



Government  
of South Australia

# Department of Treasury and Finance



ANNUAL REPORT 2001 - 02

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30 September, 2002

The Honourable Kevin Foley, MP,  
Treasurer of South Australia

Dear Treasurer,

I hereby forward to you the Annual Report of the Department of Treasury and Finance for 2001-02 in accordance with Section 66 of the *Public Sector Management Act 1995*.

Yours sincerely,

Jim Wright  
UNDER TREASURER

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## UNDER TREASURER'S REPORT

Building on the directions laid out in 2000-01, the department delivered another improved performance in 2001-02. We also experienced a change of Government in March 2002 and with it significant changes in Government processes. The work the department undertook in supporting the transition of Government and commencing the implementation of new Government policy was commendable. I would like to thank all staff for their efforts throughout this demanding period.

Over the past two years, the department has focussed on developing its core function, supporting measures and procedures that ensure accountability of government agencies to the Treasurer and Cabinet. Recognising that it is Treasury's role to ensure that Ministers and Cabinet have access to all the relevant information and advice on which to base their judgements, I have implemented significant changes in the department's structure to develop an improved capacity to provide effective policy advice. The retention and cooperation of staff and the recruitment of further expertise has supported this process and has been a key ingredient in the realisation of these aims.

Following the change of Government in March 2002, the new Government established the Expenditure Review and Budget Cabinet Committee (ERBCC). Treasury and Finance will be expected to play a major role in servicing this committee. The ERBCC oversaw the development of the 2002-03 Budget. It is also responsible for the management of the expenditure review process being led by Treasury and Finance. This initiative will be central to the achievement of the Government's budgetary objectives.

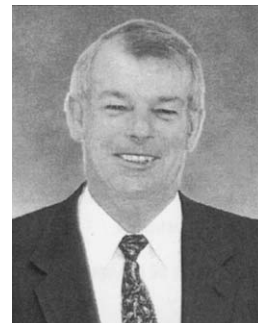
Throughout the year, we continued to build on the work already undertaken to improve the systems that underpin the delivery of the State Budget and look forward to further refining these enhancements in 2002-03.

The department also continued its work on implementing effective central monthly monitoring with the completion of the rollout of data collection mechanisms.

The year also saw a broadening of the function of the South Australian Government Financing Authority (SAFA). SAFA positioned itself to enable the provision of a whole of government corporate treasury function covering funding, cash management, asset and liability management and risk advisory and reporting services. To complement this work SAFA actively promoted its treasury management system capabilities and bureau services to a number of public sector agencies and SA Government departments.

In December 2001, the Office for Government Enterprises (OGE) transferred to the department from the Department for Administrative and Information Services. This move will strengthen Treasury's role in the oversight and monitoring of government businesses to ensure the Government receives the best return for its investment.

I was pleased with the progress we made in 2001-02. As always there are new challenges and we should aim for further improvement. However, I think staff can be proud of their performance in the past year and I thank everyone for their support.



Jim Wright  
UNDER TREASURER

# THE ROLE OF TREASURY AND FINANCE

## The department

The Department of Treasury and Finance is the lead agency supporting the 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 services to the Government and the community, covering asset and liability management, overseeing the function of Government businesses, collection of State taxes and insurance, and superannuation administration.

The organisation is made up of a diverse group of dedicated people with a wide range of skills, including economics, finance, accounting, business services, insurance, superannuation and management.

## The vision

To be an organisation respected for the quality and integrity of our advice, the standard of public sector financial management, the level of service we deliver to our clients and the development of our people.

## The purpose

To provide economic and policy advice and financial services to, and on behalf of, the Government of South Australia, to strengthen the State finances and the South Australian economy. This is done by providing economic, policy and financial advice, by managing the whole of government financial management processes and by providing finance-related services.

## Major clients

**Government:** Treasury and Finance's principal clients are the Treasurer, the Minister for Government Enterprises and Energy, the Minister for Gambling, the Minister for Industrial Relations and, through these Ministers, the Government for our work in administering and coordinating the State Government's finances, providing a range of financial services, policy analysis and advice, and monitoring and advising State Government businesses.

**Government agencies:** In addition to administering and coordinating the Government's requirements across agencies, the department delivers a range of services, including advice and technical support, to all State Government departments, agencies and businesses.

**SA community:** The broader community, through the elected Government and Parliament, is the ultimate client. Treasury and Finance has direct dealings with a range of community members, including taxpayers and their representatives, members of superannuation schemes and the business community generally.

## Strategic directions

The department supports the achievement of the following outcomes for the State of South Australia:

- strengthened State economy;
- strengthened State finances;
- improved services.

This is done by Ensuring Accountability for Public Sector Resources and through Financial Service Provision to the Government.

## THE YEAR IN REVIEW

The 2001-02 year represented another year of improvement and change as the department continued to develop its capabilities in delivering core services.

There were a number of highlights during the year as outlined below. Further details on these highlights are contained in the respective branch reports.

### Expenditure Review and Budget Process

After coming to office in March 2002 the Government established the Expenditure Review and Budget Cabinet Committee (ERBCC). As part of its role the committee oversaw the implementation of the Government's expenditure review process and promoted measures and processes that aim to improve budget management.

The Department of Treasury and Finance undertook the key role of supporting the ERBCC. It commenced the implementation of the Government's expenditure review process with comprehensive reviews of the Department of Education, Employment and Further Training and the Department of Human Services in the latter part of the 2001-02 financial year. The first priority of the reviews was to deliver a comprehensive assessment of portfolio activities and expenditures.

It is anticipated that the expenditure reviews will extend to all portfolios in the coming year and expected that the process will identify activities that could cease, as well as savings from increased efficiencies. It also recognises that there may be instances where some agencies are inadequately funded for the activities that are their responsibility. The Government aims to ensure that the outcomes of the expenditure review process are implemented, primarily through the budget process.

### South Australian Government Finance Authority

A priority focus for the South Australian Government Financing Authority (SAFA) was to develop its role in the provision of a whole of government corporate treasury function.

In the past, SAFA's activities had focussed on providing financial services to its major clients. During the year SAFA positioned itself as a corporate treasury to the South Australian public sector. In doing this, SAFA concentrated its activities on the public service more broadly, particularly on the provision of treasury services to Government agencies and departments.

SAFA undertook a comprehensive review of the Government's cash management practices, focussing

particularly on public sector funds that have been invested outside of the Government sector. It also actively promoted its treasury management system capabilities and bureau advisory services to a number of public sector agencies and Government departments and heightened the provision of general commercial risk services to its clients.

## Government Insurance

The South Australian Government Captive Insurance Corporation (SAICORP) faced challenges in an insurance market that was difficult worldwide with adverse claims experience, reducing capacity following company mergers and failures and the impact of the significant terrorist attacks which occurred on 11 September 2001. Australia was particularly hard hit in the public liability insurance field following the collapse of HIH.

Throughout this turbulent period, SAICORP continued to provide comprehensive property and civil liability protection to agencies at stable premiums, and its operations effectively shielded agencies from the difficulties and impacts being felt by many private sector entities.

## Other Highlights

Other highlights during the year included:

- The formation of the Government Accounting and Reporting Branch
- The commencement of a review of the contract arrangements for Government banking services
- The preparation of proposals for changes to the arrangements governing public liability insurance in response to the contraction of this market and consistent with principles developed by all Australian governments.
- The preparation of a position paper on the establishment of an Essential Services Commission (ESC) for public information and comment
- The outperformance by RevenueSA against 2001-02 compliance revenue targets with actual revenue determined (\$52 million) being above target (\$30 million) due to new compliance assignments
- The launching of the improved Super SA website with member feedback being extremely positive.



## ENSURING ACCOUNTABILITY FOR PUBLIC SECTOR RESOURCES

There are six branches responsible for ensuring accountability for public sector resources.

- Revenue and Economics Branch
- Finance Branch
- Government Accounting and Reporting Branch
- Microeconomic Reform and Infrastructure Branch
- Policy Analysis Branch
- Public and Private Partnerships Unit

The performance and achievements of these branches are described in the following pages.

## Revenue and Economics Branch

The Revenue and Economics Branch played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring economic and fiscal policies are in place to promote sustainable economic growth
- Ensuring revenue is raised in a manner which is equitable, efficient and supportive of economic growth
- Ensuring an equitable share of Commonwealth funding for the State.

The Revenue and Economics Branch provides economic policy advice at whole of government level on revenue, Commonwealth-State relations, national competition policy, gambling policy and the economic and financial environment in South Australia.

### PERFORMANCE

The year saw the Revenue and Economics Branch involved in a wide range of activities. The major activities included providing advice on a range of revenue measures for the 2002-03 State Budget and commencement of a National Competition Policy Review into Gambling Legislation. The branch also worked to ensure an equitable share of Commonwealth funding through submissions to the Commonwealth Grants Commission.

### National Taxation Reform

Further national tax reform changes to Commonwealth-State funding arrangements were implemented in 2001-02 with the abolition of financial institutions duty and stamp duty on quoted marketable securities.

### State Revenue

The Branch undertook a number of activities aimed at supporting economic growth through the State's capacity to raise revenue. Regular forecasting and monitoring of State tax revenues supported these activities.

Officers from the Revenue and Economics Branch participated in intergovernmental discussions that enabled the abolition of low alcohol subsidies from 1 July 2002 as a consequence of reductions in the excise structure applying to low alcohol beer.

Pay-roll tax changes were introduced in 2001-02 to ensure that South Australia remains competitive with other jurisdictions in terms of attracting new firms and creating employment opportunities.

Responsibility for revenue aspects of the *Emergency Services Funding Act 1998* were transferred from the Justice Portfolio to the Revenue and Economics Branch during 2001-02.

A number of revenue measures for inclusion in the 2002-03 Budget were developed, including the introduction of a revised gaming machine tax structure, increases in conveyance duty rates for property transfers valued in excess of \$200,000, and a broadening of the rental duty tax base.

Rate setting for the Emergency Services Levy in 2002-03 was also undertaken, including compliance with legislative requirements for reporting to the Economic and Finance Committee of Parliament.

### Commonwealth Grants

The Revenue and Economics Branch played a key role in the State's efforts to secure an equitable share of Commonwealth funding. As part of this role the branch coordinated submissions and briefing material for the Commonwealth Grants Commission's (CGC) 2002 recommendations.

The work conducted by the branch ensured the CGC was fully informed of the State's expenditure needs and revenue raising disadvantages when it considered its recommendation for the State's share of Commonwealth general-purpose grants.

The State's main submission to the CGC's 2004 methodology review was coordinated by the branch and submitted in April 2002. Workplace discussions, involving discussions with agencies in Adelaide, Whyalla and Port Augusta, were held with the CGC in June 2002.

Branch officers also participated in an intergovernmental working party on specific purpose payments, including chairing a pilot project to investigate and promote an outcome based approach to Specific Purpose Payment (SPP) funding and providing input into the generation of a Commonwealth SPP database. Additionally, briefing material was prepared for the Ministerial Council meeting, Heads of Treasuries meetings, and reports for Loan Council and Leaders Forums.

In addition, to commemorate the Centenary of Federation the department published, in conjunction with the South Australian Centre of Economic Studies, a report on the fiscal relationship between the Commonwealth and State governments over the first century of federation from a South Australian perspective.

### National Competition Policy

Throughout 2001-02, the branch was involved in providing advice on a range of competition policy issues, including competitive neutrality issues and liaising with the Department of the Premier and Cabinet in relation to legislation reviews and the annual report to the National Competition Council.

The report of the National Competition Policy (NCP) review of the *Petroleum Products Regulation Act 1995*, conducted jointly with the Department of Administrative and Information Services (DAIS), was distributed to key stakeholders for comment.

The NCP review of gambling legislation was commenced and, at the year's end, was close to complete. Gambling is a social policy matter rather than a competition policy issue, but in order to comply with NCP requirements, Treasury and Finance commenced re-examining the arguments in relation to the net benefits of the exclusivity arrangements in State legislation - identified as the major restriction on competition. In addition, the branch commenced examining legislation relating to Gaming Machines, the Independent Gambling Authority, Lottery and Gaming, and the Casino for any other competition issues. Also considered were the Lotteries Commission and Authorised Betting Operations.

### Insurance Policy

During the year the branch provided advice that supported the introduction of a Bill to amend compulsory third party (CTP) bodily injury legislation. If accepted, the amendments would clarify the Motor Accident Commission's (MAC) role as the sole provider of insurance and make a number of changes to CTP arrangements. In particular, the Bill sought to:

- Clarify that MAC is not a significant government business activity for competitive neutrality purposes
- Remove the requirement to make income tax equivalent payments
- Re-affirm the community rating principle for CTP setting
- Introduce a requirement for MAC to achieve and maintain 'sufficient solvency'
- Facilitate structured settlements as an alternative to lump sum settlements as a means for personal injury compensation.

The branch was also involved in the preparation of advice to both Heads of Treasuries and the Treasurer in the lead up to two special public liability insurance meetings. These meetings were convened by the Federal Assistant Treasurer, Senator Helen Coonan, and involved State and Territory Treasurers and the Local Government Association.

## Gambling Policy

During the year the branch prepared the way for the commencement of the substantive provisions of the *Statutes Amendment (Gambling Regulation) Act 2001* from 1 October 2001. Those provisions included the establishment of the Independent Gambling Authority as successor to the Gaming Supervisory Authority with an expansion of its membership and functions. A significant number of additional measures also commenced on that day including compulsory advertising and responsible gambling codes of practice for hotels and clubs with gaming machine licences, increase in the minimum return to player for gaming machines from 85% to 87.5% and establishment of a voluntary barring register for excessive gamblers.

Bookmakers tax arrangements were amended from December 2001 which saw the abolition of bookmakers tax (other than for bets taken from persons outside Australia) and the corresponding cessation of GST re-imbursement grants to bookmakers.

The branch contributed to the commencement of the *Authorised Betting Operations Act* (replacing the *Racing Act 1976*) including the establishment of Regulations under that Act. The commencement of the Act formed part of the finalisation of the sale of the TAB and the culmination of a significant amount of work in settling licensing and duty agreements for the privatised TAB.

Officers of the branch also supported the Minister for Gambling at the October meeting of the Ministerial Council on Gambling and participated in associated Officials group meetings.

The branch provides ongoing policy advice to the Minister for Gambling on a wide range of regulatory and responsible gambling issues.

## Economic Analysis

As part of its ongoing role in monitoring and analysing State, national and international economic conditions and outlook, the Revenue and Economics Branch completed around 160 economic briefings analysing major economic indicators. Analysis was undertaken of statistics released by the Australian Bureau of Statistics, the Australian Bureau of Agricultural Resource Economics, and independent economic commentators and forecasters. The Branch also provided economic advice on a range of ad hoc policy issues and coordinated and prepared briefing papers for reviews by major credit rating agencies.

During the year officers from the Revenue and Economics Branch participated in various committees and working groups such as the Water Policy Committee, Housing Industry Prospects Forum, South Australian Greenhouse Committee, National Competition Policy Reference Group and State Statistical Priorities Committee.

## STAFF DEVELOPMENT

During the year, Revenue and Economics demonstrated its ongoing commitment to staff development with a continuation of its formal performance appraisal process. The process provides for two-way feedback in assessing the performance of staff and planning for their future development within the branch, department and public sector.

Apart from its internal development processes, the branch also supported whole of Government initiatives with members of the branch involved in both the Graduate Development Program and the Leadership SA program.

In addition, the branch encouraged staff participation in a number of individual development opportunities including attendance at a range of meetings and conferences, secondments to other parts of the department and involvement in a number of research projects and new publications.

## THE YEAR AHEAD

- Contributing to policy development on gambling-related issues
- Participating in Commonwealth Grants Commission consultations in respect of grant recommendations for 2003-04 and provide submissions to the Grants Commission's 2004 Methodology Review
- Providing advice on international, national and State economic trends and conditions on a regular basis, including analysis of ABS data releases and selected private sector economic reports
- Reviewing the scope for rationalisation of the structure of the Emergency Services Levy
- Completing the various National Competition Policy Reviews.

## Finance Branch

Finance Branch played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring economic and fiscal policies are in place to promote sustainable economic growth
- Ensuring sustainable outlays in aggregate over the long-term
- Supporting efficient service delivery across whole of Government
- Maintaining Government's capacity over time to deliver essential public services.

Specifically, the Finance Branch manages the State budget process, provides policy advice on budgetary and financial issues, monitors the financial performance of government and government businesses, and provides advice on government reform issues and on government businesses.

## PERFORMANCE

It was a year of change for the Finance Branch, which underwent a significant restructure in 2001. While its activities focussed on supporting the development and preparation of the 2002-03 Budget, it also continued its work on improving the central monitoring of agency financial performance. In addition, in December 2001 the branch integrated the Office for Government Enterprises and the Government Business Group into its structure.

### Restructure of the Finance Branch

In October 2001 the Finance Branch was split and a new Government Accounting and Reporting Branch was created consisting of the Fiscal Strategy Directorate and the Accounting and Information Management Directorate. The remainder of Finance Branch was restructured resulting in the Resource Allocation, Account Management (Portfolio), Account Management (Commercial) Directorates and a Management Support group.

The Capital Investment Section of the former Financing and Investment Directorate was transferred to the Resource Allocation Directorate.

In addition, the Office for Government Enterprises and Government Business Group transferred from the Department for Administrative and Information Services (DAIS) to the Finance Branch on 4 December 2001.

Further restructuring of the Office for Government Enterprises as a part of Finance Branch will occur in early 2002-03 to complete the integration of the Government's oversight arrangements for its major businesses.

### Budget

In line with its commitment to the department's key corporate objectives, the development and preparation of the 2002-03 Budget was the most significant body of work undertaken by the branch during the year.

Shortly after coming into office, the Government established the Expenditure Review and Budget Cabinet Committee (ERBCC). This Committee, chaired by the Treasurer, took carriage of the 2002-03 Budget Process. The Finance Branch played a key role in the design of the 2002-03 Budget process and in supporting the operations of the ERBCC during the later part of the 2001-02 year as it gathered information and progressed the development of the 2002-03 Budget.

### Financial Monitoring

The Finance Branch continued to build on the substantial work of 2000-01 to introduce effective central monthly monitoring of financial performance against agency budgets.

During the year, the branch completed the rollout of the data collection mechanisms that support this process and while a range of data quality and timeliness issues remain, further refinements will be made in the coming year in an effort to resolve them.

As part of its role in supporting the ERBCC, Finance Branch will be making financial monitoring reports to the Treasurer, for the committee, during 2002-03.

### Capital Investment

In the development of the 2002-03 Budget, all capital investment projects that had not been explicitly approved by the former Cabinet were removed from agency forward estimates. The Branch undertook significant consultation with agencies to classify projects to allow the Cabinet to develop its Budget priorities.

### Office for Government Enterprises

Following its integration into the Finance Branch in December 2001, the Office for Government Enterprises (OGE) continued to provide support services to the Minister for Government Enterprises and a number of other Ministers with responsibilities for government businesses. A major focus of OGE throughout the 2001-02 financial year was to ensure appropriate ownership control and accountability arrangements were in place and understood by government businesses to achieve commercially viable service delivery whilst also demonstrating effective risk management and compliance with other government policy objectives.

The Government Business Group activities for 2001-02, resulted in the divestment of the SA Ports Corporation, the sale of SA TAB, a review of alternative financing and management arrangements for the Septic Tank Effluent Disposal System (STEDS) and the completion of a review of the workers compensation legislation for National Competition Policy.

Further information on SA Ports Corporation and SA TAB is provided herewith.

#### **SA Ports Corporation**

The previous Government announced in May 2000 that the most appropriate form of disposal for Ports Corporation was by entering into a 99 year lease of the land in conjunction with a sale of associated assets on the land - including wharves, buildings, plant and equipment, and the ongoing business (contracts, leases etc). Parliament passed the relevant legislation (ie *The South Australian Ports (Disposal of Maritime Assets) Act 2000*, the *Maritime Services (Access) Act*, and the *Harbors and Navigation (Controls of Harbors) Amendment Act*) in December 2000. These Acts were proclaimed during 2001.

