



**Department of
Treasury and Finance**

Annual Report 2000–01



**Government
of South Australia**



DEPARTMENT OF TREASURY AND FINANCE

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29 September, 2001

The Honourable Robert Lucas, MLC,
Treasurer of South Australia

Dear Treasurer,

I hereby forward to you the Annual Report of the Department of Treasury and Finance for 2000–01 in accordance with Section 66 of the Public Sector Management Act 1995.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Jim Wright'.

Jim Wright
UNDER TREASURER

Annual Report 2000–01

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**Government
of South Australia**

U nder Treasurer's Report

2000–01 was a year of refining the direction for the future while consolidating a number of the tasks commenced in 1999.

The new direction has focussed on developing an improved capacity to provide effective financial and economic policy advice and analysis to the Treasurer and Cabinet as a means of improving the accountability of government agencies to Ministers and Cabinet.

To support this change, I restructured the department by forming the Microeconomic Reform and Infrastructure Branch from the Electricity Reform and Sales Unit and by creating the Policy Analysis Branch and the Private Public Partnerships Unit.

The MERI Branch focuses on the ongoing reforms of the energy markets, particularly electricity, and the future requirements in South Australia for industry regulation, microeconomic reform and economic and social infrastructure. The Policy Analysis Branch provides in depth analysis of the strategic issues facing the Government, particularly in the social policy areas of health and education. The Private Public Partnerships Unit facilitates private sector participation in public infrastructure development, where appropriate.

The year under review saw the consolidation of three major tasks for the department.

Firstly, the electricity asset divestment program was completed with the disposal of the last three electricity assets in the first three months of 2000–01. This brought the total for the program to \$5.3 billion in gross proceeds, including the disposal of \$277.9 million in unfunded superannuation liabilities and other projected liabilities. The net funds received have been applied to state debt, reducing the net debt to an estimated \$3.3 billion at 30 June 2001. This is a substantial reduction in net debt and provides a sound foundation for the State Government's finances into the future. The efforts of the staff involved in the disposal program have been outstanding and I would like to thank them for their contribution over the three years.

Secondly, there was a smooth introduction of the Commonwealth Government's New Tax System at the start of the financial year, particularly in relation to the implementation of the Goods and Services Tax across the State Government. The ease of transition was a reflection of the significant effort made by all Branches to ensure that suitable and practical policies and procedures were developed and implemented, and a close liaison was maintained with the Australian Tax Office and all State Government agencies. My thanks go to all staff involved in the implementation of this substantial piece of taxation reform.

Thirdly, the department also completed its annual task of producing the Budget for the Government. This year, further changes were made to enhance the systems by which the State budget and forward estimates are updated, leading to improved data integrity and a greater



Jim Wright
UNDER TREASURER

analytical capability. Other key changes included the introduction of monthly monitoring to centrally track the financial progress of agencies against their approved budget, and the introduction of a three-year capital investment program to provide greater certainty around future Government investment activities. I expect these changes to substantially improve the quality and timeliness of financial information to the Treasurer and Cabinet to further support their decision-making processes.

The work of the Women's Development Group continued throughout the year and was well supported by staff in Treasury and Finance. I think we are making progress in improving the environment and opportunities for women to pursue careers in Treasury and Finance.

Of special significance this year was the awarding of the Public Service Medal to John Hill, Deputy Under Treasurer, in the 2001 Australia Day Honours list for 'sustained outstanding service in the field of public sector finance'. I congratulate him on this achievement, and believe it recognises the contribution both John Hill and the Department of Treasury and Finance have made to our society.

To paraphrase the nominators' submission to the Honours Board, John is 'an exemplary face of the public service, embodying qualities of impartiality, diligence, fairness and firmness, and open-mindedness'. This is certainly something we can all strive for.

I believe the overall performance of the department has been very good in 2000-01. As always there are new challenges and we should aim for further improvement. However, I think staff can be proud of their performance in the past year and I thank everyone for their support.



Jim Wright
UNDER TREASURER

The Role of Treasury and Finance

The Department

The Department of Treasury and Finance is the lead agency supporting the Government's key economic and financial policy outcomes through the provision of advice and coordination of resource allocation for Government programs. It also provides financial services to the Government and the community, covering asset and liability management, collection of State taxes and insurance and superannuation administration.

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

THE VISION

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

THE PURPOSE

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

MAJOR CLIENTS

Government: Treasury and Finance's principal clients are the Treasurer and, through the Treasurer, the Government for our work in administering and coordinating the State Government's finances, providing a range of financial services and providing policy analysis and advice.

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:

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

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

The Year in Review

The 2000–01 year represented a period of consolidation for the Department of Treasury and Finance following several years of substantial microeconomic and financial reform.

At the same time, an increased role in the provision of policy advice on strategic issues to the Treasurer and Cabinet emerged. There were a number of highlights during the year as outlined below. Further details on these highlights are contained in the respective Branch Reports.

ELECTRICITY

The electricity privatisation program was successfully concluded with the transfer of the last three of the seven electricity entities to the private sector – Flinders Power Pty Ltd, ElectraNet SA and Terra Gas trader Pty Ltd. Over \$1.4 billion was received from the disposal of these electricity assets in 2000–01 to bring the total for the program to \$5.3 billion in gross proceeds, including the disposal of \$277.9 million in unfunded superannuation liabilities and other projected liabilities. Net proceeds have been applied to the retirement of State debt.

Substantial work was also undertaken during the year to facilitate an increase in the supply of electricity into South Australia through new generating plants within the state and interconnectors from interstate. In addition, a significant amount of groundwork was done to facilitate the introduction of contestability for electricity for both business customers in 2001 and retail customers, potentially in 2003.

NATIONAL TAXATION REFORM

The start of the financial year saw the smooth implementation of the Commonwealth Government's New Taxation System within the State Government. The Department was involved in a number of areas of this significant national reform process.

Firstly, changes to Commonwealth-State funding arrangements arising from national tax reform, which became operational in 2000–01, were incorporated into the budget process. Financial assistance grants and business franchise fee replacement grants ceased on 1 July 2000 and were replaced by GST revenue grants together with transitional assistance to maintain funding levels at a guaranteed minimum level.

Consistent with these arrangements, reduced rates of gambling tax applied from 1 July 2000 to maintain the same level of tax on gaming operators as had applied prior to the introduction of the GST. Off-road diesel subsidies ceased and were replaced by a full Commonwealth excise rebate for most forms of off-road diesel use.

Secondly, the Department successfully coordinated and provided support for the introduction of the Goods and Services Tax (GST) on July 1 2000, across all Government agencies. The success of the substantial work of the GST project team within the Finance Branch was reflected in the speed that agencies modified their systems to become GST compliant and the minimum number of problems experienced since its introduction.

Thirdly, RevenueSA was integrally involved in the implementation of the First Home Owners Grant Scheme in South Australia, with 14 311 grants totalling \$102 166 000 being processed during the year.

BUDGET PROCESS

A number of significant changes were made to the budget process to support the provision of improved financial information for the Treasurer and Cabinet. These changes included the introduction of monthly monitoring reporting to Treasury and Finance to centrally track the financial progress of agencies against their approved budget, improvements in the systems by which the state budget and forward estimates are updated and the introduction of a three year capital investment program. In addition, a Tax Expenditure was included in the 2001–02 Budget Papers to provide further information to the community on issues contained within the budget.

DEBT MANAGEMENT

Following the completion of the disposal of the electricity assets, the net proceeds were applied to the retirement of state debt, leaving approximately \$3.3 billion (exclusive of superannuation liabilities) in net debt at 30 June 2001.

As a result of the subsequent significantly reduced debt environment, a revised debt management framework was finalised by the South Australian Government Financing Authority (SAFA) culminating in the implementation of a new debt management benchmark for the Treasurer's managed debt.

OTHER HIGHLIGHTS

Other highlights during the year included:

- The establishment of the Public Private Partnerships Unit to facilitate private sector participation in public infrastructure development, where appropriate;
- The provision by SAFA of South Australia's share of the funding shortfall (\$26.4 million) to the Alice Springs to Darwin Railway Project, following the withdrawal of a private sector investor;
- The successful renewal of the Government's catastrophe reinsurance program at world competitive prices;
- The determination of \$41 million from 45 taxation compliance programs covering payroll tax, stamp duty, financial institutions duty, land tax and petroleum tax;
- The number of contributory Triple S superannuation scheme members increasing by 21% during the year to 14 914;
- The introduction of legislative amendments to gambling legislation reflecting new regulatory arrangements to provide for all forms of gambling to fall under the umbrella of the *Independent Gambling Authority*;
- The Women's Development Group winning the 2001 Augusta Zadow Award, which recognises demonstrated improvements in health and safety that provide particular outcomes for women, for its work in establishing the nursing mothers' room.

E nsuring Accountability for Public Sector Resources

There are five branches responsible for Ensuring Accountability for Public Sector Resources.

- 1 **ECONOMICS BRANCH**
- 2 **FINANCE BRANCH**
- 3 **MICROECONOMIC REFORM AND INFRASTRUCTURE BRANCH**
- 4 **POLICY ANALYSIS BRANCH**
- 5 **PUBLIC PRIVATE PARTNERSHIPS UNIT**

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

Economics Branch

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

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

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

NATIONAL TAX REFORM

National tax reform changes to Commonwealth-State funding arrangements were implemented in 2000–01 with the commencement of GST revenue grants and transitional budget balancing assistance. Financial assistance grants and business franchise fee replacement grants ceased on 1 July 2000 and were replaced by GST revenue grants together with transitional assistance to maintain funding levels at a guaranteed minimum level.

Consistent with these arrangements, reduced rates of gambling tax applied from 1 July 2000 to maintain the same level of tax on gaming operators as had applied prior to the introduction of the GST. Off-road diesel subsidies ceased and were replaced by a full Commonwealth excise rebate for most forms of off-road diesel use.

Officers from the Economics Branch participated in intergovernmental discussions on the potential to replace low alcohol beer subsidies with lower Commonwealth excise rates.

COMMONWEALTH GRANTS

Economics Branch coordinated submissions and briefing material for the Commonwealth Grants Commission's (CGC) 2001 Update and inquiries into Indigenous funding and local government finances. Branch officers also participated in working groups on issues for the Grants Commission's 2004 Methodology Review.

The CGC provided recommendations for the interstate distribution of Commonwealth general purpose grants in 2001–02. To maintain grants shares at appropriate levels, the CGC needs to be fully informed of the State's expenditure needs and revenue raising disadvantages. Tens of millions of dollars are potentially involved in the practical application of the principle of horizontal fiscal equalisation by reference to relevant data and methodological argument.

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

NATIONAL COMPETITION POLICY

The Branch provided advice on a range of competition policy issues, including legislation reviews and competitive neutrality issues and liaised with the Department of the Premier and Cabinet in relation to the annual report to the National Competition Council.

The National Competition Policy (NCP) review of compulsory third party (CTP) insurance arrangements conducted jointly with Transport SA was completed. The Government announced its indicative response, including that the Motor Accident Commission would not be privatised and would remain the sole provider of CTP insurance and that the 'community rating' system for premiums would be maintained. Public comment was invited on the response.

The report of the NCP review of the *Petroleum Products Regulation Act 1995*, conducted jointly with the Department for Administrative and Information Services (DAIS), was completed.

Following completion of the Productivity Commission's Inquiry into Australia's Gambling Industries and consideration by COAG of gambling issues, the NCP review of gambling legislation was re-commenced. It is the Government's view that gambling is a social policy matter rather than a competition policy issue, but in order to comply with NCP requirements, Treasury and Finance commenced re-examining the arguments in relation to the net benefits of the exclusivity arrangements in State legislation – the major restriction on competition identified. In addition, the Department commenced examining the legislation relating to Gaming Machines, the Gaming Supervisory Authority, Lottery and Gaming and the Casino for any other competition issues. In order to ensure a consistent approach to gambling legislation reviews, the Department is liaising closely with DAIS in terms of their review of legislation relating to the Lotteries Commission and TAB. The review is due to be completed before the end of June 2002.

