tax Act 1936* and the *Taxation Administration Act 1996* which gave effect to the government's tax reform measures.
- Release 2 of RevenueSA's replacement state taxation system went live on 6 July 2015.
- Processed rebates for eligible employers under the small business payroll tax rebate scheme.

### Sub-program 4.2 Insurance and Fleet Services

The objective of this sub-program includes the provision of:

- insurance cover to government agencies through the insurance and reinsurance of government risks
- advice to the government on issues relating to the insurance and management of those risks
- fleet management services to agencies and vehicle disposal services to government.

### Achievements 2015–16

- Renewed the government's reinsurance program.
- Purchased Network Security and Privacy (Cyber) insurance and provided broader cover to government agencies in respect of these risks.
- Terrorism exclusion removed by a number of insurers on liability reinsurance placement resulting in significant cover now being provided at no additional cost.
- Low emission vehicle strategy approved.
- Managed the government's fleet management and vehicle disposal contracts to enable effective and efficient outcomes for the government's vehicle fleet.

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### Sub-program 4.3 Superannuation Services

The objectives of this sub-program are to:

- administer the various public sector superannuation schemes for the South Australian Superannuation Board and the Southern Select Super Corporation, as well as the superannuation arrangements for parliamentarians, judges and former governors.
- provide superannuation policy and legislative advice to the South Australian Superannuation Board, the Southern Select Super Corporation, the Chief Executive, the Treasurer and the Minister for Finance.

#### Achievements 2015–16

- Finalised procurement and commenced implementation of a next generation commercial administration system with complementary electronic document and workflow management capabilities.
- Undertook a review of investment options with Funds SA.
- Implemented changes to administration systems and processes to support superannuation changes for police officers.
- Implemented new reporting requirements administered by the Australian Prudential Regulatory Authority and commenced transition to the new accounting standard for Superannuation Entities — *Australian Accounting Standards Boards (AASB) 1056*.

### Sub-program 4.4 Procurement Policy and Governance

Support the State Procurement Board in the delivery of its key objectives and in setting the strategic direction of procurement operations across government, focusing on policy and guideline development, capability development, monitoring and facilitating procurement operations across government.

#### Achievements 2015–16

- Developed and implemented the State Procurement Board Strategic Plan 2016–18.
  - Developed an implementation plan for the revised State Procurement Board policy framework.
  - Conducted regular discussion forums with agency heads of procurement and implemented a twice-yearly procurement practitioners' forum and an executive breakfast forum for the South Australian Executive Service.
  - Completed four accreditation reviews and 12 assurance reviews.
  - Worked closely with the Commonwealth Government to implement the Trans-Pacific Partnership and World Trade Organisation Government Procurement Chapters.
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## Program 5: Veterans' Affairs

Veterans' Affairs (Veterans SA) 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.

Veterans SA provides administrative support to the Veterans' Advisory Council to ensure veterans receive a voice at the highest levels of government and helps to raise public awareness of the sacrifices made by South Australia's veterans.

### Achievements 2015–16

- The Anzac Centenary Memorial Walk was opened on 23 April 2016 as South Australia's contribution to the Centenary of Anzac commemorations.
- Developed legislation to amend the boundaries of Government House to enable the construction of the Anzac Centenary Memorial Walk.
- Worked closely with the Veterans' Advisory Council and the Veterans' Health Advisory Council to produce the Framework for Veterans' Health Care 2016–2020.
- Developed a regional engagement strategy to help educate South Australians about their local military history and to commemorate a century of service throughout South Australia.
- Worked collaboratively to increase contemporary veterans' engagement with existing ex-service organisations.
- Completed a successful combined parliamentary and veteran delegation visit to the centenary commemorations for the Battle of Lone Pine at Gallipoli.
- Produced weekly 'Think Piece' series focusing on South Australia's Military History.
- Produced Monthly ENews including a 'Message from the Minister' focusing on veterans related issues.
- Produced South Australia's Ex-Service Commemorative Calendar 2016 and half yearly Veterans' Voice publication.

# Acts administered

## Treasurer

	Committed
Bank Merger (BankSA and Advance Bank) Act 1996 .....	28/11/96
Bank Mergers (South Australia) Act 1997 .....	19/03/98
Casino Act 1997 <sup>(a)</sup> .....	n.a.
Commonwealth Places (Mirror Taxes Administration) Act 1999 .....	19/10/00
Debits Tax Act 1994 .....	13/02/97
Emergency Services Funding Act 1998 .....	7/11/02
Essential Services Commission Act 2002 .....	12/09/02
Financial Institutions Duty Act 1983 .....	13/02/97
Financial Sector (Transfer of Business) Act 1999 .....	12/08/99
Financial Transaction Reports (State Provisions) Act 1992 .....	20/10/97
Gift Duty Act 1968 .....	13/02/97
Government Financing Authority Act 1982 .....	14/12/93
Housing Loans Redemption Fund Act 1962 .....	20/10/97
Interest on Crown Advances and Leases Act 1944 .....	20/10/97
Land Tax Act 1936 .....	13/02/97
Motor Vehicles Act 1959 <sup>(b)</sup> .....	n.a.
National Tax Reform (State Provisions) Act 2000 .....	29/06/00
New Tax System Price Exploitation Code (South Australia) Act 1999 .....	09/12/99
Payroll Tax Act 2009 .....	04/06/09
Public Corporations Act 1993 .....	14/12/93
Public Finance and Audit Act 1987 .....	20/10/97
Rural Advances Guarantee Act 1963 .....	20/10/97
Stamp Duties Act 1923 .....	13/02/97
State Bank (Corporatisation) Act 1994 .....	12/05/94

(a) The Treasurer has functions and powers under sections:

- Section 17 – Casino duty agreement.
- Section 18 – Agreements to be tabled in Parliament.
- Section 49 – Licensee to supply copy of audited accounts.
- Section 50 – Duty of auditor.
- Section 51 – Liability to casino duty.
- Section 52 – Evasion and underpayment of casino duty.
- Section 52AA – Investigatory powers relating to casino duty.

(b) The Treasurer has functions and powers under sections:

- Section 111A – Liability of insurer in respect of burial at public expense.
- Section 118A (7) – Appointment of Nominal Defendant when approved insurer is in liquidation or enters into compromise with creditors.
- Section 120 – Satisfaction of judgment against nominal defendant where no scheme in force.
- Section 129 (7) and (8)(b) – Inquiries into premiums.
- Transitional Provisions – Section 23 – Contribution to liabilities of Authority.

# Minister for Finance

Committed

Benefit Associations Act 1958 .....	21/10/11
Compulsory Third Party Insurance Regulation Act 2016 .....	12/05/16
Electricity Corporations Act 1994 .....	21/10/11
Electricity Corporations (Restructuring and Disposal) Act 1999 .....	21/10/11
First Home and Housing Construction Grants Act 2000 .....	21/10/11
Governors' Pensions Act 1976 .....	21/10/11
Judges' Pensions Act 1971 .....	21/10/11
Late Payment of Government Debts (Interest) Act 2013 .....	17/02/14
Local Government Finance Authority Act 1983 .....	01/08/13
Motor Accident Commission Act 1992 .....	14/12/93
Motor Vehicles Act 1959 <sup>(a)</sup> .....	n.a.
National Wine Centre (Restructuring and Leasing Arrangements) Act 2002 .....	21/10/11
Parliamentary Superannuation Act 1974 .....	21/10/11
Petroleum Products Regulation Act 1995 .....	21/10/11
Police Superannuation Act 1990 .....	21/10/11
SGIC (Sale) Act 1995 .....	21/10/11
South Australian Timber Corporation Act 1979 .....	21/10/11
South Australian Timber Corporation (Sale of Assets) Act 1996 .....	21/10/11
Southern State Superannuation Act 2009 .....	21/10/11
State Lotteries Act 1966 .....	21/10/11
State Procurement Act 2004 .....	21/10/11
Superannuation Act 1988 .....	21/10/11
Superannuation Funds Management Corporation of South Australia Act 1995 .....	13/02/97
TAB (Disposal) Act 2000 .....	21/10/11
Taxation Administration Act 1996 .....	21/10/11
Unclaimed Moneys Act 1891 .....	21/10/11
Westpac/Challenge Act 1996 .....	21/10/11

(a) The Minister for Finance has been delegated the functions and powers under sections:

- Section 101 (Approved Insurers) which includes Ministerial powers to invite and approve insurers to provide third party insurance.
- Section 115 (Claims against Nominal Defendant where vehicle not identified), which includes Ministerial obligations in relation to claims against the nominal defendant.
- Section 116 (Claim against Nominal Defendant where vehicle uninsured) which includes Ministerial powers in relation to recoveries by the nominal defendant.
- Section 116A (Appointment of Nominal Defendant) which includes Ministerial powers to appoint the nominal defendant.
- Section 118A (Appointment of nominal defendant where approved insurer is in liquidation or enters into compromise with creditors) which includes Ministerial powers in relation to an insurer that is being wound up.
- Section 119 (Scheme under which approved insurers indemnify liabilities incurred by nominal defendant) which includes Ministerial powers to establish a scheme to satisfy claims against the nominal defendant.

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# Minister for Consumer and Business Services

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Committed

No acts administered by the Department of Treasury and Finance

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# Minister for Veterans' Affairs

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Committed

ANZAC Day Commemoration Act 2005 .....06/06/15

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## Major boards and committees

Anzac Day Commemoration Council

Distribution Lessor Corporation

Essential Services Commission of SA

Generation Lessor Corporation

Independent Gambling Authority

Lifetime Support Authority

Lotteries Commission of South Australia

Motor Accident Commission

Police Superannuation Board

South Australian Government Financing Advisory Board (SAFA)

South Australian Parliamentary Superannuation Board

South Australian Superannuation Board

Southern Select Superannuation Corporation Board

State Procurement Board

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

Transmission Lessor Corporation

Veterans' Advisory Council

# Our people

## Workforce statistics

Detailed information for the Department of Treasury and Finance workforce for each year is in the South Australian Public Sector Workforce Information report, available on the website of the Office for the Public Sector — [www.publicsector.sa.gov.au](http://www.publicsector.sa.gov.au).

Number of Persons During the 2015–16 Financial Year	
Separated from the agency	70
Recruited to the agency	91

## Executive employment

### Executives by Gender, Classification and Status

	Ongoing		Term Tenured		Term Untenured		Total				
Classification	Male	Female	Male	Female	Male	Female	Male	%	Female	%	Total
EXEC0F	0	0	0	0	1	0	1	3%	0	0	3%
SAES1	0	0	0	0	27	2	27	73%	2	5%	78%
SAES2	0	0	0	0	4	3	4	11%	3	8%	19%
Total	0	0	0	0	32	5	32	87%	5	13%	100%

## Leave management

### Average Days Leave per Full-time Equivalent Employee

Leave Type	2012–13	2013–14	2014–15	2015–16
Sick Leave	8.4	7.6	9.4	9.2
Family Carers' Leave	1.1	1.1	1.3	1.7
Miscellaneous Special Leave	0.9	0.9	0.8	0.6



# Workforce diversity

## Aboriginal and/or Torres Strait Islander Employees

South Australia's Strategic Plan (SASP) Target 53:

- Increase the participation of Aboriginal people in the South Australian public sector, spread across all classifications and agencies, to two per cent and maintain or better those levels through to 2020.

For the 2015–16 financial year, Aboriginal staff represented 1.24 per cent of all employees in the Department of Treasury and Finance.

Salary Bracket	Aboriginal Staff	Total Staff	Percentage Aboriginal
\$0 – \$56 199	4	65	6.15%
\$56 200 – \$71 499	2	223	0.89%
\$71 500 – \$91 499	1	187	0.53%
\$91 500 – \$115 499	1	134	0.47%
\$115 500 +	0	32	0
<b>Total</b>	<b>8</b>	<b>641</b>	<b>1.24%</b>

## Number of Employees by Age Bracket by Gender

Age Bracket	Male	Female	Total	% of Total	2014 Workforce Benchmark* %
15–19	0	1	0	0.15%	5.5
20–24	3	6	9	1.40%	9.7
25–29	22	27	49	7.64%	11.2
30–34	48	50	98	15.28%	10.7
35–39	44	56	100	15.60%	9.6
40–44	49	59	108	16.84%	11.4
45–49	50	52	102	15.91%	11.1
50–54	34	37	71	11.07%	11.4
55–59	33	30	63	9.82%	9.1
60–64	18	12	30	4.68%	6.7
65+	6	4	10	1.56%	3.6
<b>TOTAL</b>	<b>307</b>	<b>334</b>	<b>641</b>	<b>100%</b>	<b>100.0</b>

\*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at November 2013.

## Number of Employees With Disabilities (according to Commonwealth Disability Discrimination Act Definition)

Male	Female	Total	% of Agency
5	6	11	1.71%

## Types of Disability (where specified)

Disability	Male	Female	Total	% of Agency
Disability requiring workplace adaptation	5	6	11	1.71%
Physical	0	0	0	0
Intellectual	0	0	0	0
Sensory	0	1	1	0.15%
Psychological/Psychiatric	1	0	1	0.15%

# Performance management

## Documented Review of Individual Performance Management

Employees with ...	% Total Workforce
A review within the past 12 months	100%
A review older than 12 months	0
No review	0

# Leadership and management development

## Leadership and Management Training Expenditure

Training and Development	Total Cost \$	% of Total Salary Expenditure*
Total training and development expenditure	2,389,242	3.73%
Total leadership and management development expenditure	106,134	0.17%

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# Employment opportunity programs

## Jobs4Youth

The Jobs4Youth Program is a Premier's initiative whereby the South Australian Government has committed to providing 200 employment opportunities per year to disadvantaged groups through offering traineeship roles. The Department of Treasury and Finance (DTF) engaged four trainees through the program during the reporting period.

The Jobs4YouthSA program has attracted quality candidates and many trainees placed earlier in the year have been offered ongoing contracts.

## Aboriginal Employment Plan

Department of the Premier and Cabinet (DPC) has updated and harmonised the Aboriginal Employment Plan (AEP) to incorporate activities for the Department of Treasury and Finance (DTF) to whom DPC provides Human Resource services under a Service Level Agreement. The AEP is based on the South Australia's Strategic Plan Target 53 which aims to increase Aboriginal employment within the department to two per cent. Several programs are currently being developed and will be implemented in the new financial year. Strong networks have been formed with the major universities and TAFE (Aboriginal Access Centre) to develop employment pathways for new and previous graduates. Vacancies have been advertised through the Aboriginal Employment Register and circulated through their Aboriginal Employment Network. Vacancies have also been advertised through the Turkindi network and several Aboriginal specific employment programs, to increase the coverage to the community.

DTF currently have three trainee's placed in the department, and have established networks for our current employee's including the Nunga network group in collaboration with DPC. Support systems have also been put in place from the Aboriginal Cultural Consultation in mentoring and culture support, and have also included the creation of a wellbeing website targeted at Aboriginal Employees.