The Ports Corporation divestment process commenced on 7 March 2001 seeking expressions of interest for the sale/lease of the Ports Corporation business, including the ports of Port Adelaide, Port Giles, Wallaroo, Port Pirie, Port Lincoln, Thevenard and Klein Point. The Kangaroo Island ports of Kingscote, Penneshaw and Cape Jervis were retained within government and transferred from Ports Corporation to the Department of Transport and Urban Planning.

On 16 October 2001, the previous Government announced the divestment of Ports Corporation to the Flinders Ports consortium with settlement completed on Friday 2 November 2001.

The total divestment package was worth \$186 million and included \$130 million cash (plus estimated interest of \$3 million) and provision of \$52.8 million for dredging and construction of a new berth for large Panamax-sized grain ships. Flinders Ports Consortium, consisting of Adstream, Egis and three super funds, Galaxy, Equisuper and MTAA Super commenced a 99 year lease of Ports Corporation land and purchased wharves, buildings, plant and equipment and the ongoing business.

### SA TAB

On 8 February 2000, the previous Government announced its in-principle decision to sell the SA TAB via a trade sale. Parliament passed the *TAB (Disposal) Act* and *Authorised Betting Operations Act*, which facilitated the sale of the business and established the new regulatory framework respectively, in December 2000. The formal sale process commenced in January 2001, with final bids for the sale closing on 22 May 2001. On 15 August 2001, the previous Government announced the sale of the SA TAB to TAB Queensland Ltd for \$43.5 million with a settlement date of 14 January 2002.

### STAFF DEVELOPMENT

During 2001-02, one graduate joined the Finance Branch and participated in the Graduate Development Program. The branch also employed a trainee through the Government Traineeship program.

Finance Branch provided support to six staff who commenced or continued tertiary studies related to departmental and public service skills needs.

In addition, the branch negotiated two new work from home arrangements in accordance with the department's flexible working arrangements.

### THE YEAR AHEAD

- Providing analysis and advice to ERBCC to strengthen the monthly monitoring of agency financial performance and begin to integrate the information into the decision making processes of the Government
- Providing analysis and advice to ERBCC to review and improve forward estimate methodology
- Implementing the 2002-03 Budget and advise on and prepare the 2003-04 Budget
- Reviewing portfolio output definitions, costings and measures
- Further restructuring and integration of the Office for Government Enterprises within the Finance Branch.



## Government Accounting and Reporting Branch

The Government Accounting and Reporting Branch (GAR) played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring economic and fiscal policies are in place to promote sustainable economic growth
- Ensuring sustainable outlays in aggregate over the long-term, with no borrowing for non-commercial purposes
- Supporting efficient service delivery across whole of Government
- Maintaining Government's capacity over time to deliver essential public services.

The Government Accounting and Reporting Branch maintains Government financial systems, manages financial policy, legislation and governance, consolidates and analyses financial information, advises the Government on fiscal policies and issues and manages large finance related projects and contracts.

### PERFORMANCE

The Government Accounting and Reporting Branch was established in October 2001 following a restructure of the Finance Branch. During the year, the branch was involved in a number of activities with the aim of improving accountability in government. The branch also undertook a major upgrade of the whole of government financial management system and coordinated the request for proposal process for the provision of banking and related services to the Government.

#### Fiscal Policy

In 2001-02, the branch supported the adoption of a new fiscal strategy, which was finalised following the change of Government in March 2002. Significant progress towards implementing a new Fiscal Responsibility Framework for the State was also achieved, including the introduction of legislative changes and the concept of a Charter of Budget Honesty.

#### Public Finance and Audit Act

Following the March 2002 election, the branch provided advice to the new Government that supported the introduction of a Bill to amend the *Public Finance and Audit Act* 1987 to require a Charter of Budget Honesty. This Bill was introduced into the Parliament in May 2002. A Bill to increase the powers of the Auditor-General was also drafted, and will be introduced into Parliament early in the 2002-03 financial year.

#### Improving Financial Accountability

The branch developed draft policies in 2001-02 for aligning agency cash balances with approved expenditure levels. In addition, preliminary work began on drafting policies relating to the basis of government businesses' investment, as a result of the shift to an accrual general government fiscal target. The finalisation and implementation of these policies will be pursued during 2002-03.

#### Consolidated Financial Reporting

GAR played the lead role in supporting the Government in meeting its consolidated financial reporting obligations. In 2001-02 the Government's major consolidated reporting obligations were:

- Budget Outcome 2000-01
- AAS31 Consolidated Financial Statements 2000-01
- Mid-year Budget Review 2001-02
- 2002-03 Budget.

The Budget Outcome for 2000-01 was published in November 2001, within the timeframe established in previous years.

Compared to the process for the previous year, preparation of the Consolidated Financial Statements for the year ended 30 June 2001 was completed in a shorter timeframe. Publication was delayed until March 2002.

The 2001-02 Mid Year Budget Review was finalised and published in February 2002.

Together with the Finance Branch, GAR had a significant role in advising and supporting the Treasurer and Cabinet through the new Government's first budget. This involved the consolidation and analysis of the underlying data and the provision of aggregate information to the Government.

### Agency Financial Systems

During the year, the Financial Application Systems Team (FAST) installed, tested and implemented a major upgrade to the Masterpiece financial management information system used by all agencies in the EDS mainframe shared partition. Future initiatives such as web enablement and enhanced data extraction and reporting will leverage off this recent upgrade.

GAR led the Request for Proposal (RFP) process on behalf of the Government for the acquisition of financial reporting tools. The final outcome of the process was the selection of Cognos Pty Ltd as the preferred supplier of financial reporting tools.

During 2001-02, the Applications Team expanded on the basic journals framework developed for the 2001-02 Budget process and created a substantially streamlined model that further decreased workloads in both agencies and Treasury and Finance.

A complete data warehousing system was developed and implemented that can provide agencies with information for advanced business intelligence and reporting tools such as those supplied by Cognos Pty Ltd under the preferred supplier arrangement.

The current Masterpiece licence agreement, formerly with Computer Associates and now with SSA Global Technologies, is due to expire in November 2004. Constant improvements in technology and financial processes worldwide, plus the rigorous procurement policies to be followed, demand that careful consideration be given to understanding systems requirements well in advance of November 2004.

To this end a financial systems review commenced in 2001-02, overseen by a steering committee led by the Under Treasurer. The steering committee was supported by a technical advisory group, consisting of Treasury and Finance and agency representatives, and a project team staffed by branch personnel.

### Government Banking Contract

During the year GAR implemented a review into the Government's banking services. With the current whole of government contractual arrangements due to expire in December 2002, the branch coordinated a Request for Proposal (RFP) process with the aim of securing banking services for future years.

The RFP was advertised in April 2002. Proposals were sought for the provision of services in relation to transaction banking, merchant facility and purchase cards.

Proposals were received in May and evaluations commenced. The Evaluation Committee comprised both Treasury and Finance and agency representatives.

Following the procurement process, the branch will be responsible for the implementation and ongoing management of the new contract arrangements.

## STAFF DEVELOPMENT

Since the creation of the branch in October 2001, all staff members participated in activities focused on establishing the culture and teams within the new branch, and establishing a defined branch identity.

To improve the Branch's capability to undertake large and complex projects, an initiative to develop a standard project management methodology commenced in May 2002. Each branch member attended an introductory project management training session. This initiative will be further developed during 2002-03 with more in depth training targeted at branch members involved in managing projects.

Other development activities have included branch members undertaking temporary secondments elsewhere within government, including on expenditure review teams.

## THE YEAR AHEAD

- Supporting the change to budgeting with new accrual fiscal targets
- Completing the selection of preferred suppliers for banking and related services and management of ongoing arrangements
- Continuing to support the changes to the *Public Finance and Audit Act*
- Continuing to provide leadership and support in the review of financial systems and processes
- Continuing to improve the consolidation and reporting processes carried out by the branch.

## Microeconomic Reform and Infrastructure Branch

The Microeconomic Reform and Infrastructure Branch played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring economic and fiscal policies were in place to promote sustainable economic growth
- Supporting efficient service delivery across whole of Government
- Maintaining Government's capacity over time to deliver essential public services.

Specifically, the Microeconomic Reform and Infrastructure Branch is responsible for providing advice on major market reforms, including management of electricity market reforms, and strategic issues relating to infrastructure requirements.

### PERFORMANCE

During the year the branch was involved in providing extensive advice to the Treasurer and the Minister for Energy on a range of electricity and gas related matters. The branch also examined and assisted new supply proposals, provided advice to the National Electricity Market bodies and undertook a range of tasks to support the establishment of an Essential Services Commission.

### New Sources of Supply

New investment in the transmission network and in generation over the year was expected to contribute to meeting increasing demand for electricity in South Australia and should act to moderate electricity prices in the South Australian region. Accordingly, the branch was active in monitoring electricity supply and new sources of supply over the year. As part of inter-departmental teams, proposals for new sources of conventional and renewable electricity supply, and gas supply, were examined and assisted. These proposals included the South Australian magnesium (SAMAG) project, wind powered generation and government purchasing of electricity.

Demand-side management proposals were also examined within a joint inter-departmental and industry committee.

Until the third quarter of 2001-02 the establishment of new electricity infrastructure was actively facilitated, including the new AGL peaking generation plant at Hallett. With the renewed emphasis on strategic policy development in the branch, infrastructure facilitation activities were transferred to the Office of Economic Development.

### National Electricity Market

2001-02 represented the third full year of operation of the National Electricity Market (NEM). The NEM incorporates the regional electricity markets of New South Wales, Queensland, Victoria, South Australia and the Australian Capital Territory, with Tasmania potentially joining the NEM in 2003. The NEM operates in accordance with the National Electricity Code (the Code) established under the *National Electricity (South Australia) Act 1996*.

During the year the branch, with officers in other jurisdictions, was involved in governance oversight activities of the two principal NEM bodies, the National Electricity Market Management Company Limited (NEMMCO) and the National Electricity Code Administrator Limited (NECA). The governance activities included the provision of advice on their budgets and statements of corporate intent.

During the year issues associated with the NEM received a high profile at both the National and State levels.

The increase in electricity generation capacity within South Australia coupled with a mild 2001-02 summer resulted in a substantial moderation in load-weighted average pool prices in the wholesale electricity market from \$111/MWh to \$28/MWh.

At the national level the Ministerial Council on Energy commenced an independent review of energy market directions (the Parer Review). The branch supported the development of the South Australian Government submission to the review. The submission highlighted the importance of sourcing new gas supplies to meeting the long term energy needs of South Australia.

The branch supported the NEM Ministers Forum, which met on three occasions during the year, in September and December 2001 and March 2002. Substantial progress was made on the work plan agreed in June 2001, including general network and interconnector development, pricing, regulatory overlap and demand side participation.

The assessment of the proposed regulated interconnector between NSW and South Australia (SNI) was completed by NEMMCO in late 2001. The determination was the subject of an appeal to the National Electricity Tribunal. The South Australian Government joined the appeal in support of NEMMCO's determination to ratify SNI as a regulated interconnector.

At the wholesale market level, the Minister for Energy proposed that inappropriate bidding and rebidding behaviour by generators be defined and subjected to substantial penalties. The ACCC released a draft determination on rebidding in June 2002, with a final decision likely to be made before the end of the 2002 calendar year.

At the retail level, the branch supported the State's action to prepare for the introduction of electricity retail competition based on the commencement date of 1 January 2003. This will enable consumers down to the individual household to purchase electricity from the retailer of their choice. Electricity retail competition commenced in NSW and Victoria in 2002. Currently all South Australian households, because they consume less than 160MWh per annum, are franchised to AGL under fixed tariffs regulated by the Electricity Pricing Order. To ensure South Australia is prepared for electricity retail competition a number of other key issues were analysed during the year, including the development of a consumer protection framework. Amendments to the *Electricity Act 1996* that give effect to the framework were proposed for consideration by Parliament.

South Australia completed and published its Metrology Procedures in May 2002. The Metrology Procedures define the processes by which end use customer data is collected and processed to allow financial settlement in the electricity market. During the year, draft procedures were developed and an Issues Paper was released for public consultation. After considering submissions, the Metrology Procedures were finalised and published for further scrutiny for a three month period.

### Essential Services Commission

A Position Paper on the establishment of an Essential Services Commission (ESC) was prepared for public information and comment. The new Government has a policy of establishing an ESC to regulate electricity, gas, ports, rail and some aspects of water. Following an internal review of the *Independent Industry Regulator Act 1999*, the ESC Bill 2002 was drafted for consideration by Parliament.

### Administration of the *Electricity Act 1996*

Over the year, administrative activities arising from the *Electricity Act 1996* included processing compulsory acquisition requests from electricity entities.

### Residual ERSU Activities

Administration of arrangements for returning electricity sector employees, who were public sector employees at the time of privatisation, was undertaken in conjunction with the Office of the Commissioner for Public Employment, in accordance with the *Electricity Corporations (Restructuring and Disposal) Act 1999*. Other work has involved monitoring of the Treasurer's obligations with respect to electricity entity employee superannuation and surplus executives.

To meet corporate Treasury and Finance requirements, two staff members served on the Boards of various statutory authorities.

### STAFF DEVELOPMENT

The branch continued to be involved in the Graduate Development Program and was also involved in the Traineeship Program.

In addition to these programs the branch partially funded the tertiary studies of a member of staff, along with training courses for other staff members. Training courses attended ranged from electricity industry based courses and conferences to more general information technology courses.

A pilot "in house" policy training seminar across two branches was conducted during the year.

### THE YEAR AHEAD

- Implementing the policy framework developed for the introduction of Full Retail Contestability for retail consumers of electricity
- Completing the implementation of regulatory and legislative arrangements to support the introduction of FRC
- Implementing government policy to create an Essential Services Commission and Essential Services Ombudsman.

## Policy Analysis Branch

The Policy Analysis Branch played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring economic and fiscal policies were in place to promote sustainable economic growth
- Supporting efficient service delivery across whole of Government
- Maintaining the Government's capacity over time to deliver essential public services.

In particular, the role of the Policy Analysis Branch was to identify, conduct detailed research on, and analyse strategic policy issues, as the basis for provision of advice on policy options and impacts to other parts of the Department of Treasury and Finance, the Treasurer, Cabinet and the Expenditure Review and Budget Cabinet Committee (ERBCC).

The main focus of the branch is on the social policy areas where the majority of State expenditure is undertaken.

## PERFORMANCE

In 2001-02, the Policy Analysis Branch continued to build on the initial work undertaken in 2000-01. The most significant activity for the branch was the commencement of comprehensive expenditure reviews of the Education and Children's Services, the Employment, Training and Further Education and the Human Services portfolios. In addition, the branch undertook research and provided policy advice in relation to specific expenditure within these portfolios.

### Expenditure Reviews

With the establishment of the ERBCC, the branch commenced comprehensive expenditure reviews of the Education and Children's Services, the Employment, Training and Further Education and the Human Services portfolios in the last few months of 2001-02. The first priority of these reviews was to deliver a comprehensive and thorough assessment of portfolio activities and expenditures.

In establishing the review process, Cabinet considered that there were benefits from undertaking comprehensive expenditure reviews every four or five years, as annual budgets are generally developed incrementally and in response to new or emerging pressures, with little impetus for portfolios to undertake annual reviews of all their existing activities. A thorough review is seen as necessary for the identification of sustainable expenditure savings. An outcome of the reviews will be the establishment of soundly based forward budget estimates and improved forward estimates methodology.

The expenditure review process will identify savings from increased efficiencies and activities that can be cut back or even eliminated, as well as those agencies that are inadequately funded for the activities that are their responsibility.

### Research and Policy Advice

The research and policy advice activities of the branch in 2001-02 included:

- Completion of a major joint review with the Department of Education, Training and Employment of funding for apprentice and trainee training (User Choice)
- An analysis and preparation of papers on key social issues including public school enrolment trends, poverty, welfare reform and population trends and the implications for long term service delivery
- Provision of health policy advice in the areas of ageing, private health insurance, Australian Health Care Agreement and major reviews of health systems interstate

- Provision of advice on various housing policy issues including Commonwealth State Housing Agreement renegotiation
- A 'stocktake' of industry assistance delivered via the Industry Investment Attraction Fund in accord with terms of reference established by the former Treasurer in December 2001.

## STAFF DEVELOPMENT

The branch employed one graduate during the year who attended training and development activities as part of the Graduate Development Program. Another staff member was supported in undertaking the Graduate Diploma of Business Administration. Other staff attended a variety of seminars and conferences throughout the year.

## THE YEAR AHEAD

- Completing the expenditure reviews of the Education and Children's Services, the Employment, Training and Further Education and Human Services portfolios.
- Implementing revised forward estimates methodology accompanied by additional monitoring requirements
- Continuing research and the provision of policy advice on issues arising in major expenditure areas, including the impact of long term demographic trends.



## Public Private Partnerships Unit

The Public Private Partnerships Unit played an important role in supporting the Department of Treasury and Finance's long-term objective of:

- Maintaining Government's capacity over time to deliver essential public services.

The purpose of the Public Private Partnerships (PPP) Unit is to facilitate private sector participation in infrastructure development where appropriate under the Government's Partnerships SA initiative. The unit operates as a consultative body to agencies seeking to engage with the private sector in infrastructure development and the delivery of public services to the community, and provides an oversight function to ensure that projects conform to the policy guidelines regarding PPP procurement.

## PERFORMANCE

The Public Private Partnership Unit's key objectives for 2001-02 were the establishment and development of the PPP procurement process within South Australia. During 2001-02, to support these objectives the unit undertook a number of activities that resulted in the development of procurement guidance material, the ongoing development of PPP policy at both the State and national level and the investigation of the initial suite of designated projects.

During 2001-02, the PPP Unit delivered against key objectives that included:

- Provision of consultancy services to government agencies on their PPP projects
- Provision of advisory services to the Under Treasurer on the detail and major issues arising from each of the prospective PPP projects
- Development of appropriate information for the public and private sectors on PPPs
- Development of policy to meet the needs of the Government and its agencies that was consistent with broader developments in the PPP market in Australia
- Involvement in the Heads of Treasuries Working Group forums on the development of national PPP standards.

Public release of the *Partnership SA Guidelines*, a primary objective of 2001-02, was delayed while the new Government reviewed the policy.

The formation of a PPP Advisory Board was not pursued after the new Government established the Major Projects Infrastructure Cabinet Committee covering the Advisory Board's role.

## Public Private Partnership Projects

In the 2001-02 State Budget a number of projects were earmarked for development as PPPs. Since then a number of additional projects have also been considered for PPP delivery. In line with the unit's priorities for 2001-02, significant analysis of each project was undertaken in conjunction with the sponsoring agency to assess suitability for PPP delivery. In all cases that analysis will be ongoing.

The potential PPP projects assessed included:

- Upgrading of the Glenelg Transport Corridor and the procurement of new trams
- Development of a new State Aquatic Centre
- Development of a new Investigator Science and Technology Centre
- Redevelopment of the Cavan Youth Training Centre
- New regional hospital at Barossa
- New police stations
- New women's prison
- Septic Tank Effluent Disposal Scheme (STEDS).

## STAFF DEVELOPMENT

The unit recognised that PPP projects require complex development processes, particularly in areas such as financial modelling and the interpretation of PPP contracts. The unit committed to ensuring staff received up to date training in all aspects of the PPP procurement model and acquired skills that were current, relevant and equivalent to those in the private sector. To this end unit staff attended external seminars on PPP development, undertook in-house skill development training and were involved in the Heads of Treasuries Working Group forums on the development of a national PPP training and accreditation program.

## THE YEAR AHEAD

- Releasing the Partnership SA Guidelines
- Continuing investigation of projects that have the potential for delivery by PPP
- Providing PPP training programs for departments and agencies on relevant PPP issues
- Continuing policy development.

## FINANCIAL SERVICE PROVISION

There are five branches responsible for financial services provision.

- RevenueSA
- South Australian Government Financing Authority
- Super SA
- SAICORP
- Corporate Services

The performance and achievements of these branches are described in the following pages.

## RevenueSA

RevenueSA played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring revenue is raised in a manner which is equitable, efficient and supportive of economic growth
- Ensuring client needs are integrated into the delivery of services.

