



Department of  
Treasury and Finance

Department of Treasury and Finance

# Annual Report 1998 – 1999



**Department of  
Treasury and Finance**

**DEPARTMENT OF TREASURY AND FINANCE**

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## Under Treasurer's Report



**John T. Hill**  
**Acting Under**  
**Treasurer**



**T**he Under Treasurer, Mr Gerard Bradley, returned to his former position of Under Treasurer of Queensland at the beginning of August 1998. It has been my privilege to lead the Department of Treasury and Finance for most of 1998–99. The year has been one of very significant achievement due in no way to my efforts but entirely to the skill and dedication of people at all levels throughout the Department who have demonstrated by their commitment a belief in the concept of public service as something inherently worthwhile.

I wish to make particular mention of a couple of matters.

The development of the Intergovernmental Agreement which forms part of the Commonwealth Government's proposed new tax system has been a major task for the Commonwealth and the States. The contribution by officers of the Economics Branch to a beneficial outcome nationally and for South Australia has been substantial. Uniquely in my 30 years experience of these matters it was one State – South Australia – which took the lead in developing the financial model on which the Agreement was finally settled and on which the Commonwealth and other States were content to rely. The officers concerned have received recognition within the small world of Commonwealth/State financial relations practitioners but their contribution deserves recognition in a broader forum.

I wish also to mention the officers of the new Finance Branch which was created during the year from the former Budget, Financial Management and Debt and Asset Management Branches. There are significant benefits to be derived both by Treasury and Finance and by our client agencies from the merger. However, it took place as the organisational structure of the Budget Branch was itself undergoing major change and when we were trying to drive through changes to the Budget process to better reflect Government priorities and to involve agencies more fully in the formulation of the Budget. It is a credit to the commitment of the people in these branches that the momentum of change has not been lost while this restructuring has taken place.

It is appropriate also that I recognise the outstanding efforts of the people in the Electricity Reform and Sales Unit. During the year their achievements included:

- Restructuring of the electricity industry
- Designing a complementary regulatory framework
- Completing preparations for commencement of the National Electricity Market
- Monitoring the performance of the electricity businesses
- Developing a timetable for the lease of the electricity assets.

These changes have taken place within a very short time due in no small part to the dedication shown by everyone in the unit over many months.

There are many other examples which could be quoted in the service delivery branches of the Department but I have chosen to highlight these three. These and other business achievements are dealt with in more detail in the report which follows. I also would like to mention a number of important changes which have taken place in the way in which Treasury and Finance manages itself.

In keeping with the Government's budget reforms we have developed a reporting framework based on two output classes and eight outputs with responsibility for a single output resting with each branch. Business plans have been developed by the branches to specify in more detail the tasks involved in the delivery of these outputs which in turn contribute towards the outcomes desired by the Government.



The department's Corporate Plan has been reviewed and four key priorities developed. Of these one is operational in nature and identifies several critical tasks by which the department's performance in 1999-2000 principally will be judged. The other three are organisational in nature and are designed to enhance our capacity to meet our objectives. Eight strategies have been selected to drive these three priorities and an executive sponsor has been charged with responsibility for preparing a proposal to implement each strategy.

For several years the Under Treasurer has had an Executive Management Group (EMG) to assist in managing the Department. The Group has comprised mainly Branch Heads and has met fortnightly. During the year it was decided to form a number of standing and ad hoc committees including people from outside the EMG to take responsibility for critical management issues thereby spreading management responsibility more widely and bringing specialist expertise to bear on specific problems. The EMG now meets monthly and receives reports from these committees. The change represents a significant improvement in the way the department is managed.

An important task for the future is to enhance the role of women in managing the department. Women are significantly under represented in senior management positions to the point where it seems unlikely to be a natural outcome. With the active involvement of women in the department we are embarking upon an exercise to identify the forces leading to the present situation and to put in place measures which will lead, over time, to greater representation of women in senior positions.

I wish to conclude my report with some observations about the future direction of Commonwealth/State financial relations. Horizontal Fiscal Equalisation (HFE) is the process whereby Commonwealth General Purpose Funds are distributed between the States according to their needs. The recently concluded Intergovernmental Agreement for the first time enshrines HFE as the principle underlying the distribution of these funds between the States. This is an important step forward for South Australia because our smaller economy needs more per capita in Commonwealth General Purpose Assistance than most other States.

Without HFE the smaller States would be denied an equal opportunity to attract and sustain economic activity since our standards of public services would be inferior. This is not only inefficient in national economic terms but offends against the Australian tradition of a fair go. An Australian Federation without HFE would be less efficient and less harmonious.

Support for HFE however is not at all times universal within the Federation. A major challenge for this State therefore is to ensure the thorough and continuing implementation of this admirable principle as the basis for distribution of Commonwealth funds to the States.

This will probably be both my first and last Under Treasurer's report. My year in charge of the department has been immensely rewarding. I wish to express my gratitude to the Treasurer for his confidence in me, to the Chief Executives of other agencies for their ready help and co-operation but most particularly to my Treasury colleagues at all levels who have provided me with constant support and reinforcement. They have rowed while I have merely steered.



**John T. Hill**  
Acting 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, 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 accounting, finance, economics, 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 and the level of service we deliver to our clients.*

### **The Purpose**

*To provide leadership in meeting the financial and economic challenges faced by South Australia.*



## Major Clients

**Government:** Treasury and Finance's principal client is the Treasurer and, through the Treasurer, the Government for our work in administering and coordinating the State Government's finances and providing a range of financial services.

**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 portfolio groups, State agencies and Government 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:

- improved State economic performance;
- strengthened State finances;
- improved service delivery.

This is done by Managing State Finances and through Financial Service Provision to the Government.

## The Year in Review

**M**ajor reform processes at both the State and the national level dominated Treasury and Finance's activities during 1998–99.

As well as its ongoing involvement with the restructuring of the South Australian Government's Budget process and the implementation of its objectives for electricity market reforms, the department played the lead role in liaising with the Commonwealth and other States and Territories in relation to the introduction of the Goods and Services Tax (GST) and other taxation reforms, and with the implementation of National Competition Policy.

Significant time and energy also were expended on developing the business processes necessary for the collection of the State's new Emergency Services Levy (fixed property component).

These activities were in line with Treasury and Finance's business priorities for the year which were to:

- implement the Government's fiscal strategy, including asset sales, wages policy, taxation measures and infrastructure investment;
- develop policy positions for national taxation reform and Commonwealth/State relations;
- provide leadership in accrual output budgeting and financial management reforms at a whole-of-government level, including the necessary support for portfolio groups to implement the reforms;
- establish effective partnerships with portfolio groups to improve service delivery and facilitate reforms in key sectors;
- manage the Government's electricity reform and asset sale process, including the related debt reduction program.

At a corporate level, the department's branches introduced or consolidated a number of initiatives in line with its management priorities of:

- focussing on client values and developing quality client services;
- providing management with strategic human resource advice and strengthening human resource management;
- integrating information technology planning with corporate planning, focussing on Year 2000 compliance issues and improving financial reporting;
- implementing corporate strategies for risk management and control.

As reported by the Acting Under Treasurer, the most significant change to the organisation itself was the creation of a new Finance Branch through the amalgamation of the former Budget, Financial Management, and Debt and Asset Management Branches. This followed a review of the department's core finance function after the 1998–99 Budget process.

### Electricity reforms

The Electricity Reform and Sales Unit (ERSU) within Treasury and Finance works with local and international consultants to coordinate the Government's electricity reform agenda. Significant progress was made during the year, culminating on 11 June 1999 with the passage of the Electricity Corporations (Restructuring and Disposal) Bill, which will enable the long-term lease of the State's power assets.

A detailed industry statement was developed for release in late June 1999, together with a timetable for the lease of the specific electricity assets. This timetable involves a staged program of competitive bidding for the distribution/retail businesses, generation companies and transmission business respectively, and will be supported by further market development and the implementation of the new regulatory framework following the passage of two key Bills in August, 1999.





### Other major events included:

- restructuring the South Australian electricity industry in October, involving the creation of seven new operating businesses;
- successfully commencing the National Electricity Market in December;
- designing a full regulatory regime for a privatised industry including an Independent Industry Regulator, Electricity Ombudsman, Electricity Supply Industry Planning Council and associated legislation;
- attracting new private sector infrastructure to South Australia in the form of a new \$400m, 500MW power station at Pelican Point, to be funded and constructed by National Power.

Throughout the reform process, Treasury and Finance has managed South Australia's compliance with National Competition Policy commitments through close liaison with the National Competition Council (NCC) and Australian Competition and Consumer Commission (ACCC).

Further details of ERSU's work begin on page 15.

### Budget reforms

The second phase of the State Government's Budget reform process was completed during the year with:

- inclusion of output performance information in Budget papers;
- integration of the Government's planning process and budgeting processes for the 1999–2000 Budget, for both operating and capital investment activities;
- development of performance reporting to Cabinet on strategy, service delivery and capital investment;
- development of future implementation options for improved long term financial management through balance sheet management.

The redesigned format of the 1999–2000 Budget Papers, including portfolio statements with key information documents on portfolio outputs and finances, more closely meets the information needs of Parliament. The Finance Branch initiated a staged approach to improving the information available to Cabinet to aid decision making, with initial emphasis on improving the financial information provided to Cabinet.

The new process for the 1999–2000 Budget provided a structure for developing a Budget based upon due consideration of Government priorities, sustainability, and a comprehensive view of Government and portfolio operations.

Portfolios participated in defining their outputs, and began to define and review performance measures through the facilitation of the Outputs Advisory Panel. Funding memoranda were developed for each portfolio to clearly define the issues resolved and assumptions made during Budget negotiations.

As part of the Budget reform process, the newly created Finance Branch reformed systems and processes to support accrual output budgeting and continued to improve arrangements for consolidating information from across Government.

Further details can be found in the Finance Branch report beginning on page 12.

### Emergency Services Levy

The Emergency Services Funding Act 1998, passed in September 1998, enables a levy to be applied to fixed and mobile property to raise funds for the provision of emergency services in South Australia. The Act is managed and administered by the Justice Portfolio, with RevenueSA (the former State Taxation Office) appointed the collection agency for the fixed property component.

A team has been established to design, build and implement the necessary systems, structures and procedures, with a view to initiating billing as soon as possible. Tenders for a computer system to administer the levy have been evaluated and completed, and a preferred supplier has been selected. Other tenders are being evaluated with respect to billing and dispatch, a correspondence response and call centre, payment

## The Year in Review (continued)

processing and debt management services. An interim call centre facility has been established to respond to queries with respect to both fixed and mobile property.

As well as a new name, RevenueSA has a significantly expanded role, which is highlighted in its report beginning on page 18.

### GST and national taxation reforms

The implementation of the Federal Government's new GST and associated financial arrangements clearly is one of the biggest issues facing all governments in Australia. During 1998–99, Treasury and Finance established an Interdepartmental Tax Forum and a GST Administrative Project to provide guidance to South Australian Government agencies on the day-to-day impact of the GST, to assist in planning for necessary administrative and reporting changes, and to ensure that potential cost savings arising from tax reform are fully utilised. This will be a major ongoing project.

As highlighted by the Acting Under Treasurer, GST planning was complemented by the signing of the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations (IGA) by the Commonwealth and all State and Territory governments at the end of June 1999. The IGA and accompanying Commonwealth legislation include an explicit stipulation that horizontal fiscal equalisation will be used to distribute GST revenues among the States. This is a significant advance on the current situation where the use of equalisation for financial assistance grants has no legislative or formal basis.

Treasury and Finance represented South Australia during the formulation of the IGA and provided advice to the Treasurer and Premier on the State's position. It also took a lead role on behalf of all States and Territories in quantifying the size of guaranteed payments to be made by the Commonwealth in the transition to new Commonwealth/State funding arrangements, and was involved in a number of policy issues relating to the impact of tax reform on specific industry sectors.

Considerable work has been undertaken by RevenueSA, in conjunction with other States and Territories, in the development of a uniform First Home Owner's Scheme (FHOS) to offset the introduction of the GST. From 1 July 2000, FHOS will provide a non-means tested \$7,000 cash payment to eligible first home buyers. Full details of the principles of the scheme are contained in the IGA.

Bilateral agreements under the Commonwealth Places (Mirror Tax) Act 1998 also were progressed during the year, together with the development of complementary amendments to State tax legislation in order to give effect to the arrangements whereby the Commonwealth will levy taxes that mirror State taxes on activities conducted on Commonwealth places.

### National Competition Policy

There is an increasing focus on National Competition Policy (NCP) following recent debate about adverse regional employment impacts. The National Competition Council (NCC) has assessed South Australia's progress in implementing NCP and has recommended that full payment be made of the first part of second tranche NCP payments totalling \$34.3 million in 1999–2000. It also is recommending a supplementary assessment of outstanding issues in relation to payments due in 2000–01 for all States.

Treasury and Finance worked closely with Premier and Cabinet on a number of initiatives to assist the Government to implement its NCP commitments (including its annual report to the NCC) and broader micro-economic reform objectives. This included major contributions to the structural reform of government business through:

- the implementation of corporatisation reforms for TransAdelaide;
- steering committees for the implementation of structural reform in Forestry SA, Public Trustee, Enfield General Cemetery Trust, West Beach Trust and Police Security Services Division;
- reviews of the future structure and operations of several other significant Government businesses.





As required under the NCP agreements, Treasury and Finance, on behalf of the Treasurer, is undertaking several reviews of legislation that restrict competition. A number of draft reports and issues papers have been prepared and it is expected that extensive public consultation will be held during 1999–2000. Legislation being reviewed includes the Lottery and Gaming Act 1936 (concurrently with other South Australian gambling legislation) and the Petroleum Products Regulation Act 1995 (jointly with the Department for Administrative and Information Services).

The department also has played a key role in the development and implementation of competitive neutrality policy and the associated reform of government businesses. During 1998–99, 17 Category Two significant government businesses (those with annual revenue of \$2 million or less, or assets of \$20 million or less) were gazetted by the Government. Previously, 30 Category One significant government businesses (revenue greater than \$2 million, or assets greater than \$20 million) had been gazetted. Considerable progress has been made in implementing the principles of competitive neutrality for Government businesses.

### Human resources

Increased emphasis was given to improving the skills and abilities of staff, in line with the organisational strategic directions, to facilitate further improvements in the quality of work from the department.

Highlights included:

- specific team development training in both the Finance Branch and Super SA during their restructuring processes;
- the placement of human resource consultants to support the restructuring process in both the Finance Branch and Super SA, and the development of the work group managing the collection of the fixed property component of the Emergency Services Levy;
- a leadership and management development program for middle and senior managers in the South Australian Government Financing Authority;
- a training program for personal assistants and administrative support staff in public sector human resource management processes to support the increased delegation of authority for personnel management;
- training programs for specific workgroups throughout the department on technical matters, such as GST, accrual accounting, and information technology.

A major achievement for the year was the attainment of Level 3 WorkCover Exempt Employer Standard in the areas of Claims Administration, Rehabilitation and Prevention. This reflected a strong commitment to occupational health, safety and welfare by all staff in the department.

### Other highlights

Taxation policy changes estimated to yield additional revenue of \$69 million in 1998–99 and \$77 million in a full year were implemented as part of the Government's 1998–99 Budget strategy and tax policy proposals for inclusion in the 1999–2000 Budget were developed.

A total of \$32 million in unpaid taxes was collected as a result of 40 major compliance programs run by RevenueSA.

In conjunction with the Department of Industry and Trade, a pilot program was introduced for the lodgement of pay-roll tax returns and payment using the Internet. This takes place through the Government Business Channel Bizgate.

The South Australian Government Financing Authority (SAFA) expanded its investment products and investment management services, including the creation and launch of a new Cash Management Fund for use by public sector entities wishing to invest their surplus cash balances at competitive market rates of interest.

A new Super SA Member Services Centre in the State Administration Centre handled more than 85,000 enquiries and conducted about 700 interviews in less than seven months.

## Managing State Finances

### Economics Branch

The Economics Branch is one of three branches responsible for managing State finances. It plays an important role in Treasury and Finance's objectives of:

- establishing medium to long term economic and fiscal policy to lift the State's economic performance and strengthen the State's finances;
- ensuring revenue is raised in an equitable manner, with least cost to economic efficiency and in ways which are competitive with other jurisdictions and supportive of economic development;
- ensuring a fair and equitable share of Commonwealth funding for the State;
- ensuring sustainable outlays in aggregate over the long term, with no borrowings to meet current expenditure needs.

Specifically, the Economics Branch provides economic policy advice at a whole-of-government level on revenue issues (including taxation policy and intergovernmental financial relations), micro-economic reform, national competition policy and the economic and financial environment in South Australia.

### Major activities

During 1998–99, the branch played the lead role in Treasury and Finance's contribution to State and national taxation reform and to South Australia's National Competition Policy commitments, as highlighted in the Year in Review.

In addition, considerable effort was devoted to coordinating South Australia's response to the Commonwealth Grants Commission's (CGC) 1999 Review of General Revenue Grant Relativities (the first major review since 1993). The equalisation component of Commonwealth grants (the amount above per capita share received by the State) is estimated to be worth \$373 million to South Australia in 1999–2000. To maintain grant shares above per capita amounts, the CGC needs to be fully informed of the State's expenditure needs and revenue raising disadvantages.

### Labour market analysis

Contemporary labour market trends in South Australia were a particular focus during the year. Detailed discussions were held with the Australian Bureau of Statistics to try and ascertain the reasons for the employment statistics being totally out of step with other indicators of economic activity and with employment trends in all other States.

Since then there has been a large bounce-back in employment, adding weight to the view that both the large fall and the subsequent large rise were primarily the result of "statistical factors" and not indicative of the underlying employment performance.

### Gambling-related revenue issues

Treasury and Finance coordinated the preparation of a draft response, on behalf of all relevant Ministers, to the Social Development Committee's Report on Gambling and prepared advice on taxation issues associated with the possible sale of gambling entities, including the Adelaide Casino and the TAB.

### Other activities

#### Revenue forecasting

Forward estimates of State taxes and general purpose Commonwealth grants were prepared and updated on a regular basis.