DTF has also placed two cadets through the Indigenous Cadetship Support program in the Budget, Analysis and Performance Branch, and plans to open this program up to other cadets in the future.

## Graduate Development Program

The Department of Treasury and Finance (DTF) coordinates the South Australian Government Graduate Development Program for graduates in accounting, finance, commerce and economics. Graduates have the opportunity to be considered for positions in a wide range of South Australian Government agencies.

There were 28 graduates appointed through the 2016 DTF Graduate Development Program, securing positions in the following agencies:

- Department of the Premier and Cabinet
- Department of Planning, Transport and Infrastructure
- Department of Treasury and Finance
- Department Education and Child Development
- Department of Health
- South Australia Police
- Department of Communities and Social Inclusion
- SA Water
- The Public Trustee.

The Department of Treasury and Finance appointed five graduates through the 2016 Graduate Development Program.

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# Work health and safety and injury management

## Building Safety Excellence Strategy

The Building Safety Excellence in the Public Sector 2015–2020 strategy (BSE) outlines the South Australian Public Sector's commitment to its workers in the area of injury prevention and management.

The framework aims to ensure that safety is of high importance across the sector and to enable a productive, engaged and healthy workforce. It provides a systematic approach to the improvement of injury prevention and the effective return to work of workers who are injured in the course of their employment in the public sector. The BSE framework describes an aspirational picture of excellence for identified priority areas for health and safety in the public sector.

The following outlines the Department of Treasury and Finance's (DTF) performance across these areas.

### *Safety Leadership*

- DTF and the Department of the Premier and Cabinet (DPC) have implemented harmonised Work Health Safety and Injury Management (WHS&IM) policies and procedures.
- DTF Officers receive monthly Work Health Safety (WHS) reports as well as quarterly WHS&IM Statistical reporting.
- WHS&IM online training modules have been developed specifically for all managers.
- WHS Consultative Committee is established to include executive and management representation and facilitates cooperation between DPC and DTF management and workers in instigating and developing policies, procedures and programs that ensure workers health and safety at work.
- Executive and middle management participated in two internal audits.

### *Wellbeing & Engagement*

- The DTF Wellbeing Program has a strong focus on psychological wellbeing and incorporates the Employee Assistance Program (EAP), fact sheets, and external links for where to go for help.
- EAP usage rates:
  - work related issues – 12 per cent
  - personal issues – 84 per cent
  - unknown – 4 per cent.
- Wellbeing Survey Results:
  - 89 per cent of employees surveyed were considered low risk of suffering work related stress
  - 60 per cent of employees surveyed were considered low risk of suffering personal stress.
- DTF has key policies in place in relation to psychological wellbeing, including the Psychological Wellbeing Policy, Fair Treatment in the Workplace and the Wellbeing Policy.
- Training is delivered in both face-to-face and online formats. Face-to-face topics delivered in the past 12 months include PERMA, Resilience and change management. Online mental health awareness training for all workers has been developed.

### *Risk Management*

- Key risk areas for DTF have been identified through review of incident reports, workers compensation claims, hazard reports, ergonomic self-assessment actions, external Occupational Therapist assessments and the hazard and risk register.
- The key risk areas for DTF are:
  - body stressing (ergonomic and manual handling)
  - psychological injury
  - slips/trips/falls
  - hit by moving or colliding with stationary objects.

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## Performance Measurement

- Internal audit findings:
  - Target: 76 per cent or more of internal audit findings are compliant with requirements
  - Result: 90 per cent (target met).
- Wellbeing and Engagement:
  - Target: 80 per cent or more positive feedback from wellbeing initiatives and workshops
  - Result: 88 per cent (target met).
- Risk Management:
  - Target: 90 per cent of early intervention assessments on injury reports within 24 hours of injury being advised to WHS team
  - Result: 90 per cent (target met).
- Risk Management:
  - Target: 90 per cent of contact to managers by the WHS team is made within three days (to assist with incident investigations)
  - Result: 92 per cent (target met).
- Audit and Verification System (AVS) Audit:
  - Following the AVS conducted in September 2014, the majority of recommendations have been addressed.
  - The remaining open recommendations are shared duty holder building facilities related and are being addressed through whole of government arrangements with the Department of Planning, Transport and Infrastructure.

### Work Health and Safety (WHS) Performance, (Building Safety Excellence Targets)

Total new workplace injury claims	2
Significant injuries – where lost time exceeds one working week (expressed as frequency rate per 1000 FTE)	1.61
Significant musculoskeletal injuries – where lost time exceeds one working week (expressed as frequency rate per 1000 FTE)	1.61
Significant psychological injuries – where lost time exceeds one working week (expressed as frequency rate per 1000 FTE)	0

Note: The BSE targets above are based on information manually entered into the Self Insurance Management System.

As the Department of Treasury and Finance claim numbers are very low one claim or one missed target can significantly affect the performance targets for the department. There was one significant musculoskeletal injury for the department during the financial year which incurred eight days lost time.

## Work Health and Safety (WHS) Prosecutions, Notices and Corrective Action Taken

Number of notifiable incidents pursuant to the <i>Work Health and Safety Act 2012</i> (WHS Act) Part 3	0
Number of notices served pursuant to WHS Act Section 90, Section 191 and Section 195 (Provisional improvement, improvement and prohibition notices)	0
Number of prosecutions pursuant to WHS Act Part 2 Division 5	0
Number of enforceable undertakings pursuant to WHS Act Part 11	0

## Agency Gross <sup>(a)</sup> Workers Compensation Expenditure for 2015–16 compared with 2014–15 <sup>(b)</sup>

Expenditure	2015–16 (\$)	2014–15 (\$)	Variation \$ + (-)	% change + (-)
Hospital	—	8 154	-8 154	-100%
Income maintenance	24 073	36 838	-12 765	-35%
Legal Expenses	15 999	13 123	+2 876	+22%
Redemption	101 000	130 000	-29 000	-22%
Lump Sum	—	—	—	—
Medical	19 190	29 948	-10 758	-36%
Rehabilitation/Return to work	—	—	—	—
Investigations	—	—	—	—
Other	5 800	11 038	-5 238	-47%
<b>Total</b>	<b>166 062</b>	<b>229 101</b>	<b>-63 039</b>	<b>-28%</b>

(a) Before 3<sup>rd</sup> party recovery.

(b) Information available from the Self Insurance Management System.

There was a 28% decrease in the overall cost of claims for the 2015–16 financial year.

The Department of Treasury and Finance does not have any workers in the seriously injured category.

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# Mandatory reporting

## Disability access and inclusion plan

The Department of Treasury and Finance (DTF) is harmonising a Disability Access and Inclusion Plan (DAIP) with the Department of the Premier and Cabinet, from whom it receives human resource services under a Service Level Agreement. The harmonised DAIP will promote a more collaborative approach for all initiatives and services for clients and employees with a disability, and will maximise efforts to achieve best practice approaches across DTF.

DTF's Achievements for 2015–16 includes:

- Refurbishing Level 1 in the State Administration Centre to develop a collaboration and community space, providing open, accessible and flexible meeting spaces, along with accessible kitchen amenities for enhanced inclusion of employees with disability.
- The launch by the Executive Leadership Group of a strategy committing to increasing access to flexible work arrangements for all employees to provide more flexibility for existing employees with a disability as well as attract more new employees with a disability.
- Commencing work on the design and planning of a mobility program which will be piloted and implemented in the 2016–17 financial year and is anticipated to create more work flexibility for employees with a disability.
- A review of DTF's recruitment process, systems and resources to improve accessibility and attract more applicants with a disability, with the outcomes of that review being implemented in the 2016–17 financial year.
- The procurement of new online training course software featuring additional accessibility functions for use with the OurDevelopment learning platform.

## *Whistleblowers Protection Act 1993*

The Department of Treasury and Finance has appointed responsible officers for the purposes of the *Whistleblowers Protection Act 1993* (WPA) pursuant to section 7 of the *Public Sector Act 2009*.

There have been no 'public interest disclosures' to a responsible officer of the agency under the WPA during 2015–16.

### Whistleblowers policy and procedure

This policy and procedure was last updated in January 2015 to reflect the requirements of Commissioner for Public Employment Standard 4 and Australian Standard *AS 8004–2003 Whistleblower Protection Programs for Entities*.

The purpose of this policy and procedure is to formalise and communicate the process for disclosure of maladministration and waste in the public sector, corrupt or illegal conduct generally and to make potential informants feel comfortable and protected should they have a matter to raise.

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# Public Complaints

The Department of Treasury and Finance has two branches, RevenueSA and Super SA, which provide direct customer service functions and handle complaints via their individual policies and processes. These branches are committed to delivering a high level of service, and operate a complaint handling process for any dissatisfied customers.

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## RevenueSA

RevenueSA has the following policies and procedures in place to ensure the appropriate handling of complaints:

- Complaints Management Policy – published on the RevenueSA website
- Complaints Procedure – Internal document
- Complaints Register Guideline – Internal document.

Generally, complaints are received via email (through the suggestions inbox) or as a result of the annual taxpayer survey and are recorded on a complaints register maintained by RevenueSA.

During the reporting period RevenueSA received a total of seven complaints which are detailed below.

RevenueSA also received two compliments commending the service provided.

### Types of complaints

Customer service provided by RevenueSA	2
Unfair taxation laws (e.g. imposition of taxes)	1
Suggestion for increase in online payments and issuing Notices of Assessment by email	2
Request for extension to pay	1
Notice incorrectly addressed	1
<b>Total</b>	<b>7</b>

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## Super SA

Super SA has a complaint handling process that reflects the Complaints Process Policies of the Super SA Board and the Southern Select Super Corporation Board.

Details of the process are accessible via a fact sheet on the Super SA website.

Complaints are recorded via a complaint handling form and submitted directly to Super SA.

In the 2015–16 financial year Super SA received 111 complaints, which are detailed below.

### Types of complaints

Entitlements, Policy and Fees	52
Process	37
Member Communications	14
Investment	3
External Service Provider	5
<b>Total</b>	<b>111</b>



# Other reporting

## Overseas travel

Destination	Number of employees	Reason for travel	Travel costs \$
New Zealand	2	To attend Chief Finance Officer conference for Central Australian Borrowing Authorities	3 662
United States	2	To attend Transformational Leadership program	5 830
Turkey	1	To attend the commemoration of the 100 <sup>th</sup> anniversary of the Battle of Lone Pine	6 592
Switzerland	1	Attend 2015 GY20 summit as a representative of the South Australian Government	11 166
Singapore, United Kingdom	1	Renewing the state's catastrophe reinsurance program	14 583
United States, Canada	1	To attend senior managers in government course in the United States and to conduct fact finding discussions with organisations in Canada on land services	17 980
Hong Kong, Japan, Singapore and Malaysia	1	To meet with SAFA investors	23 114
<b>Total</b>	<b>9</b>		<b>82 927</b>

# Financial performance

## Financial overview

The department's revised operating budget provided for a net operating surplus of \$6.194 million. The department recorded an actual net operating surplus of \$15.473 million for 2015–16. The favourable variance of \$9.279 million is primarily due to delays in several projects resulting in under expenditure for which the department has applied for carryovers into 2016–17 and the budgeted revenue for the department including a net loss on the disposal of assets of -\$9.5 million which did not occur in 2015–16. The net loss on disposal of assets related to the Anzac Centenary Memorial Walk which was budgeted to transfer to the Adelaide City Council for nil consideration but has been delayed until the warranty/defect period ends in 2016–17.

### Summary income statement

	Budget 2015–16 \$000	Actual Result 2015–16 \$000	Variance \$000
Expenses	113 250	110 933	2 317
Revenues	42 550	49 982	7 432
<b>Net cost of providing services</b>	<b>70 700</b>	<b>60 951</b>	<b>9 749</b>
Revenues from SA Government	76 894	76 424	-470
Payments to SA Government	—	—	—
<b>Net result</b>	<b>6 194</b>	<b>15 473</b>	<b>9 279</b>

### Departmental programs

	Expenses \$000	Income \$000	Revenues from/ payment to SA Government \$000	Net result \$000
Gambling Policy	759	286	—	-473
Accountability for Public Sector Resources	13 060	302	—	-12 758
Treasury Services	6 699	5 657	—	-1 042
Financial Services Provision	88 328	37 716	—	-50 612
Veterans' Affairs	2 087	6 021	—	3 934
<b>Program totals</b>	<b>110 933</b>	<b>49 982</b>	<b>—</b>	<b>-60 951</b>
Appropriation	—	—	76 424	76 424
<b>Total</b>	<b>110 933</b>	<b>49 982</b>	<b>76 424</b>	<b>15 473</b>

## Trends

The following table shows the trends in key performance measures of the department over the last three years.

### Key performance measures

	2015–16	2014–15	2013–14
Net cost of providing services	\$60 951 000	\$56 572 000	\$66 774 000
Revenues from government as a percentage of total source of funding	60.5%	58.2%	59.6%
Average employee cost	\$88 000	\$83 000	\$92 000
Operating expenses per employee	\$165 000	\$158 000	\$158 000
Consultants as percentage of operating expenses	2.5%	2.2%	1.5%
Cash balance	\$10 331 000	\$9 683 000	\$13 723 000
Net assets	\$28 937 000	\$13 464 000	\$13 656 000
Increase/-decrease in net assets	\$15 473 000	-\$192 000	-\$5 524 000
Current assets/current liabilities	141%	113%	128%
Creditors paid within 30 days	97%	98.5%	98.3%

The net cost of providing services increased from the previous year due to an overall increase in departmental expenses which was partially offset by an increase in departmental income. The increase in expenses was primarily in relation to employee benefits expenses due to the return of ICT Services employees from the Department of the Premier and Cabinet in conjunction with additional employee expenditure for the Compulsory Third Party Insurance Market Reform project. Departmental income increased due to a once off contribution from the Commonwealth Government towards the cost of constructing the Anzac Centenary Memorial Walk.

Net assets for the department increased by \$15.473 million which was primarily due to the construction of the Anzac Centenary Memorial Walk (\$9.5 million) and the capitalisation of expenditure in relation to the RevenueSA Information Online system.

Current assets to current liabilities increased by 28 per cent between 2014–15 and 2015–16. The main reason for this was an increase in accrued revenue which was primarily due to a revenue recovery from the State Superannuation Board.