Specifically, RevenueSA is responsible for the management, collection and enforcement of the State's taxation revenue base and for provision of policy advice on taxation issues. In addition, RevenueSA is responsible for:

- The administration of government incentive schemes to specific targeted groups such as exporters, employers of young people and housing developers
- Involvement with industry assistance packages such as tax relief on corporate reconstructions
- Collecting the fixed property component of the Emergency Services Levy
- Regulation of small lotteries and trade promotion functions under the *Lottery and Gaming Act 1936* and administration of the *Collections for Charitable Purposes Act 1936*
- Administration of subsidy schemes (Petroleum Subsidy Scheme and First Home Owner Grant).

## PERFORMANCE

RevenueSA collected \$1.850 billion in revenue in 2001-02. The branch determined \$52 million in tax liability due to non-compliance, of which \$35 million was collected. It also processed 14 859 First Home Owner Grant applications and rebated \$12.5 million and \$3.5 million under the Trainee and Export Pay-roll Tax rebate schemes respectively. In addition, the branch progressed its strategy for electronic revenue collection by committing to a new project and by improving its established online services.

## Revenue Collection and Rebates

The revenue collected by RevenueSA during the 2001-02 year is compared with the two previous financial years in Table 1.

**Table 1 – Revenue Collected Between 1999 and 2002\***

	1999-00 \$	2000-01 \$	2001-02 \$
Debits Tax	58 715 877	58 452 324	58 784 749
Financial Institutions Duty**	90 468 771	102 262 796	10 337 795
Land Tax	138 189 918	140 346 506	141 573 301
Pay-roll Tax	693 735 459	743 902 641	754 124 597
Stamp Duty	739 672 017	714 769 908	771 606 926
Contribution from Small Lotteries	1 127 281	977 381	868 812
Mirror Taxes	-	-	5 985 517
Emergency Services Levy	89 502 175	124 380 583	107 040 553
Total RevenueSA Collections	1 811 498 537	1 885 176 465	1 850 322 250

\* More details on these revenue collections are provided in Appendix 10.

\*\* The Financial Institutions Duty (FID) was abolished 1 July 2001. FID collected during 2001-02 reflects carryover from 2000-01

RevenueSA rebated \$12.5 million and \$3.5 million under the Trainee and Export Pay-roll Tax rebate schemes respectively during 2001-02.

On 24 June 2002, the Treasurer approved and released guidelines in respect of the provision of ex-gratia relief from stamp duty for corporate reconstructions. The guidelines set out the economic circumstances in which ex-gratia relief will be considered.

In addition, RevenueSA implemented interim business processes and associated information technology systems to enable councils to include the Self-Funded Retiree concession in 2001-02 rate notices.

### Compliance Activity

RevenueSA outperformed its 2001-02 compliance revenue targets. Actual revenue determined (\$52 million) was above target (\$30 million) due to new compliance assignments in the areas of pay-roll tax, stamp duty on insurance (life riders) and major conveyances, financial institutions duty and debt recovery.

The revenue determined \* (\$52 million) and collected \* (\$35 million) as shown in Table 2 resulted from the conduct of 35 compliance programs in 2001-02

Tax Head	Target	Revenue Determined*	Revenue Collected*	Number of Assignments Completed	Number of Clients Investigated & completed
	\$	\$	\$		
Pay-roll Tax	8 350 000	9 362 265	2 855 732	229	266
Land Tax	380 000	382 290	315 710	16	641
First Home Owner Grant	750 000	711 119	365 245	213	213
Financial Institutions Duty/Debits Tax	500 000	1 292 842	1 079 833	40	41
Stamp Duty Insurance	2 200 000	2 585 580	2 374 503	15	15
Stamp Duty Motor Vehicles	560 000	306 364	170 266	11	205
Stamp Duty Conveyance	4 400 000	6 400 288	5 499 264	315	325
Petroleum	250 000	638 996	294 139	7	10
Number of Matters referred					
Debt Management	12 610 000	30 527 687	21 778 563	8 950	5 049
<b>Total</b>	<b>30 000 000</b>	<b>52 207 431</b>	<b>34 733 255</b>	<b>9 796</b>	<b>6 765</b>

\* Revenue determined is the revenue identified as a result of an investigation. That is, the identification of a tax liability due to non-compliance. Revenue collected is the actual quantity of revenue received by RevenueSA from assessments as a result of an investigation.

The difference between revenue determined and revenue collected can be attributed to the following:

- The effects of time payment plans for businesses with larger taxation debts, specifically in the pay-roll tax environment. During the 2001-02 financial year recovery action was commenced against 116 taxpayers that had not paid assessments by the due date (to the value of \$7.5 million). In many instances, the payment of the revenue gained from these investigations will be deferred due to the granting of arrangements to pay by instalments.
- Investigations under the *First Home Owner Grant Act 2000* have resulted in some seventy-two applications being considered ineligible. Of these applications, fourteen were rejected prior to the grant being paid (amounting to \$119 000), and the savings have been included as revenue determined. For these matters there will not be a corresponding amount of revenue collected. Recovery action has commenced for a further seventeen applications (with a value of \$131 126). Of these seventeen applications, twelve are on arrangements to pay the grant back by instalments.
- Timing differences in assessment and debt recovery processes.

## Electronic Revenue Collection

RevenueSA further progressed its strategy for electronic revenue collection during the year by:

- Increasing the number of taxpayers using the TIMBER (Taxation Information Money By Electronic Return) system from seventy six to one hundred and eighteen
- Further enhancing the new pay-roll tax information management system (PIMS) to incorporate a streamlined Annual Reconciliation module. The enhancements provide employers with an improved approach for the provision of annual wage details to assist RevenueSA in the calculation of the taxpayer's annual assessment
- Completing the preliminary investigation phase of the Revenue Information Systems to Ensure Compliance (RISTEC) Project, resulting in the inclusion of the required funding allocation (over four years) in the Government's Capital Investment Program
- Progressing the RevNet project (detailed below) to the point of scheduling the first pilot for July 2002.

## New Internet Based Self-Assessment System (RevNet)

During 2001-02, RevenueSA committed to implementing an Internet based system that would allow self-assessment of a wider range of stamp duty document types than those currently available through TIMBER. The system will also provide a facility to enable the on-line request, payment and delivery of Emergency Services Levy and Land Tax Agent Certificates.

This system, now known as RevNet, is scheduled for piloting and implementation in 2002-03. RevNet will ultimately replace RevenueSA's counter services.

Leading up to the release of RevNet, several significant changes to counter services were needed. The first of these came into effect in December 2001 when the number of types of documents that could be processed over the counter was increased substantially and taxpayers were required to calculate the amount of stamp duty and enter that amount on the lodgement form.

To assist taxpayers in making their assessments, an Assessing Guide was developed and made available via the RevenueSA Internet site. A new lodgement form was also developed based on the self-assessment principle.

## Legislative Program

During the year RevenueSA staff managed a number of significant legislative amendments. The branch also provided ongoing advice to the Treasurer on a range of taxation collection issues.

On 14 February 2002, the Governor-General and the South Australian Governor entered into an Arrangement pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* (Cth) and the *Commonwealth Places (Mirror Taxes Administration) Act 1999* (SA). On entering into this Agreement, Commonwealth safety net taxation arrangements commenced with effect from 6 October 1997, which ensured the application of stamp duty, pay-roll tax, financial institutions duty and debits tax to Commonwealth places situated in South Australia.

The *First Home Owner Grant (New Homes) Amendment Act 2001*, assented to on 26 July 2001, increased the First Home Owner Grant (FHOG) from \$7 000 to \$14 000, for those first home buyers who sign a contract to build a new home, or to buy a previously unoccupied new home, between 9 March 2001 and 31 December 2001. The Act also specified that an applicant for the FHOG must be at least eighteen years of age (further reported on below).

The *Statutes Amendment (Taxation Measures) Act 2001*, assented to on 26 July 2001, gave effect to the following 2001-02 State Budget announcements:

- As from 1 July 2001 the rate of pay-roll tax was reduced from 6% to 5.75%
- As from 1 July 2002 the pay-roll tax rate was reduced from 5.75% to 5.67%, the pay-roll tax threshold was increased from \$456 000 to \$504 000, and the pay-roll tax base was expanded to include:
  - Eligible termination payments (as defined for income tax purposes)
  - The grossed up value of fringe benefits for the purposes of the *Fringe Benefits Tax Assessment Act 1986* (Cth).

Provisions were inserted into the *Land Tax Act 1936*, to deliver land tax relief where the particular circumstances relating to people who are moving house or constructing a new house give rise to a land tax liability on the principal place of residence.

From 1 January 2002, an exemption from lease duty payable under the *Stamp Duties Act 1923* applied in cases where the rent reserved, averaged over the term of the lease, proposed lease, tenancy or occupancy, does not exceed \$50 000.

### First Home Owner Grant

Introduced by the Commonwealth Government on 1 July 2000, the FHOG scheme has been administered in South Australia by RevenueSA and has provided a one-off grant of \$7 000 to eligible first homebuyers to offset the impact of the GST.

An additional grant of \$7 000 was payable for those first homebuyers who signed a contract to build a new home or buy a previously unoccupied new home between 9 March 2001 and 31 December 2001 (a total grant of \$14 000).

The Commonwealth Government extended the additional grant for a further six months at a reduced amount of \$3 000 so that the grant for the construction of new homes in the period 1 January 2002 to 30 June 2002 was \$10 000 compared to the grant for established homes which remained at \$7 000.

From 1 July 2001 to 30 June 2002, 14 859 FHOG applications were approved and paid in South Australia, at a cost of \$126 425 000. Of these, 3 146 applications were approved and paid in relation to the additional \$7 000 grant at a cost of \$22 022 000, with 134 applications approved and paid in relation to the additional \$3 000 grant at a cost of \$402 000.

### Taxpayer Services

RevenueSA conducts annual surveys of taxpayers to determine the level of satisfaction with current services and service standard targets. The survey also provides an opportunity for taxpayers to identify any future service requirements. For 2001-02, the results are summarised as follows:

- 95% of respondents were satisfied with the current telephone waiting times
- The overall level of satisfaction with RevenueSA's counter service standards has risen from 85% in the last survey, to 89% in this survey
- 97% of respondents advised that they had Internet access of which 51% had accessed RevenueSA's web site
- 83% of respondents indicated they would use a self-assessment system if it were available through the Internet
- 91% of respondents indicated they would use the Stamp Duty assessing guide information if it were provided on the Internet.

In response to the survey results the branch made the Stamp Duty assessing guide available on the Internet.

During the year, RevenueSA extended measures taken to increase taxpayer awareness of their obligations including playing a leadership role in the implementation of the Inaugural Australia-wide Joint Revenue Office/Taxation Institute of Australia tax industry conference.

In addition, the branch formulated a concession guide that provided an overview of some of the major concessions available to pensioners, Centrelink allowees, seniors and other relevant groups in South Australia.

## STAFF DEVELOPMENT

During the year RevenueSA demonstrated its continued commitment to staff development with formal documented personal development reviews undertaken with more than 90% of all staff.

The ongoing personal development of women within RevenueSA continued with two, six-monthly, fully participatory and rotating positions on the office's Executive Management Group. In addition, a RevenueSA staff member chaired the Women in Treasury group for six months of the year.

Following the initial series of presentations on cultural diversity during June 2001, planning for incorporation of relevant aspects of this topic into courses on staff selection was undertaken for implementation in 2002-03.

Fourteen staff members completed and were awarded the Certificate IV in government. This is part of the Public Service Training package delivered in-house in partnership with Torrens Valley Institute of TAFE.

In addition to its internal programs, RevenueSA continued to support and encourage staff undertaking a broad range of appropriate external studies.

During 2001-02, particular focus was given to implementing a Staff Wellbeing Policy aimed at reducing absenteeism due to illness or injury. The program was a significant success with the average sick leave taken reduced by 7% over the full year.

## THE YEAR AHEAD

- Implementing 2002-03 State Budget outcomes
- Continuing the implementation of taxation legislation reform
- Implementing further compliance and lodgement enforcement initiatives that identify and collect revenue, rebate, concession and grant defaults
- Providing further taxpayer awareness programs in order to increase voluntary compliance
- Improving communication and electronic service delivery through the enhancement of RevenueSA's Internet presence
- Maintaining open and reliable communication with taxpayers and other stakeholders in a manner that advocates cooperation, demonstrates an understanding of business requirements and leads to effective policy development, reporting and management practices
- Maintaining a leading role in activities conducted at an inter-jurisdictional level, including the development of legislative policy, compliance strategies, practice consistency, development and implementation of business systems and benchmarking.



## South Australian Government Financing Authority

The South Australian Government Financing Authority (SAFA) is a statutory authority constituted under the *Government Financing Authority Act 1982* and resourced by Treasury and Finance staff. SAFA played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Maintaining Government's capacity over time to deliver essential public services
- Achieving the lowest possible economic cost of outstanding debt consistent with agreed risk tolerances
- Ensuring client needs are integrated into the delivery of services.

SAFA functions as the central financing authority for the Government and its businesses and agencies, and plays an integral role in the overall management of the State's finances. It harnesses economies of scale and relevant expertise in wholesale financial markets and in financial risk management to provide funding, asset and liability management and financial risk advisory and bureau services to public sector entities.

SAFA is South Australia's primary face to the domestic and international financial markets for the management of the State's funding and investment activities, and for transacting in derivative products used for risk management purposes.

Full details of SAFA's operations can be found in its own annual report for 2001-02.

## PERFORMANCE

SAFA's major activities for the year focussed on achieving its key priorities of facilitating the Government's funding requirements and debt management objectives; expanding its portfolio management, advisory and bureau services; improving business and risk management practices; and performing the ongoing administration and transaction management function for the residual electricity entities and lessor corporations.

In addition, SAFA continued to meet its ongoing core functions of fundraising, on-lending, asset and liability risk management in an efficient and effective manner, in some cases outperforming agreed targets and benchmarks.

## Corporate Treasury Services

In the past, SAFA's emphasis was on providing financial services to major clients, predominantly the Treasurer and a number of large clients from the commercial sector of government. Apart from managing the Treasurer's debt, the nature of financial services provided to these clients was primarily related to fundraising, on-lending and banking arrangements.

During the year SAFA focussed on developing its role in providing a whole of government corporate treasury function. This initiative is focused on broadening SAFA's role in servicing the South Australian public sector. The corporate treasury function involves the provision of covering funding, cash management, asset and liability management and risk advisory and reporting services to government agencies, departments and commercial entities.

## Funding and Debt Management

As part of achieving its funding and debt management objectives, SAFA developed a strategy to refinance over \$800 million of bonds maturing in 2003. In line with its Indicative Funding Task, SAFA raised approximately \$700 million of funding for its major client, the Treasurer, and other clients. In addition, SAFA reduced basis risk and yield curve risk in the Treasurer's Managed Portfolio relative to the benchmark.

Consistent with its priorities related to encouraging the investment of surplus government funds with SAFA, and expanding its portfolio management, advisory and bureau services, SAFA undertook a comprehensive review of the Government's cash management practices, focussing particularly on public sector funds invested outside of the government sector. SAFA also actively promoted its treasury management system capabilities and bureau advisory services to a number of public sector agencies and government departments.

## Operational Development

One of SAFA's key priorities for the year was to improve business and risk management practices. To achieve this, SAFA undertook a number of tasks, including:

- Reviewing its records management and general office management process, from which a number of recommendations were subsequently implemented
- Reviewing its Operations Recovery Plan, which incorporated immediate access to an offsite emergency location in the event of a crisis to enable continuation of the business with minimal disruption
- Commencement of a review for the provision of registry services to SAFA for SAFA Bonds. This service is currently provided by the Reserve Bank of Australia
- Commencement of a complete re-implementation of its treasury management system, Quantum.

## STAFF DEVELOPMENT

Performance reviews are conducted semi-annually and help to provide staff with work and personal development and direction in career planning. In addition, a staff survey was conducted to gauge certain aspects of SAFA's working environment and develop improvement strategies where required.

A number of SAFA personnel also attended work-related training courses and seminars during 2001-02, and two staff members were enrolled in the Public Sector Management Course. SAFA successfully implemented its first job share position, promoting SAFA's flexible working arrangements.

Consistent with integrating Occupational Health Safety & Welfare and Injury Management into SAFA's internal management system, SAFA continued to maintain compliance with the performance standards of self-insurers. Staff were also provided with training on various issues including OHS&W matters, Operational Risk Management and other business related training with the aim of improving skills.

## THE YEAR AHEAD

- Continuing the development of SAFA's corporate treasury role within the public sector
- Facilitating the Government's funding requirements
- Facilitating the Government's debt management objectives
- Developing SAFA's portfolio management, advisory and bureau services
- Encouraging the investment of surplus government funds with SAFA.

## Super SA

Super SA is one of five branches responsible for Financial Service Provision. It played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

- Maintaining and improving the Government's network over time whilst minimising risk exposure
- Ensuring client needs are integrated into the delivery of services
- Providing quality superannuation services to all public sector employees that are financially sustainable.

Specifically, Super SA administers the major superannuation schemes for public sector employees (on behalf of the South Australian Superannuation Board) and the superannuation arrangements for Parliamentarians, Judges and Governors. It also provides advice to the board, the department and the Government on superannuation policy.

Super SA's major activities for the year are highlighted here, with more detail being provided in the Super SA Annual Report for 2001-02.

## PERFORMANCE

2001-02 represented a year of improvement for Super SA with the branch realising the benefits of a number of initiatives started in the previous year. The branch continued its program to improve its communication with members and also commenced the implementation of its eCommerce initiative. This work contributed to improvements in the receipt and integrity of member data, which resulted in improved statement quality for members.

## Member Services

In line with the formal communication plan, more frequent information was offered to State Superannuation members via a direct mail campaign and 272 worksite visits/seminars. Members' expectations were researched extensively via surveys and focus groups.

Member Services staff conducted approximately 320 personal interviews, handled 2 828 reception and 80 479 telephone enquiries and responded to 13 280 letters, faxes and emails. In addition, members accessed the website 19 548 times throughout the financial year to 30 June 2002.

In previous years, marketing to encourage Triple S members to make voluntary contributions to their superannuation occurred largely through the *Annual Report to Members*, or the half-yearly newsletter. In late 2000, the Board introduced targets to increase marketing activity to Triple S members. The 2001-02 annual targets for contributory membership were:

- 2 240 Triple S members to begin making personal contributions (with limited marketing activity)
- 5 864 Triple S members to begin making personal contributions (with increased marketing activity)

For the period of 1 July 2001 to 18 June 2002, 5 798 Triple S members began making post-tax personal contributions to their superannuation, 678 members were making pre-tax salary sacrifice contributions to their superannuation and 395 were making a combination of post and pre tax contributions to their superannuation. This means, 6 871 members were contributing in some way to Triple S which represented an improved performance against both targets.

Delivering Annual Benefit Statements to members was a key performance measure for Super SA. During 2001-02, Super SA issued 91% of statements to members by 31 October 2001. This was short of the service level standard of 95% by 30 September 2001, but a vast improvement over the previous year when 75% were issued by 16 November 2000.

In September 2001, Super SA launched the new and improved Super SA website. Member feedback was extremely positive.

In March 2002, Super SA was pleased to accept a Silver Award at the National Conference of Major Super Funds (CMSF) Communication Awards for the Triple S Annual Report. This recognised the efforts of the branch to communicate the complexities of superannuation to members in a plain English style.

Table 3 illustrates the membership across each of the State Schemes.