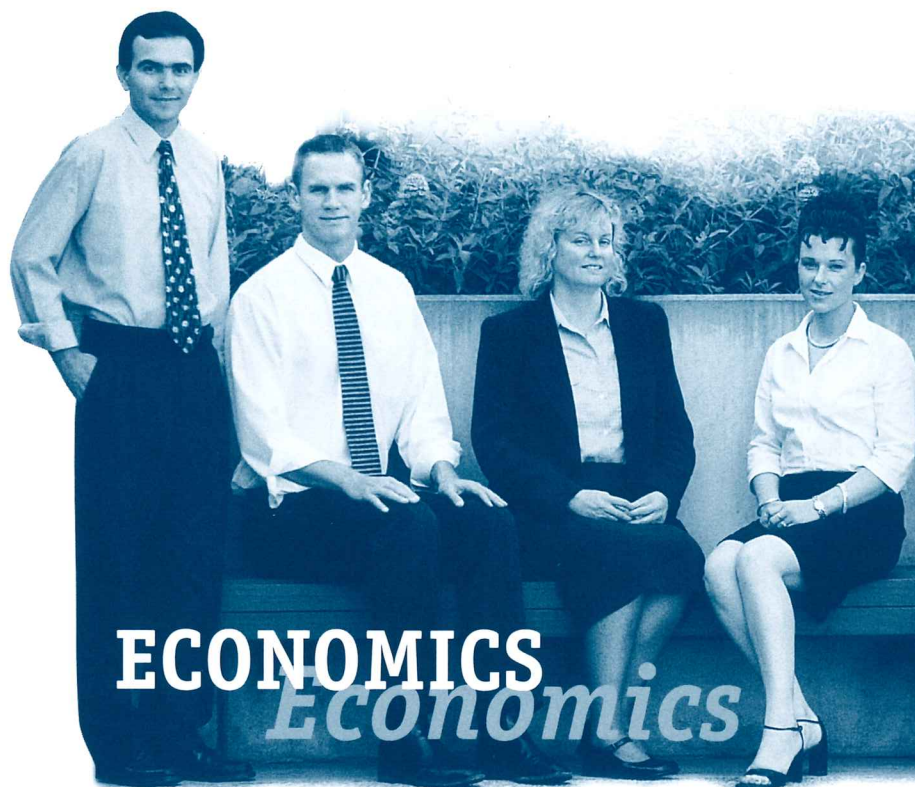
#### Local Government Rate Equivalents

Entities in the Tax Equivalent Regime paid local government rate equivalents for the first time in 1998–99.

#### Commonwealth/State financial relations

Briefing material was prepared for the Premiers' Conference, Heads of Treasuries meetings, reports for Loan Council and Leaders Forums.





# ECONOMICS

## *Economics*

### **Economic monitoring and analysis**

Ongoing monitoring and analysis covered a wide range of economic and financial indicators, including economic trends and conditions at the State, national and international level. Forecasts and projections of major economic parameters were prepared and briefings were coordinated for the major credit ratings agencies.

### **The year ahead**

The GST and its associated financial arrangements, new gambling policy and ongoing National Competition Policy commitments are expected to be major economic policy issues during 1999–2000. Economic trends, particularly in relation to employment and unemployment and the impact of the unstable Asian economic situation, will be watched closely, as will Commonwealth Specific Purpose Payments such as health funding.

### **Strategic priorities**

- Implement joint Commonwealth/State undertakings relating to national tax reform contained in

the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations and participate in reciprocal tax initiatives between levels of government in accordance with these undertakings.

- Forecast State tax revenues accurately.
- Complete the legislative reviews commenced during 1998–99.
- Provide advice to agencies on Competitive Neutrality Policy and identification of significant business activities.
- Participate in Commonwealth Grants Commission consultations in respect of recommendations for 2000–01 being the first year of GST based Commonwealth/State financial arrangements.
- Continue monitoring State, national and international economic conditions, including developing greater understanding of contemporary labour market trends.

*The people at the Economics Branch are responsible for ongoing monitoring and analysis covering a wide range of economic and financial indicators, including economic trends and conditions at the State, national and international level.*



## Managing State Finances (continued)



*The team of people at the Finance Branch played the lead role in Treasury and Finance's contribution to budget reform, the structural reform of Government business linked to National Competition Policy commitments, and the implementation of a GST assistance project within the public sector.*

### **Finance Branch**

The Finance Branch was formed during the year by the amalgamation of the Budget, Financial Management and Debt and Asset Management branches. It is one of three branches responsible for managing State finances and plays an important role in Treasury and Finance's objectives of:

- establishing medium to long term economic and fiscal policy to lift the State's economic performance and strengthen the State's finances;
- ensuring sustainable outlays in aggregate over the long term, with no borrowings to meet current expenditure needs;
- achieving the lowest possible economic cost of outstanding debt consistent with agreed risk tolerances;

- ensuring client needs are integrated into the delivery of 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 its businesses, provides advice on government reform issues, and facilitates best practice financial management across the Government.

### **Major activities**

During 1998–99, the branch played the lead role in Treasury and Finance's contribution to budget reform, the structural reform of Government business linked to National Competition Policy commitments, and the implementation of a GST assistance project within the public sector, as highlighted in the Year in Review.



The 1999–2000 Budget was produced in line with the Government's four-year fiscal strategy. As part of the budget reform process, the branch has improved arrangements for consolidating information from across Government and provided an aggregated financial analysis to assist in managing the economy and Budget. Project management tools were used to greatly improve the coordination and production of the Budget papers and other publications, and systems and processes were reformed to support accrual output budgeting and enhance the timeliness and accuracy of services provided.

The Hyperion Enterprise system was implemented within six months of issuing a request for proposal and this has allowed faster consolidation processes and improved integrity checking (leading to more accurate information), while significantly reducing the workload in presenting the State Budget and other publications.

Significant progress also was made on rationalising the data collected from agencies. Analysis is now complete and is being used to develop data collection mechanisms that will result in the reduced duplication of information being collected from agencies for the 1999–2000 reporting cycle.

The accrual financial information available for analysis was extended during the year. While the Government's fiscal target is largely cash based, the platform has now been laid where accrual based fiscal targets can be established and monitored.

A monthly Budget Reform Newsletter was distributed to portfolios up until the completion of the project in April, and this complemented information provided in regular Budget Information Forums and the Budget Handbook. Recommendations have been made for the development of a strategy for providing ongoing financial management training to all portfolios.

### **Debt and asset management**

Financial and risk management advice was provided in relation to a number of major government projects, including the Alice Springs to Darwin Railway, Hindmarsh Stadium, the EDS Building, the Government Radio Network, and the negotiation of the Government's light vehicle fleet lease. In addition, a review of debt management was undertaken, in conjunction with SAFA, to assist in determining the most appropriate borrowing profile for long term management of the Government's non-commercial sector debt portfolio in a low inflation, low interest rate environment.

### **Capital investment**

The next steps in an improved capital investment prioritisation process using existing strategic asset management frameworks were implemented during the year, providing links to service delivery and strategic objectives, and aligning with the accrual reporting definitions of investment activity. The involvement of the Senior Management Council in the

prioritisation process increased substantially, and a number of areas for future improvement have been identified.

### **Performance monitoring and governance**

Treasury and Finance monitors the performance of the Government's commercial sector agencies and provides quarterly reports to relevant Ministers on an agency's broad financial performance, concentrating on key operational factors impacting on overall performance. This monitoring currently covers SA Water, Ports Corporation, SAGRIC and the Public Trustee.

During the year, entities created under the Public Corporations Act were reviewed with the objective of regularising arrangements for charters and performance statements, and providing improved guidance to portfolios on the appropriate use of this governance mechanism.

The development of an ownership framework for Government non-commercial sector entities and reviews of the Public Finance and Audit Act and Government Financing Authority Act were deferred until 1999–2000.

### **Organisational change**

The creation of the new Finance Branch followed a two-stage review of the department's core finance function. In the first stage, potential areas for improvement were identified, and these were then analysed and developed by teams of employees reporting to a steering committee. Areas for scrutiny included human resource issues, organisational structure options, and Budget production issues.

## Managing State Finances (continued)

A proposal for amalgamation emerged, and a team representing all three branches was established to manage the organisational development work and redesign core business processes. This confirmed a strong business case for amalgamation because of factors including:

- reporting demands the department makes on agencies;
- the capital decision making process and the budgeting process;
- formulation of accounting policy and budget procedures;

The organisational structure of the new branch comprises six teams – Fiscal Strategy, Resource Allocation, Financing and Investment, Account Management, Information Management and Specialist Services.

### Other activities

#### Financial statements

Whole-of-government financial statements that comply with AAS31 were prepared for the year and were circulated on a limited basis within Government in readiness for audit by the Auditor-General. These statements

were a significant improvement on previous years, reflecting better data collection processes and the availability of additional staff.

#### Financial systems

Upgrading to the 9802 version of the Masterpiece suite of financial applications was completed, providing a base for agencies to introduce improvements and efficiencies in their own financial reporting processes, including use of the system's web-based capabilities. The Financial Applications Systems Team (FAST) provided Masterpiece training and assistance to agencies, with contractors used to support help-desk and performance standards.

#### Account management

The quality of the relationship between Treasury and Finance and other agencies has improved dramatically in the past 12 months. Independent interviews with portfolios have attributed much of this success to the introduction of account managers to handle day-to-day contact on Budget matters, delivery of services and receipt of information. The system was further developed during the year.

### The year ahead

1999–2000 will be a year of transition to the new organisational structure, a consolidation of the budget reform process, further rationalisation of

whole-of-government financial systems, and improved data collection methods.

In the area of Budget reform, there will be a staged approach to improving the information available to Cabinet to aid decision making. Emphasis will be upon improvements in financial information, both accrual and cash based, and the non-financial performance measures provided to Cabinet through Treasury and Finance. In addition, work will continue on further improving the design of the Budget process.

#### Strategic priorities

- Coordinate the implementation of the GST within Government agencies.
- Finalise the development of debt retirement policy in conjunction with SAFA for the utilisation of asset sales/lease proceeds.
- Advise on asset sales and major investment decisions of the Government.
- Improve the capital investment prioritisation process and integrate it with capital evaluation and approval processes.
- Prepare the first set of whole-of-government financial statements for submission to Parliament.
- Review the Public Finance and Audit Act 1987 and manage the subsequent amendment process.





## ***Electricity Reform and Sales Unit***

The Electricity Reform and Sales Unit (ERSU) is one of three branches responsible for managing State finances. It plays an important role in Treasury and Finance's objectives of:

- establishing medium to long term economic and fiscal policy to lift the State's economic performance and strengthen the State's finances;
- maintaining and improving the Government's net worth over time while minimising risk exposure.

Specifically, the ERSU is responsible for the implementation of the Government's objectives for electricity market reforms and asset divestments in the context of the National Electricity Market (NEM) and the National Competition Policy. It is working with a team of consultants, headed by lead advisers Morgan Stanley Dean Witter and Pacific Road Corporate Finance.

As reported in the Year in Review, major achievements in 1998-99 included the restructuring of the industry, design of a complementary regulatory framework, completion of preparations for commencement of the National Electricity Market, attraction of new private generation to South Australia, and development of a timetable for the lease of the specific electricity assets.

### **Industry restructuring**

A new industry structure took effect from 12 October 1998, involving:

- the separation of the generation portfolio into three generation companies – Optima Energy, Flinders Power and Synergen;
- the formation of a gas trading company, Terra Gas trader, to manage the State's gas purchase contracts;

*One of the Electricity Reform and Sale Unit's strategic priorities is to manage the orderly divestment of specific electricity assets in accordance with the Government's lease timetable.*

## Managing State Finances (continued)

- the creation of separate retail and distribution businesses, ETSA Power and ETSA Utilities, under a holding company, ETSA Capital.
- the separation of the transmission business to form ElectraNet SA.

In implementing this new structure, appropriate industry vesting arrangements were developed between the retail and generation businesses in order to address market power issues, provide revenue stability and support a smooth transition to a market environment.

Analysis of future electricity supply requirements also was undertaken, leading to the development of options to meet projected supply shortfalls and promote the development of market competition. This includes the attraction of private generation through the \$400 m, 500MW power station to be privately funded, constructed owned and operated by National Power at Pelican Point without Government financial risk of involvement. Advice also was provided on the continuation of the Playford Power Station (previously scheduled for closure) and expenditure required to improve the reliability of Northern Power Station to support future demand growth.

### Regulatory framework

A full regulatory regime has been developed in conjunction with the restructuring of the industry and commencement of a competitive market in order to encourage competitive outcomes, provide certainty for investors and give effect to the Government's commitments to service and pricing. As part of this, two key pieces of legislation, Electricity (Miscellaneous) Amendments Bill and Independent Industry Regulator Bill, were passed on 4 August, 1999. The regulatory arrangements and associated institutions include:

- an Independent Industry Regulator, responsible for pricing, licensing, service standards and network access;
- an Electricity Ombudsman, with responsibility for customer complaints;
- an Electricity Supply Industry Planning Council, to address the continuing need for security of supply in the context of a disaggregated industry;
- a Technical Regulator, responsible for safety and technical service requirements.

### National Electricity Market

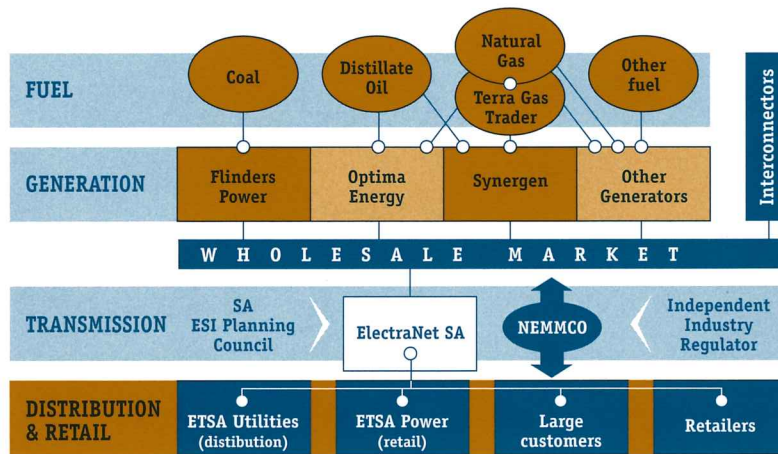
As a key priority in the development of a competitive electricity industry, Treasury and Finance coordinated jurisdictional preparations in South Australia for the commencement of the NEM including the necessary regulatory, market design, administrative and legislative arrangements. Preparations across the market culminated in its successful commencement in New South Wales, Victoria, Queensland, the Australian Capital Territory and South Australia in December 1998, representing a significant milestone in the implementation of micro-economic reform.

South Australia also has acted as lead legislator of the National Electricity Law, giving force to the National Electricity Code as the principal body of market rules, and establishing the National Electricity Market Management Company (NEMMCO) and National Electricity Code Administrator (NECA) as the institutions regulating the operation and conduct of the market.

At the retail level, competition has been introduced in South Australia through a contestability timetable which enables smaller power users to enter the competitive market progressively. Further measures also have been implemented to encourage the development of retail competition and provide greater certainty for participants, including the implementation of transitional tariffs,



### South Australian Electricity Supply Industry Structure



the announcement of network charges for 1999–2000 and a review of vesting contract arrangements to encourage contracting.

Treasury and Finance also:

- negotiated arrangements to ensure the majority of inter-regional settlements residues accrue to the benefit of customers in the importing jurisdiction in the NEM, subject to payment for the use of interconnection transmission lines;
- designed and implemented the first auction of inter-regional settlements residues of its kind to support the writing of inter-regional hedges and thereby promote competition in the market;
- contributed to a number of reviews into key aspects of the NEM to improve its operation and performance, including the development of a framework for new electricity interconnectors as unregulated assets, and network pricing arrangements.

### Performance monitoring

As the restructured businesses have entered a new phase of reform, Treasury and Finance has developed a revised performance monitoring framework to enable it to monitor and report on business performance and ensure commercial accountability prior to privatisation. This effort has focused in particular on the key value drivers and risk management.

Within this framework, monitoring of quarterly performance has continued, Treasury and Finance observers attend

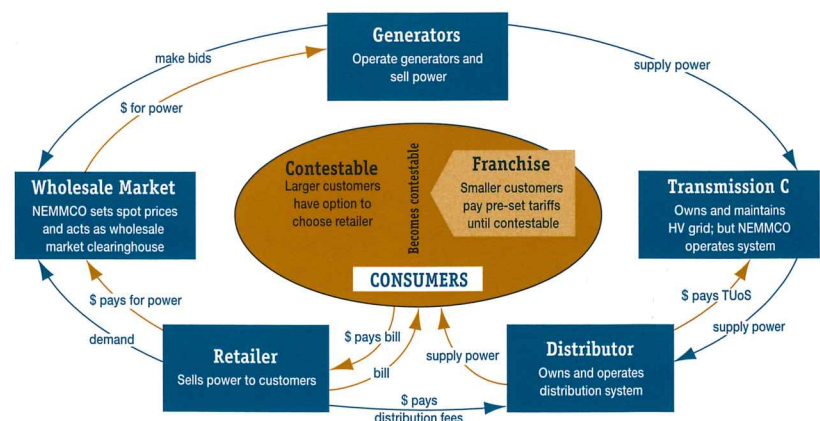
Board meetings of the electricity entities on a regular basis, and standing orders have prevailed under which the businesses must obtain Ministerial approval prior to undertaking significant capital investments or entering into contracts of a long term nature.

### The year ahead

#### Strategic priorities

- Manage the orderly divestment of specific electricity assets in accordance with the Government's lease timetable.
- Contribute to the development of a National Electricity Market taking into account the South Australian divestment and reform agenda.
- Foster efficient, competitive electricity market arrangements in South Australia in the context of the National Electricity Market and National Competition Policy.
- Contribute to the development of broader energy reforms.
- Encourage the private sector provision of new energy infrastructure, whilst minimising risk to the Government.

### National Electricity Market Operating Structure



## Financial Service Provision



*Revenue and Assessing staff are committed to ensuring client needs are integrated into the delivery of services.*

### RevenueSA

RevenueSA is one of five branches responsible for financial service provision. It plays an important role in Treasury and Finance's objectives of:

- ensuring revenue is raised in an equitable manner, with least cost to economic efficiency and in ways which are competitive with other jurisdictions and supportive of economic development;
- ensuring client needs are integrated into the delivery of services.

Specifically, RevenueSA is responsible for providing policy advice on taxation issues and managing taxation legislation, revenue systems and compliance functions to enable the Government to raise the revenue for funding services.