## Use of consultants

Consultant	Purpose of consultancy	Number	Total \$
<b>Value below \$10 000</b>			
Various			
<b>Subtotal</b>		<b>15</b>	<b>71 035</b>
<b>Value above \$10 000</b>			
Taylor Fry	Projection of outstanding claims liabilities and cashflows for the SA Crown		
AON	Environmental liability insurance review		
KPMG	SAFA Advisory Board strategy day		
Jones Lang Lasalle Australia	Sales agent former Marleston and O'Halloran TAFE sites		
Brett & Watson Pty Ltd	Actuarial services (Super SA)		
Price Waterhouse Coopers	GST review		
University of Canberra College	Conveyancing Duty – Tax Reform project		
KPMG Superannuation	Advisory services – deliverable 1		
KPMG Superannuation	ICT solution project		
Ernst & Young	Superannuation taxation services and advice		
KPMG	Professional services		
Jones Lang Lasalle Australia	Marketing – sale of the MAC Direct Property portfolio		
Finity Consulting	Actuarial services (SAFA)		
Investec Australia Ltd	Transaction advisor – Commercial Projects Group		
Price Waterhouse Coopers	Lead commercial advisor, CIMR project		
<b>Subtotal</b>		<b>15</b>	<b>2 760 543</b>
<b>Total</b>		<b>30</b>	<b>2 831 578</b>

Note: Payments to consultants include amounts paid and payable at 30 June 2016.

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# Fraud, corruption and maladministration control

The Department of Treasury and Finance is not aware of any actual, suspected or alleged fraudulent activity affecting the department in 2015–16.

## **Fraud, Corruption and other Criminal Conduct, Maladministration and Misconduct Control Framework**

The department's Fraud, Corruption and other Criminal Conduct, Maladministration and Misconduct Control Framework includes the:

- Fraud and Corruption and other Criminal Conduct, Maladministration and Misconduct Control Prevention Policy
- Fraud and Corruption and other Criminal Conduct, Maladministration and Misconduct Control Reporting Procedure
- Whistleblowers Policy
- Whistleblowers Procedure.

## **Fraud and corruption prevention policy and reporting procedure**

This policy and procedure was last updated in October 2014 and reflects the requirements of the Australian Standard *AS 8001:2008 Fraud and Corruption Control (AS 8001:2008)* and requirements under the *Independent Commissioner Against Corruption Act 2012*.

Its purpose is to formalise and communicate the processes for preventing, detecting and responding to fraud, corruption and maladministration within the department.

## **Fraud Risk Assessment**

The department conducts a detailed Fraud Risk Assessment every three years.

McGrathNicol was engaged in May 2013 to undertake a Fraud Risk Assessment. The findings from the assessment form the basis of the department's fraud and corruption control plan for the next three years.

The results from the Fraud Risk Assessment were very positive, revealing the department takes the risk of fraud seriously and generally has a robust control environment to assist in the prevention and detection of fraud.

## **Internal Audit and Risk Management**

Risk and Audit Services has an annual risk-based internal audit program that focuses on key business processes and risk areas of the department.

The department's Risk Management Policy prescribes how risks will be identified, prevented, managed, monitored and treated. The department has incorporated risk management into strategic and business planning processes. Through this process, branches consider all risks within their area of operations which includes the risk of fraud. Branch risks are documented in Branch Risk Registers. All high and extreme risks that have a whole of department impact are reported at least annually to the Audit and Risk Committee and to the Chief Executive.

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# Financial statements

For the year ended 30 June 2016.

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## Certification of the financial statements

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We certify that the:

- financial statements for the Department of Treasury and Finance:
  - are in accordance with the accounts and records of the Department; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the Department at the end of the financial year and the result of its 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 statement have been effective throughout the financial year.



David Reynolds  
CHIEF EXECUTIVE  
UNDER TREASURER  
16 /09/2016



Paul Williams  
DIRECTOR  
FINANCIAL SERVICES  
16/09/2016

**Statement of Comprehensive Income**  
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Expenses</b>			
Employee benefits expenses	5	63 905	55 710
Supplies and services	6	44 082	42 049
Depreciation and amortisation expense	7	2 946	1 321
<b>Total expenses</b>		<b>110 933</b>	<b>99 080</b>
<b>Income</b>			
Revenues from fees and charges	9	41 606	40 251
Other income	10	8 376	2 257
<b>Total income</b>		<b>49 982</b>	<b>42 508</b>
<b>Net cost of providing services</b>		<b>(60 951)</b>	<b>(56 572)</b>
<b>Revenues from / payments to SA Government</b>			
Revenues from SA Government	11	76 424	59 117
Payments to SA Government	11	-	(2 737)
<b>Total revenues from SA Government</b>		<b>76 424</b>	<b>56 380</b>
<b>Net result</b>		<b>15 473</b>	<b>(192)</b>
<b>Total comprehensive result</b>		<b>15 473</b>	<b>(192)</b>

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

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



# Statement of Financial Position

as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	12	10 331	9 683
Receivables	13	8 176	5 128
<b>Total current assets</b>		<b>18 507</b>	<b>14 811</b>
<b>Non-current assets</b>			
Receivables	13	7	25
Property, plant and equipment	14	12 225	1 462
Intangible assets	15	29 185	24 967
<b>Total non-current assets</b>		<b>41 417</b>	<b>26 454</b>
<b>Total assets</b>		<b>59 924</b>	<b>41 265</b>
<b>Current liabilities</b>			
Payables	17	5 770	6 643
Employee benefits	18	7 198	6 234
Provisions	19	191	174
<b>Total current liabilities</b>		<b>13 159</b>	<b>13 051</b>
<b>Non-current liabilities</b>			
Payables	17	1 474	1 170
Employee benefits	18	15 967	13 068
Provisions	19	387	512
<b>Total non-current liabilities</b>		<b>17 828</b>	<b>14 750</b>
<b>Total liabilities</b>		<b>30 987</b>	<b>27 801</b>
<b>Net assets</b>		<b>28 937</b>	<b>13 464</b>
<b>Equity</b>			
Contributed capital		547	547
Retained earnings		28 390	12 917
<b>Total equity</b>	20	<b>28 937</b>	<b>13 464</b>

The total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	21
Contingent assets and liabilities	22

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

**Statement of Changes in Equity**  
for the year ended 30 June 2016

	Note	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 30 June 2014</b>		547	13 109	13 656
Total comprehensive result for 2014-15		-	(192)	(192)
<b>Balance at 30 June 2015</b>	20	<b>547</b>	<b>12 917</b>	<b>13 464</b>
Total comprehensive results for 2015-16		-	15 473	15 473
<b>Balance at 30 June 2016</b>	20	<b>547</b>	<b>28 390</b>	<b>28 937</b>

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

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

# Statement of Cash Flows

for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefit payments		(59 695)	(53 411)
Payments for supplies and services		(52 252)	(47 859)
Payments for Paid Parental Leave Scheme		(188)	(218)
<b>Cash used in operations</b>		<b>(112 135)</b>	<b>(101 488)</b>
<b>Cash inflows</b>			
Fees and charges		42 391	42 451
GST recovered from the Australian Taxation Office		3 355	1 459
Other receipts		7 354	2 257
Receipts for Paid Parental Leave Scheme		169	221
<b>Cash generated from operations</b>		<b>53 269</b>	<b>46 388</b>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		76 424	59 117
Payments to SA Government		-	(2 737)
<b>Cash generated from SA government</b>		<b>76 424</b>	<b>56 380</b>
<b>Net cash provided by/(used in) operating activities</b>	24(b)	<b>17 558</b>	<b>1 280</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(10 268)	(471)
Purchase of intangibles		(6 642)	(4 849)
<b>Cash used in investing activities</b>		<b>(16 910)</b>	<b>(5 320)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(16 910)</b>	<b>(5 320)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>648</b>	<b>(4 040)</b>
Cash and cash equivalents at the beginning of the period		9 683	13 723
<b>Cash and cash equivalents at the end of the period</b>	24(a)	<b>10 331</b>	<b>9 683</b>

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

**Disaggregated Disclosures  
Expenses and Income**  
*for the year ended 30 June 2016*

	Gambling Policy		Accountability for Public Sector Resources		Treasury Services		Financial Services Provision		Veterans' Affairs	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>										
Employee benefits expenses	603	342	8 949	12 364	4 441	5 056	48 845	35 250	1 067	491
Supplies and services	153	203	3 992	6 047	2 258	1 564	36 669	32 361	1 010	693
Depreciation and amortisation expense	3	4	119	98	-	10	2 814	1 182	10	7
<b>Total expenses</b>	<b>759</b>	<b>549</b>	<b>13 060</b>	<b>18 509</b>	<b>6 699</b>	<b>6 630</b>	<b>88 328</b>	<b>68 793</b>	<b>2 087</b>	<b>1 191</b>
<b>Income</b>										
Revenues from fees and charges	285	25	244	733	5 657	5 729	35 400	33 636	20	37
Other income	1	1	58	1 957	-	-	2 316	240	6 001	27
<b>Total income</b>	<b>286</b>	<b>26</b>	<b>302</b>	<b>2 690</b>	<b>5 657</b>	<b>5 729</b>	<b>37 716</b>	<b>33 876</b>	<b>6 021</b>	<b>64</b>
<b>Net cost of providing services</b>	<b>( 473)</b>	<b>( 523)</b>	<b>(12 758)</b>	<b>(15 819)</b>	<b>(1 042)</b>	<b>( 901)</b>	<b>(50 612)</b>	<b>(34 917)</b>	<b>3 934</b>	<b>(1 127)</b>
<b>Revenues from / payments to SA Government</b>										
Revenues from SA Government	-	-	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-	-	-
<b>Net result</b>	<b>( 473)</b>	<b>( 523)</b>	<b>(12 758)</b>	<b>(15 819)</b>	<b>(1 042)</b>	<b>( 901)</b>	<b>(50 612)</b>	<b>(34 917)</b>	<b>3 934</b>	<b>(1 127)</b>

**Disaggregated Disclosures  
Expenses and Income**  
*for the year ended 30 June 2016*

	Support Services*		Motor Injury Insurance (CTP) Reform*		General / Not Attributable		Activity Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>								
Employee benefits expenses	-	2 215	-	(8)	-	-	63 905	55 710
Supplies and services	-	1 130	-	51	-	-	44 082	42 049
Depreciation and amortisation expense	-	20	-	-	-	-	2 946	1 321
<b>Total expenses</b>	-	<b>3 365</b>	-	<b>43</b>	-	-	<b>110 933</b>	<b>99 080</b>
<b>Income</b>								
Revenues from fees and charges	-	91	-	-	-	-	41 606	40 251
Other income	-	21	-	11	-	-	8 376	2 257
<b>Total income</b>	-	<b>112</b>	-	<b>11</b>	-	-	<b>49 982</b>	<b>42 508</b>
<b>Net cost of providing services</b>	-	<b>(3 253)</b>	-	<b>(32)</b>	-	-	<b>(60 951)</b>	<b>(56 572)</b>
<b>Revenues from / payments to SA Government</b>								
Revenues from SA Government	-	-	-	-	76 424	59 117	76 424	59 117
Payments to SA Government	-	-	-	-	-	(2 737)	-	(2 737)
<b>Net result</b>	-	<b>(3 253)</b>	-	<b>(32)</b>	<b>76 424</b>	<b>56 380</b>	<b>15 473</b>	<b>(192)</b>

\* These activities have been included for the purposes of reporting comparative figures. Ministerial fleet within the activity Support Services transitioned to DPC in 2013-14 and other components of the activity have been included in General/Not Attributable in 2015-16. The activity Motor Injury Insurance (CTP) Reform ceased at the end of 2014-15.

**Disaggregated Disclosures  
Assets and Liabilities  
as at 30 June 2016**

	Gambling Policy		Accountability for Public Sector Resources		Treasury Services		Financial Services Provision		Veterans' Affairs	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	10	56	3	4	5 230	831	971	-
Property, plant and equipment	-	-	7	74	-	-	422	228	9 971	-
Intangible assets	-	-	-	488	-	-	28 982	24 340	73	38
<b>Total assets</b>	-	-	17	618	3	4	34 634	25 399	11 015	38
<b>Liabilities</b>										
Payables	25	13	475	1 075	523	440	4 491	1 210	798	29
Employee benefits	219	118	3 244	4 284	1 610	1 752	17 706	12 213	387	169
Provisions	2	3	52	99	30	26	481	528	13	11
<b>Total liabilities</b>	246	134	3 771	5 458	2 163	2 218	22 678	13 951	1 198	209
<b>Net assets</b>	( 246)	( 134)	(3 754)	(4 840)	(2 160)	(2 214)	11 956	11 448	9 817	( 171)

**Disaggregated Disclosures  
Assets and Liabilities  
as at 30 June 2016**

	Support Services*		Motor Injury Insurance (CTP) Reform*		General / Not Attributable		Activity Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Assets</b>								
Cash and cash equivalents	-	-	-	-	10 331	9 683	10 331	9 683
Receivables	-	5	-	-	1 969	4 257	8 183	5 153
Property, plant and equipment	-	39	-	-	1 825	1 121	12 225	1 462
Intangible assets	-	-	-	-	130	101	29 185	24 967
<b>Total assets</b>	-	<b>44</b>	-	-	<b>14 255</b>	<b>15 162</b>	<b>59 924</b>	<b>41 265</b>
<b>Liabilities</b>								
Payables	-	1 313	-	-	932	3 733	7 244	7 813
Employee benefits	-	769	-	(3)	(1)	-	23 165	19 302
Provisions	-	18	-	1	-	-	578	686
<b>Total liabilities</b>	-	<b>2 100</b>	-	<b>(2)</b>	<b>931</b>	<b>3 733</b>	<b>30 987</b>	<b>27 801</b>
<b>Net assets</b>	-	<b>(2 056)</b>	-	<b>2</b>	<b>13 324</b>	<b>11 429</b>	<b>28 937</b>	<b>13 464</b>

\* These activities have been included for the purposes of reporting comparative figures. Ministerial fleet within the activity Support Services transitioned to DPC in 2013-14 and other components of the activity have been included in General/Not Attributable in 2015-16. The activity Motor Injury Insurance (CTP) Reform ceased at the end of 2014-15.

## Notes to and forming part of the financial statements

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### 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 2016 (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;



## Notes to and forming part of the financial statements

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### 2.2 Basis of preparation (continued)

- 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 2016 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 Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4).

Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information.

These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructure/machinery of government changes. The budget process is not subject to audit.

### 2.5 Comparative information

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

## Notes to and forming part of the financial statements

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### 2.6 Rounding

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

### 2.7 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, 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.

### 2.8 Events after the end of the reposting 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.

### 2.9 Income

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

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

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

## Notes to and forming part of the financial statements

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### 2.9 Income (continued)

#### *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. Eligible employers with a taxable Australian payroll of less than or equal to \$1.2 million are entitled to the small business payroll tax rebate from 2013-14 to 2019-20.

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*.

## Notes to and forming part of the financial statements

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### 2.9 Income (continued)

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 38 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 44 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.

### 2.10 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.

## Notes to and forming part of the financial statements

### 2.10 Expenses (continued)

#### *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:

<b>Class of Asset</b>	<b>Useful Life (yr)</b>
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.

#### *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.

## Notes to and forming part of the financial statements

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### 2.10 Expenses (continued)

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.

### 2.11 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.

### 2.12 Assets

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

#### *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).

## Notes to and forming part of the financial statements

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### 2.12 Assets (continued)

#### *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.

The Department re-values its land and buildings over \$1 million every 6 years via an independent Certified Practising Valuer. The next independent revaluation is due in June 2019. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any 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 de-recognition, 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.