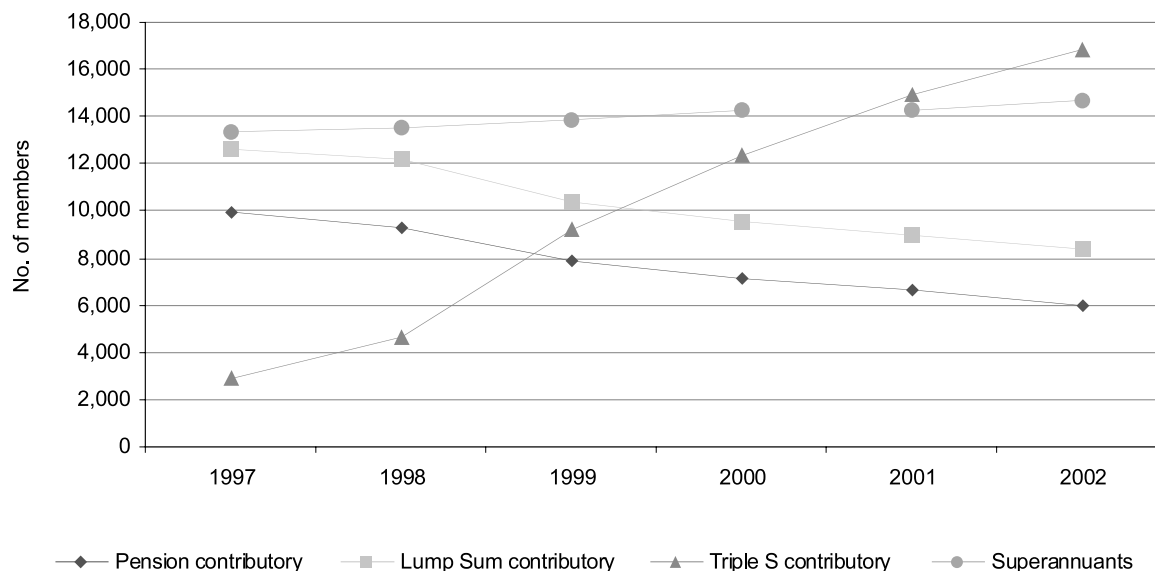
<b>Table 3 – Membership of Superannuation Schemes</b>					
<b>Scheme</b>	<b>Contributory Members</b>	<b>Non-Contributory Members</b>	<b>Preserved</b>	<b>Superannuants</b>	<b>Total</b>
State Pension Scheme ( <i>closed</i> )	5 944	36	2 399	14 672	23 051
State Lump Sum Scheme ( <i>closed</i> )	8 222	176	2 887	N/A*	11 285
Triple S Scheme ( <i>open</i> )	16 873	68 123	69 569	N/A*	154 565
<b>Parliamentary Superannuation Scheme</b>	69	0	3	103	175
Judges Pension Scheme	0	45	0	39	84
<b>Governor's Pension Scheme &amp; Other Pension Payments</b>	0	1	0	2	3
<b>Total</b>					189 163

\* Not applicable – these schemes are accumulation schemes and provide lump sums on retirement not pensions.

Table 4 shows the number of members who have taken up the Member Choice of Fund option within the Triple S Scheme.

<b>Table 4 – Take up of Member Choice Fund Options</b>		
<b>Fund</b>	<b>No of Investing Members</b>	<b>% of Investing Members</b>
Growth	3 723	4.38
Conservative	190	0.22
Balanced	80 976	95.27
Cash	107	0.13
<b>Total</b>	<b>84 996</b>	<b>100%</b>

The following graph illustrates the trends in those members making contributions to each of the main Super SA State Schemes together with the number of superannuants paid a pension each fortnight



### Internal Administration Systems

As at 30 June 2002, 99.54% of all member data and cash had been received from agencies with 99.05% of this data processed. This represented a significant achievement for the branch and is fundamental to Super SA meeting its target of delivering 95% of members' statements by 30 September 2002.

Super SA met one of its key targets for 2001-02 with the commencement of the implementation of its eCommerce project. There are three parts to this project including agency online data processing (ePASS), Super SA back office administration and member online access. In 2001-02, the data of all but two agencies was processed through the ePASS system. In addition, software to enable member access online was successfully loaded and member access to the system will be progressively rolled out in 2002-03.

During the year Super SA also began preparation of an IT Strategic Plan which will be completed in 2002-03.

### STAFF DEVELOPMENT

Leadership development was focussed on more specific skills building during the year. It was recognised that further development was needed at all levels.

A comprehensive induction program was introduced as well as identified competencies for core positions in Super SA.

### THE YEAR AHEAD

- Meeting member and stakeholder expectations through additional and improved services and communications including the introduction of financial planning
- Introducing new Triple S insurance arrangements
- Improving and maintaining the quality, timeliness and integrity of data
- Maintaining standards set by the Service Level Agreement within the budget and agreed services level fee.

## South Australian Government Captive Insurance Corporation

The South Australian Government Captive Insurance Corporation (SAICORP) is a semi-government authority resourced by Treasury and Finance staff and is one of five branches responsible for Financial Service Provision. It played an important part in supporting the Department of Treasury and Finance's long-term objectives of:

- Ensuring comprehensive insurance protection of the State's finances and assets
- Ensuring client needs are integrated into the delivery of services.

Specifically, SAICORP is responsible for managing the insurance and reinsurance of government risks and providing advice on insurance and risk management issues.

SAICORP's major activities for the year are highlighted here, with more detail being provided in the SAICORP Annual Report for 2001-02.

### PERFORMANCE

After a successful year in 2000-01, SAICORP faced challenges in an insurance market that was becoming difficult worldwide, with premiums increasing as a result of adverse claims experience and with reducing capacity following company mergers and failures. Australia was particularly hard hit in the liability area with the collapse of HIH. Investment markets had also suffered downturns towards the end of the previous financial year, adding further pressure to premium rates.

On top of this tumultuous market environment came the significant terrorist attacks in New York and Washington on 11 September 2001. The repercussions of this event on the insurance industry were significant.

Despite market difficulties and the resultant increases in the complexity of conducting its activities, SAICORP continued to provide core services to government and improve its business operations.

### Insurance Crisis

The result of the combined difficulties of 2001 in the insurance market impacted on the activities of SAICORP in 2001-02.

The 30 September 2001 renewal of the Government's reinsurance program was particularly difficult and time consuming in the turmoil that engulfed the insurance industry following the events of 11 September.

The placement of direct insurances on behalf of agencies for special risks were problematic, with more information demanded and more approaches being required to find responsive insurers in a shrinking market.

At the same time, requests were received from agencies for assistance in dealing with problems involving consultants, contractors and service providers who were experiencing difficulties in obtaining insurance.

Volunteer groups, community organisations and individuals also sought advice and assistance.

On the positive side, the wide publicity given to the insurance "crisis" and the resultant public concerns, increased the general awareness of the need for good risk management and led to more requests to SAICORP for advice and assistance about the development and implementation of better risk management practices and procedures.

SAICORP provided professional advice to the Treasurer and the Government to assist in the development of national and State policy in connection with a wide range of insurance-related issues.

It also continued to provide professional advice and assistance to agencies about the management of their risks and the insurance issues with which they have been faced.

Throughout this turbulent period, SAICORP continued to provide comprehensive property and civil liability protection to agencies at stable premiums, and its operations effectively shielded agencies from the difficulties and impacts being felt by many private sector entities as a result of the current insurance market.

### Public Liability Insurance

In addition to the cyclical hardening of international insurance markets and the upheaval caused by the events of 11 September 2001 Australia was confronted with the legacy of poor underwriting practices by most of the major public liability insurers during the 1990's. The collapse of HIH removed the major obstacle to the restoration of more realistic underwriting practices and produced sharp increases in premiums for public liability insurance and a refusal to provide cover at any price to many organisations. This reaction reflected years of judgements by Australian courts which were generous in finding negligence on the part of insured parties and inventive in discovering new forms of damages. All Australian Governments were confronted with a situation where community groups delivering valued services were unable to secure public liability insurance cover at any price or at prices they could afford.

The Heads of Treasury established an Insurance Issues Working Group to develop possible solutions to this problem. That group engaged Trowbridge Consulting to provide insurance industry expertise. Ministerial representatives of all Australian Governments met twice (in March 2002 and May 2002) to consider reports from the Working Group and Trowbridge. In South Australia the work was shared between the Revenue and Economics Branch, SAICORP, the Treasurer's Office and the Attorney-General's Office.

The outcome in South Australia of this intensive body of work was a draft legislative package of three Bills dealing with the law relating to personal injury which the Treasurer released for public consultation on 8 July 2002. The Bills provided for restrictions on the amounts of damages which can be awarded by the courts based on restrictions applying to CTP bodily injury claims in this State, for the self-assumption of risk by people engaging in certain recreational activities and for protection of volunteers, good samaritans and occupiers of land who permit their land to be used by others.

### Claims Management

From a structural point of view, SAICORP made significant changes during the year to the Claims Management Section.

The Claims Management Section was strengthened and the SAICORP Legal Unit was established to enable SAICORP to take more responsibility for managing liability claims, particularly large medical malpractice claims.

### Contractual Liabilities

To assist agencies and their legal advisers, SAICORP produced a publication, *Government Contracts - A Guide to the Insurance and Liability Issues*. The Crown Solicitor's Office and the State Supply Board supported this publication. Publication of the document stimulated a great deal of interest with positive feedback received from a significant number of agencies.

## Risk Management

A number of activities were undertaken to promote a better understanding of risk management and insurance issues across the public sector and to facilitate the development and implementation of improved risk management practices and procedures in portfolio groups, agencies and authorities. These included:

- Coordinating further meetings of the Government Risk Management Forum
- Coordinating a government risk management coordinators network
- Publishing further editions of the SAICORP Newsletter
- Assisting agencies as they continue to improve their risk management programs
- Providing support to ARIMA Ltd (Association of Risk and Insurance Managers Australasia) and the Australasian Society for Healthcare Risk Management (AuSHRM).

## Corporate Governance

SAICORP continued its commitment to the ongoing improvement of corporate governance procedures embracing a Corporate Governance Framework established in the previous year, and endorsing the SAICORP Charter and Performance Statement.

## STAFF DEVELOPMENT

SAICORP introduced a performance management system in 2000-01 and remains committed to utilising this tool in working with staff toward organisational goals. However, in light of the significant pressures SAICORP experienced during 2001-02, application of the system in the year under review was limited.

## THE YEAR AHEAD

- Maintaining the Government's comprehensive catastrophe reinsurance program
- Improving the information available to reinsurers through the SAICORP website
- Continuing to work with the Department of Human Service on ways to reduce the incidence and severity of medical malpractice claims.



## Corporate Services

Corporate Services plays an important role in supporting the Department of Treasury and Finance's objective of ensuring client needs are integrated into the delivery of services.

Specifically, it provides:

- A range of business support services within Treasury and Finance, to the Treasurer's office, to other smaller agencies within the Treasurer's portfolio and, on a bureau basis, to a principal external client agency, the Department of the Premier and Cabinet
- Corporate support services within Treasury and Finance, including corporate and consulting services in the financial, human resource, information technology (IT) and administrative fields
- Coordination of the departmental strategic management process, including the corporate planning cycle.

## PERFORMANCE

A number of significant tasks were undertaken or initiated during the financial year in the areas of information management and technology, corporate communication and human resources. In addition the branch completed a number of key tasks begun in 2000-01.

### Financial Services

Three significant tasks were completed during the financial year:

- Continuing the enhancement of the web-based financial management reporting system, including the linking of Concept Payroll System costing data to financial management reports (ie salary and related costs by staff for each cost centre) and electronic acquittal of costing reports
- Restructuring of the section following cessation of financial support services to the Department of the Premier and Cabinet with an emphasis on improving departmental service delivery
- Assumption of responsibility for the departmental and branch planning process resulting in a fully integrated planning and budgeting process.

Reliable financial services continued to be provided within the portfolio and met critical timeframes for budget preparation and monitoring, monthly transactional processing and preparation of annual financial statements and related whole of government financial data.

### Human Resources

#### *Women in Treasury Group (WIT)*

Women in Treasury was established as the Women's Development Group in May 2000 to address the under representation of women at senior management levels in the Department of Treasury and Finance. The Group and its Program were formally reviewed in November 2001 and the name subsequently changed to Women in Treasury (WIT).

The key objectives of Women in Treasury are to:

- Increase the representation of women in senior forums and the number of women in senior positions in the department
- Increase the participation of women at all levels of the agency in decision making and ensuring their capacity to contribute equally.

Women in Treasury will seek to enhance the recruitment and retention of women by implementing programs that reduce barriers to the progression of women in the Department of Treasury and Finance.

The current work program was developed after the review in November 2001 and focuses upon four key areas: training and development; attraction, retention and recruitment; flexible work practices; and youth.

The achievements of Women in Treasury in 2001-02 included:

- Undertaking a survey of the department's youth to explore their perception of the Department of Treasury and Finance as an employer and the support they are seeking in their careers
- Undertaking an evaluation of a mentoring pilot program
- Hosting a series of staff developmental forums covering business issues, career planning and skills/knowledge building such as women's health issues, career planning, state budget preparation, financial planning, women in superannuation and policy development.

### ***Occupational Health, Safety and Welfare***

The endorsed OHS&W and Injury Management Action Plan was successfully integrated into the core business processes, which resulted in a reduction of reported incidents, accidents and associated costs across the department. Key performance indicators (KPIs) guided performance throughout the year. Actual performance as measured against the KPIs, along with recommended improvements resulting from internal audit, were documented in a Corrective Action Plan which was progressively implemented.

The department achieved significant progress in implementing its OHS&W training strategy, which has resulted in an increased awareness and knowledge of employee/employer responsibilities. Training programs are focused on employees' responsibilities, managers' accountabilities, principles of hazard management, office ergonomics and associated manual handling activities.

### ***Staff Development***

Branches within the department supported a range of staff development programs during the year covering leadership and management development, computer package training, technical competency training and regular information sessions on legislative changes.

The following key areas highlight the department's commitment to the achievement of a skilled, competent and efficient workforce.

- The development of a human resource management framework incorporating individual development plans
- Research into the development of a departmental capabilities profile that will enable a targeted approach to recruitment, selection, performance management, development and succession planning
- Continued support for the development of management and leadership skills throughout the department by funding participation in the OCPE Leadership SA program
- Branch specific initiatives in the areas of competency based training, mentoring, team building and performance management have continued this year
- Support for part time studies through targeted reimbursement of fees and time off for study leave to provide employees with the opportunity to continue their professional development
- The redesign of the department's intranet to increase employee accessibility to training information including current course/conference information and links to professional training bodies.

### ***Workforce Analysis***

Improved management reporting in the areas of leave management, workforce levels and position management contributed to greater local management of consequences of staff fluctuations.

With enhancements to the department's training and development database, more comprehensive data was captured and detailed reports were made available to all branches. This also enabled the department to meet its reporting requirements to the Office of the Commissioner for Public Employment on leadership and management development.

## Workforce Diversity

### Disability Action Plan

During the year, the department undertook a number of activities aimed at meeting the outcomes of its Disability Action Plan developed in August 2000.

The activities undertaken in line with the Disability Action Plan primarily involved two branches that dealt directly with the community, Super SA and RevenueSA.

Details on the department's performance against its Disability Action Plan are provided in Appendix 6, as measured against the whole of government outcome areas identified in its policy *"Promoting Independence - Disability Action Plans for South Australia"*.

### Indigenous Employment

Successful work experience placement programs for Indigenous students were mounted as a platform for increasing the numbers of Aboriginal and Torres Strait Island people within the department.

## Human Resource Statistics

### Staffing

As at 30 June 2002, Treasury and Finance had 559 Full Time Equivalent (FTE) employees and 575 actual employees, 10% of whom were aged under 25. The median age was 33 years. See Appendix 4 for breakdown by classification.

Table 5 – Age Profile					
Age Bandwidth	Females	Males	Total	% of all agency employees	Comparable % of Australian Workforce
15-19				0%	8.0
20 – 24	42	16	58	10%	11.4
25 – 29	68	52	120	21%	11.9
30 – 34	67	62	129	22%	11.9
35 – 39	26	34	60	10%	11.8
40 – 44	20	35	55	10%	12.3
45 – 49	21	37	58	10%	11.5
50 – 54	23	45	68	12%	9.9
55 – 59	4	15	19	3%	6.7
60 – 64	3	3	6	1%	3.1
65 & over	0	2	2	0%	1.6
Total	274	301	575	100%	

### Occupational Health, Safety & Welfare

- Two workers compensation claims were lodged during the year, with one lost time injury. See Appendix 5 for more detailed information on a range of OHSW issues.

### Leave Management

- Sick leave for the 12 months was 7.38 days per average FTE. Staff took 2 245 hours of family carer's leave, equivalent to 0.54 days per average FTE.

**Table 6 – Leave Management**

	1999-2000	2000-01	2001-02
Average number of sick leave days taken per FTE	7.56	6.90	7.38
Average number of family carer leave days taken per FTE	0.36	0.45	0.54

### Workforce Diversity

**Table 7 – Workforce Diversity**

	Total Employees	Female Employees	Number of employees		
			identifying as indigenous	with a permanent disability	accessing family related workplace policies
Executives	41	7 (17%)	*	*	5
Senior Management	80	21 (26%)	*	*	11
Middle Management	132	44 (33%)	*	*	10
First line Supervisors	174	102 (59%)	*	*	21
Others	148	100 (68%)	*	*	13
<b>Total</b>	<b>575</b>	<b>274 (48%)</b>	<b>*</b>	<b>*</b>	<b>59</b>

\*Note:- Identified gap – verifiable data unavailable at this stage

### Leadership and Management Development

- Training expenditure represented 2.69% relative to total remuneration.

**Table 8 – Leadership and Management Development**

	% of employees with a documented plan which was either implemented or revised during the last 12 months	
	2001-02	Target 2002-03
Executives	22%	50%
Senior Management	42%	50%
Middle Management	67%	70%
First line Supervisors	45%	60%
Others	37%	50%
<b>Total</b>	<b>48%</b>	<b>56%</b>

### Information and Administrative Services

Information and Administrative Services (IAS) is responsible for the provision of an integrated, client-responsive technology and administrative service to the Department of Treasury and Finance, the Department of the Premier and Cabinet, State Electorate Offices and statutory authorities within the Treasurer's portfolio. Key service provisions include IT consulting, help desk, strategic procurement, asset and facilities management, communication services, integrated security management and corporate policy development.

The major achievements for IAS in 2001-02 included:

- The replacement of DTF's IT (file and print) environment with an efficient leading edge solution (i.e. the Storage Area Network)
- Commencement of the Document Management Project aimed at developing a strategic framework wherein the management of all official records is to be improved, including the implementation of an electronic document management system
- Development of a strategic direction plan for DTF's distributed computing needs. The piloting of Microsoft Windows/Office 2000 and the up-skilling of technical staff with current tools resulted from this plan
- Commencement of the Employee Information and Services Portal (Intranet Redevelopment) Project designed to address the emerging needs for improved departmental communications and ease of accessibility to the business services used by Agency staff
- Further advances on the integrated security framework and the successful response to world-wide security issues including the NIMDA computer virus and the Anthrax threat
- Contributing to the smooth transition of Government and Opposition Members of Parliament following the 9 February election, by coordinating accommodation and support services
- The continuing development of corporate policies and procedures.

## THE YEAR AHEAD

- Investigating management reporting options for the future
- Implementing the whole of government mandated CHRIS payroll system being introduced under the aegis of the Department of Administrative and Information Services
- Investigating ways to improve the procurement of goods and services
- Developing suitable financial service performance indicators and managing and monitoring actual performance against scheduled requirements
- Updating the corporate guidelines on performance management and developing and introducing a specific policy for managing unsatisfactory performance
- Pursuing the adoption of systematic recruitment and retention practices
- Completing the Distributed Computing Project (involving the introduction of Windows/Office 2000 and associated products)
- Implementing the Document Management Project (involving rejuvenation of systems and processes)
- Implementing the Intranet/Internet Redevelopment Project.



# PERFORMANCE

## Financial Overview

The following tables provide summaries of the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows that compare the original budget for 2001-02, the results for 2001-02 and the results for 2000-01. The detailed Financial Statements reflecting the actual results for 2001-02 are presented later in this report.

Summary Statement of Financial Performance			
	Budget 2001-02 \$'000	Actual 2001-02 \$'000	Actual 2000-01 \$'000
Expenses from Ordinary Activities	62 730	60 067	58 235
Revenues from Ordinary Activities	27 272	27 954	31 018
<b>Net Cost of Services</b>	<b>35 458</b>	<b>32 113</b>	<b>27 217</b>
Revenues from Government	31 766	30 813	30 318
Increase in Net Assets resulting from Ordinary Activities before Restructuring	(3 692)	(1 300)	3 101
Net Expenses from Restructuring	0	233	0
Increase in Net Assets resulting from Ordinary Activities after Restructuring	(3 692)	(1 067)	3 101
Net Surplus	(3 692)	(1 067)	3 101
Net Credit to Asset Revaluation Reserve	0	108	0
Total Changes in Equity other than those resulting from transactions with the State Government as owner	(3 692)	(959)	3 101

Category	Budget (\$'000)	Actual (\$'000)
Expenses	62,730	60,067
Revenues	27,272	27,954
Revenues from Govt	31,766	30,813

As highlighted in the table, the 2001-02 deficit of \$1.3 million from Ordinary Activities before Restructuring represents a favourable variation of \$2.4 million from the approved budget. This variation is detailed below.