GAMBLING POLICY

Legislative amendments to gambling legislation to reflect new regulatory arrangements were coordinated by the Branch to provide for all forms of gambling to fall under the umbrella of the Independent Gambling Authority. *The Statutes Amendment (Gambling Regulation) Act 2001 (No. 18 of 2001)* was subsequently assented to on 31 May 2001.

POLICY ADVICE

As part of its ongoing role in monitoring and analysing State, national and international economic conditions and outlook, the Economics Branch completed around 170 economic briefings analysing major economic indicators. Analysis was undertaken of statistics released by the Australian Bureau of Statistics, the Australian Bureau of Agricultural Resource Economics, and by independent economic commentators and forecasters. The Branch also provided economic advice on a range of ad hoc policy issues and coordinated and prepared briefing papers for reviews by major credit rating agencies.

The Branch participated in various committees and working groups such as the Water Policy Committee, New Economy Task Force, Housing Industry Prospects Forum, South Australian

Greenhouse Committee, National Competition Policy Reference Group and State Statistical Priorities Committee.

BUDGET ISSUES

The Branch had a significant role in developing a number of the initiatives in the 2001–02 Budget.

Reductions in payroll tax rates over two years, together with a broadening of the payroll tax base from 2002–03, were introduced as part of the 2001–02 Budget. Payroll tax changes have the objective of keeping the State reasonably tax competitive with other jurisdictions in areas that count in terms of attracting new investment and creating employment opportunities. Changes to lease duty were also introduced to exempt leases with annual payments below \$50 000.

Arrangements were introduced to provide land tax relief in situations where property acquired for use as the principal place of residence nevertheless attracts land tax either because of the land tax status of the vendor or because the timing of the changeover from one house to another means that two residential properties are in the same ownership at 30 June, only one of which can obtain a principal place of residence exemption.

Concessions on council rates were increased for pensioners and other eligible applicants as part of the 2001–02 Budget, along with an extension of the eligibility for such concessions to self-funded retirees who hold a State Seniors Card.

A Tax Expenditure Statement was published for the first time in the 2001–02 Budget Papers. The Statement quantified revenue forgone from concessional tax treatments applied to a range of taxes. Concessions documented in the statement confer ‘preferential’ tax treatment and are to be distinguished from exemptions and concessions that are intrinsic to efficient tax design.

STAFF DEVELOPMENT

During the year a number of staff development activities were undertaken. These included:

- Participation in joint meetings of Commonwealth, State and Territory Governments on GST matters and other ad hoc inter-jurisdictional issues (eg, compensation arrangements following the collapse of the HIH insurance group);
- Attendance at Ministerial Council on Gambling and associated officers’ working group;
- Involvement in research projects and new publications (eg, preparation of Tax Expenditure Statement);
- Participation in the Leadership SA program;
- Participation in the Graduate Development Program;
- Continuation of regular formal performance appraisals and ongoing two-way feedback on performance of staff;
- Staff attendance at formal IT applications training;
- Provision of opportunities for staff members to undertake work in other branches of the department.

THE YEAR AHEAD

The major issues and strategies for 2001–02 will include the following:

- Participation in reciprocal tax initiatives and National Income Tax Equivalent Regime (NTER);
- Implementation of duty and licensing agreements for the TAB post sale;
- Implementation of responsible gambling initiatives and revised gambling regulatory structure including the establishment of the Independent Gambling Authority;

- Contribution to policy development on gambling-related issues and completion of the NCP review of gambling legislation;
- Participation in Commonwealth Grants Commission consultations in respect of grant recommendations for 2002–03, preparation of submissions and briefing notes and participation in working parties and conferences for the Grants Commission’s 2004 Methodology Review;
- Contribution to the commemoration of the Centenary of Federation by publishing, in conjunction with the South Australian Centre for Economic Studies, a report on the fiscal relationship between the Commonwealth and State Governments over the first century of federation from a South Australian perspective;
- Provision of advice on international, national and State economic trends and conditions on a regular basis. This includes analysis of ABS data releases and selected private sector economic reports;
- Provision of forecasts and projections of key economic parameters;
- Provision of information for, and management of relationships with, rating agencies.

Finance Branch

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

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

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 government.

BUDGET

The development and preparation of the 2001–02 Budget was the most significant work undertaken by the Branch during the year. A number of changes were made to both the process of development and content of the budget papers.

During the year, Finance Branch in consultation with agencies, re-engineered the methods by which updates to the budget and forward estimates were achieved. The change involved moving from the repeated collection of the entire budget numbers from agencies throughout the year to using a 'journal based' approach which highlights the nature and reason for the change. This has increased the control over and integrity of the budget aggregates and will support greater analysis of budget changes. The change required the complete redesign of data collection requirements, processes within agencies and Treasury and Finance and the systems to support these activities. This involved tailored training programs for agency officers to complement the rollout of the new systems and processes. These systems and processes will be fine-tuned in 2001–02 to further improve the methods by which the budget aggregates are formed.

Finance Branch conducted a review of interstate budget papers and several reforms were subsequently introduced in the 2001–02 Budget Papers, including the inclusion of the "Risk Statement", "Tax Expenditure Statement" and "Regional Statement".

FINANCIAL MONITORING

Finance Branch led the introduction of central monthly monitoring of financial performance against agency budgets. This involves agencies submitting year-to-date and revised year-end estimates of their financial performance to Treasury and Finance on a monthly basis. This initiative allows for greater control of the State's financial position and will provide the Government with additional information when making financial decisions throughout the year. New systems and process were also designed and implemented to support this initiative. These will be further refined in 2001–02.

Further steps were also taken in 2000–01 to increase the extent of monitoring of the performance of the overall Capital Investment Program. A database covering details of projects included in the program was used to review achievement of time and cost targets.

GST IMPLEMENTATION

Significant work continued during 2000–01 on the implementation of GST within agencies. In addition, ongoing technical updates as the new tax legislation was bedded down and maintenance and improvement of financial systems was undertaken to cope with new data capture and reporting requirements. The Branch also worked closely with agencies to ensure BAS lodgement requirements were understood and satisfied in a timely manner.

ALICE SPRINGS TO DARWIN RAILWAY

During the year Finance Branch represented Treasury and Finance on the SA Rail Task Force Committee. The Concession Deed was executed on 19 April 2001. Settlement of other key documentation relating to the Railway Project took place on 20 April 2001.

FISCAL STRATEGY

Significant progress towards the State adopting accrual fiscal targets from the 2002–03 budget was achieved during the year. A revised fiscal target has been developed based on the accrual Government Finance Statistics framework. The movement to the new accrual fiscal target from the 2002–03 budget was foreshadowed in the 2001–02 budget papers.

CAPITAL INVESTMENT PROGRAM

A Three-Year Capital Investment Program was announced in the 2001–02 Budget comprising thirty projects with an estimated net cost to the Government over the period 2001–02 to 2003–04 in the order of \$310 million. The program is the result of an extensive process of project review and prioritisation by the government to select the projects that most effectively meet community needs.

AGENCY FINANCIAL SYSTEMS

During the year Finance Branch successfully negotiated a three-year extension to the Masterpiece financial systems contract. Over the remaining three years of this contract Finance Branch in conjunction with agencies will be conducting a comprehensive review of financial system needs and potential solutions available to service those needs over the coming years. This review was deferred from 2000–01 due to other priorities.

FINANCIAL MANAGEMENT LEGISLATION

During the year Finance Branch completed a comprehensive review of the State's financial management legislation. The review concluded that whilst some minor amendments may be warranted in the near future, the legislation does not require amendment in the short term.

It is intended to review the impact of changes in financial management practices and in particular the change in focus towards accrual management over the coming year and it is expected that the review will recommend some further amendments to public finance legislation.

The Financial Management Framework review project continued through late 2000–01 with involvement from agencies. It is expected that revisions to the framework reflecting changes in best practice as well as emerging financial management issues will be promulgated to agencies in the second half of 2001–02.

COMPETITIVE NEUTRALITY

The 2000–01 financial year saw significant progress in the implementation of Competitive Neutrality (CN) reforms across government. In July 2000, Treasury and Finance prepared Cabinet submissions (approved in August 2000) on the further implementation of CN reforms to the remaining Category 1 business activities and the identified Category 2 business activities. These submissions also required agencies to assess a further twenty potential activities against the significant business activity criteria and required Treasury and Finance to develop implementation guidelines for Cost Reflective Pricing (CRP).

By February 2001, all agencies had completed their respective assessments of prospective activities identified in the August Cabinet submission. Of the twenty potential activities identified,

fifteen were assessed as not being significant business activities, two were in the initial stages of being divested from government and three were assessed as being business activities.

CN reforms to Category 1 businesses in 2000–01 included the implementation of CRP to Contestable Legal Services within the Crown Solicitor's Office, and completion of a CN implementation review for the Institute of Medical and Veterinary Science and Homestart Finance. TAFE Institutes and the Lotteries Commission of South Australia are currently in the process of implementing corporatisation reforms.

In October 2000, Treasury and Finance released the *'The Guide to the Implementation of Cost Reflective Pricing'*. This publication is now the principal CRP reference for State Government agencies. During the year eighteen Category 2 businesses implemented or are currently finalising implementation of CRP reforms with assistance from Treasury and Finance staff.

CORPORATISATION

Forestry SA was corporatised on 1 January 2001. Treasury and Finance assisted Forestry SA with the financial framework, corporate governance and Community Service Obligation arrangements.

The Public Trustee has chosen the corporatisation model as the preferred path to competitive neutrality. Treasury and Finance assisted the Public Trustee in the development of the business case and obtaining Cabinet approval for the scope of business arrangements to apply post corporatisation.

STAFF DEVELOPMENT

During 2000–01, Finance Branch strove to improve leadership capabilities within the branch. Tailored leadership programs were developed and implemented which included managing staff performance. These programs were complemented by 360 degree feedback for all senior staff.

In addition, staff attended training programs on more specific topics where appropriate.

THE YEAR AHEAD

Accrual targets for government agencies

In 2001–02, Finance Branch will consider and plan for the implementation of accrual based budget targets for Government agencies as part of the move to the proposed accrual fiscal strategy.

Budget revision and monitoring

The Finance Branch will work with agencies to consolidate the improvements made in 2000–01 to ensure the systems and procedures for budget revisions and monitoring achieves the functionality required.

Microeconomic Reform and Infrastructure Branch

Microeconomic Reform and Infrastructure Branch (incorporating the former Electricity Reform and Sales Unit) played an important role in supporting the Department of Treasury and Finance's long-term objectives of:

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

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

Following the winding up of the Electricity Reform and Sales Unit at the end of 2000, the Microeconomic Reform and Infrastructure Branch was one of two new branches formed to reflect the higher priority placed on policy analysis, development and evaluation.

Since January 2001, the core workload of the Microeconomic Reform and Infrastructure Branch continued to be the development of the South Australian electricity market, including the establishment of the policy, legal and regulatory framework to support a competitive retail market, further refinement of the wholesale energy market and continuing assessment of energy infrastructure. Over time the focus of the Branch will turn to other areas of industry regulation, microeconomic reform and infrastructure development.

During the year the Branch has been involved in providing extensive advice to the Treasurer on a range of electricity and gas related matters.

SALE/LEASE PROCESS

The electricity privatisation program was successfully concluded with the transfer of the last three of the seven electricity entities to the private sector – Flinders Power Pty Ltd, ElectraNet SA and Terra Gas trader Pty Ltd. In excess of \$1.4 billion was received from the disposal of these electricity assets in 2000–01 to bring the total for the program to \$5.3 billion in gross proceeds, including the disposal of \$277.9 million in unfunded superannuation liabilities and other projected liabilities. Net proceeds have progressively been applied to the retirement of State debt. Table 1 summarises the gross proceeds received.