## Notes to and forming part of the financial statements

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### 2.12 Assets (continued)

#### *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. 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 16 and note 51 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.



## Notes to and forming part of the financial statements

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### 2.13 Liabilities

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

#### *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.

## Notes to and forming part of the financial statements

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### 2.13 Liabilities (continued)

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. 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 2016 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment for workers' compensation claims.

### 2.14 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.

**Notes to and forming part of the financial statements**

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**3 New and revised accounting standards and policies**

The Department did not change any of its accounting policies during 2015-16.

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 2016. 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.

## Notes to and forming part of the financial statements

### 4 Activities of the Department

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

*Activity 1 Gambling Policy*

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

*Activity 2 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 3 Treasury Services*

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

*Activity 4 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 5 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 2016 and 30 June 2015.

### 5 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	43 889	38 442
TVSPs (refer below)	256	-
Long service leave	4 067	3 285
Annual leave	4 619	3 682
Skills and experience retention leave	337	226
Employment on-costs - superannuation	6 684	6 291
Employment on-costs - other	2 963	2 649
Board and committee fees	370	291
Other employee related expenses	720	844
<b>Total employee benefits expenses*</b>	<b>63 905</b>	<b>55 710</b>

\*The increase in employee benefits expenses is primarily due to the transfer of employees undertaking ICT services from the Department of the Premier and Cabinet to the Department in conjunction with additional employee expenditure for the Compulsory Third Party Insurance Market Reform project and the Commercial Projects Group (refer to note 26).

**Notes to and forming part of the financial statements****5 Employee benefits expenses (continued)****Targeted Voluntary Separation Packages (TVSPs)**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts paid to separated employees:		
TVSPs	256	-
Leave paid to those employees	105	-
<b>Net cost to Department of Treasury and Finance</b>	<b>361</b>	<b>-</b>

The number of employees who received a TVSP during the reporting period was **5** (NIL).

**Remuneration of employees**

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

	<b>2016</b>	<b>2015</b>
	<b>Number of employees</b>	<b>Number of employees</b>
\$141 500 to \$145 000*	-	1
\$145 001 to \$155 000	4	2
\$155 001 to \$165 000	4	4
\$165 001 to \$175 000	6	11
\$175 001 to \$185 000	3	3
\$185 001 to \$195 000	7	3
\$195 001 to \$205 000	1	2
\$205 001 to \$215 000	1	1
\$215 001 to \$225 000	-	2
\$225 001 to \$235 000	4	1
\$235 001 to \$245 000	1	1
\$245 001 to \$255 000	1	-
\$255 001 to \$265 000	1	-
\$265 001 to \$275 000	-	2
\$275 001 to \$285 000	-	1
\$285 001 to \$295 000	2	1
\$295 001 to \$305 000	1	-
\$315 001 to \$325 000	-	1
\$325 001 to \$335 000	-	2
\$335 001 to \$345 000	1	-
\$355 001 to \$365 000	1	-
\$365 001 to \$375 000	-	1
\$405 001 to \$415 000	-	1
\$415 001 to \$425 000	1	-
<b>Total number of employees</b>	<b>39</b>	<b>40</b>

\*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

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 **35** (37) are executive and **4** (3) 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 **\$8 203 000** (\$8 431 000).

## Notes to and forming part of the financial statements

### 6 Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation and telecommunication	5 741	5 046
Information technology charges	7 823	5 977
Minor works, maintenance and equipment	675	438
Legal costs	3 692	2 846
Consultants*	2 831	2 159
Contractors and temporary staff	6 561	3 124
Valuation fees	4 794	4 727
General administration and consumables	4 668	4 298
Corporate recharge expense	3 205	10 447
Other	4 092	2 987
<b>Total supplies and services</b>	<b>44 082</b>	<b>42 049</b>

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:

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	15	17	71	83
Above \$10 000	15	29	2 760	2 076
<b>Total paid/payable to consultants engaged</b>	<b>30</b>	<b>46</b>	<b>2 831</b>	<b>2 159</b>

### 7 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Furniture	4	4
Information technology equipment	373	289
Office equipment	2	10
Intangible assets	2 417	819
Building fitouts	150	199
<b>Total depreciation and amortisation expense</b>	<b>2 946</b>	<b>1 321</b>

### 8 Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of financial statements.	465	572
<b>Total audit fees</b>	<b>465</b>	<b>572</b>

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.

## Notes to and forming part of the financial statements

**9 Revenues from fees and charges**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees for the provision of corporate services	293	384
South Australian Government Financing Authority	12 822	12 238
South Australian Superannuation Board	20 266	16 694
Community Emergency Services Fund	6 342	6 187
Land tax certificates	262	264
Regulatory fees	80	160
Service provision	888	3 051
Other recoveries	653	1 273
<b>Total fees and charges</b>	<b>41 606</b>	<b>40 251</b>

**10 Other income**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Commissions	144	139
Banking recoveries	1 792	1 556
Other income*	6 440	562
<b>Total other income</b>	<b>8 376</b>	<b>2 257</b>

\* Additional other income in 2015-16 relates to a once-off contribution from the Commonwealth Government and the Adelaide City Council to fund the ANZAC Memorial Garden Walk project (refer to note 26).

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	64 792	50 412
Transfers from the Treasurer's Contingency Fund	11 632	8 705
<b>Total revenues from SA Government</b>	<b>76 424</b>	<b>59 117</b>
<b>Payments to SA Government</b>		
Return of surplus cash pursuant to Cash Alignment Policy	-	2 737
<b>Total payments to SA Government</b>	<b>-</b>	<b>2 737</b>

Contingencies included **\$0** (\$331 000) for TVSP reimbursements, **\$40 000** (\$179 000) for the enterprise bargaining supplementation, **\$10 108 000** (\$3 800 000) for the CTP Insurance Market Reform Project, **\$480 000** for Land Services Group Project, **\$0** (\$3 523 000) for the Tax Reform project, **\$1 000 000** (\$522 000) for the Market Projects Unit, **\$4 000** for Ministerial contract employees supplementation.

Total revenues from SA Government consist of **\$68 936 000** for operational funding and **\$7 488 000** for capital projects.

The original amount appropriated to the Department under the annual *Appropriation Act* was not varied. An additional amount of **\$9 070 000** was received from the Treasurer via the Governor's Appropriation Fund.

## Notes to and forming part of the financial statements

### 12 Cash and cash equivalents

	2016 \$'000	2015 \$'000
Deposits with the Treasurer	10 328	9 680
Cash on hand	3	3
<b>Total cash and cash equivalents</b>	<b>10 331</b>	<b>9 683</b>

#### Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of this fund is \$5 257 000 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 nominal amount of cash and cash equivalents represents fair value.

### 13 Receivables

	2016 \$'000	2015 \$'000
<b>Current</b>		
Receivables	748	526
Accrued revenues	5 776	2 072
Prepayments	885	1 000
Net GST receivable from the ATO	767	1 530
<b>Total current receivables</b>	<b>8 176</b>	<b>5 128</b>
<b>Non-current</b>		
Receivables	7	19
Prepayments	-	6
<b>Total non-current receivables</b>	<b>7</b>	<b>25</b>
<b>Total receivables</b>	<b>8 183</b>	<b>5 153</b>

#### Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of 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):

	2 016 \$'000	2 015 \$'000
Carrying amount at the beginning of the period	-	1
Amounts written off	-	(1)
<b>Carrying amount at the end of the period</b>	<b>-</b>	<b>-</b>



## Notes to and forming part of the financial statements

### 13 Receivables (continued)

#### Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables 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 27.3 in note 27.

**Maturity analysis of financial assets and liabilities** - refer to Table 27.4 in note 27.

**Categorisation of financial instruments and risk exposure information** - refer to note 27.

### 14 Property, plant and equipment

	2016 \$'000	2015 \$'000
<b>Building fitouts</b>		
At cost	2 613	2 145
Accumulated amortisation	(1 960)	(1 812)
<b>Total building fitouts</b>	<b>653</b>	<b>333</b>
<b>Furniture</b>		
At cost	260	260
Accumulated depreciation	( 259)	( 255)
<b>Total furniture</b>	<b>1</b>	<b>5</b>
<b>Information technology equipment</b>		
At cost	2 003	1 764
Accumulated depreciation	(1 299)	(1 021)
<b>Total information technology equipment</b>	<b>704</b>	<b>743</b>
<b>Office equipment</b>		
At cost	279	382
Accumulated depreciation	( 269)	( 370)
<b>Total office equipment</b>	<b>10</b>	<b>12</b>
<b>Work in progress</b>		
At cost	10 857	369
<b>Total work in progress*</b>	<b>10 857</b>	<b>369</b>
<b>Total property, plant and equipment</b>	<b>12 225</b>	<b>1 462</b>

\*The increase in WIP is primarily due to the construction of the ANZAC Memorial Garden Walk in 2015-16.

#### 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.

## Notes to and forming part of the financial statements

### 14 Property, plant and equipment (continued)

#### Impairment

There were no indicators of impairment for property, plant and equipment as at 30 June 2016.

#### Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2015-16:

2016	Building fitouts \$'000	Furniture \$'000	Information technology equipment \$'000	Office equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	333	5	743	12	369	1,462
Additions	100	-	-	-	11 183	11 283
Capital transfers from WIP	370	-	325	-	( 695)	-
Transfer between asset classes	-	-	9	-	-	9
Depreciation and amortisation expense	( 150)	( 4)	( 373)	( 2)	-	( 529)
<b>Carrying amount at the end of the period</b>	<b>653</b>	<b>1</b>	<b>704</b>	<b>10</b>	<b>10 857</b>	<b>12 225</b>

The following table shows the movement of property, plant and equipment during 2014-15:

2015	Building fitouts \$'000	Furniture \$'000	Information technology equipment \$'000	Office equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	412	49	353	7	654	1,475
Additions	-	-	9	15	487	511
Capital transfers from WIP	120	-	652	-	( 772)	-
Other movements	-	( 40)	-	-	-	( 40)
Transfer between asset classes	-	-	18	-	-	18
Depreciation and amortisation expense	( 199)	( 4)	( 289)	( 10)	-	( 502)
<b>Carrying amount at the end of the period</b>	<b>333</b>	<b>5</b>	<b>743</b>	<b>12</b>	<b>369</b>	<b>1 462</b>

**Notes to and forming part of the financial statements****15 Intangible assets**

	2016 \$'000	2015 \$'000
<b>Internally developed computer software</b>		
At cost	40 060	21 048
Accumulated amortisation	(14 228)	(11 811)
<b>Total Internally developed computer software</b>	<b>25 832</b>	<b>9 237</b>
<b>Externally acquired software</b>		
At cost	2 099	2 099
Accumulated amortisation	(2 099)	(2 099)
<b>Total externally acquired software</b>	<b>-</b>	<b>-</b>
<b>Work in progress</b>		
At cost	3 353	15 730
<b>Total work in progress</b>	<b>3 353</b>	<b>15 730</b>
<b>Total intangible assets</b>	<b>29 185</b>	<b>24 967</b>

**Reconciliation of Intangible assets**

The following table shows the movement of intangible assets during 2015-16:

	Internally developed software \$'000	Externally acquired software \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	9 237	-	15 730	24 967
Additions	-	-	6 644	6 644
Capital transfers from WIP	19 012	-	(19 012)	-
Transfers between asset classes	-	-	(9)	(9)
Amortisation expense	(2 417)	-	-	(2 417)
<b>Carrying amount at the end of the period</b>	<b>25 832</b>	<b>-</b>	<b>3 353</b>	<b>29 185</b>

There were no indications of impairment for intangible assets as at 30 June 2016.

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 \$'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)
<b>Carrying amount at the end of the period</b>	<b>9 237</b>	<b>-</b>	<b>15 730</b>	<b>24 967</b>

## Notes to and forming part of the financial statements

### 16 Fair value measurement

#### Fair Value Hierarchy

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

#### Fair value measurements at 30 June 2016

	Level 3	2016
	\$'000	\$'000
<b>Recurring fair value measurements</b>		
Building fitouts (Note 14)	653	653
Furniture (Note 14)	1	1
Information technology equipment (Note 14)	704	704
Office equipment (Note 14)	10	10
<b>Total recurring fair value measurements</b>	<b>1 368</b>	<b>1 368</b>

#### Fair value measurements at 30 June 2015

	Level 3	2015
	\$'000	\$'000
<b>Recurring fair value measurements</b>		
Building fitouts (Note 14)	333	333
Furniture (Note 14)	5	5
Information technology equipment (Note 14)	743	743
Office equipment (Note 14)	12	12
<b>Total recurring fair value measurements</b>	<b>1 093</b>	<b>1 093</b>

There were no transfers of assets into or out of the level 3 hierarchy in 2016. 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 2016.

## Notes to and forming part of the financial statements

### 16 Fair value measurement (continued)

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2016

	Office equipment	Building fitouts	Furniture	Information technology equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	12	333	5	743
Additions	-	470	-	325
Transfers between asset classes	-	-	-	9
<b>Subtotal</b>	<b>12</b>	<b>803</b>	<b>5</b>	<b>1 077</b>
<b>Gains/(losses) for the period recognised in net result:</b>				
Depreciation	( 2)	( 150)	( 4)	( 373)
<b>Carrying amount at the end of the period</b>	<b>10</b>	<b>653</b>	<b>1</b>	<b>704</b>

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2015

	Office equipment	Building fitouts	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
<b>Subtotal</b>	<b>22</b>	<b>532</b>	<b>49</b>	<b>1 032</b>
<b>Gains/(losses) for the period recognised in net result:</b>				
Prior period adjustments	-	-	( 40)	-
Depreciation	( 10)	( 199)	( 4)	( 289)
<b>Carrying amount at the end of the period</b>	<b>12</b>	<b>333</b>	<b>5</b>	<b>743</b>

### 17 Payables

	2016	2015
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	4 744	5 758
Employment on-costs	1 021	861
Paid Parental Leave Scheme payable	5	24
<b>Total current payables</b>	<b>5 770</b>	<b>6 643</b>
<b>Non-current</b>		
Employment on-costs	1 474	1 170
<b>Total non-current payables</b>	<b>1 474</b>	<b>1 170</b>
<b>Total payables</b>	<b>7 244</b>	<b>7 813</b>

## Notes to and forming part of the financial statements

### 17 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 changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.3%) to 10.2%.

These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$45 000 and employee benefits expense of \$45 000.

#### 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 are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

**Maturity analysis of financial assets and liabilities** - refer to table 27.4 in note 27.

**Categorisation of financial instruments and risk exposure information** - refer to note 27.

### 18 Employee benefits

	2016 \$'000	2015 \$'000
<b>Current</b>		
Accrued salaries and wages	791	313
Annual leave	4 356	3 858
Long service leave	1 655	1 787
Skills and experience retention leave	396	276
<b>Total current employee benefits</b>	<b>7 198</b>	<b>6 234</b>
<b>Non-current</b>		
Long service leave	15 967	13 068
<b>Total non-current employee benefits</b>	<b>15 967</b>	<b>13 068</b>
<b>Total employee benefits</b>	<b>23 165</b>	<b>19 302</b>

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 2015 (3%) to 2016 2%.