Formerly the State Taxation Office, RevenueSA was renamed during the year to avoid ongoing confusion between its functions and those of the Australian Taxation Office and – more importantly – to better reflect its expanded role. From being solely involved with taxation collection, management and legislation, RevenueSA now also 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 corporate reconstructions;
- collecting the fixed property component of the Government's Emergency Services Levy (as highlighted in the Year in Review);
- regulation of small lotteries and trade promotion functions under the Lottery and Gaming Act.

The Lottery and Gaming Unit previously attached to Treasury and Finance's Budget Branch has been integrated into RevenueSA's Revenue Services section.

### Compliance initiatives

Cabinet has allocated \$1 million in special funding for a three-year taxation compliance initiative which began during 1998–1999. Increased activity, including 40 major compliance programs, led to the determination of \$36 million in revenue (target \$23 million) of which \$32 million was collected (target \$20 million).

Audit and investigation activities were carried out in the South East, coinciding with client seminars and information sessions in Mount Gambier and Millicent. Taxpayer

awareness programs may have an "amnesty" component which encourages taxpayers to examine any declared liability and make a voluntary declaration prior to audit activity without the application of penalty.

Investigations have been concluded successfully or are ongoing in relation to a number of major matters in the stamp duty conveyancing, stamp duty insurance, Financial Institutions Duty and payroll tax areas.

The introduction of a number of automated data matching processes has enhanced compliance activity, and increased attention has been given to the incorporation of automation in the selection and conduct of compliance programs. Lodgement enforcement and debt recovery processes have been automated, improving efficiency and enabling staff to focus on the more difficult cases.

### Legislative reform

Work on the major Stamp Duty Rewrite project was suspended during the year pending a decision on Commonwealth tax reform. With the Commonwealth position clarified, discussions between jurisdictions have recommenced to examine opportunities for further reform at the State level.

The introduction of a GST will see repeal of Financial Institutions Duty and Stamp Duty on listed marketable securities, but this will not occur before July 2001.

A consistent policy for dealing with interjurisdictional mortgages has been developed and a RevenueSA working team has been formed to consider the implementation of a simplified payroll tax lodgement process. RevenueSA also coordinated the benchmarking report for the second consecutive year. The final report was completed and forwarded to all other jurisdictions.

As part of the ongoing taxation reform initiatives, the Local Government Rate Equivalent Regime for relevant State Government entities was implemented in 1998–99, with revenue collected in excess of \$2 million. The Tax Equivalent Regime collected revenue in excess of \$66 million.

### Legislative amendments

The following significant legislative amendments were made during the year.

The Stamp Duties (Miscellaneous) Amendment Act 1998 was assented to on 23 July 1998 and commenced

## Financial Service Provision (continued)

operation on 1 September 1998. The amending Act provided budgetary measures as outlined in the 1998–99 State Budget. Stamp duty on general insurance was increased from \$8 per hundred to \$11 per hundred (or part thereof) and the stamp duty payable on Compulsory Third Party certificates (payable on registration or re-registration of motor vehicles) was increased from \$15 to \$60. The amending Act also removed the exemption for heavy vehicles transferring from the Federal Registration Scheme to the State-administered National Registration Scheme. The Stamp Duties (Share Buy-Backs) Amendment Act 1998 was assented to on 3 December 1998. The Act puts beyond doubt that instruments which evidence a share buy-back are dutiable (following the Victorian Supreme Court decision in *Coles Myer v Commissioner of State Revenue*).

The Lottery and Gaming (Trade Promotion Licence Fees) Amendment Act 1999 was assented to on 11 March 1999. It extends the classes of licence which may have fees set by regulation and allows fees set by regulation to be expressed as a percentage of the value as a prelude to the Trade Promotion Licence Fees set by regulation.

The Stamp Duties (Miscellaneous) Amendment Act 1999 extended the exemption for inter-generational

family farm transfers to include nieces and nephews and extended the exemption to include farm and plant equipment held or used with the land when transferred as part of the family farm within the family group. The amendment further provided for an exemption for property transferred pursuant to the to the Managed Investments Act 1998 (Cth) and updated the definition of “broker” in line with changes arising from the demutualisation of ASX. The Act came into operation on 18 March 1999.

The Collections for Charitable Purposes (Definition of Charitable Purpose) Amendment Act 1999, which came into operation on 1 April 1999, included animal welfare as a charitable purpose to ensure charitable collections in respect of animal welfare are appropriately regulated.

### Systems improvement

Use of the Taxation Information and Money By Electronic Return (TIMBER) system increased a further 12% during the year, and clients were able to process a greater range of documents. Almost 160,000 documents are now processed through TIMBER annually. A Year 2000 compliance strategy for TIMBER has been implemented.

Payroll tax clients were surveyed about alternative lodgement and payment methods and there was

significant interest in a monthly self-assessment of payroll tax returns with an annual reconciliation. Broad system specifications were completed to implement this new method of lodgement.

Phases Four and Five of the State Taxation Office Revenue Management System (STORMS) development were completed, with the largest project being the implementation of components of a new South Australian Land Tax (SALT) billing system. Other improvements included enhanced functionality for STORMS, the development of new systems to cater for the management of Stamp Duty Insurance Returns and Tobacco Licensing processes, code rectification to ensure STORMS is Year 2000 compliant, and the introduction of new functions for use in compliance initiatives.

The South Australian Petroleum Subsidy Scheme management system was built and implemented.



Further progress also was made on the automation of various STORMS processes and component enhancements, and more than 200 production modifications were implemented. A new system of delivering requisitions to clients by facsimile transmission was implemented, but the production of enhancements for the management of Stamp Duty Rental was deferred subject to GST outcomes.

### **Taxpayer advice and education**

The annual client service survey revealed satisfaction with both published service standards and the actual levels of service. The web site now provides new functions, including forms which can be down-loaded, and the successful stamp duty tax calculator.

Close links were maintained with key taxpayer representatives from the finance sector, the real estate industry, and the accounting and legal professions, and RevenueSA again played an active role in Law Week in May 1999. A seminar addressed taxation reform, compliance audits, RevenueSA's electronic business services and Year 2000 compliance issues.

A great deal of activity was focused on issues surrounding the Year 2000 problem, including the production of Circular 175 detailing requirements

regarding taxation liabilities in the event of Year 2000 problems and the distribution of more than 7000 information leaflets in conjunction with The Business Centre. A display promoting Year 2000 compliance was mounted in Taxpayer Hall.

### **Other activities**

#### **Year 2000 compliance**

An extensive Year 2000 Compliance Project, including system rectification and testing, has been completed on all critical systems, with results indicating a "business as usual" approach. Year 2000 contingency plans have been developed.

#### **Competency training**

The competency training program developed in 1997–1998 is now well established. Four programs have been implemented and learning guides covering Land Tax and Payroll Tax have been produced in conjunction with Torrens Valley TAFE. Plans to develop guides for basic commercial knowledge covering fundamental training needs for new staff are well underway.

#### **Speaking engagements**

RevenueSA provided expert speakers for eight functions run by professional organisations, including accounting and legal associations.

#### **Newsletter**

The official newsletter Perspectives continues to be well received by clients. Three issues were published during the year, with distribution in November 1998, May 1999 and proposed for early August 1999.

## **The year ahead**

### **Strategic priorities**

- Develop and implement the collection and management processes necessary for the fixed property component of the Emergency Services Levy.
- Provide leadership to staff through personal competency development.
- Ensure Year 2000 issues are addressed through effective business continuity planning and the maintenance of ongoing Year 2000 compliance.
- Develop and implement further electronic revenue collection options.
- Continue to participate in legislative reform.
- Effectively consult with taxpayers and their representatives and implement approved changes and improvements on feedback.
- Enhance public understanding of legislative obligations and rights.
- Manage and develop revenue collection and licensing processes, systems and benchmarks.
- Implement further compliance and lodgement enforcement initiatives that identify and collect revenue defaults.

## Financial Service Provision (continued)

### South Australian Government Financing Authority

The South Australian Government Financing Authority (SAFA), a statutory authority resourced by Treasury and Finance staff, is one of five areas responsible for financial service provision. It plays an important role in Treasury and Finance's objectives of:

- maintaining and improving the Government's net worth over time while minimising risk exposure;
- achieving the lowest possible economic cost of outstanding debt consistent with agreed risk tolerances;
- ensuring client needs are integrated into the delivery of services.

Specifically, SAFA manages the debt funding requirements of the State and provides a range of financial asset and liability management services and financial risk management advisory services to public sector organisations.

SAFA's major activities for the year are highlighted as follows. Full details can be found in its own annual report for 1998–99.

#### Funding and debt strategies

SAFA fulfilled all approved annual government financing and debt retirement requirements, with its cost of funds for domestic market borrowings remaining competitive relative to comparably rated State Government issuers.

A review of its approach to raising funds from global financial markets was carried out, taking into account developments with the Government's planned asset sales program. Part of the review could not be finalised until the outcome of the deliberations of Parliament on the divestment of the State's electricity assets. This will be a major body of work during 1999–2000.

Visitation programs were undertaken with local and overseas financial market participants to keep investors and dealers in South Australian debt instruments abreast of economic, budgetary and political developments in the State.

Priorities deferred due to the uncertainty in 1998–99 surrounding the Government's sale/lease of electricity assets included:

- scoping the detail of the debt retirement/investment function, including comprehensive scenario analysis;
- providing strategic and tactical advice as to how best to retire the State's debt obligations pending receipt of asset sale proceeds.

#### Portfolio management

SAFA assumed responsibility for management of ETSA Corporation's debt and derivatives portfolio having a market value of \$888.4 million as at 30 June 1999.

In managing a range of client liability and treasury portfolios, SAFA outperformed agreed cost of funds and profit performance benchmarks.

#### Treasury management system

A number of efficiencies achieved from the Quantum Treasury Management System resulted in the delivery of enhanced services to clients. In particular, implementation of the first phase of the Advanced Risk Management module expanded SAFA's financial risk management capability and allowed improved reporting to clients.

#### Streamlining client services

SAFA developed and implemented a client focused marketing plan and both improved and expanded its investment products and investment management services. This included creating a new Cash Management Fund for use by public sector entities wishing to invest their surplus cash





# FINANCING

## Financing

*Staff of the South Australian Government Financing Authority manage the debt funding requirements of the State and provide a range of financial asset and liability management services and financial risk management advisory services to public sector organisations.*

balances at competitive market rates of interest. SAFA also assisted non-commercial sector agencies to improve their banking and cash management practices.

A client survey conducted to quantify the level of satisfaction with products and services provided by SAFA resulted in an overall client satisfaction rating of 85%.

A review of client fees was completed, which led to an overall downward adjustment of fees.

### Organisational development

SAFA undertook a guided self-assessment against the Australian Quality Council's Australian Business Excellence Framework. With the encouraging feedback from this assessment, an overall improvement plan for SAFA has been developed.

### The year ahead

#### Strategic priorities

- Develop and execute asset/liability management strategies for the orderly retirement of State debt.
- Position SAFA's businesses for the future.
- Achieve Year 2000 compliance and formulate Year 2000 contingency plans.
- Review and assess SAFA's current and future information system requirements.
- Address issues arising from SAFA's self-assessment against the Australian Quality Council's Australian Business Excellence Framework.

## Financial Service Provision (continued)

### Super SA

Super SA is one of five branches responsible for financial service provision. It plays an important role in Treasury and Finance's objectives of:

- maintaining and improving the Government's net worth over time while minimising risk exposure;
- ensuring client needs are integrated into the delivery of services;
- ensuring sustainable quality superannuation services are available to all public sector employees.

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 as follows. Full details can be found in its own annual report for 1998-99.

#### Scheme changes

The merger of the State Superannuation Benefit Scheme into the Triple S Scheme during the year was a key step in improving the scheme available to existing and new employees of Government. The new merged scheme provides:

- an interest rate linked to fund earning rates and removal of the government earning rate guarantee;

- the introduction of temporary disability benefits and the ability to make one-off additional contributions for contributory members;
- the facility to offer investment choice and post retirement products.

In line with emerging industry practice, the Super SA Board introduced member investment choice to contributory members of the Triple S Scheme from 1 July 1999. Investment Choice allows members to choose an option that best suits their preferred investment style and personal circumstances.

#### Communications to members

A formal Communications Plan for members, a strategy to increase contributory membership of the Triple S Scheme, and plans to establish sustainable business

relationships with agencies were incorporated into the 1998-99 Management Plan.

As part of the Communications Plan, a Super SA Member Services Centre was established on the ground floor of the State Administration Centre in Victoria Square and officially opened by the Treasurer in December 1998. By the end of July it had held about 700 interviews and handled 3,600 reception enquiries, 80,000 telephone calls and 5,500 letters and faxes.

New publications featuring the logo Super SA – *contributing to your future* have been distributed to members, including revised member booklets and annual reports. A regular newsletter was also launched.

These schemes cover over 190,000 members spread across 87 agencies as shown in the Table below.

**Superannuation Scheme Membership as at 30 June, 1999**

SCHEME	CONTRIBUTORY MEMBERS	NON CONTRIBUTORY MEMBERS	PRESERVED	SUPERANNUANTS	TOTAL
State Pension Scheme (Closed)	7875	15*	3039	13 835	24763
State Lump Sum Scheme (Closed)	10240	114*	3308	N/A	13662
Triple S Scheme (Open)	9188	90759	59922	N/A	159869

\* No Benefits are accruing to these members as they have elected not to contribute to the closed schemes. Minimum Superannuation Guarantee benefits are met by employer contributors to the Triple S Scheme.





## Administration

Super SA has finalised implementation of an industry standard financial management and administration system for the Triple S Scheme and will complete the remaining defined benefit schemes early in 1999-2000. The new systems provide reporting tools to assist in identifying data integrity issues and management of cash across each scheme.

There have been substantial improvements in the quality and timeliness of data and cash forwarded by agencies. As at 30 June 1999, more than 99% of all member data and cash had been received from agencies. This is an improvement of two months from 1998-99 and five months from 1997-98.

## Organisational reform

An Organisational Culture Inventory Survey has provided valuable information about staff beliefs and

attitudes. This will form the basis of a cultural change program that will be underpinned by the manager and supervisor development program and the performance management system, which is aimed at improving services to Super SA members.

## The year ahead

### Strategic priorities

- Maximise the benefits from the investment in Superb2000 and associated systems and improving processes to support that investment.
- Grow the business and improve communication and other services to members and stakeholders.
- Improve and maintain the quality, timeliness and integrity of Super SA data.
- Attract and retain suitable staff to ensure the ongoing success of Super SA.

*The people at Super SA are responsible for administering 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.*



## Financial Service Provision (continued)



*The team of people at the SA Government Insurance Corporation responsible for managing the insurance and reinsurance of Government risks and providing advice on insurance and risk management issues.*

### **South Australian Government Captive Insurance Corporation**

South Australian Government Captive Insurance Corporation (SAICORP), a semi government authority, is one of five branches responsible for financial service provision. It plays an important role in Treasury and Finance's objectives of:

- maintaining and improving the Government's net worth over time while minimising risk exposure;
- ensuring client needs are integrated into the delivery of services;
- ensuring comprehensive insurance protection of the State's finances and assets.

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 as follows. Full details can be found in its own annual report for 1998-99.

#### **Administrative changes**

1998-99 was a year of consolidation for SAICORP, building on the base established from the restructuring implementation plan previously endorsed by the SAICORP Board.



Following changes to the administrative structure of the Government in late 1997, new arrangements and agency agreements were put in place for 1998-99 to reflect the requirements of the new administrative units. The opportunity was taken to make some amendments to the terms and conditions of the agreements and to implement new arrangements for the management of liability claims.

Improvements were made to SAICORP's underwriting, claims and financial management systems, practices and procedures, while significant progress was made in the development and implementation of corporate governance policies and procedures. This, in turn, led to improved management and financial reporting to the SAICORP Board.

Investment and reserving strategies were developed and endorsed by the Board, with the investment strategy due to be implemented early in 1999-2000.

The commissioning of a follow up review of the restructuring and reorganisation of SAICORP and the completion of the Board-endorsed steps of the implementation plan was deferred pending finalisation and implementation of the matters previously referred to.

### **Risk management**

Significant efforts were made 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. This included:

- developing and distributing a risk management and insurance manual to all client agencies;
- coordinating regular meetings of a government risk management forum;
- publishing further editions of the SAICORP newsletter;
- personal visits by SAICORP staff to client agencies;
- providing advice to agencies, particularly in relation to indemnity, insurance and liability issues in connection with Government contracts;
- working with the Department of Administrative and Information Services and the Crown Solicitor's Office on the development of a Government policy in relation to the liability of Government contractors.

### **Catastrophe reinsurance**

SAICORP successfully maintained the Government's comprehensive catastrophe reinsurance program in the world market. At the program anniversary in September 1998, the aviation liability component was renewed for another year with a lower premium and the other five main components were maintained for the second year of their three year terms with premiums unchanged.

In addition, agreements were negotiated with the lead or principal underwriters of the long term components of the program for a fourth year to September 2001, with premiums unchanged provided claims to the end of the three year period to September 2000 are below agreed levels. Profit shares (claim rebates) also were agreed for the fourth year.

In connection with the above negotiations, SAICORP provided underwriting and claims data to its reinsurers via the Internet for the first time. With the help of Treasury's On-Line Design Development Officer, the data was transferred to a new SAICORP web site and all reinsurers were provided with password access to the sections of the site relevant to their business. The response to the web site was very positive, with many reinsurers commenting that this was the first time data had been provided to them in this way.

### **The year ahead**

#### **Strategic priorities**

- Continued protection of the State finances from a very large property loss or liability claim or a series of large losses or claims in a year.
- Continued comprehensive insurance protection for government portfolio groups, agencies and authorities at competitive and stable premiums.
- Reduction of the overall cost of risk to Government portfolio groups, agencies and authorities and to the State.

## Financial Service Provision (continued)

### Corporate Services

Corporate Services is one of five branches responsible for financial service provision to the department's external clients. It plays an important role in Treasury and Finance's objective of ensuring client needs are integrated into the delivery of services.

Specifically, Corporate Services is responsible for providing a range of business support services within Treasury and Finance, as well as to the Treasurer's office and other smaller agencies of Government. These services include corporate and consulting services in the financial, information technology, human resource and administrative fields. These services also are provided on a bureau basis to a principal external client agency, the Department of the Premier and Cabinet.

In addition, Corporate Services is responsible for coordinating Treasury and Finance's strategic management process, including the corporate planning cycle.