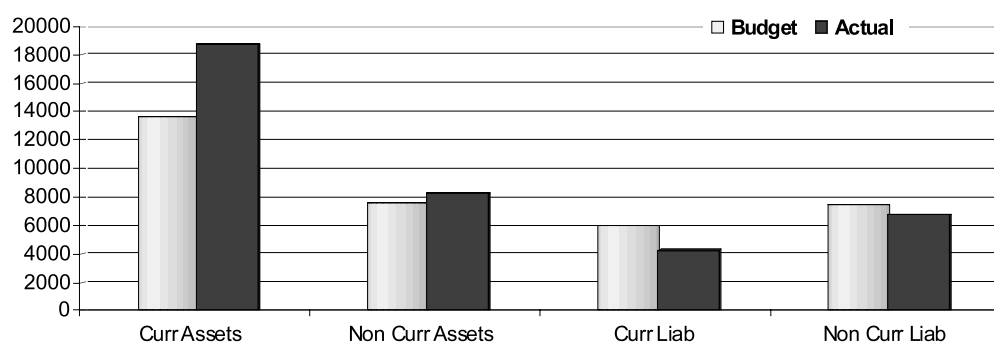
Expenses from Ordinary Activities were \$2.7 million lower than forecast, primarily due to delays in the hiring of consultants chiefly associated with electricity related matters, delays in the filling of vacant positions throughout the year and lower than budgeted depreciation.

Revenues from Ordinary Activities increased by \$0.7 million reflecting increased revenues received for land agent's fees, other service recoveries and increased interest revenue due to a higher than expected cash balance. Revenues from Government were reported as \$1.0 million less than budget mainly as a result of appropriation for the Office of Government Enterprises costs not being drawn down during the financial year.



### Summary Statement of Financial Position

	Budget 2001-02 \$'000	Actual 2001-02 \$'000	Actual 2000-01 \$'000
Current Assets	13 616	18 769	20 652
Non Current Assets	7 547	8 227	6 580
Total Assets	21 163	26 996	27 232
Current Liabilities	5 987	4 280	4 348
Non Current Liabilities	7 461	6 827	6 036
Total Liabilities	13 448	11 107	10 384
Net Assets	7 715	15 889	16 848
Equity	7 715	15 889	16 848



Current assets were \$5.2 million higher than forecast reflecting an improvement of \$4.8 million in the cash balance from a budget forecast of \$12.4 million to an actual balance of \$17.2 million. The increase in the cash balance reflects a higher opening balance of \$3.8 million than originally projected due to underexpenditure in the previous financial year. In addition, lower expenses than budgeted and increased revenue as explained in the Statement of Financial Performance section above, contributed to the improved cash balance. The department also sets aside reserves for future asset replacement for cost recovery areas (eg SA Superannuation, ESL Collection), which are reflected in the balance. The increase in non-current assets of \$0.7 million reflects a significantly lower than originally expected depreciation charge against assets and a revaluation made to furniture and fittings based on current cost.

Both Current and Non-current liabilities were less than originally estimated principally due to lower provisions for employee entitlements.

Summary Statement of Cash Flows			
	Budget 2001-02 \$'000	Actual 2001-02 \$'000	Actual 2000-01 \$'000
Cash Flows from Operating activities			
- Payments	(58 704)	(57 051)	(56 483)
- Receipts	27 229	27 748	31 291
- Cash Flows from Govt.	31 766	30 813	30 318
- <i>Net GST impact</i>	-	(99)	(130)
Net Cash provided by Operating activities	291	1 411	4 996
Cash Flows from Investing and Financing activities			
- Payments	(3 824)	(3 798)	(2 364)
- <i>Repayment of borrowings</i>	-	-	-
Net cash used in Investing and Financing activities	(3 824)	(3 798)	(2 364)
Net increase/(decrease) in cash held	(3 533)	(2 387)	2 632
Cash at the beginning of the financial year	15 886	19 557	16 925
Cash at the end of the financial year	12 353	17 170	19 557

Category	Budget (\$'000)	Actual (\$'000)
Payments	58,704	57,051
Receipts	27,229	27,748
Cash from Govt	31,766	30,813
Investing/Financing	3,824	3,798

Note: The net impact from GST payments and receipts has been disclosed separately.

The operating outcome on the Cash Flow Statement is consistent with the results shown on the Statement of Financial Performance and the Statement of Financial Position.

## Trends

The table provided below shows the trends in key financial performance measures of the Department over the last three years.

Key Performance Indicators			
	2001-02 \$'000	2000-01 \$'000	1999-2000 \$'000
Net Cost of Services	32 113	27 217	26 557
Revenue from Government as total source of funding	52.43%	49.43%	50.62%
Average Employee Cost	64	60	63
Operating Expenses per Employee	110	108	119
Consultants as percentage of Operating Expenses	0.76%	1.39%	1.84%
Cash Balance	17 170	19 557	16 925
Increase/(Decrease) in Net Assets	(959)	3 101	6 499
Net Assets	15 889	16 848	13 747
Current Assets/Current Liabilities	4.39	4.75	3.33
% of Creditors paid within 30 days	90%	88%	88%

The Net Cost of Services and proportion of Revenues from Government (appropriation) increased from 2000-01 to 2001-02. This was mainly due to the cessation of cost recovery against electricity lease proceeds for departmental staff involved in the lease process and consequent funding from appropriation, and inclusion of the Office of Government Enterprises. Consultancy costs as a percentage of Operating Expenses continued to decrease significantly as the department places more emphasis on assessing areas of expertise from within its own resources.

## Account Payment Performance

All agencies are required to report quarterly the number and value of creditors' accounts paid and the extent to which the accounts have been paid in accordance with Treasurer's Instruction 11. This instruction requires all undisputed accounts to be paid within 30 days of the date of the invoice or claim unless there is a discount or a written agreement between the agency and the creditor.

The following table highlights that the department was able to pay 90% of all invoices by the due date. This represents an improvement of 2% from the previous year and is at the level of the accepted best practice benchmark in government.

Account Payment Performance			
Particulars	Number Paid		Amount Paid (\$'000)
Paid by the due date	11 348	(90%)	27 966 (90%)
Paid less than 30 days after the due date	753	(6%)	1 414 (5%)
Paid more than 30 days after the due date	507	(4%)	1 645 (5%)
Total	12 608	(100%)	31 025 (100%)

## Contracting Out Arrangements

Within the Department of Treasury and Finance, there is one contractual arrangement over \$4.0 million.

This arrangement is with Australia Post and relates to the provision of payment facilities and receipting services within the Emergency Services Levy Section. The contract runs from 13 September 1999 to 12 September 2002.

**Statement of Financial Performance for the year ended 30 June 2002**

	<b>Note</b>	<b>2002 \$'000</b>	<b>2001 \$'000</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Employee costs	5(a)	35,006	32,357
Accommodation and service costs		4,510	4,734
Depreciation	6	2,383	2,117
Other expenses from ordinary activities	7	18,168	19,027
Total Expenses from Ordinary Activities		60,067	58,235
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
User charges and fees	8(a)	24,755	27,274
Interest		973	1,301
Other revenues from ordinary activities	8(b)	2,226	2,443
Total Revenues from Ordinary Activities		27,954	31,018
<b>NET COST OF SERVICES FROM ORDINARY ACTIVITIES</b>		<b>(32,113)</b>	<b>(27,217)</b>
<b>REVENUES FROM GOVERNMENT</b>			
Appropriation		30,813	29,457
Grants and subsidies		-	861
Total Revenues from Government		30,813	30,318
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ORDINARY ACTIVITIES BEFORE RESTRUCTURING</b>		<b>(1,300)</b>	<b>3,101</b>
<b>NET REVENUES FROM RESTRUCTURING</b>	9	233	-
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ORDINARY ACTIVITIES AFTER RESTRUCTURING</b>		<b>(1,067)</b>	<b>3,101</b>
<b>NET SURPLUS (DEFICIT)</b>		<b>(1,067)</b>	<b>3,101</b>
<b>EQUITY INTERESTS</b>			
Net Credit to Asset Revaluation Reserve	16	108	-
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		108	-
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH THE STATE GOVERNMENT AS OWNER</b>		<b>(959)</b>	<b>3,101</b>

**Statement of Financial Position as at 30 June 2002**

	<b>Note</b>	<b>2002 \$'000</b>	<b>2001 \$'000</b>
<b>CURRENT ASSETS</b>			
Cash	10	17,170	19,557
Receivables	10,11	969	735
Other	12	630	360
Total Current Assets		18,769	20,652
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	13	8,047	6,580
Other	14	180	-
Total Non-current Assets		8,227	6,580
<b>TOTAL ASSETS</b>		<b>26,996</b>	<b>27,232</b>
<b>CURRENT LIABILITIES</b>			
Payables	10,15	1,740	2,328
Provision for employee entitlements	5(b)	2,510	2,020
Total Current Liabilities		4,250	4,348
<b>NON-CURRENT LIABILITIES</b>			
Payables	10,15	804	725
Provision for employee entitlements	5(b)	6,053	5,311
Total Non-current Liabilities		6,857	6,036
<b>TOTAL LIABILITIES</b>		<b>11,107</b>	<b>10,384</b>
<b>NET ASSETS</b>		<b>15,889</b>	<b>16,848</b>
<b>EQUITY</b>			
Asset Revaluation Reserve	16	108	-
Retained surplus	16	15,781	16,848
<b>TOTAL EQUITY</b>		<b>15,889</b>	<b>16,848</b>
<b>COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES</b>	17		

**Statement of Cash Flows for the year ended 30 June 2002**

	Note	2002 Inflows (Outflows) \$'000	2001 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments			
Employee costs		(33,852)	(32,028)
Accommodation and service costs		(4,433)	(4,681)
Other expenses from operating activities		(18,766)	(19,774)
GST payments on purchases		(2,974)	(3,431)
GST payments to taxation authority		(2,345)	(2,544)
Total payments		(62,370)	(62,458)
Receipts			
User charges and fees		24,325	27,858
Interest		984	1,310
Other revenues from operating activities		2,439	2,123
GST receipts on receivables		2,270	3,487
GST receipts from taxation authority		2,950	2,358
Total receipts		32,968	37,136
Cash Flows from Government			
Appropriation		30,813	29,457
Grants and subsidies		-	861
Total Cash Flows from Government		30,813	30,318
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	18	1,411	4,996
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Property, Plant and Equipment		(3,798)	(2,364)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		(3,798)	(2,364)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(2,387)	2,632
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		19,557	16,925
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		17,170	19,557

### Outputs Schedule of Department's Expenses and Revenues (\$'000)

For the year ended 30 June 2002

Outputs (Note 4)	2002									2001
	1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	TOTAL	TOTAL
Department's Expenses and Revenues										
Expenses										
Employee costs	2,403	6,805	810	14,520	2,574	5,121	1,006	1,767	35,006	32,357
Accommodation and service costs	253	929	117	2,032	338	547	145	149	4,510	4,734
Depreciation	34	439	11	866	403	595	15	20	2,383	2,117
Other expenses from ordinary activities	385	3,111	579	8,560	1,343	2,952	618	620	18,168	19,027
Total	3,075	11,284	1,517	25,978	4,658	9,215	1,784	2,556	60,067	58,235
Revenues										
User charges and fees	96	881	56	7,256	4,338	8,994	1,719	1,415	24,755	27,274
Interest	69	223	28	625	-	-	-	28	973	1,301
Other revenue from ordinary activities	26	756	8	967	-	440	22	7	2,226	2,443
Revenue from Government	1,794	8,358	654	19,260	-	10	-	737	30,813	30,318
Increase / (Decrease) in net assets resulting from Ordinary activities	(1,090)	(1,066)	(771)	2,130	(320)	229	(43)	(369)	(1,300)	3,101

The allocations to outputs are indicative and are based on broad costing methodologies. In particular, appropriations were not developed on the basis of outputs for 2001-02 and have been allocated on a broad basis.

### Outputs Schedule of Administered Expenses and Revenues

For the year ended 30 June 2002

Outputs (Note 4)	2002										2001
	1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	Not Alloc.	TOTAL	TOTAL
Administered Expenses											
Consolidated Account											
Operating											
Payments for which Specific Appropriation is Authorised in Various Acts											
- Parliamentary salaries & allowances	-	-	-	-	-	-	-	-	173	173	199
- Superannuation Provisions – inc. ETSA	-	-	-	-	-	55,617	-	-	-	55,617	65,831
- Other Payments											
- Interest	-	-	-	-	277,622	-	-	-	-	277,622	479,407
- Past Services Superannuation Liability	-	-	-	-	-	-	-	-	-	-	94,000
- Funding for Targeted/Voluntary Separation Package Schemes	-	-	-	-	-	-	-	-	92,300	92,300	68,400
- Other	-	-	-	89,228	5,175	176,407	7,000	-	323,772	601,582	549,254
Investing											
Other Payments											
Other	-	-	-	-	-	-	-	-	-	-	2,333
Financing											
Repayment of Debt	-	-	-	-	12,355	-	-	-	-	12,355	10,887
Other Administered Accounts (refer Note 23)	-	4,249	38,016	112,742	-	61,708	-	-	429,029	645,744	3,041,013
Total Administered Expenses	-	4,249	38,016	201,970	295,152	293,732	7,000	-	845,274	1,685,393	4,311,324
Administered Revenues											
Consolidated Account											
Operating											
Taxation	-	-	-	1,823,791	-	-	-	-	-	1,823,791	1,877,495
Interest	-	-	-	-	129,724	-	-	-	-	129,724	154,763
Other Receipts											
- Recoveries	-	332,842	-	-	-	-	-	-	33,387	366,229	475,521
- Superannuation	-	-	-	-	-	55,465	-	-	-	55,465	66,320
- Fees, fines and charges	-	17,716	-	-	-	306	-	-	2,163	20,185	19,862
- Commonwealth Specific Purpose Grants	-	-	-	-	5,175	-	-	-	40,620	45,795	44,003
- Commonwealth General Purpose Grants	-	-	-	-	2,896,807	-	-	-	-	2,896,807	2,582,636
Investing											
Other Receipts											
- Other	-	-	-	-	-	-	-	-	-	-	2,024
Other Administered Accounts (refer Note 23)	-	115	12,340	112,579	-	61,708	-	-	482,765	669,507	2,900,480
Total Administered Receipts	-	350,673	12,340	1,936,370	3,031,706	117,479	-	-	558,935	6,007,503	8,123,104
NET SURPLUS/(DEFICIT)	-	346,424	(16,647)	1,734,400	2,736,554	(176,253)	(7,000)	-	(286,339)	4,331,139	3,811,780



## Notes to and forming part of the Financial Statements

### 1 Departmental Objectives

The Department of Treasury and Finance aims to contribute to three major Outcomes. Associated with each Outcome are a series of Objectives to which the Department makes a significant or sole contribution.

#### The Outcomes/Objectives

##### Strengthened State Economy

- Ensure economic and fiscal policies are in place to promote sustainable economic growth;
- Ensure revenue is raised in a manner, which is equitable, efficient and supportive of economic growth.

##### Strengthened State Finances

- Ensure an equitable share of Commonwealth funding for the State;
- Ensure sustainable outlays in aggregate over the long term, with no borrowings for non-commercial purposes;
- Support efficient service delivery across whole of Government;
- Maintain Government's capacity over time to deliver essential public services;
- Achieve the lowest possible economic cost of outstanding debt consistent with agreed risk tolerances;
- Ensure comprehensive insurance protection of the State's finances and assets.

##### Improved Services

- Ensure client needs are integrated into the delivery of services;
- Provide quality superannuation services to all public sector employees which are financially sustainable.

To achieve these Objectives, the Department delivers a number of Outputs for the Government.

The Outputs information is summarised in Note 4.

### 2 Summary of Significant Accounting Policies

#### (a) Financial Reporting Framework

The financial report is a general purpose financial report.

#### (b) Basis of Accounting

The accounts have been prepared in accordance with the Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987, applicable Australian Accounting Standards and Urgent Issues Group Consensus Views. The accounts are prepared on the accrual basis and in accordance with conventional historical cost principles except where stated.

#### (c) The Reporting Entity

The financial report encompasses all activities transacted through an interest bearing Special Deposit Account titled "Department of Treasury and Finance Operating Account" and all other Funds (for example South Australian Financing Authority) through which the Department controls resources to carry out its functions. The Department's principal source of funds consists of monies appropriated by Parliament.

##### Administered Resources

The Department administers but does not control, certain resources on behalf of the South Australian Government. It is accountable for the transactions involving those administered

resources, but does not have the discretion to deploy the resources for achievement of the Department's objectives. For these resources, the Department acts only on behalf of the South Australian Government. Administered resources are reported on an accrual basis with the exception of items processed through the Consolidated Account, which are on a cash basis.

Transactions and balances relating to these administered resources are not recognised as Departmental revenues and expenses but are disclosed in the applicable Outputs schedules.

(d) User Charges and Fees

User charges and fees controlled by the Department are recognised as revenues. User charges and fees are controlled by the Department where they can be deployed for the achievement of Departmental objectives. Such amounts are not required to be paid to the Consolidated Account or other Funds not controlled by the Department.

User charges and fees collected by the Department but not controlled by it are not recognised as revenues, but are reported as administered revenues in the Outputs Schedule of Administered Expenses and Revenues. Such amounts are required to be paid to the Consolidated Account or other Funds not controlled by the Department.

(e) Appropriations

Appropriations, whether recurrent, capital, special or other, are recognised as revenues when the Department obtains control over the assets comprising the contributions. Control over appropriations is normally obtained upon their receipt.

(f) Non-Current Assets

All non-current assets controlled by the Department are reported in the Statement of Financial Position. The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. System development costs are capitalised, with depreciation commencing once all costs associated with the development of the system have been incurred and the system is ready for its intended use.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Specific classes of non-current assets which have a total value greater than \$1.0 million are revalued every three years in accordance with Treasurer's Accounting Policy Statement 3 "Revaluation of Non-Current Assets". Furniture and Fittings were revalued as at 30 June 2002 by the Department using an Index based on information provided by Contour Management (refer Note 13).

(g) Depreciation of Non-Current Assets

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each depreciable non-current asset over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets. The estimated useful lives of each asset class are as follows:-

Furniture and Fittings	10 years
Systems Development	5 years
Office Equipment	3 years

(h) Employee Entitlements

(i) Wages, Salaries and Annual Leave

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

(ii) Long Service Leave

A liability for long service leave is calculated by using the product of the current liability in time for all employees who have completed eight or more years of service and the current rate of remuneration for each of these employees respectively. The eight years has been based on an actuarial calculation as directed in the Accounting Policy Statements. The liability is measured as the amount unpaid at the reporting date.

(iii) Superannuation

Contributions are made by the Department to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the South Australian Superannuation Board. The only liability outstanding at balance date relates to any contribution due but not yet paid to the South Australian Superannuation Board.

(iv) Employment On-costs

The liability for employment on-costs includes superannuation contributions and payroll tax with respect to outstanding liabilities for Salaries and Wages, Long Service Leave and Annual Leave. These amounts are classified under Payables.

(i) Leases

The Department has entered into a number of operating lease agreements for buildings and office equipment where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under operating leases.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Financial Performance in the periods in which they are incurred.

(j) Cash

For purposes of the Statement of Cash Flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

(k) Goods and Services Tax

The accounting policies adopted for the treatment of Goods and Services Tax (GST) are in accordance with Urgent Issue Group Abstract 31 "Accounting for the Goods and Services Tax (GST)". Input tax credits due from the Australian Taxation Office are included in Receivables.

The Department prepares a Business Activity Statement on behalf of its administered entities under the grouping provisions of the GST legislation. Under these provisions, the Department is liable for the payment and entitled to the receipt of GST. As such, the GST applicable to these entities forms part of the Statement of Financial Position and Statement of Cash Flows of the Department.

## (l) Agency Restructuring

These statements include the financial operation of the transferred functions only for that part of the year the functions were the responsibility of the Department (refer Note 3). The net transfer of assets and liabilities as a result of the restructure has been reflected in the Statement of Financial Performance (refer Note 9).