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 \$1 147 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

## Notes to and forming part of the financial statements

### 19 Provisions

	2016 \$'000	2015 \$'000
<b>Current</b>		
Provision for workers' compensation	191	174
<b>Total current provisions</b>	<b>191</b>	<b>174</b>
<b>Non-current</b>		
Provision for workers' compensation	387	512
<b>Total non-current provisions</b>	<b>387</b>	<b>512</b>
<b>Total provisions</b>	<b>578</b>	<b>686</b>

#### Reconciliation of provisions

<b>Carrying amount at the beginning of the period</b>	686	912
Payments/other sacrifices of future economic benefits	( 213)	( 225)
Additional provisions recognised	105	( 1)
<b>Carrying amount at the end of the period</b>	<b>578</b>	<b>686</b>

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

### 20 Equity

	2016 \$'000	2015 \$'000
Capital contribution	547	547
Retained earnings	28 390	12 917
<b>Total equity</b>	<b>28 937</b>	<b>13 464</b>

### 21 Unrecognised contractual commitments

#### a) 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 original terms ranging up to 6 years with some having right of renewal. Rental is payable in arrears.

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

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

	2016 \$'000	2015 \$'000
Not later than one year	769	1 317
Later than one year but not later than five years	79	518
Later than five years	-	-
<b>Total Non-Cancellable Operating Lease Commitments</b>	<b>848</b>	<b>1 835</b>

## Notes to and forming part of the financial statements

### 21 Unrecognised contractual commitments (continued)

#### b) Other Commitments

The Department's other commitments are primarily agreements for software licenses and software development.

	2016	2015
	\$'000	\$'000
Not later than one year	11 791	3 325
Later than one year and not later than five years	4 167	489
<b>Total Other Commitments</b>	<b>15 958</b>	<b>3 814</b>

### 22 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.

### 23 Remuneration of board and committee members

#### SAFA Advisory Board

Mr David Reynolds (Presiding Member) -  
(Appointed 01/12/15)\*  
Ms Kathryn Presser (Appointed 16/07/15)  
Ms Joan Fitzpatrick  
Mr Paul Holloway (Appointed 16/07/15)  
Ms Juliet Brown  
Mr Mark Day (Appointed 16/07/15)  
Mr Jamie Hollamby\*  
Ms Nicolle Rantanen (Deputy Member)  
(Appointed 21/04/16)\*  
Ms Kerry Rowlands (Deputy Member)\*  
Mr Brett Rowse (Resigned 30/11/15)\*  
Mr Garry Goddard (Deputy Member) -  
(Term ended 30/11/15)\*

#### SAFA Audit and Risk Management Committee

Ms Juliet Brown (Chair)  
Mr Mark Day  
Mr Jamie Hollamby\*  
Ms Joan Fitzpatrick

#### Super SA Board

Mr Philip Jackson (Presiding Member)  
Ms Virginia Deegan  
Mr Donald Edward Farrell (Appointed 23/07/15) -  
(Resigned 27/05/16)  
Dr Bill Griggs\*  
Ms Jan McMahon  
Ms Deborah Black (Term ended 11/7/15)  
Mr John Wright (Deputy Member)  
(Term ended 27/5/16)\*  
Ms Leah York (Deputy Member)  
Ms Elizabeth Hlipala (Deputy Member)\*  
Mr Aaron Chia (Deputy Member)\*

#### Super SA Member Services Committee

Ms Jan McMahon (Convenor of Meetings)  
Ms Leah York  
Dr Bill Griggs\*  
Mr John Montague\*

#### Super SA Audit, Risk and Finance Committee

Ms Virginia Deegan (Convenor of Meetings)  
Mr Philip Jackson (Presiding Member)  
Mr John Wright

#### Veterans' Advisory Council

AVM B Espeland AM (Retd) (Chair) (Appointed 01/06/16)  
Hon Sir Eric Neal AC CVO (Resigned 30/04/16)  
BRIG L Lewis AM (Retd)^  
BRIG TJ Hanna AM  
Dr P D Schultz OAM  
LTCOL I R Gregg  
LTCOL J Spencer OAM RFD (Retd) (Resigned 31/12/15)  
Mr B L Horan  
COL C M Burns CSC  
Mr L Eddy  
Mr M von Berg MC OAM  
Ms H K Adamson  
WGCDR R A Macintosh AFC OAM (Retd)  
LTCOL J Wilson (Retd) (Appointed 01/01/16)  
Mr D J Everitt (Appointed 01/01/16)  
Mr R J Kemp (Appointed 01/01/16)  
Dr S L Mascal-Dare (Appointed 01/01/16)  
Ms C Graham (Appointed 01/01/16)  
LTCOL D McCammon (Appointed 01/01/16)^

#### DTF Audit and Risk Committee

Ms Nicolle Rantanen (Chair) (Appointed 21/6/16)\*  
Mr Andrew Blaskett (Resigned as Chair 21/6/16)\*  
Ms Tammie Pribanic\*  
Ms Kate Dooley\*  
Mr John Hill - Independent Member  
Mr Anthony Steele (Resigned 21/6/16)\*  
Mr David Posaner (Resigned 21/6/16)\*

#### CTP Insurance Market Reform Project Steering Committee

Mr Garry Goddard (Chair)\*  
Mr Paul Gelston (Appointed 29/3/16)\*  
Mr Chris Gray\*  
Mr Greg McCarthy\*  
Ms Julie Holmes (Resigned 1/3/16)\*  
Ms Linda Hart (Resigned 1/3/16)\*  
Mr Ian Davies (Resigned 15/03/16)



## Notes to and forming part of the financial statements

### 23 Remuneration of board and committee members (continued)

\* 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 D McCammon were entitled to but elected not to receive remuneration for membership of the Veteran's Advisory Council.

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

	2016 Number	2015 Number
\$0 - \$9 999	19	20
\$10 000 - \$19 999	1	-
\$20 000 - \$29 999	2	4
\$30 000 - \$39 999	4	4
\$40 000 - \$49 999	4	1
<b>Total number of members</b>	<b>30</b>	<b>29</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$ 407 000 (\$322 000).

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.

### 24 Cash flow reconciliation

	2016 \$'000	2015 \$'000
<b>(a) Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Statement of Cash Flows	10 331	9 683
Statement of Financial Position	<b>10 331</b>	<b>9 683</b>
<b>(b) Reconciliation of net cash provided by (used in) operating activities to net cost of providing services</b>		
Net cash provided by operating activities	17 558	1 280
Less revenues from SA Government	(76 424)	(59 117)
Add payments to SA Government	-	2 737
<b>Add non cash items</b>		
Depreciation and amortisation	(2 946)	(1 321)
<b>Movements in assets / liabilities</b>		
Increase/(decrease) in receivables	3 030	1 106
(Increase)/decrease in payables	1 586	791
(Increase)/decrease in employee benefits	(3 863)	(2 414)
(Increase)/decrease in provisions	108	226
(Increase)/decrease in other liabilities	-	140
<b>Net cost of providing services</b>	<b>(60 951)</b>	<b>(56 572)</b>

**Notes to and forming part of the financial statements****25 Transactions with SA Government**

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

		SA Government		Non-SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>							
Employee benefits expenses	5	3 263	3 016	60 642	52 694	63 905	55 710
Supplies and services	6						
Accommodation and telecommunication		5 612	4 959	129	86	5 741	5 045
Information technology charges		1 108	290	6 715	5 687	7 823	5 977
Minor works maintenance and equipment		436	262	239	176	675	438
Legal costs		1 777	1 694	1 915	1 152	3 692	2 846
Consultants		-	-	2 831	2 159	2 831	2 159
Contractors and temporary staff		-	-	6 561	3 124	6 561	3 124
Valuation fees		4 794	4 727	-	-	4 794	4 727
General administration and consumables		1 548	835	3 120	2 891	4 668	3 726
Corporate recharge expense		3 205	10 447	-	-	3 205	10 447
Other supplies and services		1 663	1 366	1 964	1 621	3 627	2 987
Depreciation and amortisation expense	7	-	-	2 946	1 321	2 946	1 321
Auditor's remuneration	8	465	572	-	-	465	572
Payments to SA Government	11	-	2 737	-	-	-	2 737
<b>Total expenses</b>		<b>23 871</b>	<b>30 905</b>	<b>87 062</b>	<b>70 911</b>	<b>110 933</b>	<b>101 817</b>
<b>Income</b>							
Revenues from fees and charges	9						
Fees for the provision of corporate services		293	384	-	-	293	384
South Australian Government Financing Authority		12 822	12 238	-	-	12 822	12 238
South Australian Superannuation Board		20 266	16 694	-	-	20 266	16 694
Community Emergency Services Fund		6 342	6 187	-	-	6 342	6 187
Land tax certificates		-	-	262	264	262	264
Regulatory fees		-	-	80	160	80	160
Service provision		888	3 051	-	-	888	3 051
Other recoveries		124	177	529	1 097	653	1 274
Other income	10						
Commissions		-	-	144	139	144	139
Banking recoveries		-	-	1 792	1 556	1 792	1 556
Other income		321	521	6 119	41	6 440	562
Revenues from SA Government	11	76 424	59 117	-	-	76 424	59 117
<b>Total income</b>		<b>117 480</b>	<b>98 369</b>	<b>8 926</b>	<b>3 257</b>	<b>126 406</b>	<b>101 626</b>

## Notes to and forming part of the financial statements

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

		SA Government		Non-SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial assets</b>							
Cash and cash equivalents	12	10 331	9 683	-	-	10 331	9 683
Receivables	13						
Receivables		693	122	62	423	755	545
Accrued revenues		4 816	2 055	960	17	5 776	2 072
Prepayments		-	-	885	1 006	885	1 006
Net GST receivable from the ATO		-	-	767	1 530	767	1 530
<b>Total financial assets</b>		<b>15 840</b>	<b>11 860</b>	<b>2 674</b>	<b>2 976</b>	<b>18 514</b>	<b>14 836</b>
<b>Financial liabilities</b>							
Payables	17						
Creditors and accrued expenses		2 423	3 404	2 321	2 354	4 744	5 758
Employment on-costs		1 211	1 006	1 284	1 025	2 495	2 031
Paid Parental Leave Scheme payable		-	-	5	24	5	24
Employee benefits	18						
Accrued salaries and wages		-	-	791	313	791	313
Annual leave		-	-	4 356	3 858	4 356	3 858
Long service leave		-	-	17 622	14 855	17 622	14 855
Skills and experience retention leave		-	-	396	276	396	276
Provisions	19						
Provision for workers' compensation		-	-	578	686	578	686
<b>Total financial liabilities</b>		<b>3 634</b>	<b>4 410</b>	<b>27 353</b>	<b>23 391</b>	<b>30 987</b>	<b>27 801</b>

## Notes to and forming part of the financial statements

### 26 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.

		Original budget <sup>1</sup>	Actual	Variance	Variance explanation
		2016	2016	2016	
		\$'000	\$'000	\$'000	
<b>Statement of Comprehensive Income</b>	<b>Note</b>				
<b>Expenses</b>					
Employee benefits expenses	5	50 426	63 905	(13 479)	1
Supplies and services	6	44 700	44 082	618	
Depreciation and amortisation expense	7	3 194	2 946	248	
Other expenses		345	-	345	
<b>Total expenses</b>		<b>98 665</b>	<b>110 933</b>	<b>(12 268)</b>	
<b>Income</b>					
Revenues from fees and charges	9	41 452	41 606	( 154)	
Other income	10	699	8 376	(7 677)	2
<b>Total income</b>		<b>42 151</b>	<b>49 982</b>	<b>(7 831)</b>	
<b>Net cost of providing services</b>		<b>(56 514)</b>	<b>(60 951)</b>	<b>(4 437)</b>	
<b>Revenues from/payments to SA Government</b>					
Revenues from SA Government	11	55 722	76 424	(20 702)	3
<b>Total revenue from SA Government</b>		<b>55 722</b>	<b>76 424</b>	<b>(20 702)</b>	
<b>Net result</b>		<b>( 792)</b>	<b>15 473</b>	<b>(16 265)</b>	4

	Original budget	Actual	Variance	Variance explanation
	2016	2016	2016	
	\$'000	\$'000	\$'000	
<b>Investing expenditure summary</b>				
Total new projects	150	11 949	(11 799)	5
Total existing projects	100	3 864	(3 764)	
Total annual program	1 366	2 400	(1 034)	
<b>Total investing expenditure</b>	<b>1 616</b>	<b>18 213</b>	<b>(16 597)</b>	

<sup>1</sup> The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 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.

## Notes to and forming part of the financial statements

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### 26 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

#### Variance explanations

##### 1 Employee benefits expenses

An additional \$13.479 million in Employee Benefits expense is primarily due to budget adjustments for specific projects and initiatives of the Department that were processed after the original budget was published. These adjustments are reflected in the Department's revised budget for 2015-16. This included \$4.653 million for the return of ICT Services from the Department of the Premier and Cabinet to the Department of Treasury and Finance, in conjunction with additional budget for the Compulsory Third Party Insurance Market Reform project (\$2.586 million), Commercial Projects Group (\$1.146 million) and the Revenue SA Information On-line system (\$0.681 million).

##### 2 Other income

An additional \$7.677 million in other income was received in 2015-16 over the original budget primarily relating to the once-off contribution from the Commonwealth Government of \$5.0 million and \$0.5 million from the Adelaide City Council representing their contribution to funding the ANZAC Memorial Garden Walk project.

##### 3 Revenue from SA Government

An additional \$20.702 million in Revenue from SA Government was received in 2015-16 over the original budget to fund specific projects and initiatives of the Department as well as wages parity supplementation. Projects and initiatives included the CTP Insurance Market Reform project, divestment of commercial properties, Land Services Group project and the ANZAC Memorial Garden Walk project.

##### 4 Net result

The Department's actual net result against the original budget improved by \$16.265 million. This is primarily due to the additional revenue received in the operating statement to fund the Department's capital program in 2015-16.

##### 5 Investing expenditure

The Department received additional funding over the original budget during 2015-16. The total revised investing budget was \$19.710 million. Additional investing budget received during 2015-16 included funding for the ANZAC Memorial Garden Walk (\$9.5 million), Super SA ICT System Solution (\$3.729 million) and the Revenue SA Information On-line system (\$3.387 million).