#### Strategic management coordination

As highlighted by the Acting Under Treasurer, Treasury and Finance has reviewed its objectives and outputs in line with the Government budget reforms and developed a framework based on two output classes and eight outputs. Key performance measures have been identified for the majority of these outputs.

The 1998–2000 Corporate Plan was reviewed and a plan for 1999–2000 developed with four key priorities. Executive sponsors began work on the three priorities that focus on improving the organisation as it moves into the next century. Branch business plans for 1999–2000 also were developed, strengthening the link between the strategic directions for the organisation and the delivery of the eight outputs.

The system of Executive Performance Management for heads of the major branches was developed and refined, and performance agreements were negotiated with branch heads in longer-term contract positions.

#### Financial Services

Changes to the department's asset policies and procedures resulted in a new asset management system replacing the Fixed Assets Register, and a more coordinated approach being adopted across Corporate Services to the life cycle management of assets (from procurement to retirement of the asset).

A Financial Systems Improvement Project (FSIP) was initiated to review and implement changes to the general ledger for the Department of the Premier and Cabinet, and a new general ledger and chart of accounts was developed to reflect the departmental organisation structure and meet the Budget reform requirements for accrual output costing.

As part of the FSIP, existing reporting tools and the contents and design of corporate reports were reviewed and a process was initiated to enhance financial systems to give full recognition to accrual accounting entries. Further work on reporting and accrual recognition will be undertaken in 1999–2000 as part of improvements to financial management reporting.

A review of Government banking and cash management arrangements was conducted, resulting in progressive changes being made to the banking arrangements for agencies.

During the year the Commonwealth Government passed new legislation requiring the disclosure of certain Fringe Benefit Tax (FBT) information on employees' group certificates. As part of the coordination and administration of the Government's FBT obligations on behalf of the Treasurer, a circular explaining the new disclosure requirements was prepared and issued to agencies for release to their staff. Training sessions also were arranged for Government agencies.





# CORPORATE SERVICES

## Human Resources

### Staffing

At 30 June 1999, Treasury and Finance's staff numbered 478.9 FTE employees, an increase of 15.8 percent on the previous year. This increase was due mainly to the creation of the Emergency Services Levy group within RevenueSA.

Sick leave rates for the year were 6.44 days per person compared with 5.07 days per person for the previous financial year. The figures include absences relating to family carer's leave. It is anticipated that these will be reported separately in future.

No redundancies, termination payments or TVSP's were made during the 1998-1999 financial year.

### Occupational Health, Safety and Welfare

During the year, 14 incidents were reported, although there was only one lost time injury. Full details are contained in Appendix 7.

As a result of the introduction of the new WorkCover Corporation Performance Standards for Self Insurers in 1998-99, the department's goal is to lead the way in formulating and implementing a successful Occupational Health Safety and Welfare (OHS&W) Business Management System Model. This model builds on the high level of commitment already demonstrated, and supports and encourages continuous improvement in the occupational health and safety field.

All departmental safety policies and procedures were reviewed during the year following extensive consultation with staff. For the first time, the Intranet was extensively used for promoting and disseminating OHS&W issues.

The release of the 1999-2000 Training Program took place in early 1999, with OHS&W training a key feature for the second half of 1999. There also will be a major focus on Non-IT Year 2000 Contingency Plans in terms of emergency and evacuation for each of the department's worksites.

*Staff of Corporate Services are responsible for providing a range of business support services within Treasury and Finance, as well as to the Treasurer's office and other smaller agencies of Government.*



## Financial Service Provision (continued)

### Equal Opportunity Programs

A total of 13 trainees were employed under the Career Start Traineeship Program, while 10 graduates were employed under the Treasury and Finance Graduate Development Program.

### Staff Development

Significant staff development work was undertaken in all branches, as highlighted in the Year in Review.

To assist branches in planning training and development needs, information sessions were conducted at branch meetings, and notices about external training programs were made available on the Intranet. The finalisation of the Training and Development Policy provided a platform for the provision of targeted training to staff in the areas of performance management, selection and interview techniques, preparation of job and person specifications, and counselling skills.

### Other initiatives

As highlighted by the Acting Under Treasurer, a review into the number of women in senior roles within the department was initiated late in 1998. The review was conducted by an external consultant, under the guidance of Human Resources staff, and focussed on attraction and retention, career development and training and development issues. The follow up to this review will be a major priority in 1999–2000.

Managing diversity was a key issue in 1998–99. A whole-of-department diversity survey was commissioned in mid 1999 and will be conducted in the first part of 1999–2000. This survey will provide information on the age profile, skills mix and ethnicity of staff within the department and the findings will form the basis of both a managing diversity strategy for 1999–2000 and the development of a strategic Human Resources Plan.

The payroll function was outsourced to the Department of Administrative and Information Services (DAIS) in October 1998. Relevant staff were transferred to DAIS as part of the process. A Service Level Agreement was established for the provision of payroll services.

### Administrative Services

Strategic procurement reform has been a high priority, and the department is committed to the implementation of the Government's Purchasing Strategically policy. An Accredited Purchasing Unit (APU) was established to oversee the implementation of this policy and the reform process in general. The APU comprises senior officers from both Treasury and Finance and the Department of the Premier and Cabinet, and is a key advisory group to the Acting Under Treasurer.

The department commenced a review of its policies and practices to

maximise value for money for all procurement activities through a more strategic approach. An Internal Audit of the Purchasing System was conducted to assist this process.

A data base has been established to assist in the administration of the Unclaimed Superannuation Benefits Act 1997 and the Unclaimed Monies Act 1891. It is planned to extend the functionality of this system to include direct data transfer from clients and possible on-line services for public searches.

The departmental Intranet and Internet services were advanced both technically and functionally, including:

- the establishment of a secure SAICORP on-line section for certain "clients only" access to the Internet;
- the establishment of the Gaming Supervisory Authority and the Electricity Reform and Sales Unit on the Internet site;
- incorporation of information relating to the GST.

Web management decentralisation occurred to allow users to update and change relevant sections of the Intranet and will further enhance this medium's acceptance as a corporate communication tool. It is planned to redesign both the Internet and the Intranet in 1999–2000 and proposed user interfaces are being developed.



Management of the Non-IT Year 2000 program for Treasury and Finance, the Department of the Premier and Cabinet and all State electorate offices has progressed with particular attention being given to ensuring that facilities and infrastructure associated with the various tenancies are compliant.

In addition, numerous accommodation and minor works programs for Treasury and Finance and the Department of the Premier and Cabinet were carried out.

### Information Services

A major review was undertaken, leading to a refocussing of priorities. A period of consolidation and stabilisation was embarked upon with respect to clients, projects, services and infrastructure.

An Information Technology Steering Committee (ITSC) was formed during the year to provide executive advice to the Acting Under Treasurer and set corporate directions for information technology and services.

Several major projects were completed, including a full local area network (LAN) upgrade that achieved improved performance to the desktop, greater redundancy for the network and the ability to segment between business units and floors. Concurrently with the LAN upgrade, the agency completed a full cable certification project.

A new standard desktop personal computer was selected and approved by the ITSC for exclusive use within the agency, and this has led to significant performance improvements at the desktop.

A review of the Help Desk was completed, involving intensive consultation with clients from the agency and from the Department of the Premier and Cabinet. A significant restructure of the service delivery model is envisaged and work is continuing on the implementation of the project plan.

The development of a strategic partnership with EDS, the Government's IT infrastructure provider resulted in significant savings and streamlining of the agency's IT infrastructure and a focus on value added services. The department, in conjunction with the Department of the Premier and Cabinet, outsourced its electronic messaging services to EDS.

### The year ahead

#### Strategic priorities

Corporate Services will play a significant role in addressing the department's Corporate Priorities for 1999-2000 and will also focus on integrating the delivery of services to its various clients through organisational merger and functional integration, initially through the review of the purchasing function within the Government's Strategic Procurement framework.

Other priorities include the following:

- Implement the Goods and Services Tax for the department.

- Implement a program to increase the representation of women in senior positions within the department.
- Undertake a departmental Managing Diversity Survey and develop initiatives based on its results.
- Review existing human resources policies across the department.
- Continue to improve contract administration services, including negotiation of new service level agreements.
- Redevelop the IT Strategic Plan to address key issues including better coordination of IT investment and management throughout the agency and emerging information management issues.
- Improve services to clients and efficiencies in the area of security management, procurement, Help desk/client services, and contract administration through the merger of the Administration and Information Services Sections.



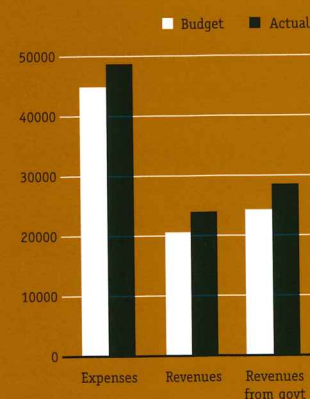
## Financial Performance

### Financial Overview

For the purposes of reviewing the Department's financial performance the actual results for 1998–99 have been compared to the Department's budget set in May 1998 as part of the State Budget. The following tables provide summaries of the Operating Statement, Statement of Financial Position and Statement of Cash Flows that compare the budget for 1998–99, the results for 1998–99 and the results for 1997–98. The detailed Financial Statements reflecting the actual results for 1998–99 are presented later in this report.

#### Summary Operating Statement

	BUDGET 1998–99 \$'000	ACTUAL 1998–99 \$'000	ACTUAL 1997–98 \$'000
Operating Expenses	44 905	48 722	43 665
Operating Revenues	20 608	23 996	18 674
<b>Net Cost of Services</b>	<b>24 297</b>	<b>24 726</b>	<b>24 991</b>
Revenues from Government	24 297	28 570	22 562
<b>Increase/(Decrease) in net assets resulting from operations before abnormal items</b>	<b>–</b>	<b>3 844</b>	<b>(2 429)</b>
Abnormal Items	–	2 033	–
<b>Increase/(Decrease) in net assets resulting from operations</b>	<b>–</b>	<b>1 811</b>	<b>(2 429)</b>



Operating expenses were \$3.8 million higher than forecast, primarily due to an increase in costs associated with the implementation of the emergency services levy, the implementation of the new goods and services tax, Year 2000 compliance activities and an increase in IT network costs. In addition, assets were revalued during the year, which resulted in a net decrement of \$0.9 million to account for the reduction in the value of assets.

Operating revenue increased by \$3.4 million due to increases in the recovery of capital and operating costs for the provision of services to other government agencies and external bodies. Revenues from Government increased by \$4.3 million due to additional funding for the implementation of the emergency services levy (\$3.3 million) and Year 2000 compliance testing of whole of government financial systems (\$0.4 million). In addition, \$0.6 million has been reclassified as operating revenue whereas at the time the budget was set it was shown as an equity contribution in the Statement of Cash Flows.

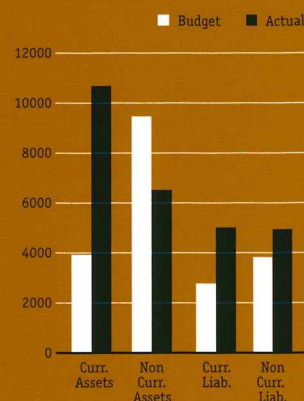
#### Abnormal Item – Change in Accounting Policy

From 1 July 1998 the department implemented a change in accounting policy to increase the capitalisation limit of non current assets from \$2,000 to \$5,000. The limit was increased to provide a more appropriate representation of the department's assets, in particular information technology assets, in the face of changing technology and usage patterns. Items acquired in past years at a cost below \$5,000 have been expensed in 1998–99 and are reflected as an abnormal item in the Operating Statement.



## Summary Statement of Financial Position

	BUDGET 1998-99 \$'000	ACTUAL 1998-99 \$'000	ACTUAL 1997-98 \$'000
Current Assets	3 933	10 694	6 809
Non-Current Assets	9 468	6 518	7 666
<b>Total Assets</b>	<b>13 401</b>	<b>17 212</b>	<b>14 475</b>
Current Liabilities	2 776	5 018	5 454
Non-Current Liabilities	3 828	4 946	4 193
<b>Total Liabilities</b>	<b>6 604</b>	<b>9 964</b>	<b>9 647</b>
<b>Net Assets</b>	<b>6 797</b>	<b>7 248</b>	<b>4 828</b>
<b>Equity</b>	<b>6 797</b>	<b>7 248</b>	<b>4 828</b>

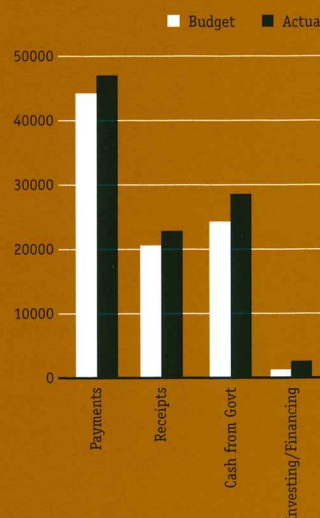


Current assets were higher than forecast reflecting an improvement of \$4.7 million in the cash balance from a budget forecast of \$2.5 million to an actual balance of \$7.2 million. In addition, receivables were \$1.8 million higher than forecast. The higher cash balance mainly reflects expenses incurred but not due to be paid until 1998-99 and delays in the spending of appropriated funds for the implementation of the emergency services levy. The increase in the capitalisation limit and the revaluation of non current assets resulted in a lower than forecast written down value of non current assets.

Current liabilities include payments to creditors and provisions for employee entitlements. Consistent with higher cash balances, amounts outstanding to creditors are higher than estimated by \$2.2 million. Non current liabilities were higher than forecast due to a higher liability for long service leave.

## Summary Statement of Cash Flows

	BUDGET 1998-99 \$'000	ACTUAL 1998-99 \$'000	ACTUAL 1997-98 \$'000
Cash Flows from operating activities			
- Payments	(44 260)	(47 067)	(39 879)
- Receipts	20 608	22 810	18 667
- Cash Flows from Govt.	24 297	28 570	22 562
<b>Net Cash provided by operating activities</b>	<b>645</b>	<b>4 313</b>	<b>1 350</b>
Cash Flows from investing and financing activities			
- Payments	(1 888)	(2 576)	(1 419)
- Repayment of borrowings	-	(13)	-
- Cash Flows from Govt.	603	-	-
<b>Net cash used in investing and financing activities</b>	<b>(1 285)</b>	<b>(2 589)</b>	<b>(1 419)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(640)</b>	<b>1 724</b>	<b>(69)</b>
Cash at the beginning of the financial year	3 186	5 504	5 573
<b>Cash at the end of the financial year</b>	<b>2 546</b>	<b>7 228</b>	<b>5 504</b>





## Financial Performance *(continued)*

Payments for operating activities were higher by \$2.8 million primarily due to an increase in costs associated with the implementation of the emergency services levy, the implementation of the new goods and services tax, Year 2000 compliance activities and an increase in IT network costs.

Cash receipts increased by \$2.2 million mainly due to increases in the recovery of capital and operating costs for the provision of services to other government agencies and external bodies.

Payments for investing activities were higher due to an increase in expenditure on the development of major systems, principally the Budget Management and Superannuation systems.

### Trends

A number of significant issues are expected to have an influence on the financial activities of the Department over the next year. These include:

- tax reform focused on assisting agencies with the implementation of the new Goods and Services Tax (GST);
- electricity market reform;
- implementation of the fixed property component of the Emergency Services Levy;
- budgetary management reforms and implementation of the budget and financial management system.

The Department's expenditure continues to increase from previous years reflecting a need to increase resources to meet the demands from significant Government initiatives. In particular, additional resources are required to implement the fixed property component of the Emergency Services Levy, to implement the GST and to meet budget and financial management reforms across government agencies.

Operating revenues continue to increase as the Department aims to recover costs wherever possible to supplement government funding. The primary sources of revenue for the Department are from SAFA, SAICORP, the SA Superannuation Board and the Electricity Reform and Sales Unit. From 1999–2000, the Department will receive funding from the Justice Portfolio to recover the costs for the implementation and administration of the fixed property component of the Emergency Services Levy. The additional revenue is offset by an increase in expenditure.

Expenditure on non-current assets will increase as new systems are developed to meet new demands. Over the next year new systems will be developed to administer the fixed property component of the Emergency Services Levy. Continuing capital projects include the superannuation management systems, the budget and financial management system and a replacement program for general office equipment.

Although cash reserves have increased in 1998–99, it is anticipated that cash balances will remain constant over the next few years. Cash will be run down to meet the costs delayed from 1998–99 to implement the fixed property component of the Emergency Services Levy and to continue to implement financial and budgetary reforms across Government agencies. This will be offset as cash reserves are built up from additional appropriation provided to fund accrued liabilities.



## 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 the Treasurer's Instruction 11 (formerly Treasurer's Instruction 332). 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 86% of all invoices by the due date. The remaining 14% of invoices reflect both disputed accounts and late payment of undisputed accounts. During 1999-2000 performance will continue to be closely monitored to ensure that the accepted best practice benchmark of 90% of accounts being paid by their due date will be met.

PARTICULARS	NUMBER PAID	%	AMOUNT PAID (\$'000)	%
Paid by the due date	14 210	86	56 475	92
Paid within 30 days or less from the due date	1 556	9	3 444	5
Paid more than 30 days from the due date	842	5	1 806	3
<b>Total</b>	<b>16 608</b>	<b>100</b>	<b>61 725</b>	<b>100</b>

## Contracting Out Arrangements

Treasury and Finance did not enter into any contractual arrangements with the private sector for the delivery of public services or the provision of public infrastructure where the total value of the contract exceeded \$4 million.

## Business Assurance

### Risk Management

A number of initiatives undertaken during the year significantly improved Treasury and Finance's approach to risk management, notably:

- appointing a Director Risk Management and Performance Review in August 1998 to manage the risk management process and integrate it with the internal audit function;
- developing and adopting a Corporate Governance Framework which sets out the principles and processes by which the department is managed and controlled;
- establishing a Risk Management and Audit Committee to oversee the application of corporate governance principles and provide the Under Treasurer with relevant advice.

Having set the context for the implementation of risk management, a detailed approach and plan then was developed in accordance with the Australian/New Zealand Standard. To assist in the implementation phase and allow staff access to internal guidelines, a booklet on risk management was prepared and placed on the departmental Intranet.