TABLE 1 – PROCEEDS FROM THE SALE OF THE ELECTRICITY ASSETS			
Old (Govt) Name	New (Private Name)	Date	Proceeds \$m
ETSA Utilities/Power ^(a)	ETSA Utilities	28 January 2000	3 500.0
ETSA Power ^(a)	AGL	28 January 2000	25.0
Optima Energy	TXU	6 June 2000	314.9
Synergen	Australian National Power	6 June 2000	39.0
Flinders Power	NRG Flinders	8 September 2000	462.9
ElectraNet SA	ElectraNet	31 October 2000	938.0
Terra Gas trader	Terra Gas trader	31 October 2000	35.5
Total			5 315.3

^(a) ETSA Power on sold with disposal proceeds greater than \$150 million reverting to the State.

NEW SOURCES OF SUPPLY

The Government, through the Department of Treasury and Finance and the Electricity Supply Industry Planning Council, facilitated new investment in the transmission network and in generation which aims to ensure South Australia has sufficient generation capacity in the shorter term and should act to moderate the prices in the South Australian region.

During the year, Australian National Power (ANP) met, and subsequently exceeded, its contractual commitment to establish a gas fired power plant at Pelican Point in Adelaide with its capacity of up to 500 MW in place by March 2001.

In its Annual Planning Review, the Electricity Supply Industry Planning Council identified up to 2000 MW of potential new generation capacity in South Australia over the next few years. In addition, two proposals to provide South Australia with increased interconnection with the eastern states were current at the end of 2000–01, with capacity of approximately 220–250 MW.

The introduction of new capacity in response to market signals is expected to relieve the tight supply and demand balance in South Australia over the next few years. Further sources of electricity generation and interconnection will continue to be facilitated to ensure electricity supply keeps pace with demand growth which is forecast at approximately 2.2% per annum over the next 10 years.

NEW GAS SUPPLIES

In June 2000 the Department of Treasury and Finance issued a Request for Submissions (RFS) inviting interested proponents to put forward submissions to the State to provide new gas supplies to South Australia competitive with existing supplies.

The State Government announced in March 2001 that it had entered into a non-financial and non-exclusive facilitation agreement for the construction of a 45 PJ, 660 km gas pipeline from Victoria to Adelaide. The facilitation agreement was signed with an alliance of demand-side parties, comprising Australian National Power, Origin Energy and SAMAG.

The terms of the facilitation agreement require the pipeline to be commissioned and gas delivered by December 2003.

The Department of Treasury and Finance led this project from managing the RFS process, advising an Inter-Departmental Evaluation Committee, through to negotiating and finalising the non-financial Facilitation Agreement with the Government's preferred proponent. Once the Agreement was concluded, Primary Industries and Resources SA was assigned responsibility for facilitating the alliance's project in accordance with the Agreement and with the *Petroleum Act 2000*.

NATIONAL ELECTRICITY MARKET

2000–01 represented the second full year of operation of the National Electricity Market (NEM) with pool prices in the wholesale electricity market continuing to display volatility. This volatility provides trading risks for electricity businesses operating in the market while the evolving nature of the market provides an additional level of risk for all participants. However, the majority of the State's consumers have been protected from volatile prices and remain the subject of franchise pricing under the Electricity Pricing Order (EPO).

The NEM incorporates the regional electricity markets of New South Wales, Queensland, Victoria, South Australia and the Australian Capital Territory, with Tasmania potentially joining the NEM in 2003.

The NEM operates in accordance with the National Electricity Code (the Code) established under the *National Electricity (South Australia) Act 1996*. The two principal NEM bodies are the National Electricity Market Management Company Limited (NEMMCO) and the National Electricity Code Administrator Limited (NECA). During the year MERI, with officers in other jurisdictions, was involved in governance oversight activities of these bodies including the provision of advice on their budgets and statements of corporate intent.

During the year issues associated with the NEM received a high profile at both the National and State levels. Officers from the MERI Branch provided substantial support to the Treasurer and Premier in negotiation of the future of NEM.

At the State level, the Premier commissioned the SA NEM Task Force in March 2001 to review the operations of the NEM in South Australia. The Task Force, supported by the MERI Branch, included representatives of business customers, the industry, government, the Independent Regulator and the Electricity Ombudsman.

The Task Force was established to examine the impacts of the electricity market on South Australia, to review the design of the current market system and to recommend what actions need to be taken to improve the operation of the electricity market in South Australia.

On June 29 the Task Force presented its final report. A copy of the full report was made available on the Treasury and Finance website (www.treasury.sa.gov.au/nem/report).

The major finding of the report is that South Australia does not have enough supply and needs more power stations and more interconnectors linking it with other states to help develop a more competitive electricity market. The Government will respond to the Task Force recommendations in 2001–02.

At the retail level, South Australia is preparing for the introduction of Full Retail Competition (FRC) based on the commencement date of 1 January 2003 but subject to confirmation. This will enable consumers down to the individual household to purchase electricity from the retailer of their choice. Full retail competition is scheduled to begin in NSW and Victoria in 2002. Currently all households, because they consume less than 160 MWh per annum, are franchised to AGL under fixed tariffs regulated by the EPO.

To ensure South Australia is prepared for FRC a number of key issues are being looked at by the department including the development of a metering strategy, determining a consumer protection framework, and developing metrology procedures that give effect to metering roles and responsibilities and data conversion arrangements.

Subject to final confirmation, preparation for the implementation of policies, legislation and regulatory arrangements will continue throughout 2001–02 and 2002–03 to support the introduction of FRC in the electricity market in South Australia.

STAFF DEVELOPMENT

Under the Department of Treasury and Finance Graduate Development Program an Economics Graduate from Adelaide University was recruited during January 2001.

Tertiary studies of one staff member were supported along with funding of specialist training courses for other staff members. Training courses attended ranged from electricity industry based courses and conferences to more general information technology courses.

THE YEAR AHEAD

Over 2001–02 the branch will continue to provide strategic policy advice on the development of the National Electricity Market, which will include a number of issues identified by the NEM Task Force. Accordingly, major priorities will be continuation of policy development with respect to market design, FRC and transmission interconnector networks.

There will be an increasing focus on broader energy reforms and issues, as they impact on South Australia. Support will be provided to the Treasurer for the new NEM Ministers' Forum.

A new priority for the branch will be the identification and evaluation of the longer term strategic infrastructure needs for the State.

Policy Analysis Branch

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

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

Specifically, the Policy Analysis Branch is responsible for the provision of strategic analysis of policy issues facing Government and development of appropriate policy frameworks and the evaluation of existing policy against these frameworks. In addition, the Policy Analysis Branch provides strategic whole-of-government analysis and advice on emerging policy issues in South Australia and the assessment of agencies' policy positions.

MAJOR TASKS

The Policy Analysis Branch was established in October 2000. Its initial activity was to assist with the budget process for 2001–02. The period to June 2001 was a transition phase for the branch while existing staff completed existing assignments in the Finance Branch for the 2001–02 budget and the Policy Analysis Branch business plan was formulated.

These assignments included providing budget related advice in the areas of health, employment and industry development. In particular, a detailed analysis of trends in the health sector was undertaken in collaboration with the Department of Human Services.

Personnel from the branch also coordinated the production of *Budget Paper 7, Employment Statement*, in collaboration with the Department for Education, Training and Employment, the Department of the Premier and Cabinet and the Department of Industry and Trade.

In addition to the completion of tasks related to the 2001–02 budget process and once the business plan was formulated, personnel were focussed on the development of sector specific work plans for Health, Housing and Education and Training.

The focus of the Policy Analysis Branch will be the social policy areas where the majority of State expenditure is undertaken. Its work is intended to allow Treasury and Finance to better support the decision making process of the Treasurer and Cabinet by playing a stronger role in the development of effective and appropriate strategic policy in social policy areas through strategic analysis of the significant issues facing government and evaluation of existing policies.

STAFF DEVELOPMENT

During the year, Policy Analysis Branch developed an organisational structure and undertook staff recruitment. Support was provided to staff undertaking tertiary studies and attending policy related workshops and presentations to assist in developing a high standard of analysis and awareness of policy issues.

THE YEAR AHEAD

Major issues and strategies for 2001–02 will include the following:

- Completing a stocktake in selected areas of policy pressures within South Australia and other jurisdictions to identify and establish a high quality understanding of key policy issues within government, and particularly in South Australia in relation to health, housing, employment, education and industry development;
- Developing a commonly shared understanding with key agencies of how emerging economic and demographic trends and future budget changes are likely to affect key policy issues;
- Undertaking research into interstate and international policy programs where relevant;
- Becoming well informed on relevant Commonwealth policy directions and Commonwealth/State agreements.

Public Private Partnerships Unit

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

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

The purpose of the Public-Private Partnerships (PPP) Unit is to facilitate private sector participation in infrastructure development where appropriate under the Government's Partnerships SA initiative. The Unit was established in November 2000 with a staff of three and reports directly to the Under Treasurer. It operates as a consultative body to agencies seeking to engage with the private sector in infrastructure development and the delivery of public services to the community, and provides an oversight function to ensure that projects conform to the policy guidelines regarding PPP procurement.

MAJOR ACTIVITIES

The key task for the PPP Unit during 2000–01 was the development of suitable policy guidelines for PPPs and the provision of advice to the Treasurer on the suitability of various potential PPP projects in the development of the 2001–02 State Budget.

It is the role of the PPP Unit to ensure that all proposed projects are subjected to objective and thorough analysis based upon an unbiased evaluation of the costs, benefits and risks to Government. Specifically:

- Projects to be delivered by the private sector are assessed on the basis of the private sector's ability to deliver an improvement in the risk-adjusted, whole of life cost of the project compared to conventional procurement methods;
- The private sector is given every opportunity to participate in potential projects supported by a process that is flexible, promotes competition, is transparent to all parties and preserves the highest standards of probity and confidentiality; and
- Private and public sectors enter into mutually beneficial arrangements based upon sound commercial principles, within a framework that promotes trust and respect for the interests of all stakeholders.

In the 2001–02 State Budget the Treasurer announced that the following projects would be considered for development as PPPs under the Partnerships SA initiative:

- The upgrading of the Glenelg transport corridor and the procurement of new trams;
- The development of a new State Aquatic Centre;
- The development of a new Investigator Science and Technology Centre;
- Redevelopment of the Cavan Youth Training Centre;
- A new regional hospital in the Barossa and other hospital redevelopments;
- New police stations in Mount Barker, Gawler, Victor Harbor, Port Adelaide and Port Lincoln;
- A new women's prison.

The PPP Branch played a consultative role with agencies involved in the development and assessment of these projects and was closely involved in the establishment of project teams within agencies. It provided extensive information to agencies regarding the Public Private Partnerships procurement process and commenced the development of guidelines for agencies.

THE YEAR AHEAD

Priorities for 2001–02 include:

- Completion of the assessment of potential Public Private Partnerships projects as announced in the 2001–02 State Budget.
- Promulgation of Public Private Partnership Guidelines to agencies.
- Contribution towards the development of national standards for Public Private Partnerships through the Heads of Treasury Working Group.

F inancial Service Provision

There are five branches responsible for financial services provision.

- 1 REVENUESA
- 2 SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY
- 3 SUPER SA
- 4 SAICORP
- 5 CORPORATE SERVICES

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

RevenueSA

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

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

Specifically, RevenueSA is responsible for providing policy advice on taxation issues and through the management of taxation legislation, revenue systems and compliance functions it enables Government to raise revenue for funding services. In addition, RevenueSA is responsible for:

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

REVENUE COLLECTION

The revenue collected by RevenueSA during the 2000–01 year is compared with the two previous financial years in Table 2.