### 27 Financial instruments/financial risk management

#### 27.1 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.

#### 27.2 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.

**Notes to and forming part of the financial statements****27 Financial instruments/financial risk management (continued)****2016**

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2016 \$'000	2016 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Cash and cash equivalents	12, 24	10 331	10 331
Receivables <sup>(1)(2)</sup>	Receivables	13	748	748
	<b>Total financial assets</b>		<b>11 079</b>	<b>11 079</b>
<b>Financial liabilities</b>				
Financial liabilities at cost <sup>(1)</sup>	Payables	17	4 076	4 076
	<b>Total financial liabilities</b>		<b>4 076</b>	<b>4 076</b>

**2015**

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2015 \$'000	2015 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Cash and cash equivalents	12, 24	9 683	9 683
Receivables <sup>(1)(2)</sup>	Receivables	13	526	526
	<b>Total financial assets</b>		<b>10 209</b>	<b>10 209</b>
<b>Financial liabilities</b>				
Financial liabilities at cost <sup>(1)</sup>	Payables	17	5 211	5 211
	<b>Total financial liabilities</b>		<b>5 211</b>	<b>5 211</b>

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

<sup>(2)</sup> 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 13 and 17.

**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 13 for information on the allowance for impairment in relation to receivables.

**Notes to and forming part of the financial statements****27 Financial instruments/financial risk management (continued)**

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

**27.3 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
<b>2016</b>				
<b>Not impaired</b>				
Receivables <sup>(1)</sup>	4	8	8	20
<b>Impaired</b>				
Receivables <sup>(1)</sup>	-	-	-	-
<b>Total</b>	<b>4</b>	<b>8</b>	<b>8</b>	<b>20</b>
<b>2015</b>				
<b>Not impaired</b>				
Receivables <sup>(1)</sup>	-	-	-	-
<b>Impaired</b>				
Receivables <sup>(1)</sup>	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> 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 determines the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in Table 27.4 represents the Department's maximum exposure to liquidity risk.

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

**Notes to and forming part of the financial statements****27 Financial instruments/financial risk management (continued)****27.4 Maturity analysis of financial assets and liabilities**

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2016</b>				
<b>Financial assets</b>				
Cash and cash equivalents	10 331	10 331	-	-
Receivables	748	748	-	-
<b>Total financial assets</b>	<b>11 079</b>	<b>11 079</b>	-	-

<b>Financial liabilities</b>				
Payables	4 076	4 076	-	-
<b>Total financial liabilities</b>	<b>4 076</b>	<b>4 076</b>	-	-

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	9 683	9 683	-	-
Receivables	526	526	-	-
<b>Total financial assets</b>	<b>10 209</b>	<b>10 209</b>	-	-

<b>Financial liabilities</b>				
Payables	5 211	5 211	-	-
<b>Total financial liabilities</b>	<b>5 211</b>	<b>5 211</b>	-	-

**Market risk**

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

The Department does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The Department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in TI 23 Management of Foreign Currency Exposures.

**Sensitivity disclosure analysis**

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

**28 Transferred functions**

There were no restructures during 2015-16.

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

On the 7th July 2016 the Treasurer announced in the 2016-17 State Budget that The Office of the Valuer-General will transfer to the Department of Treasury and Finance from the Department of Planning, Transport and Infrastructure.



**Department of Treasury and Finance**  
**Statement of Administered Comprehensive Income**  
*for the year ended 30 June 2016*

		<b>2016</b>	<b>2015</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Expenses</b>			
Employee benefits expenses	31	431 325	432 566
Supplies and services	32	55 341	58 393
Borrowing costs	33	275 292	340 584
Grants, subsidies and transfers	34	2 641 907	2 310 737
Depreciation and amortisation expenses	35	131	240
Other expenses	36	96 232	92 125
Payments to SA Government	41	10 392 611	12 450 563
<b>Total expenses</b>		<b>13 892 839</b>	<b>15 685 208</b>
<b>Income</b>			
Taxation	37	3 691 691	3 903 756
Commonwealth revenues	38	7 650 542	6 934 948
Dividends	39	288 612	214 393
Interest	40	77 191	83 350
Revenues from SA Government	41	1 649 099	1 448 223
Grants and contributions	42	84 617	72 493
Revenues from fees and charges	43	124 455	104 600
Other revenues	44	370 774	2 917 426
<b>Total Income</b>		<b>13 936 981</b>	<b>15 679 189</b>
<b>Net result</b>		<b>44 142</b>	<b>( 6 019)</b>
<b>Net result and total comprehensive result</b>		<b>44 142</b>	<b>( 6 019)</b>

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

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

**Department of Treasury and Finance**  
**Statement of Administered Financial Position**  
*for the year ended 30 June 2016*

	Note	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	45	1 353 109	1 112 174
Receivables	46	8 245	6 128
Other financial assets	47	4 000	735
Non-current assets held for sale	48	557	557
<b>Total current assets</b>		<b>1 365 911</b>	<b>1 119 594</b>
<b>Non-current assets</b>			
Receivables	46	6	10
Other financial assets	47	1 733	-
Property, plant and equipment	49	1 224	1 135
Intangible assets	50	325	325
<b>Total non-current assets</b>		<b>3 288</b>	<b>1 470</b>
<b>Total assets</b>		<b>1 369 199</b>	<b>1 121 064</b>
<b>Current liabilities</b>			
Payables	52	1 042 898	824 284
Employee benefits	53	1 494	1 204
Provisions	54	159	74
Other liabilities	55	8 225	25
<b>Total current liabilities</b>		<b>1 052 776</b>	<b>825 587</b>
<b>Non-current liabilities</b>			
Payables	52	38 379	62 059
Employee benefits	53	1 205	788
Provisions	54	344	252
Other liabilities	55	655	680
<b>Total non-current liabilities</b>		<b>40 583</b>	<b>63 779</b>
<b>Total liabilities</b>		<b>1 093 359</b>	<b>889 366</b>
<b>Net assets</b>		<b>275 840</b>	<b>231 698</b>
<b>Equity</b>			
Accumulated Surplus		275 205	231 063
Asset revaluation surplus		635	635
<b>Total equity</b>	56	<b>275 840</b>	<b>231 698</b>

The total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	57
Contingent liabilities	58

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

**Department of Treasury and Finance**  
**Statement of Administered Changes in Equity**  
*for the year ended 30 June 2016*

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	Note	Asset Revaluation Surplus \$'000	Accumulated Surplus/ (Deficit) \$'000	Total equity \$'000
Balance at 30 June 2014		635	237 082	237 717
Total comprehensive result for 2014-15		-	( 6 019)	( 6 019)
<b>Balance at 30 June 2015</b>	<b>56</b>	<b>635</b>	<b>231 063</b>	<b>231 698</b>
Total comprehensive result for 2015-16		-	44 142	44 142
<b>Balance at 30 June 2016</b>	<b>56</b>	<b>635</b>	<b>275 205</b>	<b>275 840</b>

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

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

**Department of Treasury and Finance**  
**Statement of Administered Cash Flows**  
*for the year ended 30 June 2016*

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Taxation received		3 691 691	3 903 756
Receipts from Commonwealth		7 650 542	6 934 948
Dividends		265 962	209 052
Interest received		77 191	83 350
Receipts from SA Government		1 649 099	1 448 223
Grants and contributions		84 617	72 493
Fees and charges		122 709	110 412
GST recovered from Australian Taxation Office		764	1 706
Receipts for Paid Parental Leave Scheme		26	-
Other receipts		368 462	2 903 401
<b>Cash generated from operations</b>		<b>13 911 063</b>	<b>15 667 341</b>
<b>Cash outflows</b>			
Payments to SA Government		(10 170 193)	(12 942 656)
Employee benefit payments		( 430 378)	( 432 555)
Payments for supplies and services		( 46 786)	( 65 773)
Interest payments		( 275 292)	( 340 584)
Grants, subsidies and transfers		(2 648 460)	(2 318 178)
Payments for Paid Parental Leave Scheme		( 22)	( 2)
Other payments		( 93 661)	( 78 148)
<b>Cash used in operations</b>		<b>(13 664 792)</b>	<b>(16 177 896)</b>
<b>Net cash provided by operating activities</b>	59b	<b>246 271</b>	<b>( 510 555)</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		( 220)	( 74)
<b>Cash used in investing activities</b>		<b>( 220)</b>	<b>( 74)</b>
<b>Net cash used in investing activities</b>		<b>( 220)</b>	<b>( 74)</b>
<b>Cash flows from financing activities</b>			
<b>Cash inflows</b>			
Proceeds from other financial assets		354	293
<b>Cash generated from financing activities</b>		<b>354</b>	<b>293</b>
<b>Cash outflows</b>			
Other financial assets granted		( 5 470)	( 43)
<b>Cash used in financing activities</b>		<b>( 5 470)</b>	<b>( 43)</b>
<b>Net cash provided by (used in) financing activities</b>		<b>( 5 116)</b>	<b>250</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>240 935</b>	<b>( 510 379)</b>
Cash and cash equivalents at the beginning of the period		1 112 174	1 622 553
<b>Cash and cash equivalents at the end of the period</b>	59a	<b>1 353 109</b>	<b>1 112 174</b>

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

**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	Administered Items on behalf of the Consolidated Account		Commonwealth Mirror Taxes on Commonwealth Places Revenue Account		Community Development Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits expenses	337	308	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	36 943	43 303	-	-	20 000	20 000
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	-	7	25 136	24 752	-	-
Payments to SA Government	10 105 334	12 202 599	-	-	-	-
<b>Total administered expenses</b>	<b>10 142 614</b>	<b>12 246 217</b>	<b>25 136</b>	<b>24 752</b>	<b>20 000</b>	<b>20 000</b>
<b>Income</b>						
Taxation	3 346 318	3 574 063	-	-	-	-
Commonwealth revenues	5 950 172	5 334 062	25 136	24 752	-	-
Dividends	265 963	209 052	-	-	-	-
Interest revenues	75 863	81 755	-	-	-	-
Revenues from SA Government	35 518	40 940	-	-	-	-
Grants and contributions	-	-	-	-	20 000	20 000
Revenues from fees and charges	124 011	104 160	-	-	-	-
Other revenues	344 769	2 902 185	-	-	-	-
<b>Total administered income</b>	<b>10 142 614</b>	<b>12 246 217</b>	<b>25 136</b>	<b>24 752</b>	<b>20 000</b>	<b>20 000</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	Community Emergency Services Fund		Country Equalisation Scheme Account		ETSA Sales/Lease Proceeds Account	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	232 308	216 845	-	-	-	-
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
<b>Total administered expenses</b>	<b>232 308</b>	<b>216 845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income</b>						
Taxation	196 971	190 499	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	22 649	5 341
Interest revenues	121	115	319	390	-	-
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	34 139	26 494	-	-	-	-
Revenue from fees and charges	442	437	-	-	-	-
Other revenues	-	-	-	-	-	-
<b>Total administered Income</b>	<b>231 673</b>	<b>217 545</b>	<b>319</b>	<b>390</b>	<b>22 649</b>	<b>5 341</b>
<b>Net result</b>	<b>( 635)</b>	<b>700</b>	<b>319</b>	<b>390</b>	<b>22 649</b>	<b>5 341</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	Hospitals Fund		Housing Loans Redemption Fund		Intergovernmental Agreement on Federal Financial Relations	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	1 697 758	1 606 344
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	146 639	137 541	-	-	-	-
<b>Total administered expenses</b>	<b>146 639</b>	<b>137 541</b>	<b>-</b>	<b>-</b>	<b>1 697 758</b>	<b>1 606 344</b>
<b>Income</b>						
Taxation	146 639	137 541	-	-	-	-
Commonwealth revenues	-	-	-	-	1 675 234	1 576 134
Dividends	-	-	-	-	-	-
Interest revenues	-	-	244	286	-	-
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenue from fees and charges	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
<b>Total administered Income</b>	<b>146 639</b>	<b>137 541</b>	<b>244</b>	<b>286</b>	<b>1 675 234</b>	<b>1 576 134</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>244</b>	<b>286</b>	<b>( 22 524)</b>	<b>( 30 210)</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	Industry Financial Assistance Account (IFAA)		Local Government Concessions Senior Card Holders		Local Government Disaster Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	( 5 805)	10 101	-	-	64	2 997
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	2 429	13 977	-	-	-	-
Payments to SA Government	-	-	-	1 966	-	-
<b>Total administered expenses</b>	<b>( 3 376)</b>	<b>24 078</b>	<b>-</b>	<b>1 966</b>	<b>64</b>	<b>2 997</b>
<b>Income</b>						
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	39	63	-	-	547	672
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	7 515	2 719	-	-	-	-
Revenue from fees and charges	-	-	-	-	-	-
Other revenues	2 312	13 732	-	-	-	-
<b>Total administered Income</b>	<b>9 866</b>	<b>16 514</b>	<b>-</b>	<b>-</b>	<b>547</b>	<b>672</b>
<b>Net result</b>	<b>13 242</b>	<b>( 7 564)</b>	<b>-</b>	<b>( 1 966)</b>	<b>483</b>	<b>( 2 325)</b>



**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	Local Government Taxation Equivalents Fund		Support Services to Parliamentarians		Treasury and Finance Administered Items Account	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	17 188	15 658	413 800	416 600
Supplies and services	-	-	6 013	6 479	48 888	51 879
Borrowing costs	-	-	-	-	275 292	340 584
Grants, subsidies and transfers	2 130	1 650	1	2	658 508	409 495
Depreciation and amortisation expenses	-	-	100	209	-	-
Other expenses	-	-	1	-	56 911	52 258
Payments to SA Government	-	-	-	-	140 638	108 457
<b>Total administered expenses</b>	<b>2 130</b>	<b>1 650</b>	<b>23 303</b>	<b>22 348</b>	<b>1 594 037</b>	<b>1 379 273</b>
<b>Income</b>						
Taxation	1 763	1 653	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	6	10	-	-	-	-
Revenues from SA Government	-	-	-	-	1 613 581	1 406 543
Grants and contributions	-	-	22 963	23 280	-	-
Revenue from fees and charges	-	-	2	3	-	-
Other revenues	357	-	8	12	73	342
<b>Total administered income</b>	<b>2 126</b>	<b>1 663</b>	<b>22 973</b>	<b>23 295</b>	<b>1 613 654</b>	<b>1 406 885</b>
<b>Net result</b>	<b>( 4)</b>	<b>13</b>	<b>( 330)</b>	<b>947</b>	<b>19 617</b>	<b>27 612</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	Treasurer's Interest in the National Wine Centre Account		Treasury Working Account		Treasury Asset Management Account	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	434	28	-	-	6	7
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	-	-
Depreciation and amortisation expenses	31	31	-	-	-	-
Other expenses	-	-	11 755	1 131	-	-
Payments to SA Government	-	-	-	-	-	-
<b>Total administered expenses</b>	<b>465</b>	<b>59</b>	<b>11 755</b>	<b>1 131</b>	<b>6</b>	<b>7</b>
<b>Income</b>						
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	-	-	52	59
Revenues from SA Government	-	740	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenue from fees and charges	-	-	-	-	-	-
Other revenues	25	26	11 755	1 127	1	2
<b>Total administered income</b>	<b>25</b>	<b>766</b>	<b>11 755</b>	<b>1 127</b>	<b>53</b>	<b>61</b>
<b>Net result</b>	<b>( 440)</b>	<b>707</b>	<b>-</b>	<b>( 4)</b>	<b>47</b>	<b>54</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures - Administered Expenses and Income**  
*for the year ended 30 June 2016*

	CIMR Transitional Arrangement Accounts			Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>				
Employee benefits expenses	-	-	431 325	432 566
Supplies and services	-	-	55 341	58 393
Borrowing costs	-	-	275 292	340 584
Grants, subsidies and transfers	-	-	2 641 907	2 310 737
Depreciation and amortisation expenses	-	-	131	240
Other expenses	-	-	96 232	92 125
Payments to SA Government	-	-	10 392 611	12 450 563
<b>Total administered expenses</b>	-	-	<b>13 892 839</b>	<b>15 685 208</b>
<b>Income</b>				
Taxation	-	-	3 691 691	3 903 756
Commonwealth revenues	-	-	7 650 542	6 934 948
Dividends	-	-	288 612	214 393
Interest revenues	-	-	77 191	83 350
Revenues from SA Government	-	-	1 649 099	1 448 223
Grants and contributions	-	-	84 617	72 493
Revenue from fees and charges	-	-	124 455	104 600
Other revenues	11 475	-	370 774	2 917 426
<b>Total administered income</b>	<b>11 475</b>	-	<b>13 936 981</b>	<b>15 679 189</b>
<b>Net result</b>	<b>11 475</b>	-	<b>44 142</b>	<b>( 6 019)</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

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**30 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 taxation, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services; grants and subsidies to public sector agencies, the private sector and the community; and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

*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 vehicles 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.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

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*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: 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 16: 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 17: 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 18: 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 19: 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 20: 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).