To launch the implementation phase, a high-level risk assessment was conducted with senior branch managers. Views were obtained on the relevance of the current strategic priorities and major risks which might prevent the department from achieving its strategic direction were identified. The findings were included in the departmental strategic planning process.



## Financial Performance (continued)

Twenty half-day workshops then were conducted for branches/sections and a risk management database was developed using Microsoft Access. Risks were identified through a brainstorming process and input directly to the database, thus saving significant time and reducing the reliance on hard copy information. A risk analysis of most areas of the department was included in the database by 30 June 1999.

The next stage of the process will involve integrating risk management into day-to-day management practices and implementing a number of key processes and procedures.

### Strategic Priorities for 1999-2000

- Continue development of the Corporate Governance Framework and enhance its use at an operational level;
- Continue implementation of the Risk Management Approach in the department, with a focus on finalising the risk management register (database), implementing a training program, developing a monitoring and reporting process, and developing and implementing a Control Self-Assessment (CSA) program.

### Internal Audit

Treasury and Finance has maintained an internal audit function since March 1995, and during the year this was integrated with risk management to improve the effectiveness of the control environment. This is a relatively new approach to business assurance, but the department is satisfied the strategy is sound and facilitates the combined unit's ability to be able to achieve objectives and add value. Copies of internal audit reports finalised during the year were provided to the Treasurer and the Auditor-General. The Auditor-General has referred to internal audit findings and reports as part of his department's audit work during the year. The major activities undertaken were:

- Completion of projects carried over from 1997-98, including Accounts Receivable, Accounts Payable, Asset Register and the new Payroll system (Concept) post implementation review;
- Reviews of Purchasing and Facilities Management, General Ledger and Financial Reporting in Corporate Services;
- An audit of Y2K compliance by branches/sections and a review of the Y2K testing and verification process for CA Masterpiece;
- Providing advice and direction for other in major projects.

### Strategic Priorities for 1999-2000

- Undertake four major internal audit projects as endorsed by the Risk Management and Audit Committee;
- Re-tender for internal audit services;
- Undertake appropriate staff training and maintain ethical standards.

### Fraud

No instances of fraud were reported during the year. The policy document Ethical Standards, including Fraud Prevention Awareness is provided to all employees.



## Financial Statements

### Operating Statement

For the year ended 30 June 1999

	NOTE	1999 \$'000	1998 \$'000
<b>OPERATING EXPENSES</b>			
Employee costs	5(a)	26 380	23 783
Administration and other expenses		14 256	11 887
Accommodation and service costs		4 436	3 725
Depreciation	6	1 675	1 695
Net Decrement arising from the revaluation of assets	7	903	—
Payments to consultants	8	1 072	2 575
<b>Total Operating Expenses</b>		<b>48 722</b>	<b>43 665</b>
<b>OPERATING REVENUES</b>			
User charges and fees	9(a)	22 744	17 663
Interest		250	248
Other sundry revenues	9(b)	1 002	763
<b>Total Operating Revenues</b>		<b>23 996</b>	<b>18 674</b>
<b>NET COST OF SERVICES</b>		<b>24 726</b>	<b>24 991</b>
<b>REVENUES FROM GOVERNMENT</b>			
Appropriation		28 570	22 562
<b>Total Revenues from Government</b>		<b>28 570</b>	<b>22 562</b>
<b>INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS BEFORE ABNORMAL ITEMS</b>		<b>3 844</b>	<b>(2 429)</b>
Abnormal Items	10	2 033	—
<b>INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>1 811</b>	<b>(2 429)</b>



## Financial Statements (continued)

### Statement of Financial Position

As at 30 June 1999

	NOTE	1999 \$'000	1998 \$'000
<b>CURRENT ASSETS</b>			
Cash	11	7 228	5 504
Receivables	11,12	2 597	937
Other	13	869	368
<b>Total Current Assets</b>		<b>10 694</b>	<b>6 809</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	6 518	7 666
<b>Total Non-current Assets</b>		<b>6 518</b>	<b>7 666</b>
<b>TOTAL ASSETS</b>		<b>17 212</b>	<b>14 475</b>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	11,15	3 357	3 897
Provision for employee entitlements	5(b)	1 661	1 557
<b>Total Current Liabilities</b>		<b>5 018</b>	<b>5 454</b>
<b>NON-CURRENT LIABILITIES</b>			
Imprest Account	11	7	20
Creditors and accruals	11,15	531	449
Provision for employee entitlements	5(b)	4 408	3 724
<b>Total Non-Current Liabilities</b>		<b>4 946</b>	<b>4 193</b>
<b>TOTAL LIABILITIES</b>		<b>9 964</b>	<b>9 647</b>
<b>NET ASSETS</b>		<b>7 248</b>	<b>4 828</b>
<b>EQUITY</b>			
Accumulated Surplus	16	7 248	4 828
<b>TOTAL EQUITY</b>		<b>7 248</b>	<b>4 828</b>
<b>COMMITMENTS FOR EXPENDITURE</b>	17		



## Statement of Cash Flows

For the year ended 30 June 1999

	Note	1999 \$'000 Inflows/ (Outflows)	1998 \$'000 Inflows/ (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments			
Employee costs		(26 011)	(22 796)
Administration and other expenses		(15 278)	(10 543)
Accommodation and service costs		(4 650)	(3 749)
Payments to consultants		(1 128)	(2 791)
Total Payments		(47 067)	(39 879)
Receipts			
User charges and fees		21 771	17 657
Interest		258	236
Other sundry revenues		781	774
Total Receipts		22 810	18 667
Cash Flows from Government			
Appropriation		28 570	22 562
Total Cash Flows from Government		28 570	22 562
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	18	4 313	1 350
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, plant and equipment	8	(2 576)	(1 419)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(2 576)	(1 419)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(13)	—
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(13)	—
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		1 724	(69)
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		5 504	5 573
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		7 228	5 504



## Financial Statements (continued)

### Outputs Schedule of Department's Expenses and Revenues

For the year ended 30 June 1999

OUTPUTS (NOTE 4)	1.1 1999 \$'000	1.2 1999 \$'000	1.3 1999 \$'000	2.1 1999 \$'000	2.2 1999 \$'000	2.3 1999 \$'000	2.4 1999 \$'000	2.5 1999 \$'000	TOTAL 1999 \$'000	TOTAL 1998 \$'000
<b>Department's Expenses and Revenues</b>										
<b>Expenses</b>										
Employee costs	1 237	5 116	1 395	9 203	3 092	3 997	669	1 671	26 380	23 783
Administration and other expenses	208	2 999	1 181	4 422	1 750	2 645	422	629	14 256	11 887
Accommodation and service costs	148	942	802	1 509	359	503	44	129	4 436	3 725
Depreciation	32	162	27	484	378	561	9	22	1 675	1 695
Net Decrement/(Increment) arising from revaluation	17	240	—	879	(108)	(131)	—	6	903	—
Payments to consultants	140	490	152	117	37	105	26	5	1 072	2 575
<b>Total</b>	<b>1 782</b>	<b>9 949</b>	<b>3 557</b>	<b>16 614</b>	<b>5 508</b>	<b>7 680</b>	<b>1 170</b>	<b>2 462</b>	<b>48 722</b>	<b>43 665</b>
<b>Revenues</b>										
User charges and fees	46	603	3 478	788	5 563	9 336	1 316	1 614	22 744	17 663
Interest	15	71	—	156	—	—	—	8	250	248
Other sundry revenues	53	198	4	555	10	136	28	18	1 002	763
Recurrent Appropriation	1 591	8 501	—	17 568	—	10	—	900	28 570	22 562
<b>Total</b>	<b>1 705</b>	<b>9 373</b>	<b>3 482</b>	<b>19 067</b>	<b>5 573</b>	<b>9 482</b>	<b>1 344</b>	<b>2 540</b>	<b>52 566</b>	<b>41 236</b>
<b>Increase/(Decrease) in net assets resulting from operations before abnormal items</b>	<b>(77)</b>	<b>(576)</b>	<b>(75)</b>	<b>2 453</b>	<b>65</b>	<b>1 802</b>	<b>174</b>	<b>78</b>	<b>3 844</b>	<b>(2 429)</b>
<b>Abnormal Items</b>	<b>70</b>	<b>507</b>	<b>224</b>	<b>745</b>	<b>190</b>	<b>181</b>	<b>51</b>	<b>65</b>	<b>2 033</b>	<b>—</b>
<b>Increase/(Decrease) in net assets resulting from operations after abnormal items</b>	<b>(147)</b>	<b>(1 083)</b>	<b>(299)</b>	<b>1 708</b>	<b>(125)</b>	<b>1 621</b>	<b>123</b>	<b>13</b>	<b>1 811</b>	<b>(2 429)</b>

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 1998-99 and have been allocated on a broad basis.



## Outputs Schedule of Administered Expenses and Revenues

For the year ended 30 June 1999

	OUTPUTS (NOTE 4)	1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	NOT ALLOC.	TOTAL	TOTAL
		1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1998
ADMINISTERED EXPENSES		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Account												
Operating												
Payments for which Specific Appropriation is Authorised in Various Acts												
- Superannuation and Pension Provisions						117 569					117 569	452 873
- Other											-	2 435
Other Payments												
- Interest					669 553						669 553	584 999
- Unfunded superannuation liability under various schemes							139 000				139 000	91 000
- Prepayment of Accruing Superannuation Liability							126 300				126 300	-
- Funding for Targeted/Voluntary Separation Package Schemes										50 000	50 000	40 000
- Fiscal Contribution to the Commonwealth						18 697					18 697	30 947
- Other				15 000	75 207	3 373	958	7 000		95 898	197 436	99 174
Investing												
Other Payments												
- Provision of Working Capital												-
- Building Better Cities - Virginia Pipeline												8 150
- Electoral Office - Building Works - Minor Additions												299
- Repayment of Outstanding RAES loans												55
- Other										15 232	15 232	-
Financing												
Repayment of Debt						5 913					5 913	30 440
Other Administered Accounts (refer Note 22)			3 297	40 200						246 083	289 580	1 730 851
Total			3 297	55 200	75 207	697 536	383 827	7 000	-	407 213	1 629 280	3 071 223
Administered Revenues												
Consolidated Account												
Operating												
Taxation					2 334 547						2 334 547	1 756 505
Interest						162 182					162 182	
Other Receipts												
- Recoveries			536 291					1 679		7 915	545 885	639 906
- Superannuation							117 671				117 671	452 613
- Fees, fines and charges			26 892				23			2 000	28 915	30 383
- Commonwealth Specific Purpose Grants						3 123				15 964	19 087	22 235
Commonwealth General Purpose Grants						1 676 832					1 676 832	1 559 492
Investing												
Other Receipts												
- Other						139 471					139 471	283 588
Other Administered Accounts (refer Note 22)			625	64 290						255 330	320 245	1 726 537
Total		-	563 808	64 290	2 334 547	1 981 608	117 694	1 679	-	281 209	5 344 835	6 471 259
Administered revenues less administered expenses		-	560 511	9 090	2 259 340	1 284 072	(266 133)	(5 321)	-	(126 004)	3 715 555	3 400 036



## 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 and associated Objectives are as follows:

- **Improved State Economic Performance**
  - Establish medium to long term economic and fiscal policy to lift the State's economic performance and strengthen the State's finances;
  - Ensure revenue is raised in an equitable manner, with least cost to economic efficiency, and in ways which are competitive with other jurisdictions and supportive of economic development;
  - Ensure a fair and equitable share of Commonwealth funding for the State.
- **Strengthened State Finances**
  - Ensure sustainable outlays in aggregate over the long term, with no borrowings to meet current expenditure needs;
  - Maintain and improve the Government's net worth over time while minimising risk exposure;
  - Achieve the lowest possible economic cost of outstanding debt consistent with agreed risk tolerances.
- **Improved Services**
  - Ensure client needs are integrated into the delivery of services;
  - Ensure sustainable quality superannuation services are available to all public sector employees;
  - Ensure comprehensive insurance protection of the State's finances and assets.

To achieve these Objectives, Treasury and Finance delivers a number of Outputs for the Government. The Output information is summarised in Note 4.

### 2. Summary of Significant Accounting Policies

#### (a) 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.

#### (b) The Reporting Entity

The financial report encompasses all activities transacted through an interest bearing Special Deposit Account entitled 'Department of Treasury and Finance Operating Account' and all other Funds 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.



**(c) 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.

**(d) 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.

**(e) 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 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 3 'Revaluation of Non-Current Assets'. Buildings and Improvements, and Furniture and Fittings were revalued as at 30 June 1999 by Edward Rushton (Australia) Pty Ltd (refer Note 14).

During the 1998/99 financial year the asset capitalisation limit for the Department was raised from \$2,000 to \$5,000. The reasoning behind this change was aimed at providing a more appropriate representation of the departments assets, in particular IT assets, in the face of changing technology and usage patterns. It was felt that this revised limit would more accurately allow for a reflection of the benefits to be derived from the asset whilst also allowing opportunities for the evaluation of alternative approaches to the acquisition of low value assets. As a result of the change in accounting policy, a correction has been made in 1998-99 to amounts previously recognised as assets (refer note 10).

**(f) 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:-

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



## Notes (continued)

### (g) 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 Superannuation Funds. The only liability outstanding at balance date relates to any contribution due but not yet paid to the superannuation schemes.

### (h) 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 Operating Statement in the periods in which they are incurred.

### (i) 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.

## 3. Change in Accounting Policy

A change in accounting policy was adopted for these financial statements in relation to the recording of non-current assets. Effective from 1 July 1998 the capitalisation limit for non-current assets was increased from \$2,000 to \$5,000. This increase in the capitalisation amount is within the limitations set by the Treasurer's Accounting Policy Statement No. 2 'Recognition of Assets'. Items acquired in past years at a cost below \$5,000 have been expensed in the current reporting period. Note 10 on Abnormal Items details the expense due to the retirement of non-current assets which resulted from the change in accounting policy.

## 4. Outputs of the Department

During 1998-99, 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. Since the presentation of the 1997-98 financial statements, the Department of Treasury and Finance has made changes to the structure of the output classes due to the transitional nature of the 1997-98 outputs information. For 1998-99, the Department has converted the output classes from 1997-98 into outputs and reduced the number of output classes to two. In addition, the 1997-98 output classes entitled 'Budget Management' and 'Financial Management' have been amalgamated into a single output entitled 'Budget and Financial Management'. The identity and description of each output of the Department during the year ended 30 June 1999 are summarised below (refer to the Output Schedule of Department's Expenses and Revenues).



### **Output Class 1: Managing State Finances**

This output class encompasses the outputs Treasury and Finance 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: Economic Policy Advice**

Treasury and Finance provides economic policy advice at a whole-of-government level on revenue issues (including taxation policy and intergovernmental financial relations), microeconomic reform, national competition policy, and economic conditions generally.

#### **Output 1.2: Budget and Financial Management**

Treasury and Finance 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; and facilitation of best practice financial management reforms.

#### **Output 1.3: Electricity Reform**

Treasury and Finance 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 Treasury and Finance 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 Treasury and Finance, 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.



## Notes (continued)

### 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

	1999 \$'000	1998 \$'000
<b>(a) Employee Costs</b>		
Wages and Salaries	20 850	18 692
Superannuation and Payroll Tax expenses	3 984	3 490
Annual and long service leave expenses	788	955
Board Fees (i)	89	85
Other employee related expenses	669	561
	<b>26 380</b>	<b>23 783</b>
(i) Represents fees paid to members of the SA Superannuation Board, SA Government Financing Authority Advisory Board and the Board of Directors of SAICORP.		
<b>(b) Employee Entitlements Liability</b>		
Current Liability		
Annual Leave	1 252	1 138
Long Service Leave	409	419
	<b>1 661</b>	<b>1 557</b>
Non-Current Liability		
Long Service Leave	4 408	3 724

## 6. Depreciation

Depreciation was charged in respect of:

Buildings and Improvements	45	104
Furniture and Fittings	467	491
Office equipment	143	743
Systems Development	1 020	357
	<b>1 675</b>	<b>1 695</b>



## 7. Net Decrement arising from the revaluation of assets

Net Decrement:

	1999 \$'000	1998 \$'000
Buildings and Improvements	190	—
Furniture and Fittings	713	—
	903	—

## 8. Payments to Consultants

Payments to consultants fell within the following bands:-

	1999 NUMBER OF CONSULTANTS	1998 NUMBER OF CONSULTANTS
\$0 — \$10 000	23	28
\$10 001 — \$50 000	26	15
\$50 001 — \$100 000	5	4
\$100 001 — \$150 000	—	2
\$150 001 — \$200 000	—	2
\$200 001 — \$250 000	1	1
Over \$250 000	1	3

The total payments to the 56 (55) consultants engaged was \$2 066 000 (\$2 763 000). Of this amount \$1 072 000 (\$2 575 000) was met from operating expenses and \$994 000 (\$188 000) was capitalised.

## 9. Revenue from Operations

	1999 \$'000	1998 \$'000
(a) User charges and fees comprised:-		
Recoveries from —		
Agencies for the provision of Corporate Services	1 604	1 282
South Australian Government Captive Insurance Corporation	1 315	1 027
South Australian Government Financing Authority	5 555	5 914
Superannuation Schemes	8 877	6 054
Electricity Reform and Sales Unit Operating Account	3 478	1 338
Other Recoveries for Services	1 524	1 661
Land Agents — Enquiry Fees	391	387
	22 744	17 663
(b) Other sundry revenues comprised:-		
Reimbursement for TVSP's paid	—	99
Reimbursement for workers compensation claims	127	44
Other sundry items	875	620
	1 002	763



## Notes (continued)

1999	1998
\$'000	\$'000

### 10. Abnormal Items

Note 3 on Change in Accounting Policy details an increase in the capitalisation limit of non-current assets. The Abnormal Item represents the expense which has resulted from the retirement of non-current assets with a cost base for depreciation between \$2,000 and \$5,000. The following reflects the financial effect of the Abnormal Item:

Non-Current Assets – increase in capitalisation limit	2 033	0
	2 033	0

### 11. 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 on hand 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 60 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 or ordered 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 Average Effective Interest Rate Percent	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 %	1998 %
Financial Assets:								
Cash on hand	7 221	5 484	7	20	7 228	5 504	4.63	4.99
Receivables	–	–	2 597	937	2 597	937	–	–
	7 221	5 484	2 604	957	9 825	6 441		
Financial Liabilities:								
Imprest Account	–	–	7	20	7	20	–	–
Creditors and Accruals	–	–	3 888	4 346	3 888	4 346	–	–
	–	–	3 895	4 366	3 895	4 366	–	–

#### (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.



	1999	1998
	\$'000	\$'000

## 12. Receivables

Fees Receivable	2 605	984
Less: Provision for doubtful debts	8	47
	2 597	937

## 13. Other Current Assets

Prepayments	869	368
-------------	-----	-----

## 14. Property, Plant and Equipment

	AT VALUATION AND CURRENT COST		ACCUMULATED DEPRECIATION		WRITTEN DOWN VALUE	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Buildings and Improvements	155	1 132	113	344	42	788
Furniture and Fittings	3 503	5 621	1 646	2 720	1 857	2 901
Office Equipment	983	3 432	680	1 770	303	1 690
Systems Development	5 844	2 673	1 528	358	4 316	2 287
	10 485	12 858	3 967	5 192	6 518	7 666

Valuations of asset classes greater than \$1,000,000, being buildings and improvements and furniture and fittings were determined as at 30 June 1999 by Mr A Corson (Certified Practising valuer), of Edward Rushton (Australia) Pty Ltd. Valuers.