	1998–1999	1999–2000	2000–2001
Debits Tax	59 078 026	58 715 877	58 452 324
Financial Institutions Duty	89 178 334	90 468 771	102 262 796
Land Tax	128 388 017	138 189 918	140 346 506
Payroll Tax	663 090 366	693 735 459	743 902 641
Stamp Duty	544 698 678	739 672 018	714 769 908
Total RevenueSA	1 484 433 421	1 720 782 043	1 759 734 175

COMPLIANCE PROGRAMS

The revenue determined and collected as shown in Table 3 resulted from the conduct of forty five compliance programs from 2000–01 funding. These programs covered all major tax areas including pay-roll tax, stamp duty, financial institutions duty, the First Home Owner Grant, land tax and petroleum.

TABLE 3 – REVENUE COLLECTED THROUGH COMPLIANCE PROGRAMS					
Tax Head	Target	Revenue	Revenue	Assignments	Clients
	\$	Determined*	Collected*	completed	investigated
		\$	\$		& completed
Pay-roll Tax	5 800 000	16 993 719	8 769 242	97	133
Land Tax	590 000	172 737	150 441	2	233
First Home Owners Grant	500 000	415 000	343 000	111	112
Financial Institutions Duty/Debits	260 000	205 659	144 691	13	13
Stamp Duty Insurance	800 000	306 066	152 720	25	25
Stamp Duty Motor Vehicles	600 000	281 571	256 320	6	247
Stamp Duty Conveyance	6 225 000	2 824 420	2 398 228	286	292
Petroleum	500 000	465 311	462 431	28	28
				Number of matters referred and finalised	
Debt Management	14 725 000	19 772 520	17 742 205	5 915	
Total	30 000 000	41 437 003	30 419 278	6 483	1 083

* Revenue Determined is the revenue identified as a result of an investigation ie the identification of a tax liability due to non-compliance. Revenue Collected is the actual quantity of revenue received by RevenueSA from assessments as a result of an investigation. Collections are always less than detections due to bad debts and, to some extent, timing issues.

ELECTRONIC REVENUE COLLECTION

A number of significant advances were made in electronic revenue collection during the year, including:

- TIMBER (Taxation Information Money By Electronic Return) participants were increased from sixty-seven to seventy-six and five existing taxpayers were given extended access to assess seven additional document types;
- The introduction of the new pay-roll tax information management system (PIMS) also streamlined periodic lodgement processes through self-assessment which reduces the cost of compliance for both employers and Government through reduced paperwork and the ability to undertake transactions via the Internet;
- RevenueSA introduced BPAY (r) for the payment of 2000–01 land tax accounts. The facility was introduced as a direct result of taxpayer enquiries to facilitate remote electronic payments. It is anticipated that this new payment facility will be of most benefit to taxpayers in rural areas.

During the year RevenueSA commenced the Revenue Information Systems to Ensure Compliance (RISTEC) Project. The Preliminary Investigation Phase to review business and system processes was completed which led to the commencement of developing a broad range of services to be delivered by way of the Internet under a satellite project known as eSARd (electronic Self Assessment of Revenue relating to documents).

FIRST HOME OWNER GRANT

RevenueSA was integrally involved in the development of a national Internet based system that was implemented within required timeframes to enable the scheme to operate from 1 July 2000. In March 2001, RevenueSA and the seven other State and Territory revenue offices were presented

with a Gold award at the 14th Government Technology Productivity Awards for the development of this system. These awards recognise excellence in use of technology within Governments.

Grants were delivered in a timely manner and prior to settlement if made through a participating financial institution. The number and value of grants processed for the year are 14 311 grants totalling \$102 166 000 for the year ending 30 June 2001. At year end 778 applications were being progressed valued at \$6 748 000 with ninety percent of the grants being made through participating financial institutions.

During the second half of the year the *First Home Owner Grant (New Homes) Amendment Bill 2001*, was tabled (30 May 2001). The Bill amended the *First Home Owner Grant Act 2000* to increase the First Home Owner Grant from \$7 000 to \$14 000, for those first home buyers who signed a contract to build a new home, or to buy a previously unoccupied new home, between 9 March 2001 and 31 December 2001, in line with the Prime Minister's announcement on 9 March 2001.

COMMONWEALTH AND STATE TAXATION REFORM AGENDA

During the year RevenueSA staff managed a number of significant legislative amendments.

During the first half of the year the *Stamp Duties (Land Rich Entities and Redemption) Amendment Act 2000* was assented to and proclaimed into operation on 14 December 2000.

During the second half of the year the *First Home Owner Grant (New Homes) Amendment Bill 2001*, was tabled (30 May 2001).

The *Statutes Amendment (Taxation Measures) Bill 2001* was introduced into Parliament (31 May 2001). The Bill gives effect to the following 2001–02 State Budget announcements:

- As from 1 July 2001 the rate of pay-roll tax is reduced from six percent to five point seven five percent;
- As from 1 July 2002 the pay-roll tax rate will be further reduced from five point seven five percent to five point six seven percent, the pay-roll tax threshold will be increased from \$456 000 to \$504 000; and the pay-roll tax base will be broadened to include:
- Eligible termination payments (as defined for income tax purposes); and
- The grossed up value of fringe benefits for the purposes of the Fringe Benefits Tax Assessment Act 1986 (Commonwealth).

The *Land Tax Act 1936* has been amended to provide land tax relief in circumstances where an owner-occupier incurs land tax for technical reasons that relate to the land tax status of the vendor or the timing of the transfer from one principal place of residence to another.

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

CLIENT SERVICES

A taxpayer survey was completed and the results reported in October 2000. Taxpayers reported a high level of acceptance of targeted service standards and service provision.

A ninety seven percent average compliance rating was attained against targeted service client standards in areas such as counter and telephone enquiries and responses to correspondence and applications.

Two editions of RevenueSA's 'Perspectives' were published during the year, the first in October 2000 and the second in June 2001.

Input to legislative and administrative reform was sought through consulting groups, taxpayer survey and the public contact process. Where appropriate, proposals are presented for consultation group consideration and feedback is factored into the development of workable

outcomes. In this manner, RevenueSA ensured timely and appropriate responses to change in industry practice and court rulings that are often of common concern to RevenueSA and Consulting Group representatives.

Ongoing consultation continued with key taxpayer representatives from the finance sector, the real estate industry and the accounting and legal professions.

OCCUPATIONAL HEALTH SAFETY AND WELFARE

All RevenueSA staff members commenced undertaking an extensive Occupational Health Safety and Welfare (OHS&W) program conducted over a twelve-month period. The aim of the program is to enable staff to display competence in the area of OHS&W relevant to their level of responsibility within RevenueSA.

STAFF DEVELOPMENT

Formal documented personal development reviews were conducted with approximately ninety percent of all staff, with some units having conducted reviews with one hundred percent of their staff. RevenueSA continued the development of a new performance development framework to align with the DTF Performance Management policy.

RevenueSA actively participated in Treasury and Finance committees and initiatives including the Women's Development Group, Discrimination and Harassment training, and the Performance Management Working Group.

RevenueSA continued to provide women with the personal development opportunity of becoming a member of the RevenueSA Executive Management Group for a period of six months. RevenueSA also supported the attendance of staff members at a range of public seminars, the public sector management conference and events relating to women's development.

RevenueSA assisted with the development of the Treasury and Finance Disability Action Plan and implemented disability strategies including the provision of a lowered public counter for wheelchair and elderly access.

A number of Cultural Diversity strategies were developed including an independent review of job and person specifications and the provision of multi lingual literature and signage. The Office advertised for and appointed an approved interpreting service. Cultural Diversity Workshops were conducted for staff and a Cultural Diversity Working Group was formed. 'Valuing Diversity' sessions were conducted for senior management and up to sixty other officers, mostly with supervisory responsibility.

RevenueSA developed, in partnership with the Torrens Valley Institute of TAFE, the delivery of the Certificate IV in Government, which is part of the new Public Service Training Package. Fourteen RevenueSA staff participated in the program conducted in-house.

RevenueSA provided ongoing support to staff across a broad range of appropriate external studies.

THE YEAR AHEAD

RevenueSA will focus on a number of initiatives in 2001-02, including:

- Implementation of State Budget Initiatives;
- Continued implementation of taxation legislation reform;
- Implementation of further compliance and lodgement enforcement initiatives that identify and collect revenue, rebate, concession and grant defaults;
- Further improvement in communication and electronic service delivery through the enhancement of RevenueSA's Intranet and Internet presence;

- Finalisation of implementation of required collection and management functions associated with the Fixed Property Component of the Emergency Services Levy including work associated with concession schemes for self funded retirees;
- Research and implement initiatives that provide for the appropriate rationalisation of Emergency Services Levy functions.

South Australian Government Financing Authority

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

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

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

SAFA's major activities for the year are highlighted here. Full details can be found in the SAFA Annual Report for 2000–01.

FINANCING AND DEBT RETIREMENT ACTIVITIES

SAFA is South Australia's primary face to the domestic and international financial markets for the management of the State's funding and investment activities and for transacting in derivative products used for risk management purposes. During the year, SAFA played a major role in the Government's debt retirement strategy. SAFA undertook a major study, which analysed various debt retirement strategies regarding the proceeds from the sale/long-term lease of the State's electricity assets. This culminated in the successful application of \$4.9 billion in proceeds from the sale/lease process towards the retirement of State debt during 2000.

SAFA also finalised a revised debt management framework for the post debt retirement era. The debt framework was developed following comprehensive policy analysis, which resulted in a new benchmark and debt management framework being implemented by 1 February 2001.

A review of SAFA's capital base was also undertaken during the year, given the fall in SAFA's balance sheet resulting from the sale/long-term lease of the State's electricity assets. Consequently, the Treasurer approved a progressive reduction in SAFA's capital base, to bring its capital down to \$75 million (from \$263 million as at the end of June 2001) over the period to 2004–05.

A task of special significance was the provision of a \$26.4 million loan for the Alice Springs to Darwin Railway Project following the withdrawal of a private sector investor. These funds were in addition to the direct \$150 million contribution being made by the South Australian Government. This project is a major national infrastructure initiative for Australia that will be a milestone in consolidating Australia's trading relationship with Asia.

ORGANISATIONAL DEVELOPMENT

During the year, SAFA:

- Implemented a number of cost savings that were identified as part of the SAFA Review. The major savings resulted from lower staff costs, a reduction in overheads related to its market operations, and the termination of a credit facility line relating to the deactivation of SAFA's USD Commercial Paper Program;
- Incorporated the provision of administrative, secretarial, accounting, reporting and transaction management services to the residual electricity entities and lessor corporations, following the decommissioning of the Electricity Reform and Sales Unit (ERSU) after the completion of the sale/long-term lease of the State's electricity assets;

- Assumed responsibility for a number of debt management related tasks and policy related issues from the Finance Branch of the Department of Treasury and Finance;
- Integrated OHS&W and Injury Management into SAFA's day-to-day operations through the development and communication of an OHS&W action plan.

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

STAFF DEVELOPMENT

A number of human resource (HR) issues were addressed during the year, including the preparation of a HR report for the SAFA Advisory Board, identifying the status of HR issues within SAFA, the development of a performance review and development framework, and the completion of the first round of performance reviews for all staff.

A number of SAFA personnel also attended work-related training courses and seminars during 2000–01, and two staff members are currently enrolled in the Public Sector Management Course.

THE YEAR AHEAD

The key priorities identified for SAFA over the course of the coming year are to:

- Facilitate the Government's funding requirements;
- Facilitate the Government's debt management objectives;
- Promote SAFA's financial, commercial and risk advisory services;
- Promote SAFA's treasury management bureau services;
- Encourage the investment of surplus Government funds with SAFA;
- Promote SAFA as the Corporate Treasury of the Public Sector;
- Improve business and risk management practices.