*Activity 21: CIMR Transitional Arrangement Accounts*

The purpose of the accounts is to record all transitional activities associated with the Compulsory Third party Insurance Market Reforms (CIMR), including the receipt of premiums from the advanced renewal of CTP Policies on behalf of the 4 new private insurers who will enter the South Australian CTP Market from 1 July 2016. The insurers are not contractually entitled to receive the monies as at 30 June 2016.

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

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

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**30.1 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.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**31 Employee benefit expenses**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Superannuation contributions to various schemes*	413 800	416 600
Salaries and wages	13 021	12 453
Long service leave	569	271
Annual leave	1 026	881
Skills and experience retention leave	12	9
Employment on-costs - superannuation	1 364	1 272
Employment on-costs - other	794	739
Minister's salary, electorate and expense allowance	337	308
Other employee related expenses	402	33
<b>Total employee benefits expenses</b>	<b>431 325</b>	<b>432 566</b>

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

**Remuneration of employees**

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

	<b>2016</b>	<b>2015</b>
	<b>Number of</b>	<b>Number of</b>
	<b>Employees</b>	<b>Employees</b>
\$145 001 to \$155 000	1	-
\$155 001 to \$165 000	-	1
\$175 001 to \$185 000	1	-
\$405 001 to \$415 000	1	1
<b>Total number of employees</b>	<b>3</b>	<b>2</b>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$738 000** (\$576 000).

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**32 Supplies and services**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
State's share of GST administration	47 850	48 622
Unclaimed monies	1 036	3 256
Accommodation and telecommunication	3 122	2 845
Information technology expenses	205	218
Minor works, maintenance and equipment	820	476
Legal costs	5	-
Consultants	-	36
Contractors and temporary staff	1	-
General administration and consumables	2 038	2 707
Other	264	233
<b>Total supplies and services expense</b>	<b>55 341</b>	<b>58 393</b>

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:

	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>	<b>\$'000</b>	<b>\$'000</b>
Below \$10,000	-	2	-	3
Above \$10,000	-	1	-	33
<b>Total paid/payable to the consultants engaged</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>36</b>

**33 Borrowing costs**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on borrowings	249 717	312 373
Interest paid on deposit accounts and other monies	25 575	28 211
<b>Total borrowing costs</b>	<b>275 292</b>	<b>340 584</b>

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

**34 Grants, subsidies and transfers**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Recurrent grants, subsidies and transfers	2 278 831	2 156 736
Capital grants, subsidies and transfers	363 076	154 001
<b>Total grants, subsidies and transfers</b>	<b>2 641 907</b>	<b>2 310 737</b>



Department of Treasury and Finance  
Notes to and forming part of the Administered financial statements  
for the year ended 30 June 2016

**35 Depreciation and amortisation expense**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Buildings	31	31
<b>Total depreciation</b>	<b>31</b>	<b>31</b>
<b>Amortisation</b>		
Building fit-outs	100	209
<b>Total amortisation</b>	<b>100</b>	<b>209</b>
<b>Total depreciation and amortisation expense</b>	<b>131</b>	<b>240</b>

**36 Other expenses**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Refunds and remissions	52 784	43 836
Payments to Commonwealth Government	25 136	24 752
Bad debts	141	3 340
Doubtful debts	( 82)	( 1 570)
Repayment of borrowings	3 930	3 720
Loans forgiven	2 371	12 207
Other	11 952	5 840
<b>Total other expenses</b>	<b>96 232</b>	<b>92 125</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**37 Taxation**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Stamp duties	1 559 477	1 564 096
Commonwealth Places Mirror - stamp duties	284	283
Payroll tax	1 340 958	1 319 789
Commonwealth Places Mirror - payroll tax	23 442	23 095
Land tax	351 338	567 277
Commonwealth Places Mirror - land tax	1 409	1 373
Emergency Services levy	196 971	190 499
Local Government rate equivalents	235	4 523
Income tax equivalents	119 181	138 937
Contributions from Lotteries Commission of South Australia	78 178	74 565
Hindmarsh Island Bridge levy	25	140
Casino Duty	20 193	19 179
<b>Total taxation</b>	<b>3 691 691</b>	<b>3 903 756</b>

**38 Commonwealth revenues**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Commonwealth general purpose grants</b>		
GST revenue grants	5 613 934	5 020 023
Commonwealth Places Mirror taxes	25 136	24 752
<b>Total Commonwealth general purpose grants</b>	<b>5 639 070</b>	<b>5 044 775</b>
<b>Commonwealth specific purpose grants</b>		
Council of Australian Governments Funding arrangements	336 238	314 039
Intergovernmental Agreement on Federal Financial Relations - Recurrent	1 476 911	1 464 115
Intergovernmental Agreement on Federal Financial Relations - Capital	198 323	112 005
First Home Owners Boost	-	14
<b>Total Commonwealth specific purpose grants</b>	<b>2 011 472</b>	<b>1 890 173</b>
<b>Total Commonwealth revenues</b>	<b>7 650 542</b>	<b>6 934 948</b>

**39 Dividends**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Adelaide Venue Management	1 583	5 920
Generation Lessor Corporation	22 649	5 341
Homestart Finance	11 466	7 137
Urban Renewal Authority	7 199	-
Public Trustee Office	227	1 440
SA Water Corporation	204 918	183 979
South Australian Government Employee Residential Property	1 706	1 706
South Australian Government Financing Authority	38 864	8 870
<b>Total dividends</b>	<b>288 612</b>	<b>214 393</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**40 Interest revenues**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	77 191	83 350
<b>Total interest revenues</b>	<b>77 191</b>	<b>83 350</b>

**41 Revenues from/Payments to SA Government**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	1 613 581	1 406 543
Appropriations under other acts	35 518	40 940
Other revenue from SA Government	-	740
<b>Total revenues from SA Government</b>	<b>1 649 099</b>	<b>1 448 223</b>
<b>Payments to SA Government</b>		
Transfer of revenue received on behalf of the Consolidated Account	10 105 334	12 202 599
Other payments to the Consolidated Account	146 639	139 507
Return of surplus cash pursuant to Cash Alignment Policy	140 638	108 457
<b>Total payments to SA Government</b>	<b>10 392 611</b>	<b>12 450 563</b>

**42 Grants and contributions**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Grants and contributions	84 617	72 493
<b>Total Grants and contributions</b>	<b>84 617</b>	<b>72 493</b>

**43 Revenues from fees and charges**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Guarantee fees	124 011	104 160
Support Services to Parliamentarians	2	2
Other recoveries	442	438
<b>Total revenue from fees and charges</b>	<b>124 455</b>	<b>104 600</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**44 Other revenues**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Discounted cash flow valuations for financial assistance loans	2 312	13 732
Repayment of advances	8 038	7 463
Return of cash to Consolidated Account - cash alignment policy	291 790	147 168
Return of capital	15 610	145
Return of deposit account balances	544	1 966
Essential Services Commission of SA	7 529	7 650
Support Services to Parliamentarians	364	12
Return of capital - SA Water debt restructure	-	2 700 000
Recoveries DPTI - Indentured Ports	11 793	26 059
Advanced CTP Premiums Collected	11 475	-
Other income	21 319	13 231
<b>Total other revenue</b>	<b>370 774</b>	<b>2 917 426</b>

**45 Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	1 298 430	1 054 721
Promissory notes	23 304	24 829
DTF Loans Administration Account	31 375	32 624
<b>Total cash and cash equivalents</b>	<b>1 353 109</b>	<b>1 112 174</b>

**Promissory notes**

The Treasurer holds Promissory notes on behalf of the Local Government Disaster Fund where the cash balance of the fund is not immediately required to fund Local Government costs relating to disasters it is invested with the 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.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**46 Receivables**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	1 235	1 331
Allowance for doubtful debts	( 1 235)	( 1 317)
Accrued revenues	8 957	6 030
GST input tax recoverable	( 712)	84
<b>Total current receivables</b>	<b>8 245</b>	<b>6 128</b>
<b>Non-current</b>		
Receivables	6	10
<b>Total non-current receivables</b>	<b>6</b>	<b>10</b>
<b>Total receivables</b>	<b>8 251</b>	<b>6 138</b>

**Movement in the Allowance for doubtful debts**

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of 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):

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	1 317	2 487
Movement in the allowance	( 82)	( 1 170)
Carrying amount at the end of the period	<b>1 235</b>	<b>1 317</b>

**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 62.3 in note 62.

Financial risk management/Financial instruments information - refer to note 62.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**47 Other financial assets**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Loans for financial assistance	4 000	735
<b>Total current other financial assets</b>	<b>4 000</b>	<b>735</b>
<b>Non Current</b>		
Loans for financial assistance	1 733	-
<b>Total non-current other financial assets</b>	<b>1 733</b>	<b>-</b>
<b>Total other financial assets</b>	<b>5 733</b>	<b>735</b>

**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):

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	-	400
Movement in the provision	-	( 400)
<b>Carrying amount at the end of the period</b>	<b>-</b>	<b>-</b>

Ageing analysis of financial assets and liabilities - refer to table 62.3 in note 62.

Financial risk management/Financial instruments information - refer to note 62.

**48 Non-current assets held for sale**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Land	145	145
Building and improvements	412	412
<b>Total assets held for sale</b>	<b>557</b>	<b>557</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**49 Property, plant and equipment**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Buildings</b>		
At valuation	972	972
Accumulated depreciation	( 94)	( 63)
<b>Total buildings</b>	<b>878</b>	<b>909</b>
<b>Building fitouts</b>		
At cost	1 873	1 731
Accumulated amortisation	( 1 686)	( 1 588)
<b>Total building fitouts</b>	<b>187</b>	<b>143</b>
<b>Land</b>		
At valuation	58	58
<b>Total land</b>	<b>58</b>	<b>58</b>
<b>Work in progress</b>		
At cost	101	25
<b>Total work in progress</b>	<b>101</b>	<b>25</b>
<b>Total property, plant and equipment</b>	<b>1 224</b>	<b>1 135</b>

**Valuation of Non-Current Assets**

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

**Impairment**

There were no indications of impairment for property, plant and equipment as at 30 June 2016.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**49 Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2015-16:

	Land \$'000	Buildings \$'000	Building fitouts \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	58	909	143	25	1 135
Addition	-	-	-	220	220
Transfers in/out of WIP	-	-	144	( 144)	-
Depreciation and amortisation expense	-	( 31)	( 100)	-	( 131)
<b>Carrying amount at the end of the period</b>	<b>58</b>	<b>878</b>	<b>187</b>	<b>101</b>	<b>1 224</b>

The following table shows the movement of property, plant and equipment during 2014-15:

	Land \$'000	Buildings \$'000	Building fitouts \$'000	Work in progress \$'000	Total \$'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)
<b>Carrying amount at the end of the period</b>	<b>58</b>	<b>909</b>	<b>143</b>	<b>25</b>	<b>1 135</b>

**50 Intangible assets**

	2016 \$'000	2015 \$'000
<b>Water licences</b>		
At cost	325	325
<b>Total water licences</b>	<b>325</b>	<b>325</b>
<b>Total Intangible assets</b>	<b>325</b>	<b>325</b>

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

**Reconciliation of Intangible Assets**

There has been no movement in Intangibles.

**Impairment**

There were no indications of impairment for intangible assets as at 30 June 2016.



**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**51 Fair value measurement**

**Fair Value Hierarchy**

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

	<b>Level 3</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Recurring fair value measurements 30 June 2016</b>		
Buildings (note 49)	878	878
Building fitouts (note 49)	187	187
Land (note 49)	58	58
<b>Total recurring fair value measurements</b>	<b>1 123</b>	<b>1 123</b>
<b>Non- recurring fair value measurements</b>		
Buildings held for sale (note 48)	412	412
Land held for sale (note 48)	145	145
<b>Total non-recurring fair value measurements</b>	<b>557</b>	<b>557</b>
<b>Total</b>	<b>1 680</b>	<b>1 680</b>
	<b>Level 3</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Recurring fair value measurements 30 June 2015</b>		
Buildings (note 49)	909	909
Building fitouts (note 49)	143	143
Land (note 49)	58	58
<b>Total recurring fair value measurements</b>	<b>1 110</b>	<b>1 110</b>
<b>Non- recurring fair value measurements</b>		
Buildings held for sale (note 48)	412	412
Land held for sale (note 48)	145	145
<b>Total non-recurring fair value measurements</b>	<b>557</b>	<b>557</b>
<b>Total</b>	<b>1 667</b>	<b>1 667</b>

There were no transfers of assets into or out of the level 3 hierarchy in 2016. 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 2016.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**51 Fair value measurement (continued)**

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2016

<b>Fair value measurements at 30 June 2016</b>	<b>Buildings</b>	<b>Building Fitouts</b>	<b>Land</b>
<b>2016</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at the beginning of the period	909	143	58
Acquisitions	-	144	-
<b>Subtotal</b>	<b>909</b>	<b>287</b>	<b>58</b>
Depreciation	( 31)	( 100)	-
<b>Carrying amount at the end of the period</b>	<b>878</b>	<b>187</b>	<b>58</b>

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2015

<b>Fair value measurements at 30 June 2015</b>	<b>Buildings</b>	<b>Building Fitouts</b>	<b>Land</b>
<b>2015</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at the beginning of the period	940	303	58
Acquisitions	-	49	-
<b>Subtotal</b>	<b>940</b>	<b>352</b>	<b>58</b>
Depreciation	( 31)	( 209)	-
<b>Carrying amount at the end of the period</b>	<b>909</b>	<b>143</b>	<b>58</b>

**52 Payables**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors - electricity entities lease proceeds	6 946	5 875
Creditors - revenue received on behalf of the Consolidated Account	1 010 541	788 256
Creditors - other	15 117	22 638
Accrued expenses	9 995	7 328
Employment on-costs	293	185
Paid parental leave scheme payable	6	2
<b>Total current payables</b>	<b>1 042 898</b>	<b>824 284</b>
<b>Non-current</b>		
Creditors - electricity entities lease proceeds	35 267	58 988
Employment on-costs	111	71
Creditors - other	2 501	2 500
Super SA Select Loan	500	500
<b>Total non-current payables</b>	<b>38 379</b>	<b>62 059</b>
<b>Total payables</b>	<b>1 081 277</b>	<b>886 343</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**52 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 changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (of 10.3%) to 10.2%. These rates are used in the employment oncost calculation.