Systems development reflects costs incurred in the design and development of in-house applications, including the development of the Budget Management System within Finance Branch and the Treasury Management System within SAFA. It includes an amount of \$1,517,000.00 for work in progress upon which depreciation will not be charged until the development is complete.

The variation between years, particularly in the office equipment asset class, reflects the increase in the capitalisation limit for non-current assets from \$2,000 to \$5,000 (refer note 3). Items acquired in past years at a cost below \$5,000 have been expensed in the current reporting period. Note 10 on Abnormal Items details the expense due to the retirement on non-current assets which resulted from the change in accounting policy.



## Notes (continued)

	1999 \$'000	1998 \$'000
<b>15. Creditors and Accruals</b>		
Current		
Employee costs	626	1 017
Administration and other costs	1 613	2 472
Accommodation and service costs	106	146
Payments to consultants	130	184
Unearned revenue	608	
Purchases of non-current assets	274	78
	<b>3 357</b>	<b>3 897</b>
Non-Current		
Employee costs	531	449
	<b>531</b>	<b>449</b>
<b>16. Accumulated Surplus</b>		
Balance at the beginning of the financial year	4 828	6 958
Increase/(Decrease) in net assets resulting from operations	1 811	(2 429)
Gain on the initial recognition of assets not previously recognised	609	299
Balance at the end of the financial year	<b>7 248</b>	<b>4 828</b>
<b>17. Commitments For Expenditure</b>		
(a) Operating Leases		
Commitments under non-cancellable operating leases at the reporting date are payable as follows:		
Not later than one year	3 313	2 977
Later than one year and not later than five years	11 935	11 591
Later than five years	—	2 940
	<b>15 248</b>	<b>17 508</b>
(b) Capital Commitments		
Capital expenditure contracted for at the reporting date but not recognised in the financial report as liabilities:		
Office Equipment	1 695	835
These expenditures are payable:		
Not later than one year	1 395	835
Later than one year and not later than five years	300	—
	<b>1 695</b>	<b>835</b>



## 18. Reconciliation of Net Cash Provided by Operating Activities to Net Cost of Services

	1999 \$'000	1998 \$'000
Net cash provided by operating activities	4 313	1 350
Cash Flows from Government	(28 570)	(22 562)
Non cash items		
Depreciation expense	(1 675)	(1 695)
Decrement arising from revaluation of assets	(903)	
Investing Activity		
Net (loss)/gain on disposal of office equipment	—	(191)
Change in operating assets and liabilities		
Increase in receivables	1 660	99
(Decrease)/Increase in prepayments	500	(55)
Increase in creditors and accruals	773	(1 689)
(Increase)/Decrease in provision for employee entitlements	(824)	(248)
Net cost of services	(24 726)	(24 991)

## 19. Remuneration of Employees

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

	1999 NUMBER OF EMPLOYEES	1998 NUMBER OF EMPLOYEES
\$100 000 – \$109 999	11	7
\$110 000 – \$119 999	5	4
\$120 000 – \$129 999	4	1
\$130 000 – \$139 999	1	5
\$140 000 – \$149 999	1	—
\$160 000 – \$169 999	2	—
\$180 000 – \$189 999	1	1
\$190 000 – \$199 999	—	—
\$210 000 – \$219 999	1	—
\$230 000 – \$239 999	—	1
	26	19

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 \$3 215 000 (\$2 412 000). The total remuneration increased principally due to the inclusion of seven employees with remuneration totalling \$650,000 whose total employment cost previously fell below \$100,000. Remuneration has also increased due to wage growth.



## Notes (continued)

	1999 \$'000	1998 \$'000
<b>20. Remuneration of Auditors</b>		
Amounts received or due and receivable by the auditors are:-		
Treasury and Finance	276	244
South Australian Government Financing Authority	112	61
South Australian Superannuation Board	169	129
South Australian Government Captive Insurance Corporation	29	26
	<b>586</b>	<b>460</b>

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

No TVSPs were paid during the reporting period ended 30 June 1999. During 1997-98, 3 employees received a total of \$130,000 as a result of TVSPs (\$99,000 as TSVP payments and \$31,000 for accrued annual and long service leave).

## 22. 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	REVENUES	EXPENSES	ASSETS	LIABILITIES
	1999 \$'000	1999 \$'000	1999 \$'000	1999 \$'000
Agency Provisions for Future Asset				
Replacements	-	-	17 431	17 431
Asset Sales Unit	625	3 297	26 426	421
Bank SA Sale Account	-	-	446	-
Community Development Fund	19 500	19 500	-	-
Gaming Supervisory Authority	425	360	47	4
Electricity Reform and Sales Unit	64 290	40 200	23 675	1 986
Home Purchases Assistance Account	245	245	1 423	1 423
Home Builders Account No. 2	963	963	-	-
Hospitals Fund	151 636	151 636	17 028	17 028
Local Government Disaster Fund	7 391	648	24 367	20
SAAMC - Returns to the Treasurer	-	-	1 800	1 800
State-Local Government Reform Fund	50 236	47 797	4 034	-
Stony Point Indenture Account	6 161	6 161	33 384	33 384
Totalizator Dividend Adjustment Account	3 287	3 287	896	896
Treasury Working Account	15 486	15 486	2 483	2 483
Void Cheques	-	-	1 623	1 623
<b>Total</b>	<b>320 245</b>	<b>289 580</b>	<b>155 063</b>	<b>78 499</b>

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.



### 23. Year 2000

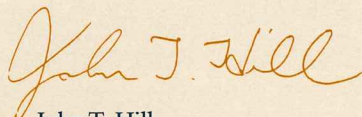
The Department is investigating to what extent the date change from 1999 to 2000 may affect its business. In accordance with State Cabinet guidelines, the Department has established a program to ensure that the impact of the change on the Department operations is minimised.

The Department program of Year 2000 readiness has been carried out in accordance with the Cabinet approved guidelines. This has included the preparation of an inventory of Information Technology (IT) and non-IT items, classification of those items into critical and non-critical (based on a business risk assessment), assessing, rectifying and testing of systems/applications as required. Monthly progress reports have been prepared and forwarded to the SA Government Office for Year 2000 Compliance recording progress against the Cabinet approved milestones.

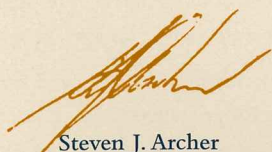
The Department has worked to meet the Cabinet approved timeframes that envisaged completion and testing of business critical systems and a contingency plan in place by the end of June 1999. As at 30 June 1999, the Department has met the milestone reporting timeframe for critical systems. Contingency Plans for critical systems have been prepared, but testing of these plans needs to be done where considered appropriate. There has been slippage in the testing of non-critical applications and some will not be finalised until October 1999. The Department is satisfied that this does not present an unmanageable risk to the Department. Some Year 2000 risk is also present in reliance on third parties dealing with the Department, and this is being addressed.

While the Department is making every effort to mitigate risks, there can be no absolute assurance that the Department's Year 2000 readiness program will be completely successful.

In our opinion, the attached Financial Statements of the Department of Treasury and Finance, being the Operating Statement, 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 1999, and state of affairs as at 30 June 1999. 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.



John T. Hill  
Acting Under Treasurer



Steven J. Archer  
Manager Financial Services



# 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 year ended 30 June 1999. The financial report comprises:

- An Operating Statement;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- An Output Schedule of Department's Expenses and Revenues;
- An Outputs Schedule of Administered Expenses and Revenues;
- Notes to and forming part of the Financial Statements;
- Certificate by the Acting Under Treasurer and the Manager Financial Services.

The Acting Under Treasurer was responsible for the financial report. I have conducted and 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 were 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, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with my understanding of the Department of Treasury and Finance's financial position, the results of its operations and its cash flows.

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

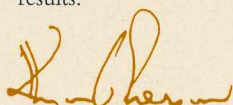
### Audit Opinion

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 Australian Accounting Standards and other mandatory professional reporting requirements, the financial position of the Department of Treasury and Finance as at 30 June 1999, the results of its operations and its cash flows for the year then ended.

### Emphasis of matter

Note 23 to the financial statements describes the progress in respect of ensuring that significant/core computer hardware, software and/or systems are Year 2000 compliant.

As explained in the note, while the Department of Treasury and Finance is taking action to mitigate its risks in relation to the date change from 1999 to 2000, there can be and is no audit assurance that the date changeover will not affect its ongoing operations, including financial results.



**K I MacPherson**

**Auditor-General**

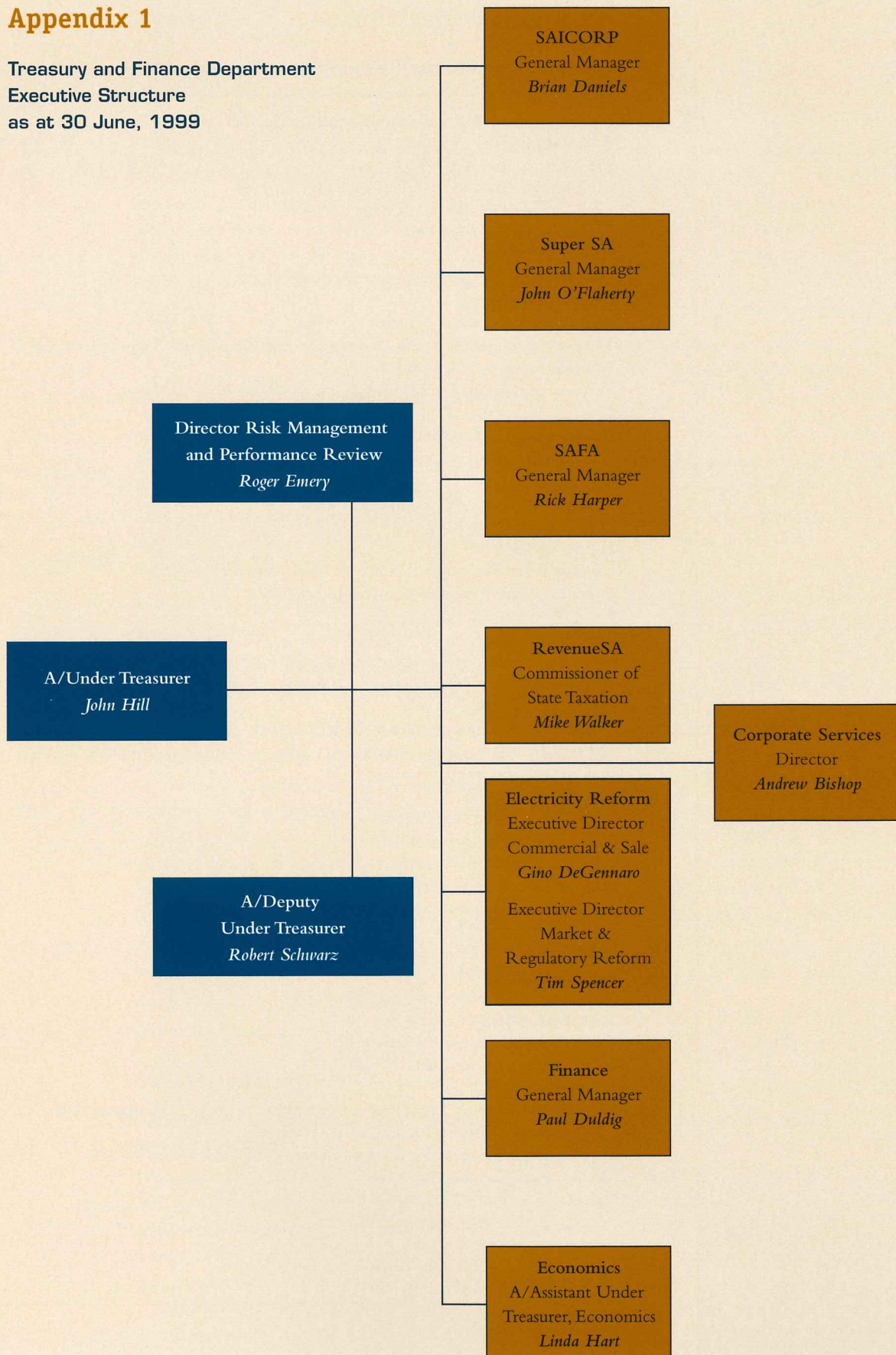
**28 September 1999**



# Appendices

## Appendix 1

Treasury and Finance Department  
Executive Structure  
as at 30 June, 1999





## Appendices (continued)

### Appendix 2

#### Acts committed to the Treasurer as at 30 June 1999

	COMMITTED
Advances to Settlers Act 1930	20/10/97
Aser (Restructure) Act 1997	5/2/98
Bank Merger (BankSA and Advance Bank) Act 1996	28/11/96
Bank Mergers (South Australia) Act 1997	19/3/98
Benefit Associations Act 1958	20/10/97
Casino Act 1997	11/9/97
Collections for Charitable Purposes Act 1939	20/10/97
Debits Tax Act 1994	13/2/97
Electricity Corporations Act 1994	28/5/98
The Electricity Trust of South Australia (Torrens Island Power Station) Act 1962	28/5/98
Financial Agreement Act 1994 *	5/2/98
Financial Institutions Duty Act 1983	13/2/97
Financial Transaction Reports (State Provisions) Act 1992	20/10/97
Gaming Machines Act 1992	13/2/97
Gaming Supervisory Authority Act 1995	13/2/97
Gift Duty Act 1968	13/2/97
Government Financing Authority Act 1982	14/12/93
Governors' Pensions Act 1976	20/10/97
Homes Act 1941	20/10/97
Housing Loans Redemption Fund Act 1962	20/10/97
Interest on Crown Advances and Leases Act 1944	20/10/97
Judges' Pensions Act 1971	20/10/97
Land Tax Act 1936	13/2/97
Loans for Fencing and Water Piping Act 1938	20/10/97
Loans to Producers Act 1927	20/10/97
Lottery and Gaming Act 1936	20/10/97
Motor Accident Commission Act 1992	14/12/93
National Electricity (South Australia) Act 1996	22/10/98
Parliamentary Superannuation Act 1974	20/10/97
Pay-roll Tax Act 1971	13/2/97
Petroleum Products Regulation Act 1995	13/2/97
Police Superannuation Act 1990	20/10/97
Public Corporations Act 1993	14/12/93
Public Finance and Audit Act 1987	20/10/97
Rural Advances Guarantee Act 1963	20/10/97
SGIC (Sale) Act 1995	29/6/95
Southern State Superannuation Act 1994	20/10/97
Stamp Duties Act 1923	13/2/97
State Bank (Corporatisation) Act 1994	12/5/94
State Bank of South Australia Act 1983	14/12/93
Student Hostels (Advances) Act 1961 *	20/10/97
Succession Duties Act 1929	13/2/97
Superannuation Act 1998	20/10/97
Superannuation Funds Management Corporation of South Australia Act 1995	13/2/97
Superannuation (Visiting Medical Officers) Act 1993	20/10/97
Supplementary Financial Agreement (Soldiers Settlement Loans) Act 1934 *	5/2/98
Taxation Administration Act 1996	13/2/97
Taxation (Reciprocal Powers) Act 1989	13/2/97
Tobacco Products Regulation Act 1997	5/6/97
Unclaimed Moneys Act 1891	20/10/97
Unclaimed Superannuation Benefits Act 1997	29/1/98
Westpac/Challenge Act 1996	5/2/98

\* Act of limited application



## Appendix 3 – Legislative measures

### Electricity

#### **Electricity Corporations (Restructuring and Disposal) Act 1999**

The Electricity Corporations (Restructuring and Disposal) Act 1999 provides for the long term lease of the State's major electricity assets. In particular, the Act makes provision for the restructuring and privatisation (by way of lease and, in some cases, sale) of all or part of the assets of the State's electricity businesses and amends the Development Act 1993, the Electricity Corporations Act 1994, the Environment Protection Act 1993, the Mining Act 1971 and the Superannuation Act 1988.

Assented to: 1 July 1999

Date of Operation: 1 July and 29 July (however, the provisions of the Act which reduce the size of the boards of ETSA Corporation and SA Generation Corporation are yet to be brought into operation)

#### **National Electricity (South Australia) Act 1996**

The National Electricity (South Australia) Act 1996 provides for the operation of a national electricity market including the application of the National Electricity Law (and the National Electricity Code (which governs the operation of the National Electricity Market)) and the implementation of related regulatory arrangements (such as the establishment of the National Electricity Tribunal).

Assented to: 20 June 1996

Date of Operation: 13 November 1998

Regulations under the National Electricity (South Australia) Act 1996 (cited as National Electricity (South Australia) Regulations) also came into operation on 13 December 1998.

#### **National Electricity (South Australia) (Miscellaneous) Amendment Act 1998**

This Act makes a number of miscellaneous amendments to the National Electricity (South Australia) Act. In particular, it confers immunity on NEMMCO, network service providers and their officers and employees in connection with the performance of system operations functions in certain circumstances. The Act also makes provision for the National Electricity Tribunal to exercise functions and powers conferred on it under Tasmania's Electricity Supply Industry Act in relation to the review of decisions by the Tasmanian Regulator and proceedings for breaches of that Act or the Tasmanian Electricity Code (however, the provisions of the Act which relate to the extension of the jurisdiction of the National Electricity Tribunal to the Tasmanian electricity supply industry are yet to be brought into operation).