Super SA

Super SA is one of five branches responsible for Financial Service Provision.

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

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

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

Super SA's major activities for the year are highlighted here. Full details can be found in the Super SA Annual Report for 2000–01.

MEMBER SERVICES

The number of contributory Triple S members as at 30 June 2001 was 14 914, up from 12 360 at 30 June 2000. Table 4 shows Super SA's membership as at 30 June 2001.

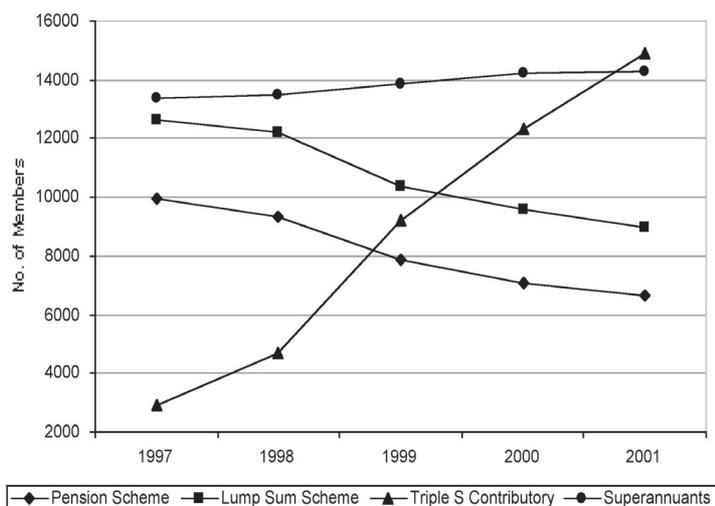
TABLE 4 – SUPER SA MEMBERSHIP					
Scheme	Contributory Members	Non-Contrib Members	Preserved	Super-annuants	Total
State Pension Scheme (closed)	6 644	15	2 511	14 280	23 450
State Lump Sum Scheme (closed)	8 798	157	2 877	N/A	11 832
Triple S Scheme (open)	14 914	90 006	46 062	N/A	150 982
Parliamentary Superannuation Scheme	69	0	3	95	167
Judges Pension Scheme	0	45	0	39	84
Governor's Pension Scheme & other Pension Payments	0	1	0	1	2
TOTAL					186 517

Table 5 shows the number of members who have taken up the Member Choice of Fund option within the Triple S Scheme.

TABLE 5 – MEMBERS TAKING UP MEMBER CHOICE OF FUND OPTIONS		
Fund	No. of Investing Members	% of Investing Members
Growth	2 511	1.66
Conservative	98	0.06
Balanced	148 327	98.24
Cash	46	0.03

Figure 1 illustrates the trends in those members making contributions to each of the main Super SA State schemes together with the number of superannuants paid a pension each fortnight.

FIGURE 1 – SUPER SA MEMBERSHIP TRENDS AS AT 30 JUNE



In line with the Communication Plan, more frequent information was offered to our members via a direct mail campaign and 135 worksite visits/seminars. Members’ expectations were researched extensively via surveys and focus groups.

Member Services staff conducted around 396 personal interviews, handled 2 368 reception inquiries and 81 124 telephone enquiries and responded to 10 832 letters, faxes and e-mails. In addition, members accessed the website 11 320 times throughout the financial year to 30 June 2001.

The Super SA website was upgraded to provide more user-friendly terminology. In addition an e-commerce project was initiated, with tenders being called and the implementation phase commenced.

ADMINISTRATION SYSTEMS

During the year, the implementation of the information technology systems was finalised. In addition, a post implementation review was completed on the administration system “Superb” which recommended a number of minor modifications to ensure that Super SA maximised its return from the investment in the system. These modifications will be implemented during 2001–02.

Corrective and preventative measures were implemented to further develop the integrity of Super SA’s control systems. It is expected that these measures will form part of the ongoing risk management plan.

The preparation of a three-year IT Strategic Plan has proceeded to the project brief stage and will carry over into the first quarter of 2001–02.

As at 30 June 2001, 99.06% of all member data and cash had been received from agencies. Significant progress was made in improving the receipt of data and its integrity, which resulted in a dramatic improvement in statement quality for members.

The number of members who had lost contact with the office was significantly reduced following collaborative work in matching Super SA address details with the State Electoral Office records.

STAFF DEVELOPMENT

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

The focus on resolving issues within workgroups as part of improving our work practices proceeded with cross-functional teams meeting to deal with issues covering more than one area.

THE YEAR AHEAD

Super SA's key priorities for 2001-02 include the following:

- Developing a governance arrangement that is consistent with the marketplace, member and community expectations;
- Improving the delivery of superannuation services to better meet the expectations of members;
- Being a progressive employer of choice that promotes and values development of people and continuous improvement of systems.

South Australian Government Captive Insurance Corporation

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

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

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

SAICORP's major activities for the year are highlighted here. Full details can be found in the SAICORP Annual Report for 2000–01.

PROVISION OF INSURANCE AND REINSURANCE BROKING SERVICES

Following a tender process AON Risk Services Australia Ltd has been contracted to provide reinsurance and insurance broking services to SAICORP.

Acknowledgment needs to be given to the significant contribution made by SAICORP's previous brokers, Marsh (formerly Sedgwick) since the inception of Government insurance and risk management arrangements in 1988. Marsh assisted in the establishment of SAICORP in 1994 and has played a significant role in SAICORP's formative stages.

The Government's catastrophe reinsurance program was renewed in September 2000 at very competitive prices in view of the hardening of the world insurance market.

The collapse of HIH this year highlighted the importance of SAICORP's role in protecting individual agencies from the risk of direct placement with insurers. SAICORP's strategy of placing insurance with a large number of reinsurers rather than just one or two major reinsurance companies has mitigated the effects of the HIH collapse to the South Australia Government.

SAICORP further consolidated and improved provision of insurance services to its 122 client agencies through on-site visits to agencies to discuss insurance services provided by SAICORP and the completion of a reference guide for agencies.

MEDICAL MALPRACTICE

SAICORP restructured the Claims Management Section to enable a more effective and efficient management of medical malpractice claims and is continuing to work with the Department of Human Services to assist in the development of risk management initiatives, which may reduce the incidence and severity of claims.

RISK MANAGEMENT

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

- Coordinating further meetings of the Government Risk Management Forum;
- Coordinating a government risk management coordinators network;
- Publishing further editions of the SAICORP Newsletter;
- Assisting agencies as they continue to improve their risk management programs;
- 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;
- Funding selected risk management initiatives in agencies.

CORPORATE GOVERNANCE FRAMEWORK

As part of SAICORP's commitment to ongoing improvement of corporate governance procedures a Corporate Governance Framework has been established with the adoption of a Charter and Performance Statement and the setting up of an Audit Committee.

STAFF DEVELOPMENT

A performance management system was introduced during the year and provided a valuable tool in working with staff towards organisational goals. To give managers the skills and confidence to provide feedback to staff, a workshop was run on Performance Development prior to implementation.

To support SAICORP staff a number of courses were attended by staff ranging from technical insurance training to computer training and administrative techniques.

THE YEAR AHEAD

SAICORP's priorities for 2001-02 include the following:

- Maintaining the Government's comprehensive catastrophe reinsurance program at world competitive pricing;
- Replacement of HIH in the reinsurance program;
- Improving information available to reinsurers through SAICORP website;
- Continuing to work with DHS on ways to more effectively and efficiently manage medical malpractice claims.

Corporate Services

Corporate Services is one of five branches responsible for Financial Service Provision to the department and its external clients. It plays an important role in supporting the Department of Treasury and Finance's objective of ensuring client needs are integrated into the delivery of services.

Specifically, it provides:

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

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

FINANCIAL SERVICES

A number of significant tasks were completed during the financial year. The major initiative undertaken was the implementation of a web-based financial reporting system. The main features of this system are:

- Financial reporting structure encompassing data extraction from Masterpiece into a data warehouse stored on local servers and reporting via an advanced reporting tool, Seagate Info7/Crystal Reports, on the departmental Intranet;
- Timely distribution of financial reports to all users within three working days from the end of each month, including Executive Reports;
- Convenient access to financial information in a number of formats, with the ability to drill down to source information from high level reports;
- An electronic monitoring process to facilitate timely monitoring by the departmental executive.

A requirement for the effective implementation of this project was the need to restructure the Chart of Accounts to make possible the enhanced reporting approach. This task was undertaken in July/August 2000 and the new Chart of Accounts was introduced from 1 September 2000. The main components of the restructure were the establishment of appropriate summary levels in the Masterpiece General Ledger and a redesign of account classifications to facilitate better management and external financial reporting.

Accounting for the GST commenced in July 2000 and the department successfully met all legislative and operational requirements. The Australian Tax Office undertook a compliance check in June 2001 and commended the department for its understanding and approach to GST administration and its ongoing compliance and timely BAS reviews.

Financial Services also implemented a streamlined credit card processing package (e-Crow) which improved management of the Amex credit card in the department and facilitated effective accounting (including the GST) through an electronic interface to Masterpiece.

Administration of FBT on behalf of the government was undertaken for the last time, as FBT reporting was included in the Portfolio BAS from 1 July 2001.

A restructure of Financial Services was agreed in June 2001 following a decision for all financial processing on behalf of the Department of the Premier and Cabinet to be transferred back to that agency from 1 July 2001.

HUMAN RESOURCES

Women's Development Group

A Women's Development Group (WDG) was established in October 1999. The role of the group is to promote the full participation of women in the Treasury and Finance workforce at all levels of the organisation. As part of this it will identify particular policies or projects which will assist in ensuring this full participation.

A number of activities were undertaken as part of the work program *Women in Treasury: Achieving Balance*. They included:

- EMG workshop, gender awareness workshops, briefings for staff and managers;
- Training courses: promoting yourself at work; chairing meetings; communicating better; minute-taking; stress management;
- Mentoring information session and assessment of need for future training.
- Performance management guidelines;
- Policy supporting combining work and breastfeeding;
- Establishment of nursing mothers' room;
- Networking events, including liaising with other Women's groups such as CPA Women, Enterprising Women, Westpac Business Seminars for Women;
- Financial Planning for Women;
- Women In Treasury (WIT) intranet site;
- Family room established for emergency situations, policy on use of the room;
- Developing and compiling a Parenting Leave Kit.

The WDG won the 2001 Augusta Zadow Award for its work in establishing the nursing mothers' room, as recognition for a demonstrated improvement in health and safety that provides particular outcomes for women.

The Department and the WDG acknowledge the contribution of Lisa Ward, the first WDG Coordinator, who left at the end of the financial year to set up her own business.

Occupational Health, Safety and Welfare

Treasury and Finance continued to work toward achieving the Occupational Health Safety and Welfare (OHS&W) Performance Standards in preparation for the start of auditing by WorkCover in late 2001. Work included undertaking a Gap Analysis of the departmental systems, reviewing the majority of policies and improving the hazard reporting system for hazards and incidents. In addition, a revised Action Plan was approved and promulgated across the Department.

Monthly meetings of the OHS&W Committee were well attended with a range of issues being addressed, including policy reviews, identification of significant hazards and any trends in injury occurrence. An increase in the awareness of the importance of OHS&W was evidenced by an increase in the number of hazard and incident reports and the number of worksite inspections undertaken across the department.

Staff development

Significant staff development work was undertaken in all branches, as highlighted in their individual reports. The emphasis this year was on management and leadership initiatives and on developing skills for giving and receiving feedback as part of performance management.

A comprehensive training program for Personal and Administrative Assistants across the department was undertaken over a six week period, focussing on roles and responsibilities, human resource delegations and developing links with other sections of the department.

The database of training and development activities to assist the department to monitor development-related initiatives and fulfil OCPD reporting requirements became operational.

Workforce analysis

Work commenced on improving the quality of workforce analysis for the department, particularly in the areas of absenteeism and turnover analysis. This included the development of a database for summarising the results of exit interviews and the analysis of existing information on Concept, the government's payroll system.