## (m) Comparative Figures

The Statement of Financial Performance, Statement of Financial Position and the Statement of Cash Flows and the Notes to the Financial Statements disclose comparative figures for the reporting period ended 30 June 2001.

## (n) Rounding

All amounts are rounded to the nearest thousand dollars.

### 3 Agency Restructure

Responsibility for the Government Business Group, including the Office of Government Enterprises was transferred from the Department of Administrative and Information Services on 4 December 2001. These statements include the financial operation of the transferred function only for that part of the year the functions were the responsibility of the Department. The net transfer of assets and liabilities as a result of the restructure has been reflected in Note 9.

The Portfolio restructures on 4 December 2001 also included the transfer of part of electricity functions of the Department (in the Microeconomic Reform and Infrastructure Branch) from the Treasurer to the Minister for Minerals and Energy. Certain staff were transferred to the Department of Primary Industries for a period of 3 ½ months, but the Department continued to meet the costs of this function and provide the service to the Minister. Therefore full year costs are included in the financial statements.

Expenses for the Government Business Group for the full reporting period of 2001-2002 split between the Department of Treasury and Finance (DTF) and the Department of Administrative and Information Services (DAIS) was as follows:

	1.7.2001 to 4.12.2001	5.12.2001 to 30.6.2002	1.7.2001 to 30.6.2002
	\$'000	\$'000	\$'000
	(DAIS)	(DTF)	
Expenses from Ordinary Activities	341	356	697
Employee costs	51	71	122
Accommodation and service costs	119	155	274
Other expenses from Ordinary Activities	511	582	1,093
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ORDINARY ACTIVITIES</b>	<b>(511)</b>	<b>(582)</b>	<b>(1,093)</b>

## 4 Outputs of the Department

During 2001-02, the Department managed the delivery of eight outputs to the Treasurer and broader community within two Output classes. Outputs are defined as goods and services produced, provided to or acquired for external customers. The identity and description of each output of the Department during the year ended 30 June 2002 are summarised below (refer to the Output Schedules of Department's Expenses and Revenues).

### OUTPUT CLASS 1: ENSURING ACCOUNTABILITY FOR PUBLIC SECTOR RESOURCES

This output class encompasses the outputs the Department delivers in its role of managing the State's Finances through coordinating resource allocations for Government programs and priorities at the whole of Government level, providing financial and economic policy advice, and reviewing the performance of Government businesses.

#### Output 1.1 : Policy analysis and advice

The Department provides economic policy advice at a whole-of-government level on a range of issues including revenue, taxation policy, intergovernmental financial relations, gambling policy and economic conditions, National Competition Policy, and provision of strategic analysis and evaluation of major policy issues facing government.

#### Output 1.2 : Budget and Financial Management

The Department has a central role in managing the State Government finances through the annual Budget Process and the provision of advice on a range of financial and commercial matters relating to government entities. This output includes: management of the State Budget process; provision of policy advice to Government on whole of government budgetary and financial issues including financial risk management; monitoring and reporting of financial performance; providing commercial advice to Government on its consolidated financial position; advice to Government on budgetary and structural reform; facilitation of best practice financial management reforms; and advice on Government Business Enterprise (GBE) operational performance.

#### Output 1.3 : Microeconomic Reform

The Department undertakes asset reviews and sales with the objectives of minimising business risk and maximising return to the Government, implementing microeconomic reform and achieving ongoing debt reduction. This output covers the implementation of the Government's objectives for electricity market reforms and asset sales in the context of the national electricity market and the National Competition Policy.

## OUTPUT CLASS 2 : FINANCIAL SERVICE PROVISION

This output class encompasses the outputs the Department delivers in its role of providing a range of services to the Government and broader community including asset and liability management, collection of state taxes, and insurance and superannuation administration.

### Output 2.1 : Revenue Collection and Management

The Department, through RevenueSA, provides policy advice on taxation issues and the management of taxation legislation, revenue systems and compliance functions to enable the Government to raise revenue using its taxation powers. This output covers the provision of an efficient and effective tax revenue service that is fair and equitable to maximise its value to the Government and taxpayers.

### Output 2.2 : Financing Services

The Department through the South Australian Government Financing Authority, manages the existing stock of Government liabilities and provides certainty of funding to the State. This allows the funding of acquisitions of capital goods necessary for the production of a wide range of public goods and services. This output also covers the provision of cash management and financial risk management advisory services to public organisations.

### Output 2.3 : Superannuation Services

The South Australian Superannuation Board is the statutory body responsible for administering the major superannuation schemes for public sector employees. As a branch of the Department, the State Superannuation Office delivers this output by administering the schemes for the Board, under a service level agreement, as well as the superannuation arrangements for parliamentarians, judges and governors. The output also covers the provision of superannuation policy and legislative advice to the Board, the Under Treasurer and the Treasurer.

### Output 2.4 : Insurance Services

The Department is a provider of insurance to other government agencies through the South Australian Government Captive Insurance Corporation (SAICORP). SAICORP insures and reinsures Government risks, and provides advice to the Government on issues relating to the insurance and management of those risks. This output ensures the protection of the State's finances from very large property losses or liability claims at competitive and stable premiums.

### Output 2.5 : Business Support Services

The Department provides a number of specialist services to the Government and external clients. These services include corporate services to clients external to the Department. This output also includes the provision of support staff to and the management of the Treasurer's Office.

## NOT ALLOCATED

Certain items administered by the Department are not allocated to outputs.

## 5 Employee Entitlements

	2002	2001
	\$'000	\$'000
(a) Employee Costs	25,247	23,766
Salaries and Wages	5,127	4,843
Superannuation and Payroll tax expenses	3,597	2,835
Annual and Long service leave expenses	82	78
Board Fees (i)	953	835
Other employee related expenses	35,006	32,357

(i) Represents fees paid to members of the SA Superannuation Board and the Board of Directors of SAICORP.

	2002	2001
	\$'000	\$'000
(b) Provision for Employee Entitlements		
Current Liability		
Annual leave	2,105	1,671
Long service leave	405	349
	<u>2,510</u>	<u>2,020</u>
Non-Current Liability		
Long service leave	6,053	5,311

	2002	2001
	Number	Number
(c) Average Number of Employees during the financial year	554	539

## 6 Depreciation

Depreciation was charged in respect of:

	2002	2001
	\$'000	\$'000
Furniture and Fittings	428	388
Office Equipment	279	193
Systems Development	1,676	1,536

## 7 Other Expenses from Ordinary Activities

	2002	2001
	\$'000	\$'000
General administration	11,573	12,124
EDS charges	3,177	2,950
Consultants	457	808
Contractors	2,961	3,145
	<u>18,168</u>	<u>19,027</u>

## 8 Revenues from Ordinary Activities

	2002 \$'000	2001 \$'000
a) User Charges and Fees recovered from		
Agencies for the provision of Corporate Services	1,537	2,132
South Australian Government Captive Insurance Corporation	1,709	1,381
South Australian Government Financing Authority	4,325	4,420
South Australian Superannuation Board	8,994	8,857
Electricity Reform and Sales Unit Operating Account	40	1,952
Emergency Services Levy	7,044	7,560
Other Recoveries for Services	1,106	972
	<u>24,755</u>	<u>27,274</u>
b) Other Revenues from Ordinary Activities		
Reimbursement for TVSP's paid	176	77
Reimbursement for workers compensation claims	-	6
Land agents enquiry fees	586	388
Sundry items	1,464	1,972
	<u>2,226</u>	<u>2,443</u>

## 9 Net Revenues from Restructuring

	2002 \$'000	2001 \$'000
Net Assets transferred (from) to the Department:	13	-
Property, Plant and Equipment	13	-
Net Liabilities transferred from (to) the Department		
Creditors and Accruals – Current	(13)	-
Provision for Employee Entitlements – Current	(78)	-
Creditors and Accruals – Non Current	(40)	-
Provision for Employee Entitlements - Non Current	(328)	-
	<u>(459)</u>	<u>-</u>
Costs incurred on behalf of the Department of Treasury and Finance by the Department of Administrative and Information Services	679	-
Net Revenues from Restructuring	233	-



## 10 Financial Instruments

The following disclosures have been provided to satisfy the requirements of Australian Accounting Standard AAS 33, "Presentation and Disclosure of Financial Instruments".

### (a) Terms, Conditions and Accounting Policies

#### (i) Financial Assets

Cash is available at call and is recorded at cost.

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

#### (ii) Financial Liabilities

The imprest account is repayable to the Treasurer and is recorded at the value of the monies received.

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days.

### (b) Interest Rate Risk

Financial Instrument	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount		Weighted Ave Effective Interest Rate Percent	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 %	2001 %
Financial Assets:								
Cash	17,163	19,550	7	7	17,170	19,557	4.17	5.06
Receivables	-	-	969	735	969	735		
	17,163	19,550	976	742	18,139	20,292		
Financial Liabilities								
Payables	-	-	2,544	3,053	2,544	3,053		
	-	-	2,544	3,053	2,544	3,053		

### (c) Net Fair Values

Financial instruments are valued at the carrying amount as per the Statement of Financial Position which approximates the net fair value. The carrying amount of financial assets approximates net fair value due to their short term to maturity or being receivable on demand. The carrying amount of financial liabilities is considered to be a reasonable estimate of net fair value.

## 11 Receivables

	2002	2001
	\$'000	\$'000
Fees Receivable	744	610
Net GST Receivable	225	125
	<u>969</u>	<u>735</u>

## 12 Other Current Assets

	2002	2001
	\$'000	\$'000
Prepayments	<u>630</u>	<u>360</u>

### 13 Property, Plant and Equipment

	Furniture & Fittings \$'000	Office Equipment \$'000	Systems Development \$'000	TOTAL \$'000
Valuation at Current Cost and Historical Cost				
Balance at 30 June 2001	4,278	1,020	9,282	14,580
Additions	236	585	2,916	3,737
Disposals	-	(430)	(75)	(505)
Net Revaluation increments	390	-	-	390
Other adjustments	(91)	-	-	(91)
Balance at 30 June 2002	4,813	1,175	12,123	18,111
Accumulated Depreciation				
Balance at 30 June 2001	(2,511)	(613)	(4,876)	(8,000)
Disposals	-	430	75	505
Depreciation expense	(428)	(279)	(1,676)	(2,383)
Net adjustments from revaluation	(283)	-	-	(283)
Other adjustments	97	-	-	97
Balance at 30 June 2002	(3,125)	(462)	(6,477)	(10,064)
Net Book Value				
As at 30 June 2001	1,767	407	4,406	6,580
As at 30 June 2002	1,688	713	5,646	8,047

Valuations of asset classes greater than \$1,000,000, for furniture and fittings were determined as at 30 June 2002 based on an index provided by Contour Management.

Systems development reflects costs incurred in the design and development of inhouse applications, including the development of systems within Finance Branch, Revenue SA and Super SA. It includes an amount of \$3,297,000 (\$627,000) for work in progress upon which depreciation will not be charged until the development is complete.

### 14 Other Non Current Assets

	2002 \$'000	2001 \$'000
Prepayments	180	-

## 15 Payables

	2002 \$'000	2001 \$'000
Current		
Employee on-costs	604	766
Accommodation and service costs	81	75
General administration	886	1,137
Consultants	54	100
Unearned revenue	15	74
Purchases of non-current assets	70	134
Provision for workers compensation	29	25
Others	1	17
	<u>1,740</u>	<u>2,328</u>
Non-Current		
Employee on-costs	700	628
Provision for workers compensation	97	90
Other borrowings	7	7
	<u>804</u>	<u>725</u>

## 16 Equity

Retained surplus	2002 \$'000	2001 \$'000
Retained surplus as at the beginning of the financial year	16,848	13,747
Increase (Decrease) in Net Assets resulting from ordinary activities	(1,067)	3,101
Retained surplus as at the end of the financial year	<u>15,781</u>	<u>16,848</u>
Asset Revaluation Reserve		
Balance as at beginning of the financial year	-	-
Revaluation adjustment for Furniture & Fittings	108	-
Balance as at the end of the financial year	108	-

## 17 Commitments for Expenditure and Contingent Liabilities

### (a) Operating Leases

At the reporting date, the Department's operating leases are for the lease of office accommodation and office equipment.

- Office accommodation is leased from the Real Estate Management business unit of the Department of Administrative and Information Services (DAIS). The leases are non-cancelable with terms ranging up to 5 years with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in arrears.
- Office equipment leases are non-cancelable with rental payable in arrears. No contingent rental provisions exist within the lease arrangements and no options exist to renew the leases at the end of their term.

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was \$3,359,000.

#### Operating Lease Commitments

Commitments under non-cancelable operating leases at the reporting date not recognised as liabilities in the financial reports, are payable as follows:

	2002	2001
	\$'000	\$'000
Not later than one year	3,196	3,283
Later than one year and not later than five years	3,377	6,880
Later than five years	-	-
	<u>6,573</u>	<u>10,163</u>

### (b) Capital Commitments

The Department's capital commitments are for software licence agreements.

Capital expenditure contracted for at the reporting date but not recognised in the financial report as liabilities, are payable as follows:

	2002	2001
	\$'000	\$'000
Not later than one year	83	465
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>83</u>	<u>465</u>

### (c) Contingent Liabilities

The Department is not aware of any contingent liabilities or claims against the Department not accounted for in the Financial Statements.

## 18 Reconciliation of Net Cash Provided by (used in) Operating Activities to Net Cost of Services from Ordinary Activities

	2002 \$'000	2001 \$'000
Net cash provided by (used in) operating activities	1,411	4,996
Less Appropriation from Government	(30,813)	(30,318)
Non cash items		
(Increase) Decrease in Doubtful debts	-	5
Depreciation expense	(2,383)	(2,117)
Gain (Loss) on disposal of fixed assets	(5)	(8)
Costs incurred on behalf of the Department of Treasury and Finance by the Department of Administrative and Information Services	(679)	-
Change in operating assets and liabilities		
Increase (decrease) in receivables	180	(475)
Increase (decrease) in prepayments	450	32
(Increase) decrease in payables	551	858
(Increase) decrease in provision for employee entitlements	(825)	(190)
Net Cost of Services from Ordinary Activities	(32,113)	(27,217)

## 19 Remuneration of Employees

The number of employees whose total employment cost was over \$100,000 fell within the following bands:-

	2002 No of Employees	2001 No of Employees
\$100 000 - \$109 999	5	11
\$110 000 - \$119 999	12	7
\$120 000 - \$129 999	4	4
\$130 000 - \$139 999	3	1
\$140 000 - \$149 999	2	3
\$150 000 - \$159 999	2	3
\$160 000 - \$169 999	2	1
\$170 000 - \$179 999	-	1
\$180 000 - \$189 999	2	-
\$250 000 - \$259 999	-	1
\$280 000 - \$289 999	1	-
	33	32

The table includes all employees who received remuneration of \$100,000 or more during the year. The total remuneration received by these employees for the year was \$4,501,000 (\$4,108,000).

## 20 Payments to Consultants

Payments to consultants fell within the following bands:-

	2002 No of Consultants	2001 No of Consultants
\$0 - \$10 000	24	27
\$10 001 - \$50 000	5	10
\$50 001 - \$100 000	1	-
\$150 001 - \$200 000	-	1
\$200 001 - \$250 000	1	1
Over \$250 000	-	1

The total payments to the 31 (40) consultants engaged was \$457,000 (\$935,000). Of this amount \$457,000 (\$808,000) was met from operating expenses and \$nil (\$127,000) was capitalised.

## 21 Remuneration of Auditors

Amounts received or due and receivable by the auditors with respect to the audit of the Department are:-

	2002 \$'000	2001 \$'000
Auditing the Department's activities	309	337

## 22 Targeted/Voluntary Separation Package (TVSP's) Schemes

	2002 No of Employees \$'000	2001 No of Employees \$'000
Number of employees paid TVSPs	2	1
Amount paid to these employees		
TVSP	176	77
Accrued annual and long service leave	87	38
	263	115
Amount recovered from the Targeted/Voluntary Separation Package Schemes Special Deposit Account	176	77

These amounts are included in the financial statements.

## 23 Other Administered Accounts

The following deposit accounts established pursuant to Section 8 of the Public Finance and Audit Act 1987 are administered by the Department. Reflected below are a summary of revenues and expenses, and assets and liabilities of each administered item.

Name	2002 Revenues \$'000	2002 Expenses \$'000	2002 Assets \$'000	2002 Liabilities \$'000
Agency Provisions for Future Asset Replacements	-	-	7,499	7,499
Asset Sales Unit	115	4,249	1,136	1,136
Bank SA Sale Account	-	446	-	-
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	97,842	97,842	-	-
Community Development Fund	19,500	19,500	-	-
Country Equalisation Scheme	10,000	-	10,000	-
Electricity Planning Council	1,743	1,682	927	316
Electricity Reform and Sales Unit	11	9,534	879	50
Emergency Service Levy	107,580	107,743	79	50
ETSA Sales/Lease Proceeds Account	10,544	25,807	20	510,455
Gas Supply Option RFS	41	968	-	-
Home Purchases Assistance Account	232	232	736	736
Home Builders Account No.2	480	480	-	-
Hospitals Fund	139,403	139,403	11,025	11,025
Independent Gambling Authority	1,143	764	581	49
Inter-regional Settlements Residues Account	18,743	18,607	20	20
Local Government Concessions Senior Card Holders	1,621	1,521	100	-
Local Government Disaster Fund	1,674	539	38,491	-
NEM Taskforce	1	25	-	-
Ports Corp sale/lease – proceeds	134,013	99,040	35,073	100
SAAMC - Returns to Treasurer	-	-	-	-
SAIIR	3,748	3,013	3,788	2,133
Stony Point Indenture Account	3,439	3,439	17,054	17,054
TAB sale – proceeds	46,806	40,082	11,172	4,448
Totalizator Dividend Adjustment Account	1,561	1,561	-	-
Treasury Working Account	69,267	69,267	608	608
Void Cheques	-	-	-	-
	669,507	645,744	139,188	555,679



Accounts of the South Australian Government Financing Authority, the South Australian Finance Trust Limited and the South Australian Government Captive Insurance Corporation established pursuant to the Public Finance and Audit Act 1987 are not included. For further information on these accounts reference should be made to the financial statements of the South Australian Government Financing Authority and the South Australian Government Captive Insurance Corporation.

#### STATEMENT BY RESPONSIBLE OFFICERS

In our opinion, the attached Financial Statements of the Department of Treasury and Finance, being the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and notes thereto, are drawn up so as to give a reasonable and fair view of the results of the Department of Treasury and Finance for the financial year ended 30 June 2002, and state of affairs as at 30 June 2002. The Financial Statements have been prepared in accordance with Statements of Accounting Concepts, applicable Urgent Issues Group Consensus Views, applicable Accounting Standards and the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act, 1987, as amended. Internal controls over financial reporting have been effective throughout the reporting period.



Jim Wright  
UNDER TREASURER



Roger Emery  
DIRECTOR, FINANCIAL SERVICES



**Auditor-General's  
Department**

## INDEPENDENT AUDIT REPORT

### TO THE UNDER TREASURER

#### SCOPE

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2002. The financial report comprises:

- A Statement of Financial Performance;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- An Outputs Class Schedule;
- A Schedule of Administered Revenues and Expenses;
- Notes to and forming part of the Financial Statements;
- Statement by Responsible Officers.

The Under Treasurer and the Director, Financial Services are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Under Treasurer.

The audit has been conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards to provide reasonable assurance that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the Department of Treasury and Finance's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### AUDIT OPINION

In my opinion the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department of Treasury and Finance as at 30 June 2002, its financial performance and its cash flows for the year then ended.

23 September 2002

**K I MacPHERSON  
AUDITOR-GENERAL**

## Risk Management and Performance Review Unit

The Risk Management and Performance Review Unit is responsible for risk management, corporate governance, facilitation of major projects, performance review and internal audit within the department. The role of the unit is to provide assurance to the Under Treasurer that the internal controls and processes in the department are adequate to support the achievement of the department's operational and financial objectives. This means that the unit works towards:

- Maximising the achievements of the department's objectives by:
  - Ensuring good governance
  - Ensuring that management receives good support in fulfilling their responsibilities.