Assented to: 13 November 1998

Date of Operation: 13 December 1998

### Superannuation

#### **Southern State Superannuation (Merger of Schemes) Amendment Act 1998 (No.66 of 1998)**

The Amendment Act merged the State Superannuation Benefit Scheme and the Triple S Scheme. This provided one scheme irrespective of whether the member contributed towards their future retirement income. The Act also linked investment returns to the investment market with the removal of any guarantees. Furthermore the Act introduced the facility for the Board to offer both investment choice and post retirement products, and the inclusion of temporary disability benefits and ability to make additional voluntary contributions to those members who are contributing to the scheme.

Assented to: 9 September 1998

Dates of Operation: 1 July 1998



## Appendices (continued)

### **Statutes Amendment (Commutation for Superannuation Surcharge) Act 1999 (No.23 of 1999)**

The Amendment Act provided pension scheme members with a special commutation option specifically for the purpose of paying a surcharge debt for schemes covered by the following Acts:

Judges' Pension Act, 1971  
 Parliamentary Superannuation Act, 1974  
 Police Superannuation Act, 1990  
 Superannuation Act, 1998

Assented to: 1 April 1999

Dates of Operation: 1 April 1999

### **State Taxes**

#### **Stamp Duties (Miscellaneous) Amendment Act 1998 (No.36 of 1998)**

This Amending Act provided Budgetary measures as outlined in the 1998/99 State Budget. Stamp duty on general insurance was increased from \$8 per hundred to \$11 per hundred (or part thereof) and the stamp duty payable on Compulsory Third Party certificates (payable on registration or re-registration of motor vehicles) was increased from \$15 to \$60. The Amending Act also removed the exemption for heavy vehicles transferring from the Federal Registration Scheme to the State administered National Registration Scheme.

Assented to: 23 July 1998

Date of Operation: 1 September 1998

#### **Stamp Duties (Share Buy-backs) Amendment Bill 1998 (No.71 of 1998)**

This amendment ensures that both existing and future assessments of stamp duty in relation to share buy-back schemes remain valid in South Australia.

Assented to: 3 December 1998

Date of Operation: 3 December 1998

#### **Stamp Duties (Miscellaneous) Amendment Act 1999 (No.11 of 1999)**

Extends the exemption for inter-generational family farm transfers to include nieces and nephews and extends the exemption to include farm and plant equipment held or used with the land when transferred as part of the family farm within the family group. Provides an exemption for property transferred pursuant to the Managed Investments Act 1998 (Cth). Updates "broker" definition in line with changes arising from the demutualisation of ASX.

Assented to: 18 March 1999

Date of Operation: 18 March 1999

### **Miscellaneous**

#### **Amendment of the Public Corporations (Treasurer) Regulations 1994**

The Regulations were amended to expand the maximum number of SAICORP directors from five to seven; to increase the maximum term of appointment of members of the SAICORP Board from two to three years; and to clarify the investment powers of the SAICORP Corporation to allow for investment of funds as approved by the Treasurer.

Assented to: 22 October 1999

Date of Operation: 22 October 1999



**Collections for Charitable Purposes (Definition of Charitable Purpose)  
Amendment Act 1999 (No. 14 of 1999)**

Includes animal welfare as a charitable purpose to ensure charitable collections in respect of animal welfare are appropriately regulated.

Assented to: 1 April 1999

Date of Operation: 1 April 1999

**Lottery and Gaming (Trade Promotion Licence Fees) Amendment Act 1999  
(No. 3 of 1999)**

The amending Act extends the classes of licence which may have fees set by regulation and allows fees set by regulation to be expressed as a percentage of the value as a prelude to the Trade Promotion Licence Fees set by Regulation.

Assented to: 11 March 1999

Date of Operation: 11 March 1999

## Appendix 4

**Profile of Remuneration Levels as at 30 June, 1999**

CLASSN	ONGOING CONTRACT		LONG TERM CONTRACT		SHORT TERM CONTRACT		TOTAL
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
ASO1	7	26	0	3	0	0	36
ASO2	29	73	0	3	1	6	112
ASO3	29	53	0	1	1	0	84
ASO4	38	13	1	0	1	2	55
ASO5	38	15	3	1	1	2	60
ASO6	39	7	1	1	0	0	48
ASO7	21	4	1	0	1	0	27
ASO8	17	6	0	0	0	0	23
CONTRACT	0	0	12	1	0	0	13
MAS1	0	0	0	0	0	0	0
MAS2	1	0	0	0	0	0	1
MAS3	2	0	0	0	0	0	2
EL1	0	0	0	0	0	0	0
EL2	1	0	0	0	0	0	1
EL3	0	0	0	0	0	0	0
EXA	15*	2*	0	0	0	0	17
EXB	7*	0	0	0	0	0	7
EXC	2*	0	0	0	0	0	2
EXD	1*	0	0	0	0	0	1
EXE	0	0	0	0	0	0	0
EXF	0	0	0	0	0	0	0
TOTAL	247	199	18	10	5	10	489

Note: Table does not include FundsSA, Motor Accident Commission, Electoral Officers and trainees

\* An option for further appointment is contained in these contracts except for one EXA (male) and one EXC (male)



## Appendices (continued)

### Appendix 5

#### Representation on Boards and Committees

REPRESENTATIVE	BOARD/COMMITTEE	START DATE	EXPIRY DATE
John Hill	Motor Accident Commission, and three subsidiaries;	Jan 1992	Ongoing
	South Australian Superannuation Board	July, 1997	Ongoing
	Parliamentary Superannuation Board	May 1989	Ongoing
	South Australian Asset Management Corporation	Apr, 1997	Ongoing
	South Australian Government Captive Insurance Corporation	Dec 1997	Ongoing
	South Australian Government Financing Authority	Aug 1998	Ongoing
	SGIC Ltd	Sep 1995	Ongoing
	Compulsory Third Party Premiums Committee	Nov 1995	Ongoing
Peter O'Neill	Local Government Disaster Fund Management Committee	July, 1997	Ongoing
	Centenary of Federation Interdepartmental Committee	Jan, 1998	Ongoing
Paul Duldig	SA Water Board (observer)	Oct 1997	Ongoing
	GMF Project Board	Oct 1997	Ongoing
	GMF Strategic Portfolio Group	Oct 1998	Ongoing
Geoff Knight	Steering Committee for the Review of Commonwealth/State Services Provision	Feb 1995	Ongoing
	Gamblers Rehabilitation Fund	May 1996	Ongoing
	Southern Domiciliary Care Board	Jan 1996	Ongoing
	Industrial Claims Coordinating Committee	Jul 1994	Ongoing
	TransAdelaide Board (observer)	May 1999	Ongoing
	G4 – Joint Working Group Steering Committee	Mar 1998	Ongoing
Philip Fedele	Public Employee Housing Advisory Committee (PEHAC)	Jun 1999	Ongoing
Stephen Laird	West Beach Trust Commercialisation and Act Review Steering Committee	Jun 1999	Ongoing
Leanne Vincenzi	Public Employee Housing Advisory Committee (PEHAC)	Feb 1998	Aug 1998
Eugene Khor	Ministerial Advisory Committee for Students with Disabilities	Jan 1999	Dec 1999
Ray Bown	Legal Services Commission	Aug 1998	Jun 2001
	SAPOL Focus 21 Steering Committee	Jul 1997	Jun 2000
	National Heritage Trust Steering Committee	Feb 1999	Ongoing
Mark Priadko	Emergency Services Funding Advisory Committee	Feb 1999	Ongoing
Sharon Dhuray	Magill Steering Committee for second secure care facilities	Jul 1998	Ongoing
	SA Government Representative Group – Safe Haven Exercise	May 1999	Ongoing
Peer Skouborg	State Disaster Committee	Aug 1998	Ongoing
	State Recovery Committee	Oct 1998	Ongoing
	Ambulance Cover Steering Committee	Jul 1999	Ongoing



REPRESENTATIVE	BOARD/COMMITTEE	START DATE	EXPIRY DATE
Mark Beveridge	International Year of Older Persons – State Government Committee	Sep 1998	Dec 1999
Andrew Blaskett	Forestry Corporatisation Steering Committee	Jun 1999	Jun 2000
	Enfield General Cemetery Trust Commercialisation Steering Committee	Jun 1999	Dec 1999
Peter King	Steering Committee Fire Equipment Services	Jun 1999	Ongoing
	Steering Committee Commercialisation of Police Security Services Division	Mar 1999	Ongoing
Kathy Moore	South Australian Asset Management Corporation	Aug 1998	Jun 2000
Joseph Ullianich	Beneficial Finance Corporation Limited	Apr 1996	Ongoing
	Mindarie Keys Pty Ltd	Nov 1996	Ongoing
	Mortgage Acceptance Nominees Pty Ltd	Apr 1996	Ongoing
	Pegasus Leasing Ltd	Apr 1996	Ongoing
	Southstate Corporate Holdings Pty Ltd	Apr 1996	Ongoing
	Campbell Capital Ltd	Apr 1996	Ongoing
	Southern Group Insurance Corporation Ltd	Jul 1995	Ongoing
	Westralia Finance Corp Ltd	Apr 1996	Ongoing
	Project Reference Group Ports Corp	May 1999	Ongoing
	South Australian Rail Task Force Committee	Sep 1997	Ongoing
	South Australian Asset Management Corporation	June 1999	Jun 2001
Deane Prior	VMO Superannuation Board	July, 1999	Ongoing
Garry Powell	SA Metro fire Service Superannuation Board	Aug 1997	Ongoing
John Barrett	ETSA Superannuation Board	Feb 1991	Jan 2000
Linda Hart	Information Industries Development Centre (Observer)	Apr 1997	Aug 1998
Frank McGuiness	Public Sector Accounting Standards Board	Sept 1997	Apr 1999
Brian Daniels	Local Government Association Mutual Liability Scheme	Sept 1989	Ongoing
	Strategic Asset Management Information System Steering Committee		Ongoing
Mick Ayre	Outback Travel Safety Working Party	Mar 1999	Ongoing
David Figg	Masterpiece Users of Australia Inc	Apr 1994	Ongoing
Neil Nosworthy	Government Office Accommodation Committee	Jun 1998	Jul 2000
Libby Moran	Australian Accounting Standards Board	Apr 1995	Ongoing
Roger Emery	DAIS Audit and Risk Management Committee	Sept 1998	Ongoing
Bernie Lindner	Government Services Export Panel	Jan 1997	Ongoing
	Prudential Management Group	Mar 1996	Ongoing
Rick Harper	SABT Pty Ltd	Apr 1995	Ongoing
	South Australian Finance Trust Ltd	Apr 1995	Ongoing
Andrew Thompson	South Australian Finance Trust Ltd	Oct 1998	Ongoing
Kevin Cantley	South Australian Finance Ltd	Aug 1994	Ongoing
	South Australian Finance (Hong Kong) Ltd	Aug 1994	Ongoing
	South Australian Finance Trust Ltd	Nov 1994	Ongoing
	South Australian Investments	Aug 1994	Ongoing
	SABT Pty Ltd	Apr 1995	Ongoing



## Appendices (continued)

### Appendix 6

#### Use of consultants

CONSULTANT	PURPOSE OF CONSULTANCY	NUMBER	TOTAL \$
Payments to consultants include amounts paid and payable at 30 June 1999.			
<b>Below \$10 000</b>			
Various	Various		
Subtotal		22	16,179
<b>\$10 000 – \$50 000</b>			
Australian Bureau of Statistics	Provision of services in relation to the development of the sample model and questionnaire as part of the Land Tax Investigation.		
Australian Quality Council	Facilitate a guided self-assessment of SAFA against the Australian Quality Council's Australian Business Excellence Framework.		
Brenton Meyer	Provision of services for the development of Security Guidelines.		
Bridgehead	Provision of specialist services in relation to the SAICORP Insurance Risk Assessment & Disclosure Project.		
Buck Consultants	Provision of services in relation to the calculation of the pre 1 July funding credit for the SA Superannuation Scheme.		
Centre for International Economic Studies	Taxation Services in relation to the Wine Industry Tax reform modelling, joint consultancy with DIT and PIRSA.		
Computer Associates	Provision of specialist technical systems support.		
Computer Power	Provision of services for the implementation of the Budget Management System.		
DGR Consulting	Provision of specialist services in relation to performance measurement to the Outputs Advisory Panel – Phase two.		
DMR	Provision of services in relation to Year 2000.		
EAM Consulting	Survey of portfolios on the role of account managers. Post implementation review of the Outputs Advisory Panel. Post implementation review of the Performance Measurement Panel. Post implementation review of Budget Reform – phase two.		
Equity and Advisory Ltd	Review of the Basketball Association of SA's financial position.		
Ernst and Young	Development and implementation of performance measurement workshops for portfolio staff prior to the Outputs Advisory Panel – phase two.		
H-W Services International Pty Ltd	Provision of specialist consultancy services to finalise the implementation of CA-Masterpiece financial systems across agencies and to support the restructuring of financial systems as a result of the creation of portfolio agencies.		
Macquarie Risk Advisory Services	Provision of specialist advice on Risk Management Review of the benchmark duration of the Treasurer's debt portfolio.		



CONSULTANT	PURPOSE OF CONSULTANCY	NUMBER	TOTAL \$
Marsden Jacob	Formulating the Gambling Review Discussion Paper, joint consultancy with RIDA and DAIS.		
Morgan and Banks	Assistance with filling a senior executive position.		
Myers Hollum International	Provision of specialist consultancy services to finalise the implementation of CA-Masterpiece financial systems across agencies to support the restructuring of financial systems as a result of the creation of portfolio agencies.		
NEMMCO	Provision of specialist services in relation to the "Full Retail Competition", SA's contribution.		
ODI ASIA Pacific Pty Ltd	Facilitation of planning days and change management for Budget Reform.		
Office of Energy	Governance and Liability Review – National Electricity markets.		
Open Systems Technology	Audit to determine current software applications in Department of the Premier and Cabinet.		
OZ Train	Facilitation of Treasury Executives for Strategic Planning workshop.  Facilitation of training and development workshop for Account Managers.  Review and development of the Electricity, Sales and Reform Unit Business Plan.		
Parent Linehan Partners in Design	Development of the annual report and corporate plan.		
Quoin Consulting Group	Editing and formatting of the Budget handbook.		
Ryan Spargo	Provision of advice and report on the recruitment and retention of women into senior finance positions within the Department of Treasury and Finance.		
Swood Financial Solutions	Provision of specialist consultancy services to finalise the implementation of CA-Masterpiece financial systems across agencies and to support the restructuring of financial systems as a result of the creation of portfolio agencies.		
Subtotal		27	675,458

**Above \$50 000**

Access Economics	Provision of specialist consultancy work to research the South Australian Employment situation.  Review of Superannuation Funding.
Arthur Andersen	The provision of expertise on Tax Equivalent Regime.  Provision of tax advice and related services.  Assistance with the development of Output costing methodologies.  Provision of advice on Goods and Services Tax and related services.
Davidsons and Associates	To construct career development workshops to support staff through an extensive change management process.



## Appendices (continued)

CONSULTANT	PURPOSE OF CONSULTANCY	NUMBER	TOTAL \$
Brett and Watson Pty Ltd	Provision of specialist services in relation to the valuation of the calculation of surchargeable contribution factors for the State Government Superannuation Schemes.		
	Provision of specialist services in relation to the 30 June 1998 Liability calculation, payments run-off and reserving policy.		
NSW Treasury	Provision of specialist services in relation to the "Precondition Monitoring" for the National Electricity Market – South Australia's contribution to a joint consultancy with other jurisdictions.		
KPMG	Provision of specialist services in relation to the Outputs Advisory Panel –Phase one.		
	Preparation of Ownership overview for the Budget handbook.		
	Provision of services in relation to the business process mapping for the new Finance Branch.		
	Implementation and consultant support for the Budget and Financial Management System		
	Assistance in implementation and review of Treasury Management System.		
	Provision of specialist consultancy services to finalise the implementation of CA-ACCPAC financial systems across agencies.		
	Provision of taxation advice on Goods and Services Tax – preparation of Guides and Newsletters.		
	Provision of services for the implementation of the Budget Management system.		
PMSC Pty Ltd	Provision of services for the implementation of Super Office IT system.		
Subtotal		7	1,374,841
Totals		56	2,066,478

## Appendix 7

### Occupational Health and Safety statistics

	1995/96	1996/97	1997/98	1998/99
<b>General</b>				
The average number of employees during the period	407.7	417.1	407.3	478.9
The total number of hours worked by employees	691,052	706,985	691,052	811,736
<b>Prevention</b>				
The agencies actual expenditure on OHS&W programs – as a percentage of the agencies total expenditure	0.03	0.03	0.0798	0.0230
The number of hours of training in OHS&W	94	130	1,482	821
The number of Health and Safety Representatives (employee and management inclusive)	7	4	14	19
The number of Health and Safety Committees	1	1	1	1



	1995/96	1996/97	1997/98	1998/99
The number of Default Notices issued pursuant to S35 of the Occupational Health, Safety and Welfare Act 1986	–	–	–	–
The number of times work was stopped pursuant to S36 of the Occupational Health, Safety and Welfare Act 1986	–	–	–	–
The number of Improvement Notices issued pursuant to S39 of the Occupational Health, Safety and Welfare Act 1986	–	–	–	–
The number of Prohibition Notices issued pursuant to S40 of the Occupational Health, Safety and Welfare Act 1986	–	–	–	–

### Claims Management

The total number of incidents	11	19	7	14
Total number of current workers compensation claims	–	–	–	11
The total number of new workers compensation	2	5	4	5
The agencies budget allocation for workers compensation claims	50,900	46,700	50,000	55,000
The total cost of workers compensation claims charged against an insurance fund	146,198	37,565	54,064	117,873
The total cost of workers compensation carried by the agency	–	–	–	–
The total number of common law claims	–	–	–	–
The total cost of common law claims	–	–	–	–
The total number of new workers compensation claims with a lost time injury (LTI)	–	–	–	1
The total number of new workers compensation claims with a medical treatment only (MTO)	–	–	–	4

### Rehabilitation

The total number of employees who participated in the agencies rehabilitation program	1	1	1	4
The total number of employees rehabilitated back to their original work task	–	–	–	2
The total number of employees rehabilitated and redeployed on to other work tasks	–	–	–	–
The total number of employees still suitable on alternative duties	–	–	–	–
The total number of employees who left, declared medically unfit	–	–	–	–
The agencies budget allocation for property damage accidents	–	–	–	–
The total number of property damage accidents	–	–	–	–
The total cost of property damage accidents	–	–	–	–



## Appendices (continued)

### Appendix 8 – 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 3836

#### 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 the following Acts and associated Regulations:

##### *Debits Tax Act 1994*

The Act came into operation on 1 July 1994 and repealed the Debits Tax Act 1990. Debits tax is charged at variable rates based on debits made to bank accounts with a cheque drawing facility.