Managing diversity

Disability action plan

A Disability Action Plan was developed and approved in August 2000 that covered the relevant areas of the whole of government policy statement "Promoting Independence: Disability Action Plans for South Australia". Progress was achieved in the following areas of the Plan:

- Commenced reviewing access to departmental sites, in conjunction with Real Estate Management in the Department of Administrative and Information Services, to ensure they conform to the relevant building standards;
- Ensured all office refurbishment projects conform with the relevant building standards;
- Modified facilities in the RevenueSA customer service centre to allow wheelchair access to the counter;
- Adjusted the Intranet and Internet sites to ensure they meet the guidelines for access by people with disabilities;
- Implemented feedback systems for customers in the Super SA and RevenueSA customer service centres;
- Identified the proportion of Super SA clients receiving disability superannuation pensions and commenced assessing if they have specific customer service requirements;
- Liaised closely with the Office for the Commissioner of Public Employment on the implementation of the "Public Sector Program for the Employment of People with Disabilities".

Indigenous employment

A program to facilitate a long-term increase in the number of Indigenous staff was developed. The first initiative was the setting up of a work experience program for Indigenous secondary students in RevenueSA, SAICORP and SuperSA. An initial intake of two students in April 2001 was very well received by the students and their school and departmental staff. A cultural awareness session was held with interested staff prior to the students commencing.

Other initiatives

Performance management

A set of Performance Management Guidelines was developed and promulgated across the department. A number of Branches supported their implementation by running training sessions in giving and receiving feedback. A review of these guidelines is expected in 2001-02 to refine their effectiveness and application.

Human Resource Management Policies and Procedures

Work continued on the revision of existing policies and procedures and the implementation of new human resource management policies, including a Working from Home policy and Executive Remuneration Review Guidelines. The department adopted the 'Strategic Human Resource Management Framework' developed by the Office for the Commissioner of Public Employment for Government.

A program was developed to address and prevent potential harassment of staff. This included establishing a network of harassment contact officers and commencing a training program for these staff and managers across the department.

Human Resource statistics

Staffing

- Treasury and Finance had 556.7 FTE employees
 - 14% of whom were aged under 25
(higher than the target of 9.5% set in the Government's youth initiative)
 - the median age, was 32 years
(significantly lower than the median for the public sector as a whole)

Occupational Health, Safety & Welfare

- Ten workers compensation claims were lodged during the year including three electorate office claims
 - Six were a lost time injury resulting in a Lost Time Frequency Rate* of 5.5

** Lost Time Frequency Rate is the number of lost time injuries per 1 million hours worked.*

Leave management

- Sick leave for the 12 months was 6.90 days per average FTE.
 - Staff took 1 546 hours of family carer's leave, equivalent to 0.4 days per average FTE

Equal opportunity programs

- The department actively participated in programs assisting the unemployed and graduates:
 - Five trainees (one female and four male) under the Career Start Traineeship Program;
 - Eleven graduates employed under the Treasury and Finance Graduate Development Program (four female and seven male).

INFORMATION AND ADMINISTRATIVE SERVICES

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

IAS has continued its program of reform with the identification of a number of priority projects. Progress on these priority projects has been significant and has seen substantial advances in operations across all levels of the Agency. Major achievements included:

- Consolidation of the integrated security framework including the deployment of leading edge technologies to provide increased security and flexibility to our IT network;
- Further advances in the area of procurement reform including the production of a 'Procurement Manual';
- The implementation of a Performance Management Framework to assist in staff career development;
- Completion of an intensive program of integrated asset management resulting in a fundamental improvement in the administration of the department's asset base;

- The identification of further enhancements to the delivery of client service through the use of a proposed 'Integrated Service Centre' which recognises the synergies in the offerings of the IT and Administration areas of IAS;
- The ongoing development of corporate policies and procedures.

IAS seeks to further build upon its achievements of 2000–01 through its commitment to continuous improvement.

STRATEGIC MANAGEMENT COORDINATION

During the year, the Corporate Plan for 2000–03 was finalised and promulgated throughout the department. Support was provided to the EMG in identifying and analysing strategic issues for the department.

THE YEAR AHEAD

Priorities for 2001–02 include:

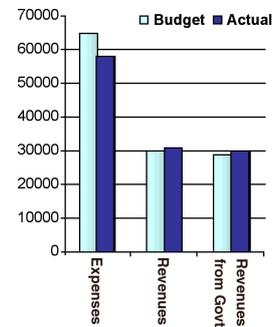
- Continuation of program to improve Management Reporting in the Financial Services and Human Resources (including OHS&W) functions;
- Consolidation of corporate OHS&W systems to meet WorkCover Performance Standards;
- Distribution of the Windows 2000 Professional Operating System and MS Office 2000 Professional Suite across the department;
- Redevelopment of the Intranet and Internet;
- Development of an Integrated Service Centre for administrative and information services;
- Review of the corporate Performance Management System and the development of the next iteration of this system;
- Continuation of the review and upgrading of corporate policies (Financial, Human Resources including OHS&W, Information and Communications, and Administration).

F inancial Performance

Financial Overview

The following tables provide summaries of the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows that compare the budget for 2000–01, the results for 2000–01 and the results for 1999–2000. The detailed Financial Statements reflecting the actual results for 2000–01 are presented later in this report.

SUMMARY STATEMENT OF FINANCIAL PERFORMANCE			
	Budget 2000–01 \$'000	Actual 2000–01 \$'000	Actual 1999–2000 \$'000
Expenses from Ordinary Activities	65 196	58 235	58 808
Revenues from Ordinary Activities	30 300	31 018	32 251
Net Cost of Services	34 896	27 217	26 557
Revenues from Government	29 102	30 318	33 056
Total Changes in equity other than those resulting from transactions with the State Government as owner	(5 794)	3 101	6 499

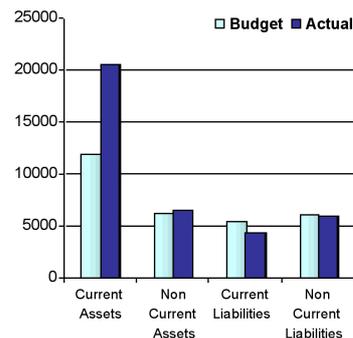


As highlighted in the table, the 2000–01 result of a surplus of \$3.1 million represents a significant turnaround of \$8.9 million from the approved budget. This variation is detailed below.

Expenses from Ordinary Activities were \$7.0 million lower than forecast, primarily due to delays in costs associated with implementing the collection and management functions of the fixed property component of the Emergency Services Levy on a staged basis, reduced consultancy costs throughout the department, delays in various other projects and delays in filling vacant positions throughout the year.

Revenues from Ordinary Activities increased by \$0.7 million reflecting increased interest revenue due to higher than expected cash balance. Revenues from Government increased by \$1.2 million due to additional funding for the establishment of the Public Private Partnerships Unit (\$0.4 million) and reimbursement of costs associated with the implementation of the Goods & Services Tax (\$0.9 million).

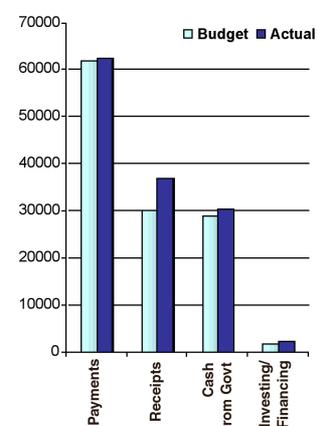
SUMMARY STATEMENT OF FINANCIAL POSITION			
	Budget 2000–01 \$'000	Actual 2000–01 \$'000	Actual 1999–2000 \$'000
Current Assets	11 928	20 652	18 617
Non Current Assets	6 231	6 580	6 350
Total Assets	18 159	27 232	24 967
Current Liabilities	5 489	4 348	5 593
Non Current Liabilities	6 160	6 036	5 627
Total Liabilities	11 649	10 384	11 220
Net Assets	6 510	16 848	13 747
Equity	6 510	16 848	13 747



Current assets were \$8.7 million higher than forecast reflecting an improvement of \$9.6 million in the cash balance from a budget forecast of \$10.0 million to an actual balance of \$19.6 million. The higher cash balance mainly reflects expenses expected to be paid in 2001–02 and delays in the spending of appropriated funds for various departmental projects including the implementation of the Emergency Services Levy and the staged implementation of the RevenueSA Information Systems to Enable Compliance (RISTEC) Project. In addition, receivables were \$0.5 million lower than forecast. The increase in non current assets of \$0.3 million reflects increased purchases in 2000–01.

Current liabilities were \$1.2 million lower than anticipated reflecting a reduction in employee entitlements.

SUMMARY STATEMENT OF CASH FLOWS			
	Budget 2000–01 \$'000	Actual 2000–01 \$'000	Actual 1999–2000 \$'000
Cash Flows from Operating activities			
– Payments	(61 919)	(62 458)	(54 509)
– Receipts	30 259	37 136	33 471
– Cash Flows from Govt.	29 102	30 318	33 056
Net Cash provided by Operating activities	(2 558)	4 996	12 018
Cash Flows from Investing and Financing activities			
– Payments	(1 922)	(2 364)	(2 321)
– Repayment of borrowings	–	–	–
Net cash used in Investing and Financing activities	(1 922)	(2 364)	(2 321)
Net increase/(decrease) in cash held	(4 480)	2 632	9 697
Cash at the beginning of the financial year	14 469	16 925	7 228
Cash at the end of the financial year	9 989	19 557	16 925



The operating outcomes on the Cash Flow Statement are consistent with the results shown on the Statement of Financial Performance except that the amounts vary in relation to accrual adjustments for both revenue and expenses. As indicated in the Summary of Financial Position there was significant increase in cash at the end of the year from a combination of under-expenditure and increased appropriation.

Cash payments from investing activities were higher than anticipated by \$0.4 million due to increased expenditure for the development of major systems associated with the Emergency Services Levy.

TRENDS

The Department's Expenses from Ordinary Activities have remained relatively stable from the previous year.

Revenues from Ordinary Activities decreased primarily due to one off recovery during 1999–2000 from agencies for coordination of the implementation of the Goods & Services Tax. The Department aims to recover costs wherever possible to supplement government funding with the primary sources of revenue for the Department coming from SAFA, SAICORP, the SA Superannuation Board and the Justice Portfolio.

Although cash reserves have increased in 2000–01, it is anticipated that the cash balance will be run down during 2001–02 to meet the costs delayed from 2000–01.

In particular, the implementation of the fixed property component of the Emergency Services Levy and the staged implementation of the RISTEC Project will continue during 2001–02.

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

KEY PERFORMANCE INDICATORS			
	2000–01	1999–2000	1998–99
	\$'000	\$'000	\$'000
Net Cost of Services	27 217	26 557	24 726
Revenue from Government as total source of funding	49.43%	50.62%	54.35%
Average Employee Cost	60	63	58
Operating Expenses per Employee	108	119	108
Consultants as percentage of Operating Expenses	1.39%	1.84%	2.20%
Cash Balance	19 557	16 925	7 228
Increase/(Decrease) in Net Assets	3 101	6 499	3 844
Net Assets	16 848	13 747	7 248
Current Assets/Current Liabilities	4.75	3.33	2.13
% of Creditors paid within 30 days	88%	88%	86%

ACCOUNT PAYMENT PERFORMANCE

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

The following table highlights that the Department was able to pay 88% of all invoices by the due date. The remaining 12% of invoices reflect both disputed accounts and late payment of undisputed accounts. During 2001–02 performance will be actively 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	13 664	88	59 408	90
Paid within 30 days or less from the due date	1 351	9	5 100	8
Paid more than 30 days from the due date	572	3	1 328	2
Total	15 587	100	65 836	100

CONTRACTING OUT ARRANGEMENTS

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

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

BUSINESS ASSURANCE

The Risk Management and Performance Review Unit is responsible for risk management, corporate governance, facilitation of major projects, performance review and internal audit within the department. The role of the Unit is to provide an acceptable level of assurance to the Under

Treasurer that the internal controls and processes in Treasury support meeting the department's operational and financial objectives. This means that the Unit works towards:

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

Internal resources are supplemented on an as needs basis by an outsourced service provider. Last year, the contract for the services of a preferred supplier service was renegotiated after a competitive tender process.