The unit is supported by the Risk Management and Audit Committee. Internal resources are supplemented as needed by an outsourced service provider. The contract for the services of a preferred supplier was let after a competitive tender process.

### RISK MANAGEMENT

Treasury and Finance has adopted the Australian and New Zealand standard AS/NZS4360: 1999 in developing its approach to risk management. During the year the unit conducted a high-level risk assessment with branches and developed an annual audit plan from that assessment. It also facilitated a risk management assessment for the Financial Services section. The department's aim is to integrate risk management strategies into business planning, project management and general management decision making.

### BUSINESS ASSURANCE

The unit continued to promote the departmental Corporate Governance Framework and the Financial Management Framework, which contain the principles by which the department is managed and controlled.

In the coming year the risk management and audit charters and the Corporate Governance Framework will be reviewed. These projects were on the work plan for 2001-02 but due to competing priorities these reviews were deferred to 2002-03.

## INTERNAL AUDIT

Internal audit has been a key part of Treasury and Finance's approach to corporate governance since March 1995 and, in conjunction with a focused approach to risk management, it has helped improve the effectiveness of the control environment.

The department recognises the following definition of internal audit approved by the Institute of Internal Auditors: An independent consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The major audits undertaken during the year were:

- Occupational Health Safety and Welfare
- A review of the Treasury Working Account
- Probity Auditing of the Banking Services Request For Proposal.
- A review of the internal controls in managing client data in Super SA systems
- Finalisation of a review of Financial Services which commenced in 2000-01
- An audit monitoring the future provision of GST and FBT advice to agencies at a whole of government level.

During the year the unit also reviewed the operations and cost structures of the National Wine Centre.

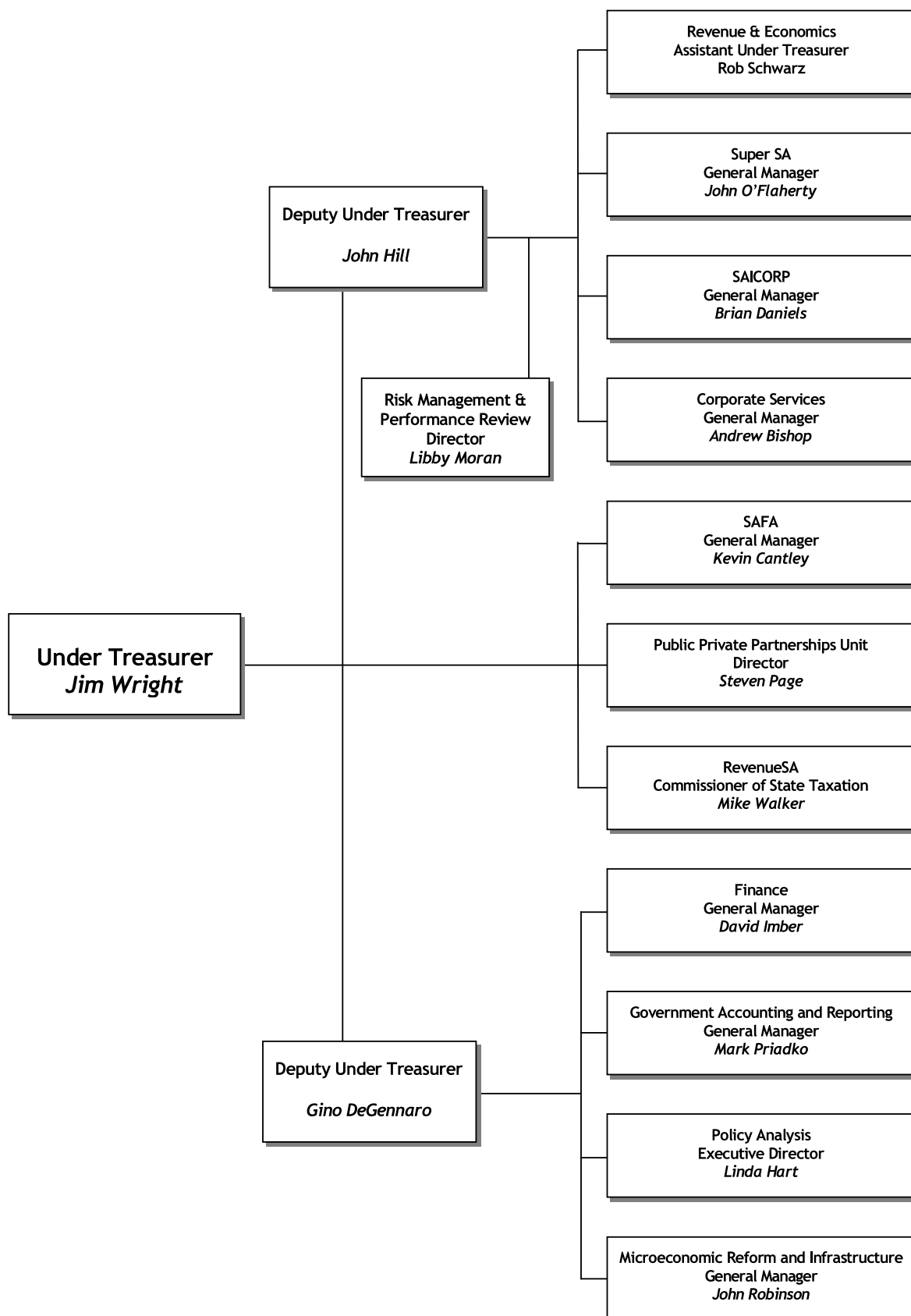
The Auditor-General was provided with copies of internal audit reports.

## FRAUD

No instances of fraud were reported during the year. The department maintains an Ethical Standards Awareness Policy Document, (including Fraud Prevention) which is available to all staff and provided to all new employees.

# APPENDICES

## Appendix 1—Department Structure as at 30 June 2002



## Appendix 1—Department Structure as at 30 June 2002 *(continued)*

Branch	Function
Economics	<ul style="list-style-type: none"> <li>• Provision of economic advice on a range of issues:               <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Commonwealth–State relations</li> <li>• National Competition Policy</li> <li>• Economic Conditions</li> <li>• Gambling</li> </ul> </li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Provision of advice on budgetary and financial issues</li> <li>• Management of State Budget process</li> <li>• Monitoring financial performance of Government and its businesses</li> <li>• Facilitation of best practice financial management</li> </ul>
Government Accounting and Reporting	<ul style="list-style-type: none"> <li>• Maintenance of government financial systems</li> <li>• Management of financial policy, legislation and governance</li> <li>• Provision of advice on Fiscal Policy</li> </ul>
Microeconomic Reform and Infrastructure	<ul style="list-style-type: none"> <li>• Management of electricity market reforms</li> <li>• Provision of advice on major market reforms and strategic issues relating to infrastructure requirements</li> </ul>
Policy Analysis	<ul style="list-style-type: none"> <li>• Provision of strategic analysis of policy issues facing Government and development of appropriate policy frameworks</li> <li>• Evaluation of existing policy positions against these frameworks</li> </ul>
Public Private Partnerships	<ul style="list-style-type: none"> <li>• Provision of advice to facilitate private sector participation in infrastructure development</li> </ul>
RevenueSA	<ul style="list-style-type: none"> <li>• Management of state revenue systems</li> <li>• Management of state taxation legislation</li> <li>• Provision of policy advice on taxation issues</li> </ul>
SAICORP	<ul style="list-style-type: none"> <li>• Management of the insurance and reinsurance of Government risks</li> <li>• Provision of advice on insurance and risk management issues</li> </ul>
SAFA	<ul style="list-style-type: none"> <li>• Management of funding requirements and existing stock of Government liabilities</li> <li>• Provision of financial risk management and advisory services</li> </ul>
Super SA	<ul style="list-style-type: none"> <li>• Management of public sector superannuation schemes</li> <li>• Provision of advice on superannuation policy to Government</li> </ul>
Corporate Services	<ul style="list-style-type: none"> <li>• Provision of a range of business support services in the areas of:               <ul style="list-style-type: none"> <li>• Administration</li> <li>• Financial Management</li> <li>• Human Resources</li> <li>• Information Technology</li> <li>• Strategic Management</li> </ul> </li> </ul>

## Appendix 2—Acts committed to the Ministers supported by The Department of Treasury and Finance as at 30 June 2002

### TREASURER

#### *Committed*

Advances to Settlers Act 1930	20/10/1997
ASER (Restructure) Act 1997	5/2/1998
Authorised Betting Operations Act 2000	25/1/2001
Bank Merger (Bank SA and Advance Bank) Act 1996	28/11/1996
Bank Mergers (South Australia) Act 1997	19/3/1998
Benefit Associations Act 1958	20/10/1997
Collections for Charitable Purposes Act 1939	20/10/1997
Commonwealth Places (Mirror Taxes Administration) Act 1999	19/10/2000
Debits Tax Act 1994	13/2/1997
Electricity Corporations Act 1994	18/4/2002
Electricity Corporations (Restructuring and Disposal) Act 1999	18/4/2002
Financial Agreement Act 1994	5/2/1998
Financial Institutions Duty Act 1983	13/2/1997
Financial Sector (Transfer of Business) Act 1999	12/8/1999
Financial Transaction Reports (State Provisions) Act 1992	20/10/1997
First Home Owner Grant Act 2000	29/6/2000
Gift Duty Act 1968	13/2/1997
Government Financing Authority Act 1982	14/12/1993
Governors' Pensions Act 1976	20/10/1997
Hindmarsh Island Bridge Act 1999	17/8/2000
Homes Act 1941	20/10/1997
Housing Loans Redemption Fund Act 1962	20/10/1997
Independent Industry Regulator Act 1999	19/8/1999
Interest on Crown Advances and Leases Act 1944	20/10/1997
Judges' Pensions Act 1971	20/10/1997
Land Tax Act 1936	13/2/1997
Loans for Fencing and Water Piping Act 1938	20/10/1997
Loans to Producers Act 1927	20/10/1997
Lottery and Gaming Act 1936	20/10/1997
Motor Accident Commission Act 1992	14/12/1993
National Tax Reform (State Provisions) Act 2000	29/6/2000
National Wine Centre Act 1997	14/3/2002
New Tax System Price Exploitation Code (South Australia) Act 1999	9/12/1999
Parliamentary Superannuation Act 1974	20/10/1997



Pay-Roll Tax Act 1971	13/2/1997
Petroleum Products Regulation Act 1995	13/2/1997
Police Superannuation Act 1990	20/10/1997
Public Corporations Act 1993	14/12/1993
Public Finance and Audit Act 1987	20/10/1997
Rural Advances Guarantee Act 1963	20/10/1997
SGIC (Sale) Act 1995	29/6/1995
Southern State Superannuation Act 1994	20/10/1997
Stamp Duties Act 1923	13/2/1997
State Bank (Corporatisation) Act 1994	12/5/1994
State Bank of South Australia Act 1983	14/12/1993
Student Hostels (Advances) Act 1961	20/10/1997
Succession Duties Act 1929	13/2/1997
Superannuation Act 1988	20/10/1997
Superannuation Funds Management Corporation of South Australia Act 1995	13/2/1997
Superannuation (Visiting Medical Officers) Act 1993	20/10/1997
Supplementary Financial Agreement (Soldier Settlement Loans) Act 1934	5/2/1998
Taxation Administration Act 1996	13/2/1997
Taxation (Reciprocal Powers) Act 1989	13/2/1997
Tobacco Products Regulation Act 1997	5/6/1997
Unclaimed Moneys Act 1891	20/10/1997
Unclaimed Superannuation Benefits Act 1997	29/1/1998
Westpac/Challenge Act 1996	5/2/1998
MINISTER FOR GOVERNMENT ENTERPRISES	
Commissioner of Public Works Incorporation Act 1917	5/2/1998
Forest Property Act 2000	4/10/2001
Forestry Act 1950	20/10/1997
Golden Grove (Indenture Ratification) Act 1984	20/10/1997
Local Government (Forestry Reserves) Act 1944	5/2/1998
Maritime Services (Access) Act 2000	25/10/2001
Metropolitan Drainage Act 1935	20/10/1997
North Haven Development Act 1972	20/10/1997
North Haven (Miscellaneous Provisions) Act 1986	20/10/1997
Rates and Land Tax Remission Act 1986	20/10/1997
Sewerage Act 1929	20/10/1997
South Australian Forestry Corporation Act 2000	16/11/2000
South Australian Ports Corporation Act 1994	20/10/1997
South Australian Ports (Disposal of Maritime Assets) Act 2000	25/1/2001
South Australian Timber Corporation Act 1979	14/12/1993

South Australian Timber Corporation (Sale of Assets) Act 1996	5/2/1998
South Australian Water Corporation Act 1994	20/10/1997
State Clothing Corporation Act 1977	17/12/1997
State Lotteries Act 1966	20/10/1997
TAB (Disposal) Act 2000	25/1/2001
Waterworks Act 1932	20/10/1997
West Lakes Development Act 1969	20/10/1997

#### MINISTER FOR ENERGY

Electrical Products Act 2000	5/3/2002
Electricity Act 1996	5/3/2002
Gas Act 1997	5/3/2002
Gas Pipelines Access (South Australia) Act 1997	5/3/2002
National Electricity (South Australia) Act 1996	5/3/2002
The Electricity Trust of South Australia (Torrens Island Power Station) Act 1962	5/3/2002

#### MINISTER FOR GAMBLING

Casino Act 1997	4/12/2001
Gaming Machines Act 1992	4/12/2001
Gaming Supervisory Authority Act 1995	4/12/2001

## Appendix 3—Legislative Measures

### FIRST HOME OWNER GRANT (NEW HOMES) AMENDMENT ACT 2001 (NO. 26 OF 2001)

The Act increases the FHOG from \$7 000 to \$14 000, for those first home buyers who sign a contract to build a new home, or to buy a previously unoccupied new home, between 9 March 2001 and 31 December 2001. The Act also specifies that an applicant for the FHOG must be at least eighteen years of age.

Assented: 26 July 2001

Date of operation: 9 March 2001 (section 4, 30 May 2001)

### STATUTES AMENDMENT (TAXATION MEASURES) ACT 2001 (NO. 27 OF 2001)

#### Pay-roll Tax

As from 1 July 2001:

- The rate of pay-roll tax was reduced from 6 per cent to 5.75 per cent.

As from 1 July 2002:

- The pay-roll tax rate was reduced from 5.75 per cent to 5.67 per cent;
- The pay-roll tax threshold was increased from \$456 000 to \$504 000.

The pay-roll tax base was expanded to include:

- Eligible termination payments (as defined for income tax purposes); and
- The grossed up value of fringe benefits for the purposes of the *Fringe Benefits Tax Assessment Act 1986* (Cth).

#### Land Tax

Provisions were inserted into the *Land Tax Act 1936*, to deliver land tax relief where the particular circumstances relating to people who are moving house or constructing a new house give rise to a land tax liability on the principal place of residence.

#### Stamp Duty

From 1 January 2002, an exemption from lease duty payable under the *Stamp Duties Act 1923*, applies in cases where the rent reserved, averaged over the term of the lease, proposed lease, tenancy or occupancy, does not exceed \$50 000.

Assented: 26 July 2001

Date of operation: 1 July 2001, 1 January 2002 and 1 July 2002

### SOUTHERN STATE SUPERANNUATION (INVALIDITY/DEATH INSURANCE) AMENDMENT ACT 2001 (NO. 39 OF 2001)

Provided for a new and simplified Triple S arrangement for Death and Total & Permanent Disablement. Enabled insurance for Total & Permanent Disablement to be paid up to the age of 60 years (previously 55) and removed the provision which restricted Death and Total & Permanent Disablement insurance being paid in circumstances where a weekly worker's compensation benefit is also payable. Extended non contributory members ability to allow lump sum contributions to the scheme (minimum \$1000) and required employers to pay the employer contribution to Super SA within a period determined by the Super SA Board.

Assented to: 3 August 2001

Dates of Operation: 27 September 2001 & 1 July 2002

## STATUTES AMENDMENT (INDEXATION OF SUPERANNUATION PENSIONS) ACT 2001 (NO. 40 OF 2001)

Provided for the introduction of twice yearly indexation for pensioners from April 2002.

Assented to: 3 August 2001

Date of operation: 1 January 2002

## STATUTES AMENDMENT (BOOKMAKERS) ACT 2001 (NO. 64 OF 2001)

Amended the *Racing Act 1976* and the *Authorised Betting Operations Act 2000* with respect to taxation arrangements for bookmakers.

Effective 2 December 2001 bookmakers' taxation was amended as follows:

1. Abolished Bookmakers tax other than 0.25% of turnover for sports bets from persons outside Australia; and
2. Cessation of GST reimbursements paid to bookmakers.

Part of the State tax collected from bookmakers before 2 December 2001 was paid to the racing clubs in the form of a racing club levy (equivalent to 1.4% of turnover) with the remainder retained by the Government. Stand fees paid by bookmakers were also paid to the clubs. Following a proposal from the South Australian Bookmakers' League and the racing industry for the removal of the racing club levy and stand fees from legislation, the relevant provisions were repealed and this is now a commercial matter between the bookmakers and the racing clubs.

The amendments applied to the *Racing Act 1976* and the *Authorised Betting Operations Act 2000* (ABOA). This ensured the on-going application of the tax changes when the *Racing Act* was repealed and replaced by the ABOA on 14 December 2001.

Assented to: 6 December 2001

Date of Operation: 7 December 2001

## Appendix 4—Profile of Remuneration Levels

As at 30 June 2002

	Ongoing			Contract Short Term			Contract Long-term			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Trainees	-	-	-	2	8	10	-	-	-	2	8	10
ASO1	10	7	17	2	5	7	-	-	-	12	12	24
ASO2	24	48	72	3	25	28	-	5	5	27	78	105
ASO3	29	50	79	6	15	21	1	1	2	36	66	102
ASO4	28	26	54	8	10	18	36	36	72	-	-	-
ASO5	42	20	62	7	5	12	1	1	2	50	26	76
ASO6	30	9	39	7	9	16	1	-	1	38	18	56
ASO7	19	13	32	3	2	5	1	-	1	23	15	38
ASO8	31	3	34	4	3	7	1	-	1	36	6	42
MAS1	-	-	-	-	-	-	-	-	-	-	-	-
MAS2	-	-	-	-	-	-	-	-	-	-	-	-
MAS3	1	-	1	-	-	-	-	-	-	1	-	1
Total	214	176	390	42	82	124	5	7	12	261	265	526
EL1	-	-	-	-	-	-	-	-	-	-	-	-
EL2	1	-	1	-	-	-	-	-	-	1	-	1
EL3	-	-	-	-	-	-	-	-	-	-	-	-
Level A	-	-	-	-	-	-	18	6	24	18	6	24
Level B	-	-	-	-	-	-	6	1	7	6	1	7
Level C	-	-	-	-	-	-	6	-	6	6	-	6
Level D	-	-	-	-	-	-	2	-	2	2	-	2
Level E	-	-	-	-	-	-	-	-	-	-	-	-
Level F	-	-	-	-	-	-	1	-	1	1	-	1
Total	1	-	1	-	-	-	33	7	40	34	7	41
Other	-	-	-	2	2	4	4	-	4	6	2	8
<b>TOTAL ALL</b>	<b>215</b>	<b>176</b>	<b>391</b>	<b>44</b>	<b>84</b>	<b>128</b>	<b>42</b>	<b>14</b>	<b>56</b>	<b>301</b>	<b>274</b>	<b>575</b>

## Appendix 5—Occupational Health and Safety Statistics

	1999-2000	2000-01	2001-02
<b>1 OHS&amp;W legislative requirements</b>			
Number of notifiable occurrences or injuries pursuant to OHS&W Regulations Division 6.6	0	0	0
Number of notices served pursuant to OHS&W Act s35, s39 and s40	0	0	0
<b>2 Injury Management legislative requirements</b>			
Total number of employees who participated in a rehabilitation program	2	2	1
Total number of employees rehabilitated and reassigned to alternative duties	0	0	0
Total number of employees rehabilitated back to their original work	1	2	1
<b>3 WorkCover Action Limits</b>			
Number of open claims	1	9	2
Workers compensation expenditure as percentage of salaries	0.58	0.56	0.05
<b>4 Number of injuries</b>			
Number of new workers compensation claims	9	10	2
Number of new workers compensation claims relating to:			
Fatalities	0	0	0
Lost time injuries	3	6	1
Medical treatment only	6	4	1
Total number of whole working days lost	-	105	2
<b>5 Cost of workers compensation (\$)</b>			
Cost of new claims for financial year	-	14 591	1 214 (993)*
Cost of all claims excluding lump sum payments	115 408	69 577	14 897 (13 044)*
Amount paid for lump sum payments (s42, s43, s44)	27 598	62 684	0
Total cost of workers compensation claims	143 006	132 261	14 897 (13 044)*
Total amount recovered from external sources (s54)	-	0	0
Budget allocation for workers compensation	53 000	53 000	100 000
<b>6 Trends</b>			
Injury frequency rate for new lost-time injury/disease for each million hours worked	-	5.5	
Most frequent cause (mechanism) of injury	-	Repetitive Strain	No Most Frequent Cause
Most expensive cause (mechanism) of injury	-	Repetitive Strain	Fall from same level
* Figures inclusive of data for Electorate offices to ensure comparability with previous two years. Figures exclusive of Electorate Offices data for 2001-02 are shown in parentheses.			