##### *Financial Institutions Duty Act 1983*

Financial institutions duty is payable on any receipt of money by a financial institution that is required to be registered under the provisions of the Act. Duty at a concessional rate is payable by those entities which are registered as short-term money market operators for the purposes of the Act. The Act provides for certain accounts (eg charitable organisations) to be exempt from the imposition of duty.

##### *Land Tax Act 1936*

Land tax is imposed on all land in the State, other than that which is specifically exempted. With minor exceptions, land tax is not payable on government land, land used as a principal place of residence or for primary production or where the total site value of land in an ownership is less than \$50,000. The tax is calculated on the aggregate of the site values in an



ownership as at 30 June, immediately preceding the financial year for which the tax is levied. The Valuer-General determines the site values.

#### ***Pay-roll Tax Act 1971***

Employers and groups of employers are required under the provisions of the Pay-roll Tax Act 1971 to pay tax on wages paid to employees. Where total wages as defined under the Act paid by an employer or a group of employers are below a given threshold, pay-roll tax is not payable.

#### ***Petroleum Products Regulation Act 1995***

The High Court decision in the Ha and Lim and Walter Hammond Pty Ltd cases, handed down on 5 August 1997, effectively determined that the New South Wales tobacco franchise fees were invalid under section 90 of the Australian Constitution. Whilst the equivalent South Australian Acts were not necessarily invalid, it left sufficient doubt over the constitutional validity of business franchise fees on tobacco and fuel that States had little option but to cease collecting them.

With the agreement of the States and Territories, the Commonwealth placed an excise surcharge on Petroleum Products and made payments to the States and Territories to minimise the impact upon State finances. For the purposes of calculation of the previous ad valorem licence fee in South Australia, the State had been divided into three zones according to distance from Adelaide. Licence fee decreased in the more distant zones with a consequential impact on price at the pump. This action had been taken in recognition of the impact of the price of fuel on rural communities.

It was a condition of the agreement between the Commonwealth and the States and Territories that the surcharge arrangements were not to result in an increase in the price of fuel at the pump. As the excise surcharge exceeded the former licence fee for some products in the outer zones it was necessary for the sale of fuel in those zones to be subsidised. Amendments have been made to the Petroleum Products Regulation Act 1995 operative from 1 May 1998 to support the payment of subsidy to fuel merchants selling fuel for, or by, retail in those outer zones to ensure that the surcharge arrangements did not lead to price increases. To preserve the price structure it has been necessary for the subsidy to be paid at varying rates according to the product and zone relevant to individual sales.

#### ***Stamp Duties Act 1923***

The Stamp Duties Act provides for the payment of duty on a diverse range of instruments, the largest component being duty on the conveyance of land. Duty is also levied on a number of transactions relating to rental business, insurance business, stock exchange dealings and applications to register and transfer registration of motor vehicles.

#### ***Taxation Administration Act 1996***

The Act provides for the standardisation of administrative provisions relating to Financial Institutions Duty, Debits Tax, Stamp Duty, Land Tax and Pay-roll Tax, and rationalises and provides consistency in the treatment of assessments, refunds, interest on unpaid tax, penalties, objections and appeals, special tax arrangements, recovery and record keeping.

#### ***Taxation (Reciprocal Powers) Act 1989***

This Act provides for reciprocal powers enabling a taxation authority to conduct investigations within the jurisdiction of another taxation authority or within its own jurisdiction on behalf of another taxation authority.

#### ***Tobacco Products Regulation Act 1997***

The High Court Ha and Lim and Walter Hammond Pty Ltd cases impacted upon the collection of ad valorem licence fees in relation to licences issued under this Act in a similar fashion to the fees payable under the Petroleum Products Regulation Act 1995.



## Appendices (continued)

The Commonwealth similarly implemented an excise surcharge and now makes payments to the States to minimise the impact on State finances.

Licence fees are payable at a nominal value for a licence to sell tobacco by retail. These licences play an important role in the regulation of the sale of tobacco products particularly in relation to the manner in which products are displayed for sale and for the control of the sale of products to minors.

### ***Collections for Charitable Purposes Act 1939***

RevenueSA administers the Collections for Charitable Purposes Act involving the licensing of charitable organisations and commercial agents to collect donations from the public.

### ***Lottery Licences***

RevenueSA is responsible for the administration of the lottery and gaming provisions of the Lottery and Gaming Act 1936 and Regulations, under which associations are licensed to conduct lotteries.

### ***Casino Prohibition Orders***

RevenueSA coordinates the issue of orders by the Minister pursuant to Section 19 of the Casino Act 1983 prohibiting persons from entering the licensed Casino.

RevenueSA is also responsible for the collection of contributions under the provisions of the Phylloxera and Grape Industry Act 1995 and the collection of duty under the Succession Duties Act 1929 (this latter Act only applies in respect of deaths prior to 1 January 1980).

## **Superannuation**

The Department of Treasury and Finance is contracted by the South Australia Superannuation Board to administer several superannuation Acts through Super SA.

### ***Superannuation Act, 1988***

The State Pension Scheme and Lump Sum Scheme which are both voluntary schemes are covered under this Act. Both schemes are now closed to new members.

### ***Southern State Superannuation Act, 1994***

The Act came into effect in 1995 and sets down the rules for members who wish to contribute to their future by making personal contributions to Southern State Superannuation Scheme (Triple S). For those public sector employees who do not wish to make personal contributions to superannuation, this scheme provides the minimum Superannuation Guarantee.

Other schemes administered by Super SA are covered under the following Acts.

### ***Parliamentary Superannuation Act, 1974***

The Parliamentary Superannuation Scheme operates under the Parliamentary Superannuation Act, 1974. The Parliamentary Superannuation (New Scheme) Amendment Act, 1995 came into operation on the 24th August 1995 and established the New Scheme division of the Parliamentary Superannuation Scheme. The Old Scheme is now closed to new members.

### ***Judges' Pensions Act, 1971***

The Judges' Pensions Scheme operates under the Judges' Pensions Act, 1971. The scheme provides for the payment of pensions for Judges and their spouses.

### ***Governors' Pensions Act, 1976***

The Governors' Pensions Scheme operates under the Governors' Pensions Act, 1976. The scheme provides for the payment of pensions to certain former Governors of the State and for the spouses of certain deceased Governors.

Policy advice relating to Superannuation to the Government is also provided by Super SA.



### 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 of which the owner 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
- 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 Association of South Australia.

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
- Life Insurance Federation of Australia
- Motor Trade Association of South Australia Incorporated.



## Appendices (continued)

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
- 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. The bulk 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) instructions Treasurer's Instructions(i)
- (h) circulars including:
  - RevenueSA circulars(i)
  - Treasury circulars(i)
- (i) publications/papers/reports including:
  - Budget Papers(i)
  - information papers
  - Annual Report(ii)
- (j) procedure manuals including:
  - returns branch work manuals
  - compliance branch investigators manual
  - stamp duties office internal practice notes



(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

(i) *Available for purchase*

(ii) *Available free of charge*

## **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.

Enquires should be directed to the FOI Contact Officer (telephone 8226 3836) 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 (\$20 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 3836  
9.00 am to 5.00 pm Monday to Friday.



## Appendices (continued)

### Processing an Application

Under the FOI Act, Treasury and Finance is required to respond to applications for information within 45 days of receipt. If the application involves substantial search and processing time, the applicant may be required to pay a search fee of \$7.50 per quarter hour in addition to the application fee. It may be necessary to obtain an advance deposit in some cases. 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 also 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 3836  
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.

Enquires concerning access to other categories of documents listed should be made to the FOI Contact Officer, telephone 8226 3836.

### Number of Requests Made

The Department of Treasury and Finance received twelve enquiries in accordance with the Act during the 1998–99 financial year. All enquiries were dealt with in the appropriate manner.



## Appendix 8 – Year 2000 compliance report

### Year 2000 compliance

Treasury and Finance manages the Treasurer's Portfolio Year 2000 (Y2K) Compliance Strategies in accordance with the Cabinet Approved Y2K Implementation Plan. During the year:

- a Project Director and a full-time Portfolio Y2K Coordinator were appointed;
- a departmental Y2K Steering Committee of executives and other relevant staff was established to oversee the implementation of the Y2K IT and non-IT compliance project;
- each major branch established a Y2K Working Party Group to focus on Y2K conformity.

The Portfolio reports monthly to the Minister for Year 2000 Compliance (through the Office for Year 2000 Compliance) on progress of the planning and implementation of the Y2K programs against the designated milestones. Major achievements for the year are summarised below.

- Y2K inventories and detailed Y2K compliance test plans for all existing critical IT systems were completed by December 1998. The non-IT inventory identification task also has been completed, with items ranked in terms of their business risk.
- Departmental critical systems include CA-Masterpiece, ACCPAC, RecFind, Concept HRMS, ReserveLink, STORMS, Quantum, Hyperion, Superb2000, Figtree, a variety of financial packages, desktop applications and other centrally managed systems (not all systems are critical on an overall government basis). The existing applications for two critical functions (Budget and superannuation administration) that are not compliant are being replaced by software packages (Hyperion and Superb2000), which are certified as Y2K compliant by the suppliers. Testing of these new packages to confirm compliance will be carried out by September/October 1999.
- Y2K Rectification of the major system application in RevenueSA (STORMS) was completed in February 1999. The first round of compliance testing was completed in late April 1999 and additional testing was completed by June 1999. A contingency plan also was prepared.
- The department is the lead agency for Whole of Government Financial Management Systems (CA/Masterpiece and ACCPAC). The Y2K Compliance Program for these systems was completed in early March 1999. A contingency plan was to assist agencies to address operational issues that arise on or after 1 January 2000.
- Compliance testing of other departmental critical applications (eg. RecFind, Concept HRMS, ReserveLink, Quantum, Figtree) was completed in April 1999. Contingency plans for the Quantum and Figtree systems were prepared.
- The department completed the implementation of the Current Proven Technology (CPT) project undertaken by EDS as part of the Whole of Government IT Infrastructure Services Outsourcing Contract, in April 1999. It was one of the first agencies to successfully complete its CPT project on time.
- External Solution Providers and Vendors of all critical applications have been contacted to verify Year 2000 Compliance for their products. Contact also was made with agencies supplying data/information to the department to ensure our requirements will be met in the event of a problem on or after 1 January 2000.



## Appendices (continued)

### Strategic Priorities for 1999-2000

- Ensuring the testing of Hyperion and Superb 2000 is completed in line with the revised timeframe;
- Developing contingency plans for all major systems (IT and non-IT) before October 1999;
- Agreeing 1 January 2000 support priorities for critical systems with EDS;
- Monitoring specific third party software vendors and other Government Portfolios on their Y2K compliance status;
- Monitoring progress of the compliance testing program for buildings and related issues (this area remain the responsibility of the Department of Administrative and Information Services).

A summary of progress against State Year 2000 compliance milestones for departmental critical/high impact business functions is set out in Table A. As reported above, satisfactory progress has been achieved in the IT area, but significant work remains for building and non-IT items.

**TABLE A – Critical Business Functions as at 30 June, 1999**

	INVENTORY STATUS	ASSESSMENT	COMPLIANCE PLAN	CORRECTION	TESTING	CONTINGENCY PLAN
IT	100%	100%	99%	80%	56%	27%
Non-IT	100%	100%	100%	70%	50%	10%
Building	100%	70%	30%	15%	15%	10%
External	97%	73%	70%	56%	39%	19%

Table B contains the major risk exposures for critical/major systems operated by the department. The risks identified will be managed through the contingency planning process, which will also address staffing requirements over the millennium roll over period.

**TABLE B**

NAME OF BUSINESS UNIT/SYSTEM PREPARED	DESCRIPTION OF YEAR 2000 MAJOR RISKS	DATE REMEDIATED/ TO BE REMEDIATED	CONTINGENCY PLAN PREPARED/ TO BE
Whole of Government: Financial Management Systems: Masterpiece & ACCPAC	Ability to operate government ledgers and accounts payable systems	Compliant	Yes
All Branches: Network Services (LAN, WAN, Hubs, Routers, Switches and Primary Domain Controller Tantalus)	Critical infrastructure available to operate applications	May 1999	Sep 1999
SAFA: QUANTUM	Ongoing management of government funding and investment	Compliant	Yes
RevenueSA: STORMS	Ongoing collection of State Revenue and service provision to clients	June 1999	Yes
All Branches: Microsoft Office Products	Availability of essential office applications (word processing and spreadsheets)	Compliant	Sep 1999



NAME OF BUSINESS UNIT/SYSTEM PREPARED	DESCRIPTION OF YEAR 2000 MAJOR RISKS	DATE REMEDIATED/ TO BE REMEDIATED	CONTINGENCY PLAN PREPARED/ TO BE
All Branches: Microsoft Exchange & Outlook 97/98	Availability of essential email and diary applications	Compliant	Sep 1999
RevenueSA: Prophecy ESL System	Ongoing collection of ESL and client services	Compliant	Sep 1999
SuperSA: Superb2000, Solution-6 and Workforce	Ongoing administration of superannuation systems and client services	Compliant	Oct 1999
Finance: Hyperion Enterprise	Ongoing provision of financial advice to government	Compliant	July 1999
SAICORP: Figtree General Claims Insurance	Ongoing provision of insurance client services	April 1999	Yes
Building	Access to buildings and suitability of worksites. Reliance on Real Estate Management, DAIS	Sep 1999	Sep 1999

## Appendix 9 – Overseas travel 1998/99

DESTINATION/S	NUMBER OF EMPLOYEES \$	REASON FOR TRAVEL	TOTAL COST
London	1	Meeting with representatives of the Insurance Industry with whom SAICORP has dealings.	971
London	1	Meeting with Morgan Stanley regarding United Kingdom Electricity Industry.	2,362
Tokyo, London, New York, Washington.	1	International Investment Mission with Deutsche Bank.	12,960
London, Copenhagen, Munich, Hanover, Paris, Cologne.	1	Meeting with underwriters and reinsurers involved with SA Government Catastrophe Reinsurance Program.	21,556
New Zealand	2	Meeting with software developers for Treasury Management System.	3,224
Hong Kong, Frankfurt, London	2	Meeting with global debt instrument program dealers.	20,356
<b>TOTALS</b>	<b>8</b>		<b>\$ 61,429</b>



## Appendices (continued)

### Appendix 10 – Revenue collections by RevenueSA

	1996 – 97		1997 – 98		1998 – 99	
	NUMBER OF TAX PAYERS TRANSACTIONS	AMOUNT \$	NUMBER OF TAX PAYERS TRANSACTIONS	AMOUNT \$	NUMBER OF TAX PAYERS TRANSACTIONS	AMOUNT \$
<b>Petroleum Products Regulation*</b>						
Monthly Licence Holders	6	158,713,968	0	12,699,308		110,844
Annual Licence Holders	1,206	101,349	1,209	171,622	1,192	
Total Petroleum Licence Fees		158,815,317		12,870,930		110,844
<b>Debits Tax</b>		59,058,147		60,023,448		59,078,026
<b>Financial Institutions Duty</b>						
Financial Institutions	180	74,584,035	172	83,324,280	198	83,560,919
Short Term Money Market Operators	98	3,157,648	90	4,007,907	85	5,617,415
Exempt-Charitable Organisations Accounts	53,981		55,779		58,119	
Total Financial Institutions Duty		77,741,683		87,332,187		89,178,334
<b>Land Tax</b>	54,804	73,163,533	55,266	143,003,717	56,484	128,388,017
<b>Payroll Tax</b>						
Private Sector	5,520	506,181,370	5,803	535,785,069	6,060	553,291,855
Government Sector	33	99,567,031	29	106,828,396	29	109,798,511
Total Payroll Tax		605,748,401		642,613,465		663,090,366
<b>Stamp Duty</b>						
Adhesive Stamps		1,003,562		704,760		422,455
Annual Licences (insurance)		78,419,568		82,710,795		109,441,270
Applications to Register or Transfer Motor Vehicles		88,482,702		97,902,731		93,862,113
Hospital Fund MV Third Parties		12,597,377		13,225,684		41,330,409
Cheques		5,839,096		7,942,405		5,453,563
Conveyance of Property on Sale		167,538,164		212,825,103		227,409,505
Conveyance of Shares on Stock Exchange		5,921,912		5,522,029		6,853,680
Conveyance of Shares (Excluding Stock Exchange)		2,735,168		11,019,264		7,882,622
Insurance Effected Outside SA		3,532,624		3,318,071		4,293,800
Leases		2,180,210		2,365,760		2,136,260
Mortgages		24,405,089		28,871,258		28,528,333
Other		2,764,173		380,098		-144,931
Less Refunds, Commissions etc		-1,388,835		-3,054,411		-2,487,237
Rental Business		10,299,859		11,318,059		12,486,164
Voluntary Conveyances of Property		1,936,573		2,144,859		7,230,664
Total Stamp Duty		406,267,242		477,196,465		544,698,678
<b>Succession Duties</b>		2,423		135,089		0
<b>Tobacco Products (Licensing)</b>						
Unrestricted Licence Holders		215,662,199				
Restricted Licence Holders		38,623				
Sub-Total Tobacco Products Licence Fees		215,700,822				
<b>Tobacco Products Regulation*</b>						
Class A Licence Holders	10	20,525,038	0	23,539,503		
Restricted Class A Licence Holders	3,432	6,170	3,579	35,814	3,154	34,515
Class B Licence Holders	1	2				
Sub-Total Tobacco Products Licence Fees		20,531,210		23,575,317		34,515
<b>Total RevenueSA Collections</b>		1,617,028,778		1,446,750,618		1,484,578,780

\* The Petroleum Products Regulation Act replaced the Business Franchise (Petroleum Products) Act effective 1 July 1995.

\* The Tobacco Products Regulation Act replaced the Tobacco Products (Licensing) Act effective 5 June 1997.

Ad valorem state licence fees for Petroleum and Tobacco collected by the Commonwealth Government from 6 August 1997.

All figures have been rounded to the nearest dollar.



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