RISK MANAGEMENT

Treasury and Finance has adopted the Australian and New Zealand standard AS/NZS4360: 1999 in developing its approach to risk management. During the year the Unit continued to work with Branches in integrating risk management strategies into business planning, project management and general management decision making.

CORPORATE GOVERNANCE

The focus for the year was on continuing to support the Corporate Governance Framework, which contains the principles and processes by which the department is managed and controlled.

Two governance committees were dissolved as the departmental projects for which they were formed had been completed. They were the Y2K Steering Committee and GST Implementation Committee.

In addition, a review of Treasury and Finance's status in relation to the implementation of the Financial Management Framework was completed.

INTERNAL AUDIT

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

The department recognises the following new definition of internal audit approved by the Institute of Internal Auditors:

An independent consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The major audit undertaken was the review of the forward planning for and the implementation of the Budget Management System Hyperion. There were 3 phases to the work done by the Unit:

- Audit of the success fees payable to the lead advisers involved in the leasing of the State's electricity assets;
- Ongoing review of the appropriateness of existing structures to deal with residual issues; associated with the leasing of the electricity assets;
- Review of Financial Services, including take up of previous Internal Audit recommendations, year-end reporting and financial management reporting.

In addition, the Unit project managed a revision of the Accounting Policy Statements.

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

THE YEAR AHEAD

The risk Management and Performance Review Unit's strategic priorities for 2001-02 are to:

- Review and rewrite Risk Management and Audit Charter;
- Review Charters of Corporate Governance Framework Committee;
- Undertake 4 major internal audit projects as endorsed by the Risk Management and Audit Committee;
- Participate in the various audit committees throughout the department.

FRAUD

No instances of fraud reported during the year. The department maintains an Ethical Standards (including Fraud Prevention) Awareness policy document that is available to all staff and provided to all new employees.

Statement of Financial Performance for the twelve months ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	5(a)	32,357	31,017
Accommodation and service costs		4,734	5,216
Depreciation	6	2,117	2,325
Other expenses from ordinary activities	7	19,027	20,250
Total Expenses from Ordinary Activities		58,235	58,808
REVENUE FROM ORDINARY ACTIVITIES			
User charges and fees	8(a)	27,274	29,548
Interest		1,301	527
Other revenue from ordinary activities	8(b)	2,443	2,176
Total Revenues from Ordinary Activities		31,018	32,251
NET SURPLUS (COST) OF SERVICES FROM ORDINARY ACTIVITIES		(27,217)	(26,557)
REVENUES FROM GOVERNMENT			
Appropriation		29,457	33,056
Grants and subsidies	9	861	–
Total Revenues from Government		30,318	33,056
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ORDINARY ACTIVITIES		3,101	6,499
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH THE STATE GOVERNMENT AS OWNER		3,101	6,499

Statement of Financial Position as at 30 June 2001

	Note	2001 \$'000	2000 \$'000
CURRENT ASSETS			
Cash	10	19,557	16,925
Receivables	10,11	735	1,364
Other	12	360	328
Total Current Assets		20,652	18,617
NON-CURRENT ASSETS			
Property, Plant and Equipment	13	6,580	6,350
Total Non-current Assets		6,580	6,350
TOTAL ASSETS		27,232	24,967
CURRENT LIABILITIES			
Payables	10,14	2,328	3,468
Provision for employee entitlements	5(b)	2,020	2,125
Total Current Liabilities		4,348	5,593
NON-CURRENT LIABILITIES			
Payables	10,14	725	611
Provision for employee entitlements	5(b)	5,311	5,016
Total Non-current Liabilities		6,036	5,627
TOTAL LIABILITIES		10,384	11,220
NET ASSETS		16,848	13,747
EQUITY			
Retained surplus	15	16,848	13,747
TOTAL EQUITY		16,848	13,747
COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES	16		

Statement of Cash Flows for the year ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(32,028)	(29,536)
Accommodation and service costs		(4,681)	(5,038)
Other expenses from ordinary activities		(19,774)	(19,935)
GST payments on purchases		(3,431)	–
GST payments to taxation authority		(2,544)	–
Total payments		(62,458)	(54,509)
Receipts			
User charges and fees		27,858	30,825
Interest		1,310	470
Other revenue from ordinary activities		2,123	2,176
GST receipts on receivables		3,487	–
GST receipts from taxation authority		2,358	–
Total receipts		37,136	33,471
Cash Flows from Government			
Appropriation		29,457	33,056
Grants and subsidies		861	–
Total Cash Flows from Government		30,318	33,056
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	17	4,996	12,018
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(2,364)	(2,321)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(2,364)	(2,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		–	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		–	–
NET INCREASE/(DECREASE) IN CASH HELD		2,632	9,697
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		16,925	7,228
CASH AT THE END OF THE FINANCIAL YEAR		19,557	16,925

Outputs Schedule of Department's Revenues and Expenses for the year ended 30 June 2001

Outputs (Note 4)	1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	TOTAL	TOTAL
	2001 \$'000									
Department's Revenues and Expenses										
Expenses										
Employee costs	1,961	5,834	859	13,473	2,595	4,520	905	2,210	32,357	31,041
Accommodation and service costs	182	941	481	1,895	365	564	157	149	4,734	5,147
Depreciation	32	425	35	751	401	445	11	17	2,117	2,325
Other expenses from ordinary activities	323	3,250	1,008	8,790	1,363	3,174	340	779	19,027	20,290
Total	2,498	10,450	2,383	24,909	4,724	8,703	1,413	3,155	58,235	58,803
Revenues										
User charges and fees	19	928	1,957	7,632	4,420	8,864	1,381	2,073	27,274	29,979
Interest	90	277	37	852	0	0	0	45	1,301	527
Other revenue from ordinary activities	20	882	8	847	0	651	19	16	2,443	1,740
Revenue from Government	1,729	7,806	644	19,314	0	10	0	815	30,318	33,056
Total	1,858	9,893	2,646	28,645	4,420	9,525	1,400	2,949	61,336	65,302
Increase / (Decrease) in net assets resulting from ordinary activities	(640)	(557)	263	3,736	(304)	822	(13)	(206)	3,101	6,499

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 2000-01 and have been allocated on a broad basis.

Outputs Schedule of Administered Revenues and Expenses for the year ended 30 June 2001

Outputs (Note 4)	1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.4 Not Alloc.	TOTAL	TOTAL
	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2000 \$'000
Administered Expenses										
Consolidated Account										
Operating										
Payments for which Specific Appropriation is Authorised in Various Acts										
– Parliamentary salaries and allowances							199		199	188
– Superannuation Provisions – including ETSA						65,831			65,831	49,483
Other Payments					479,407				479,407	647,585
– Interest										
– Past Services										
Superannuation Liability						94,000			94,000	–
– Funding for Targeted/ Voluntary Separation Package Schemes								68,400	68,400	53,921
– Other			39,072	109,177	7,448	6,869	7,000	379,688	549,254	385,337
Investing										
Other Payments										
– Other								2,333	2,333	17,494
Financing										
Repayment of Debt					10,887				10,887	13,376
Other Administered Accounts (refer Note 22)										
		24,267	2,631,457	127,058		69,923		188,308	3,041,013	2,974,023
Total	0	24,267	2,670,529	236,235	497,742	236,623	7,000	638,928	4,311,324	4,141,407

Outputs Schedule of Administered Revenues and Expenses for the year ended 30 June 2001 (continued)

Outputs (Note 4)	1.1		1.2		1.3		2.1		2.2		2.3		2.4 Not Alloc.		TOTAL	
	2001	\$'000	2001	\$'000	2001	\$'000	2001	\$'000	2001	\$'000	2001	\$'000	2001	\$'000	2001	\$'000
Administered Revenues																
Consolidated Account																
Operating																
Taxation							1,877,495								1,877,495	2,380,277
Interest								154,763							154,763	159,569
Other Receipts																
– Recoveries		376,087													99,434	475,521
– Superannuation										66,320					66,320	49,681
– Fees, fines and charges				18,765							5				1,092	19,862
– Commonwealth																25,186
– Specific Purpose Grants								7,198							36,805	44,003
– Commonwealth																
– General Purpose Grants									2,582,636						2,582,636	1,718,072
Investing																
Other Receipts																
– Other									2,024						2,024	848
Other Administered Accounts																
(refer Note 22)																
Total	0	395,308	2,507,599	(162,930)	2,004,390	1,768,155	2,248,879	(100,375)	(7,000)	(305,990)	3,811,780	3,356,782	8,123,104	7,498,189	8,123,104	7,498,189
Administered revenues less administered expenses	0	371,041	(162,930)	1,768,155	2,248,879	(100,375)	(7,000)	(305,990)	3,811,780	3,356,782	8,123,104	7,498,189	8,123,104	7,498,189	8,123,104	7,498,189

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) Financial Reporting Framework

The financial report is a general purpose financial report.

(b) Basis of Accounting

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

The Department has adopted the presentation and disclosure requirements of AAS1 "Statement of Financial Performance", AAS36 "Statement of Financial Position" and AAS37 "Financial Report Presentation and Disclosure" for the first time in the preparation

of this financial report. In accordance with the requirements of these new or revised standards, comparative amounts have been reclassified in order to comply with the new presentation format.

(c) 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.

(d) User Charges and Fees

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

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

(e) Appropriations

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

(f) Non-Current Assets

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

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

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

Specific classes of non-current assets which have a total value greater than \$1.0 million are revalued every three years in accordance with Treasurer's Accounting Policy Statement 3 'Revaluation of Non-Current Assets'. Buildings and Improvements, and Furniture and Fittings were revalued as at 30 June 1999 by Edward Rushton (Australia) Pty Ltd (refer Note 13).

(g) Depreciation of Non-Current Assets

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

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

(h) Employee Entitlements*(i) Wages, Salaries and Annual Leave*

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

(ii) Long Service Leave

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

(iii) Superannuation

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

(iv) Employment On-costs

The liability for employment oncosts include superannuation contributions and payroll tax with respect to outstanding liabilities for Salaries and Wages, Long Service Leave and Annual Leave. These amounts are classified under payables.

(i) Leases

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

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

(j) Cash

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

(k) Goods and Services Tax

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

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

(l) Comparative Figures

Where applicable, comparative figures have been adjusted to conform with changes in the current financial year.

(m) Rounding

All amounts are rounded to the nearest thousand dollars.

3 RESTRUCTURE OF CHART OF ACCOUNTS

During the 2000–01 financial year, the Department undertook a major restructure of its Chart of Accounts and management reporting system. This process included the reclassification of some expense items to better reflect the nature of their costs in the Financial Statement categories. There was minimal effect on the Financial Statements presentation as a result of this change.

4 OUTPUTS OF THE DEPARTMENT

During 2000–01, the Department managed the delivery of eight outputs to the Treasurer and broader community within two Output classes. Outputs are defined as goods and services produced, provided to or acquired for external customers. The identity and description of each output of the Department during the year ended 30 June 2001 are summarised below (refer to the Output Schedule of Department's Expenses and Revenues).

Output Class 1: Ensuring Accountability for Public Sector Resources

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: Policy analysis and advice

Treasury and Finance provides economic policy advice at a whole-of-government level on a range of issues including revenue taxation policy, intergovernmental financial relations, gambling policy and economic conditions, national competition policy, and provision of strategic analysis and evaluation of major policy issues facing government.