## Appendix-6 Disability Action Plan

This appendix details the performance of the department against the five outcome areas of the whole of government policy *"Promoting Independence – Disability Action Plans for South Australia"*.

### OUTCOME 1

**Portfolios and their agencies are to ensure access to their services to people with disabilities:**

In Super SA, the customer service area counter has been adjusted to allow wheel chair access and the interview area has also been modified to allow wheel chair access.

All office accommodation moves and refurbishments carried out throughout the year have met the relevant Australian Standards on Access to Premises.

This Department is currently organising for wheelchair access to be installed to reception on the 3<sup>rd</sup> floor of the State Administration Centre.

Emergency evacuation procedures for this Department, as per the State Administration Centre Emergency Procedures, are inclusive of people with disabilities. Improvement of communication regarding the number and location of people with disabilities requiring assistance during evacuations is currently being addressed.

### OUTCOME 2

**Portfolios and their agencies ensure that information about their services and programs is inclusive of people with disabilities:**

The Department's Intranet and Internet sites are currently being updated. The issues for visually impaired people are being taken into consideration through colour, font size and the introduction of a voice tool linked to mouse scrolling.

Super SA plan to train a second person to provide a back up for the Supervisor nominated to work with people with disabilities.

In RevenueSA, their circulars and magazine, *"Perspectives"*, are screened and edited to ensure that they are inclusive of people with disabilities and the readability is suitable for the visually impaired.

Human Resources Branch provides advice, information and support on an ongoing basis in any selection process to ensure that there are no inappropriate practices that will impact on a person with disabilities. Ongoing education of managers occurs on a case by case basis and through circulation of information provided by the Office for the Commissioner of Public Employment.

### OUTCOME 3

**Portfolios and their agencies deliver advice or service to people with disabilities with awareness and understanding of issues effecting people with disabilities:**

Once the Department's Disability Plan has been restructured (refer to Outcome 5), this will be communicated throughout the agency and will increase awareness and understanding of the issues.

RevenueSA has conducted training as part of their managing diversity strategy which includes working with people with disabilities.

Regular meetings of this Department's Occupational Health and Safety Committee are held which includes addressing access to services by evaluating potential hazards to the Department's employees and clients.

#### OUTCOME 4

**Portfolios and their agencies provide opportunities for consultation with people with disabilities concerning service delivery and in the implementation of complaints and grievance mechanisms:**

Super SA customers are surveyed regularly about a range of issues. There is also an established mechanism for customers to provide feedback to Super SA.

In RevenueSA, a feedback mechanism has been put into place with one person taking responsibility for handling this. A Client Liaison Forum has been established as a proactive measure to encourage interaction between client representatives and staff representatives to seek improvements to service delivery.

#### OUTCOME 5

**Each Portfolio Chief Executive will ensure that their portfolio has met the requirements of the Disability Discrimination Act 1992 and the Equal Opportunity Act 1994:**

This agency's Disability Action Plan is under review and will be restructured based upon the five outcomes format to facilitate future consistent reporting. A regular reporting framework will also be implemented to monitor the Plan's progress and also to facilitate annual reporting.



## Appendix 7—Boards and Committees Administered by Department of Treasury and Finance as at 30 June 2002

Distribution Lessor Corporation

Generation Lessor Corporation

Parliamentary Superannuation Board

RESI Corporation Board

South Australian Asset Management Corporation Board (SAAMC)

South Australian Government Captive Insurance Corporation Board (SAICORP)

South Australian Government Financing Advisory Board (SAFA)

South Australian Superannuation Board

Transmission Lessor Corporation

## Appendix 8—Use of Consultants

Note: Payments to consultants include amounts paid and payable as at 30 June 2002.

Consultant	Purpose of Consultancy	Number	Total \$
Value below \$10 000			
Various	Various		
Subtotal		24	80 257
Value \$10 000 - \$50 000			
Arthur Andersen	Provision of GST and FBT technical advice		
Enterprise Knowledge	Advice on Document Management Project		
Ernst Young	Whole of Government Banking Review		
Pricewaterhouse Coopers	Full Retail Competition – 2003 Price Outlook		
SA Centre for Economic Studies	Preparation of paper on 'Fiscal Equalisation Commentary' Preparation of paper on 'Fiscal relationship between Commonwealth and State Government over the first Century of Federation - SA Perspective'		
Subtotal		5	82 930
Value Above \$50 000			
Trudy Coad Consulting	Whole of Government Banking Review		
KPMG Pty Ltd	Support for the Budget and Financial Management System Carry out the role of National Project Adviser to the National Electricity Market Settlements and Transfer (NEMSAT) Committee and the Jurisdiction Panel		
Subtotal		2	293 968
<b>Totals</b>		<b>31</b>	<b>457 155</b>

## Appendix 9—Freedom of Information Statement

Freedom of Information Act 1991  
(FOI Agency G298)

### INTRODUCTION

This statement is published in accordance with the requirements of Section 9(2) of the *Freedom of Information (FOI) Act 1991*.

Copies are available free of charge from :

FOI Contact Officer  
Department of Treasury and Finance  
Level 3, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000  
Telephone: 8226 3598

### SECTION 1 - STRUCTURE AND FUNCTIONS

Information concerning the structure and functions of Treasury and Finance is contained elsewhere in this report and is deemed to be consistent with the reporting requirements of Section 9(2)(a) of the *FOI Act*. Copies of the report are available from the FOI Contact Officer.

### SECTION 2 - EFFECT OF THE AGENCY'S FUNCTIONS ON MEMBERS OF THE PUBLIC

Many of the functions of Treasury and Finance deal with financial and economic management issues within Government. The department's responsibilities in this area impact essentially on the internal workings of other State Government departments and authorities rather than having a direct effect on the public.

However, Treasury and Finance's operations do have a more direct public impact in the areas of state taxation and superannuation.

#### State Taxation

RevenueSA, formerly the State Taxation Office, is headed by the Commissioner of State Taxation who, in his legislative capacity, is responsible for the administration of various Acts and associated Regulations. In conjunction with its involvement in taxation collection, management and legislation, RevenueSA is also responsible for; the administration of Government incentive schemes, aspects of industry assistance packages, collecting the fixed property component of the Government's Emergency Services Levy, the regulation of small lotteries and trade promotion functions and the administration of subsidy schemes including petroleum and the first home owners grant (the latter was applicable from 1 July 2000).

#### Superannuation

The Department of Treasury and Finance is contracted by the South Australia Superannuation Board to administer several superannuation Acts through Super SA. These Acts provide for the operation and management of various superannuation schemes across South Australia, including schemes for public sector employees, Parliamentarians, Judges and Governors. The department also provides advice to the Board and the Government on superannuation policy.

### Unclaimed Moneys

Pursuant to the provisions of the *Unclaimed Moneys Act 1891*, Treasury and Finance receives from companies, unclaimed moneys exceeding \$10 in accounts which have not been operated for six years (after details of those moneys have been published in the Government Gazette for two years in succession). The Act also provides for individuals in possession of moneys for a year or upwards and the owner of which cannot be found to pay these moneys to the Treasurer. The Act empowers the Treasurer to approve the payment of claims where he is satisfied that the claimant is the rightful owner.

### Actuarial Calculations

Treasury and Finance performs calculations in relation to amounts payable to members of the public under a range of legislation, including:

- death claims payable from the Housing Loans Redemption Fund (pursuant to the *Housing Loans Redemption Fund Act 1962*);
- workers compensation redemption values;
- maintenance payment redemption values; and
- surrender values payable on some friendly society policies.

## SECTION 3 - ARRANGEMENTS FOR PUBLIC PARTICIPATION IN POLICY FORMULATION

Avenues for the public to participate in policy development are generally limited to specific issues on which public comment is sought (eg, the review of the Collections for Charitable Purposes Act and Regulations under the Lottery and Gaming Act). Such involvement would normally entail consultation with representatives of various interest groups.

However, ongoing consultation does take place with representatives of interest groups in the following areas:

### State Taxation

RevenueSA has well established consulting groups and meetings are held regularly to discuss a wide range of issues arising out of the administration of taxation legislation. The groups represent the following:

- Australian Society of CPAs
- Law Society of South Australia
- Law Council of Australia
- Taxation Institute of Australia
- The Institute of Chartered Accountants in Australia
- Taxpayers' Association of South Australia
- The National Institute of Accountants
- The Institute of Conveyancers
- The Real Estate Institute of South Australia
- The Australian Bankers' Association
- Credit Union Services Corp (Aust) Ltd.

In addition, RevenueSA maintains regular contact with the following :

- The Australian Finance Conference
- South Australian Employers Chamber of Commerce and Industry

- Insurance Council of Australia
- Investment and Financial Services Assoc Ltd
- Motor Trade Association of South Australia Incorporated.

As approved by Cabinet from time to time, draft legislation is released on a confidential basis to relevant industry bodies for input before legislation is tabled in Parliament.

#### Superannuation

Super SA maintains regular contact with:

- The Australian Prudential Regulation Authority
- The Association of Super Funds of Australia Ltd
- Australian Institute of Super Trustees
- The Australian Taxation Office
- Other State and Commonwealth Public Sector Jurisdictions.

As approved by Cabinet from time to time, draft legislation is released on a confidential basis to relevant industry bodies for input before legislation is tabled in Parliament.

Employee representatives are elected to South Australian Superannuation Board by members of the Schemes administered by the Board.

## SECTION 4 - DESCRIPTION OF THE KINDS OF DOCUMENTS HELD BY TREASURY AND FINANCE

Documents held by Treasury and Finance fall broadly into the categories described below. Most are available in hard copy format, although some are stored on computer or microfiche. The listing of these categories does not necessarily mean all documents are accessible in full or in part under the Act.

- (a) department files (known as dockets), official files containing correspondence on all aspects of the department's operations;
- (b) taxation documents including applications and returns required for the purpose of administering State Taxation legislation;
- (c) accounting records including monthly and quarterly financial statements, and the Treasurer's annual financial statements and accounts;
- (d) lottery and gaming files including applications, financial statements and other general correspondence concerning the administration of the *Lottery and Gaming Act, 1936*;
- (e) personnel files relating to Treasury and Finance employees;
- (f) superannuation files relating to the administration of member superannuation benefits;
- (g) Treasurer's Instructions<sup>(i)(iii)</sup>;
- (h) circulars including
  - RevenueSA circulars<sup>(i)(iii)</sup>
  - Treasury circulars<sup>(i)</sup>;
- (i) publications/papers/reports including
  - Budget Papers<sup>(i)(iii)</sup>
  - information papers<sup>(iii)</sup>
  - Annual Report<sup>(i)(iii)</sup>
  - Media Releases<sup>(iii)</sup>;

- (k) actuarial files including
  - registered rules of friendly societies
  - audited annual financial statements of friendly societies and benefit associations
  - contribution returns for the Housing Loans Redemption Fund;
- (j) a range of procedure manuals.

- 
- (i) Available for purchase
  - (ii) Available free of charge
  - (iii) Available on the Internet at [www.treasury.sa.gov.au](http://www.treasury.sa.gov.au)

## SECTION 5 - ACCESS ARRANGEMENTS, PROCEDURES AND POINTS OF CONTACT

### Superannuation

The Information Statement relating to the State Pension, State Lump Sum and Triple S Schemes may be obtained from the annual report of the South Australian Superannuation Board.

### General Information

Where possible (subject to the observance of privacy principles and confidentiality standards), information held by Treasury and Finance will be made available on an informal basis and at no charge.

Where a decision to grant access on this basis is refused, members of the public have the right to make an application under the *FOI Act*.

### Personal Affairs

Should a member of the public become aware of or detect an error in our records about his or her personal affairs, amendment to records should be possible without the need for a formal FOI application in most cases, provided that adequate supporting documentation about any error is submitted by the applicant.

Enquiries should be directed to the FOI Contact Officer (telephone 8226 3598) in the first instance.

### Making an Application

If it is proposed to pursue a formal application under the *FOI Act*, either for access to information or to amend official records about personal affairs, this must be in writing (application forms are available from the FOI Contact Officer):

accompanied by the prescribed application fee (\$21.50 in the case of applications for access; no fee is required for applications to amend records);

addressed to :

FOI Contact Officer  
Department of Treasury and Finance  
GPO Box 1045  
ADELAIDE SA 5001.

Before lodging an application, however, it is first advisable to discuss the matter with the FOI Contact Officer:

Level 3, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000.  
  
Telephone 8226 3598  
9.00 am to 5.00 pm Monday to Friday.

### Processing an Application

Under the amended *FOI Act*, Treasury and Finance is required to respond to applications for information within 30 days of receipt. If the application involves substantial search and processing time, the applicant may be required to pay a search fee of \$8.00 per quarter hour in addition to the application fee. It may be necessary to obtain an advance deposit in some cases. If the applicant requests the relevant documents to be photocopied a charge of ten cents per page will be incurred. Reduced fees apply in some circumstances.

### Refusal of Access/Refusal to Amend

While the *FOI Act* encourages open government through the release of documents and information, it does contain provision to refuse to deal with applications or to refuse access to documents on a range of grounds (Sections 18 and 20). The Act also provides for agencies to refuse to amend records (Section 35). A person aggrieved by such a determination may, in most cases, apply for an internal review of the decision. The Act in addition provides for a further right of appeal to the Ombudsman or the District Court.

### Where to Inspect Documents

With the exception of RevenueSA circulars, documents available free of charge or for purchase (see Section 4) are available for inspection at :

Level 3, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000.  
Telephone 8226 3598  
9.00 am to 5.00 pm Monday to Friday.

Taxation circulars may be inspected during the same hours at :

Ground Floor  
State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000.  
Telephone 8226 3750.

Enquiries concerning access to other categories of documents listed should be made to the FOI Contact Officer, telephone 8226 3598.

### Number of Requests Made

The Department of Treasury and Finance received twenty-six enquiries in accordance with the Act during the 2001-02 financial year. All enquiries were dealt with in the appropriate manner.

## Appendix 10—Overseas Travel 2001-02

<b>Destination</b>	<b>Number of Employees</b>	<b>Reason for Travel</b>	<b>Travel Costs \$</b>
United Kingdom	2	To investigate Public Private Partnerships in the UK and their relationship and application to PPP policy in SA (July 01).	19 685
United Kingdom	1	To meet with Government Catastrophe Reinsurers and negotiate renewal of terms for reinsurance program (August – Sept 01). It should be noted that the travel costs for contracted insurance brokers (AON) are included in the total.	22 731
<b>Totals</b>	<b>3</b>		<b>42 416</b>



## Appendix 11—Revenue Collections by RevenueSA

	1999 – 2000		2000-01		2001-02	
	Number of Taxpayers / Transactions	Amount \$	Number of Taxpayers / Transactions	Amount \$	Number of Taxpayers / Transactions	Amount \$
<b>Debits Tax</b>		58 715 877		58 452 324		58 784 749
<b>Financial Institutions Duty</b>						
Financial Institutions	178	84 717 489	102	94 849 591	129	9 399 492
Short Term Money Market Operators	74	5 751 282	44	7 413 205	55	938 303
Exempt-Charitable Organisations Accounts	59 714	-	60 009	-	-	-
<b>Total Financial Institutions Duty</b>		90 468 771		102 262 796		10 337 795
<b>Land Tax</b>	68 399	138 189 918	71 652	140 346 506	68 891	141 573 301
<b>Pay-roll Tax</b>	6 353	693 735 459	6 697	743 902 641	7 207	754 124 597
<b>Stamp Duty</b>						
Adhesive Stamps		476 305		505 766		565 507
Annual Licences (insurance)		122 853 490		135 259 446		164 186 398
Applications to Register or Transfer Motor Vehicles		106 440 853		102 150 505		114 463 436
Cheques		4 943 547		4 225 464		3 811 899
Conveyance of Property on Sale		313 444 362		310 562 519		357 957 734
Conveyance of Shares on Stock Exchange		11 720 186		12 536 524		3 659 207
Conveyance of Shares (Excluding Stock Exchange)		4 139 378		6 347 179		302 942
Hospital Fund MV Third Parties		51 640 304		51 811 751		52 932 367
Insurance Effected Outside SA		4 213 596		7 491 392		8 775 622
Leases		2 588 723		2 731 072		2 256 230
Mortgages		60 209 969		40 678 000		44 405 859
Rental Business		53 079 842		36 488 563		15 520 648
Voluntary Conveyances of Property		2 749 259		2 106 240		2 580 730
Other		2 299 186		2 134 116		188 347
Less Refunds, Commissions etc		(1 126 983)		(258 629)		-
<b>Total Stamp Duty</b>		739 672 017		714 769 908		771 606 926
<b>Contribution from small lotteries</b>		1 127 281	8 690	977 381	8 228	868 812
<b>Mirror Taxes</b>						
Debits Tax						175 013
Land Tax						542 931
Payroll Tax						4 678 220
Conveyance of Property on Sale						381 678
Leases						60 411
Rental Business						147 264
<b>Total Mirror Taxes</b>		-		-		5 985 517
<b>Emergency Services Levy</b>						
ESL Payments		64 133 660		51 426 035		49 921 103
Remission & Concession		25 368 515		72 954 548		57 119 450
<b>Total ESL</b>		89 502 175		124 380 583		107 040 553
<b>Total RevenueSA Collections</b>		1 811 411 498		1 885 092 139		1 850 322 250

## Appendix 12—Energy Efficiency Report

Performance Against Annual Energy Use Targets			
	Energy Use (GJ)*	Expenditure (\$)*	GHG Emissions (Tonnes CO2)*
Base Year 2000-01			
DTF	5 591	217 603	
Electorate Offices	2 110	87 605	
Portfolio Total	7 701	305 208	2 002
Report Year 2001-02			
DTF	4 973	244 475	
Electorate Offices	2 105	87 510	
Portfolio Total	7 079	331 985	1 840
Portfolio Target 2001 <sup>#</sup>	7 666		
Portfolio Target 2010 <sup>^</sup>	6 546		

\* Calculated on the following assumptions:

- CO2 Intensity 260kg per Gigajoule (GJ)
- 3.6 megajoule(MJ) per KWhr.
- 1000 MJ per GJ

<sup>#</sup> Based on a 0.45% reduction from the base year

<sup>^</sup> Based on a 15% reduction from the base year

The energy use of the Department of Treasury and Finance is limited to light and power in leased premises in the central business district of Adelaide. The major building used is the State Administration Centre (SAC).

The Electorate offices are scattered throughout the State and generally comprise leased small shops in urban complexes where there are limited opportunities for energy savings.

The departmental energy use is approximately 0.3% of the total energy use of the Government in South Australia. Fluctuations in energy use are likely on a year to year basis as individual branches expand or reduce their office requirements. Therefore, the magnitude of the reduction in energy use from 2000-01 to 2001-02 may not be sustained.

### Energy Management Activities

During the year a number of energy management actions were undertaken by the Department of Treasury and Finance:

- Reviewing energy use data for the 2000-01 base year
- Participating in the cross government Energy Efficiency Reference Group
- Working with AGL and EnergySA to undertake an audit of the energy use of the SAC
- Developing an Energy Efficiency Action Plan in consultation with the Department of the Premier and Cabinet, the major cotenant of the SAC
- Providing information to staff through the Intranet.