**Interest rate and credit risk**

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

Maturity Analysis of Payables - refer to table 62.4 in note 62.

Categorisation of financial instruments and risk exposure information - refer to note 62.

**53 Employee benefits**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued salaries and wages	244	106
Annual leave	887	731
Long service leave	345	352
Skills and experience retention leave	18	15
<b>Total current employee benefits</b>	<b>1 494</b>	<b>1 204</b>
<b>Non-current</b>		
Long service leave	1 205	788
<b>Total current employee benefits</b>	<b>1 205</b>	<b>788</b>
<b>Total employee benefits payable</b>	<b>2 699</b>	<b>1 992</b>

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 2015 (3%) to 2016 2%.

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 \$120 000 and employee benefits expense of \$120 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**54 Provisions**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Provision for workers' compensation	159	74
<b>Total current provisions</b>	<b>159</b>	<b>74</b>
<b>Non-current</b>		
Provision for workers' compensation	344	252
<b>Total non-current provisions</b>	<b>344</b>	<b>252</b>
<b>Total provisions</b>	<b>503</b>	<b>326</b>
<b>Reconciliation of Provisions</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	326	400
Payments/other sacrifices of future economic benefits	( 349)	2
Increase/reduction in provisions recognised	526	( 76)
<b>Carrying amount at the end of the period</b>	<b>503</b>	<b>326</b>

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.

**55 Other liabilities**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Unearned revenue*	8 225	25
<b>Total current other liabilities</b>	<b>8 225</b>	<b>25</b>
<b>Non-current</b>		
Unearned revenue	655	680
<b>Total non-current other liabilities</b>	<b>655</b>	<b>680</b>
<b>Total other liabilities</b>	<b>8 880</b>	<b>705</b>

A portion of 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.

\*\$8.2m in unearned revenue relates to funds received in advance from an insuring provider under the Compulsory Third Party insurance scheme.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**56 Equity**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Asset revaluation surplus	635	635
Accumulated surplus/deficit	275 205	231 063
<b>Total equity</b>	<b>275 840</b>	<b>231 698</b>

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.

**57 Unrecognised contractual commitments**

**(a) Operating lease commitments**

**The Department as Lessee**

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

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

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	2 065	1 770
Later than one year but not later than five years	3 557	3 511
<b>Total operating lease commitments</b>	<b>5 622</b>	<b>5 281</b>

**(b) Other commitments**

The Department's other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations, Industry Assistance grants, and premiums from the advanced renewal of Compulsory Third Party (CTP) policies due to approved private CTP insurers.

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	37 380	33 850
Later than one year but not later than five years	11 205	14 068
Later than five years	350	-
<b>Total other commitments</b>	<b>48 935</b>	<b>47 918</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

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**58 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 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 2016, derivative credit exposure was \$485.3 million (\$455.1 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 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 \$11.9 million (\$5.9 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 was issued in 2015-16.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2016 was \$664.6 million (\$693.3 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 2016 was \$3.5 million out of the \$50 million program's limit.

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

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

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**59 Cash flow reconciliation**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period</b>		
Statement of Cash Flows	1 353 109	1 112 174
Statement of Financial Position	1 353 109	1 112 174
<b>(b) Reconciliation of net cash (used in) provided by operating activities to net result</b>		
Net cash (used in) provided by operating activities	246 271	( 510 555)
<b>Add non cash items</b>		
Depreciation and amortisation expense	( 131)	( 240)
Bad debts expense	( 141)	( 3 340)
Doubtful debts expenses	82	1 570
Discounted cash flow valuations for financial assistance loans - other revenues	2 312	13 732
Movements in financial assistance loans	-	495
Loans forgiven	( 2 371)	( 12 207)
<b>Movements in assets / liabilities</b>		
Increase/(decrease) in receivables	2 113	( 5 504)
Increase/(decrease) in financial assets (not operating)	-	585
(Increase)/decrease in payables	( 194 934)	509 412
(Increase)/decrease in employee benefits	( 707)	( 62)
(Increase)/decrease in provisions	( 177)	74
(Increase)/decrease in other liabilities	( 8 175)	21
<b>Net result</b>	<b>44 142</b>	<b>( 6 019)</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**60 Transactions with SA Government**

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

		SA Government		Non-SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>							
Employee benefit expenses	31	794	738	430 531	431 828	431 325	432 566
Supplies and services	32	2 985	3 769	52 356	54 624	55 341	58 393
Borrowing costs	33	273 638	338 361	1 654	2 223	275 292	340 584
Grants, subsidies and transfers	34	2 541 089	2 215 936	100 818	94 801	2 641 907	2 310 737
Depreciation and amortisation expenses	35	-	-	131	240	131	240
Other expenses	36	4 332	8 599	91 900	83 526	96 232	92 125
Payments to SA Government	41	10 392 611	12 450 563	-	-	10 392 611	12 450 563
<b>Total expenses</b>		<b>13 215 449</b>	<b>15 017 966</b>	<b>677 390</b>	<b>667 242</b>	<b>13 892 839</b>	<b>15 685 208</b>
<b>Income</b>							
Taxation	37	572 278	713 249	3 119 413	3 190 507	3 691 691	3 903 756
Commonwealth revenues	38	-	-	7 650 542	6 934 948	7 650 542	6 934 948
Dividends	39	288 612	214 393	-	-	288 612	214 393
Interest revenues	40	71 767	77 094	5 424	6 256	77 191	83 350
Revenues from SA Government	41	1 649 099	1 448 223	-	-	1 649 099	1 448 223
Grants and Contributions	42	83 989	71 466	628	1 027	84 617	72 493
Revenue from fees and charges	43	123 470	104 160	985	440	124 455	104 600
Other revenues	44	348 736	2 892 662	22 038	24 764	370 774	2 917 426
<b>Total income</b>		<b>3 137 951</b>	<b>5 521 247</b>	<b>10 799 030</b>	<b>10 157 942</b>	<b>13 936 981</b>	<b>15 679 189</b>
<b>Financial assets</b>							
Cash and cash equivalents	45	1 353 109	1 112 174	-	-	1 353 109	1 112 174
Receivables	46	458	413	7 793	5 725	8 251	6 138
Other financial assets	47	-	-	5 733	735	5 733	735
<b>Total financial assets</b>		<b>1 353 567</b>	<b>1 112 587</b>	<b>13 526</b>	<b>6 460</b>	<b>1 367 093</b>	<b>1 119 047</b>
<b>Financial liabilities</b>							
Payables	52	1 061 971	859 508	19 306	26 835	1 081 277	886 343
Employee benefits	53	-	-	2 699	1 992	2 699	1 992
Provisions	54	-	-	503	326	503	326
Other liabilities	55	-	-	8 880	705	8 880	705
<b>Total financial liabilities</b>		<b>1 061 971</b>	<b>859 508</b>	<b>31 388</b>	<b>29 858</b>	<b>1 093 359</b>	<b>889 366</b>



**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**61 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.

<b>Statement of Administered Comprehensive Income</b>	<b>Note</b>	<b>Original budget <sup>1</sup></b>	<b>Actual</b>	<b>Variance</b>	<b>Variance Explanation</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Expenses</b>					
Payments to SA Government	41	10 050 564	10 392 611	( 342 047)	
Employee benefits expenses	31	( 256 104)	431 325	( 687 429)	<b>1</b>
Supplies and services	32	48 610	55 341	( 6 731)	
Borrowing costs	33	652 676	275 292	377 384	
Grants, subsidies and transfers	34	1 372 448	2 641 907	(1 269 459)	<b>2</b>
Depreciation and amortisation expenses	35	-	131	( 131)	
Other expenses	36	30 118	96 232	( 66 114)	
<b>Total expenses</b>		<b>11 898 312</b>	<b>13 892 839</b>	<b>(1 994 527)</b>	
<b>Income</b>					
Taxation	37	3 754 349	3 691 691	62 658	
Commonwealth revenues	38	5 794 770	7 650 542	(1 855 772)	<b>3</b>
Dividends	39	220 527	288 612	( 68 085)	
Interest	40	82 215	77 191	5 024	
Revenues from SA Government	41	1 631 666	1 649 099	( 17 433)	
Grants and contributions	42	-	84 617	( 84 617)	
Revenues from fees and charges	43	133 191	124 455	8 736	
Other revenues	44	54 434	370 774	( 316 340)	
<b>Total income</b>		<b>11 671 152</b>	<b>13 936 981</b>	<b>(2 265 829)</b>	
<b>Net result</b>		<b>( 227 160)</b>	<b>44 142</b>	<b>( 271 302)</b>	

<sup>1</sup> The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 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.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

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**61 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)**

Variance Explanations:

**1. Employee benefits**

The unfavourable variance of \$687 million is primarily due to the original budget for employee benefits including the revaluation of unfunded superannuation liability (-\$257.4 million) with no actual revaluation recorded against employee benefits in the Statement of Administered Comprehensive Income. Employee benefits actual expenses also includes the past service superannuation payments (\$413.8 million) while the associated budget is disclosed as part of the Treasury and Finance Administered Items Account Statement of Cash Flows which does not form part of the Statement of Comprehensive Income original budget amount.

**2. Grants, Subsidies and Transfers**

The \$1.269 billion unfavourable variance against the original budget is primarily due to payments to agencies (\$1.698 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations and a payment to the Community Emergency Services Fund (\$232 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. These variances are offset by the grants, subsidies and transfers original budget including a budget amount for the repayment of advances (-\$511 million) while the actual transactions are treated as income in the Statement of Comprehensive Income.

**3. Commonwealth Revenues**

The \$1.856 billion favourable variance against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$1.675 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.

**62 Financial risk management/Financial instruments**

**62.1 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*.

**62.2 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.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**62 Financial risk management/Financial instruments (continued)**

**2016**

<b>Categorisation of financial asset and financial liability</b>	<b>Statement of Financial Position line item</b>	<b>Note</b>	<b>Carrying amount 2016 \$'000</b>	<b>Fair Value 2016 \$'000</b>
<b>Financial asset</b>				
Cash and cash equivalents	Cash and cash equivalents	45,59	1 353 109	1 353 109
Loans and receivables	Receivables <sup>(1) (2)</sup>	46	1 235	1 235
Held to maturity	Other financial assets	47	5 733	5 733
	<b>Total financial assets</b>		<b>1 360 077</b>	<b>1 360 077</b>
<b>Financial liabilities</b>				
Financial liabilities at cost	Payables <sup>(1)</sup>	52	1 067 871	1 067 871
	<b>Total financial liabilities</b>		<b>1 067 871</b>	<b>1 067 871</b>

**2015**

<b>Categorisation of financial asset and financial liability</b>	<b>Statement of Financial Position line item</b>	<b>Note</b>	<b>Carrying amount 2015 \$'000</b>	<b>Fair Value 2015 \$'000</b>
<b>Financial asset</b>				
Cash and cash equivalents	Cash and cash equivalents	45,59	1 112 174	1 112 174
Loans and receivables	Receivables <sup>(1) (2)</sup>	46	1 331	1 331
Held to maturity	Other financial assets	47	735	735
	<b>Total financial assets</b>		<b>1 114 240</b>	<b>1 114 240</b>
<b>Financial liabilities</b>				
Financial liabilities at cost	Payables <sup>(1)</sup>	52	875 756	875 756
	<b>Total financial liabilities</b>		<b>875 756</b>	<b>875 756</b>

(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 46 and 52.

**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 note 46 for information on the allowance for impairment in relation to receivables.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

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

**Table 62.3 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
<b>2016</b>				
<b>Not impaired</b>				
Other financial assets	-	-	5 733	5 733
<b>Impaired</b>				
Receivables <sup>(1)</sup>	-	-	1 235	1 235
<b>Total</b>	-	-	<b>6 968</b>	<b>6 968</b>
<b>2015</b>				
<b>Not impaired</b>				
Other financial assets	-	-	735	735
<b>Impaired</b>				
Receivables <sup>(1)</sup>	-	-	1 317	1 317
<b>Total</b>	-	-	<b>2 052</b>	<b>2 052</b>

(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 62.4 represent the Department's maximum exposure to liquidity risk.

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

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year ended 30 June 2016*

**62 Financial risk management/Financial instruments (continued)**

**Table 62.4 Maturity analysis of financial assets and liabilities**

	Carrying amount \$'000	2016 Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>Financial assets</b>				
Cash and cash equivalents	1 353 109	1 353 109	-	-
Receivables	1 235	1 235	-	-
Other financial assets	5 733	4 000	1 733	-
<b>Total financial assets</b>	<b>1 360 077</b>	<b>1 358 344</b>	<b>1 733</b>	<b>-</b>
<b>Financial liabilities</b>				
Payables	1 067 871	1 032 604	-	35 267
<b>Total financial liabilities</b>	<b>1 067 871</b>	<b>1 032 604</b>	<b>-</b>	<b>35 267</b>

	Carrying amount \$'000	2015 Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>Financial assets</b>				
Cash and cash equivalents	1 112 174	1 112 174	-	-
Receivables	1 331	1 331	-	-
Other financial assets	735	735	-	-
<b>Total financial assets</b>	<b>1 114 240</b>	<b>1 114 240</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Payables	875 756	816 768	-	58 988
<b>Total financial liabilities</b>	<b>875 756</b>	<b>816 768</b>	<b>-</b>	<b>58 988</b>

**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.

**63 Transferred Functions**

There were no restructures during 2015-16.

**64 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.



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**To the Chief Executive  
Department of Treasury and Finance**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of Treasury and Finance for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2016
- a Statement of Administered Financial Position as at 30 June 2016
- a Statement of Administered Changes in Equity for the year ended 30 June 2016
- a Statement of Administered Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income attributable to administered activities for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Director, Financial Services.

**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 evaluating the overall presentation of the financial report.

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

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

## **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 2016, 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 2016