Output 1.2: Budget and Financial Management

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: Microeconomic 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.

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

	2001 \$'000	2000 \$'000
(a) Employee Costs		
Salaries and Wages	23,766	24,221
Superannuation and Payroll tax expenses	4,843	4,544
Annual and Long service leave expenses	2,835	1,314
Board Fees (i)	78	127
Other employee related expenses	835	811
	32,357	31,017
<i>(i) Represents fees paid to members of the SA Superannuation Board, SA Government Financing Authority Advisory Board and the Board of Directors of SAICORP</i>		
(b) Provision for Employee Entitlements		
Current Liability		
Annual leave	1,671	1,794
Long service leave	349	331
	2,020	2,125
Non-Current Liability		
Long service leave	5,311	5,016
	2001 Number	2000 Number
(c) Number of employees at end of financial year	557	559

6 DEPRECIATION

	2001 \$'000	2000 \$'000
Depreciation was charged in respect of:		
Buildings and Improvements	6	6
Furniture and Fittings	382	351
Office Equipment	193	156
Systems Development	1,536	1,812
	2,117	2,325

7 OTHER EXPENSES FROM ORDINARY ACTIVITIES

	2001 \$'000	2000 \$'000
General administration	12,124	11,016
EDS charges	2,950	3,580
Consultants	808	1,290
Contractors	3,145	4,364
	19,027	20,250

8 REVENUE FROM ORDINARY ACTIVITIES

	2001 \$'000	2000 \$'000
(a) User charges and fees recovered from		
Agencies for the provision of Corporate Services	2,132	1,578
South Australian Government Captive Insurance Corporation	1,381	1,280
South Australian Government Financing Authority	4,420	4,859
Superannuation Schemes	8,857	7,178
Electricity Reform and Sales Unit Operating Account	1,952	4,248
Emergency Services Levy	7,560	8,300
Other Recoveries for Services	972	2,105
	27,274	29,548
(b) Other Revenue from ordinary activities		
Reimbursement for TVSP's paid	77	178
Reimbursement for workers compensation claims	6	77
Land agents enquiry fees	388	431
Sundry items	1,972	1,490
	2,443	2,176

9 REVENUES FROM GOVERNMENT – GRANTS AND SUBSIDIES

The amount of \$861,000 relates to the reimbursement by Government of costs of implementing the GST incurred by the Department in 1999–2000 and 2000–01. The Treasurer directed that all Portfolios be funded in arrears for GST implementation costs incurred. Accordingly, funds were provided centrally by the Treasurer and transferred to agencies based on claims approved in accordance with the Treasurer's direction. All claims for reimbursement by the Department were processed in 2000–01.

10 FINANCIAL INSTRUMENTS

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

(a) Terms, Conditions and Accounting Policies**(i) Financial Assets**

Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 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 Ave Effective Interest Rate Percent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 %	2000 %
Financial Assets:								
Cash	19,550	16,918	7	7	19,557	16,925	5.06	5.58
Receivables	-	-	735	1,364	735	1,364	-	-
	19,550	16,918	742	1,371	20,292	18,289		
Financial Liabilities:								
Payables	-	-	3,053	4,079	3,053	4,079	-	-
	-	-	3,053	4,079	3,053	4,079		

(c) Net Fair Values

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

11 RECEIVABLES

	2001 \$'000	2000 \$'000
Fees Receivable	610	1,369
Less: Provision for doubtful debts	-	(5)
Net GST Receivable	125	-
	735	1,364

12 OTHER CURRENT ASSETS

	2001 \$'000	2000 \$'000
Prepayments	360	328

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings & Improv's \$'000	Furniture & Fittings \$'000	Office Equip't \$'000	Systems Dev't \$'000	TOTAL \$'000
Valuation at Current Cost and Historical Cost					
Balance at 30 June 2000	145	3,483	1,352	7,669	12,649
Additions	0	650	93	1,613	2,356
Disposals	0	0	(425)	0	(425)
Balance at 30 June 2001	145	4,133	1,020	9,282	14,580
Accumulated Depreciation					
Balance at 30 June 2000	(119)	(2,004)	(836)	(3,340)	(6,299)
Disposals	0	0	416	0	416
Depreciation expense	(6)	(382)	(193)	(1,536)	(2,117)
Balance at 30 June 2001	(125)	(2,386)	(613)	(4,876)	(8,000)
Net Book Value					
As at 30 June 2000	26	1,479	516	4,329	6,350
As at 30 June 2001	20	1,747	407	4,406	6,580

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 inhouse applications, including the development of the Budget Management System within Finance Branch, the Treasury Management System within SAFA and the Emergency Services Levy system within Revenue SA. It includes an amount of \$627,000 (\$79,000) for work in progress upon which depreciation will not be charged until the development is complete.

14 PAYABLES

	2001 \$'000	2000 \$'000
Current		
Employee on-costs	766	761
Accommodation and service costs	75	23
General administration	1,137	1,972
Consultants	100	10
Unearned revenue	74	559
Purchases of non-current assets	134	143
Provision for workers compensation	25	-
Others	17	-
	2,328	3,468
Non-Current		
Employee on-costs	628	604
Provision for workers compensation	90	-
Other borrowings	7	7
	725	611

15 RETAINED SURPLUS

	2001 \$'000	2000 \$'000
Retained surplus at the beginning of the financial year	13,747	7,248
Increase (Decrease) in Net Assets resulting from ordinary activities	3,101	6,499
Retained surplus at the end of the financial year	16,848	13,747

16 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES**(a) Operating Leases**

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

- Office Accommodation is leased from the Real Estate Management business unit of the Department of Administrative and Information Services (DAIS). The leases are non-cancellable with terms ranging from 5 to 8 years with some leases right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in arrears.
- Office equipment leases are non-cancellable with rental payable in arrears. No contingent rental provisions exist within the lease arrangement and no options exist to renew the leases at the end of their term.

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was \$3,158,000.

Operating Lease Commitments

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

	2001 \$'000	2000 \$'000
Not later than one year	3,283	3,608
Later than one year and not later than five years	6,880	9,576
Later than five years	-	-
	10,163	13,184

(b) Capital Commitments

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

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

	2001 \$'000	2000 \$'000
These expenditures are payable:		
Not later than one year	465	300
Later than one year and not later than five years	-	-
Later than five years	-	-
	465	300

(c) Contingent Liabilities

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

17 RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO NET SURPLUS (COST) OF SERVICES FROM ORDINARY ACTIVITIES

	2001 \$'000	2000 \$'000
Net cash provided by (used in) by operating activities	4,996	12,018
Less Appropriation from Government	(30,318)	(33,056)
Non cash items		
(Increase) Decrease in Doubtful debts	5	–
Depreciation expense	(2,117)	(2,325)
Gain (Loss) on disposal of fixed assets	(8)	(43)
Change in operating assets and liabilities		
Increase (decrease) in receivables	(475)	(1,233)
Increase (decrease) in prepayments	32	(542)
(Increase) decrease in payables	858	(305)
(Increase) decrease in provision for employee entitlements	(190)	(1,071)
Net surplus (cost) of services from Ordinary Activities	(27,217)	(26,557)

18 REMUNERATION OF EMPLOYEES

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

	2001 Number of Employees	2000 Number of Employees
\$100 000 – \$109 999	11	16
\$110 000 – \$119 999	7	5
\$120 000 – \$129 999	4	2
\$130 000 – \$139 999	1	3
\$140 000 – \$149 999	3	1
\$150 000 – \$159 999	3	5
\$160 000 – \$169 999	1	–
\$170 000 – \$179 999	1	–
\$180 000 – \$189 999	–	1
\$190 000 – \$199 999	–	1
\$250 000 – \$259,999	1	–
	32	34

The table includes all employees who received remuneration of \$100,000 or more during the year. The total remuneration received by these employees for the year was \$4,108,000 (\$4,199,000).

19 PAYMENTS TO CONSULTANTS

Payments to consultants fell within the following bands:

	2001 Number of Consultants	2000 Number of Consultants
\$0 – \$10 000	27	29
\$10 001 – \$50 000	10	17
\$50 001 – \$100 000	–	6
\$100 001 – \$150 000	–	–
\$150 001 – \$200 000	1	–
\$200 001 – \$250 000	1	1
Over \$250 000	1	1

The total payments to the 40 (54) consultants engaged was \$935,000 (\$1,290,000). Of this amount \$808,000 (\$1,290,000) was met from operating expenses and \$127,000 (\$ nil) was capitalised. It should be noted that 1999–2000 comparative expenditure on Consultants was corrected from the amount shown in the 1999–2000 financial statements of \$1.082 million to \$1.290 million due to an incorrect classification.

20 REMUNERATION OF AUDITORS

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

	2001 \$'000	2000 \$'000
Auditing the Department's activities	337	319

21 TARGETED/VOLUNTARY SEPARATION PACKAGE (TVSP'S) SCHEMES

	2001 \$'000	2000 \$'000
Number of employees paid TVSPs	1	3
Amount paid to these employees		
TVSP	77	178
Accrued annual and long service leave	38	72
	115	250
Amount recovered from the targeted/voluntary separation package schemes Special deposit account	77	178

These amounts are included in the financial statements.

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.

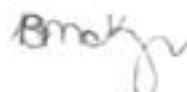
Name	Revenues	Expenses	Assets	Liabilities
	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000
Agency Provisions for Future				
Asset Replacements	–	–	7,499	7,499
Asset Sales Unit	456	24,267	2,161	–
Bank SA Sale Account	–	–	446	–
Community Development Fund	19,500	19,500	–	–
Electricity Reform and Sales Unit	58,097	77,955	11,045	693
Electricity Supply Industry Planning Council	1,260	1,852	817	267
Emergency Services Levy	125,815	125,978	2,089	1,897
ETSA Sales/Lease Proceeds Account	2,445,794	2,550,151	16,882	512,054
Gaming Supervisory Authority	449	576	121	6
Gas Supply Option RFS	2,148	1,221	927	–
Home Purchases Assistance Account	380	380	863	863
Home Builders Account No.2	967	967	–	–
Hospitals Fund	145,530	145,530	11,288	11,288
Local Government Disaster Fund	8,468	1,498	37,354	–
NEM Taskforce	300	278	139	117
SAAMC – Returns to the Treasurer	–	–	1,800	1,800
SAIIR 3,190	2,734	2,512	1,628	
Stony Point Indenture Account	4,516	4,516	23,514	23,514
Totalizator Dividend Adjustment Account	2,671	2,671	460	460
Treasury Working Account	80,939	80,939	613	613
Void Cheques	–	–	649	649
	2,900,480	3,041,013	121,179	563,348

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.

In our opinion, the attached Financial Statements of the Department of Treasury and Finance, being the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and notes thereto, are drawn up so as to give a reasonable and fair view of results of the Department of Treasury and Finance for the financial year ended 30 June 2001, and state of affairs as at 30 June 2001. The Financial Statement have been prepared in accordance with Statements of Accounting Concepts, applicable Urgent Issues Group Consensus Views, applicable Accounting Standards and the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act, 1987, as amended. Internal controls over financial reporting have been effective throughout the reporting period.



Jim Wright
UNDER TREASURER



Brenda McKenzie
ACTING DIRECTOR
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 financial year ended 30 June 2001. The financial report comprises:

- A Statement of Financial Performance;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- An Output Class Schedule;
- A Schedule of Administered Revenues and Expenses;
- Notes to and forming part of the Financial Statements;
- Certificate by the Under Treasurer and the Acting Director, Financial Services.

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

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

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Australian Accounting Standards and other mandatory professional reporting requirements including Urgent Issues Group Consensus Views so as to present a view which is consistent with my understanding of the financial position and performance of the Department of Treasury and Finance as represented by 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 2001, the results of its operations and its cash flows for the year then ended.

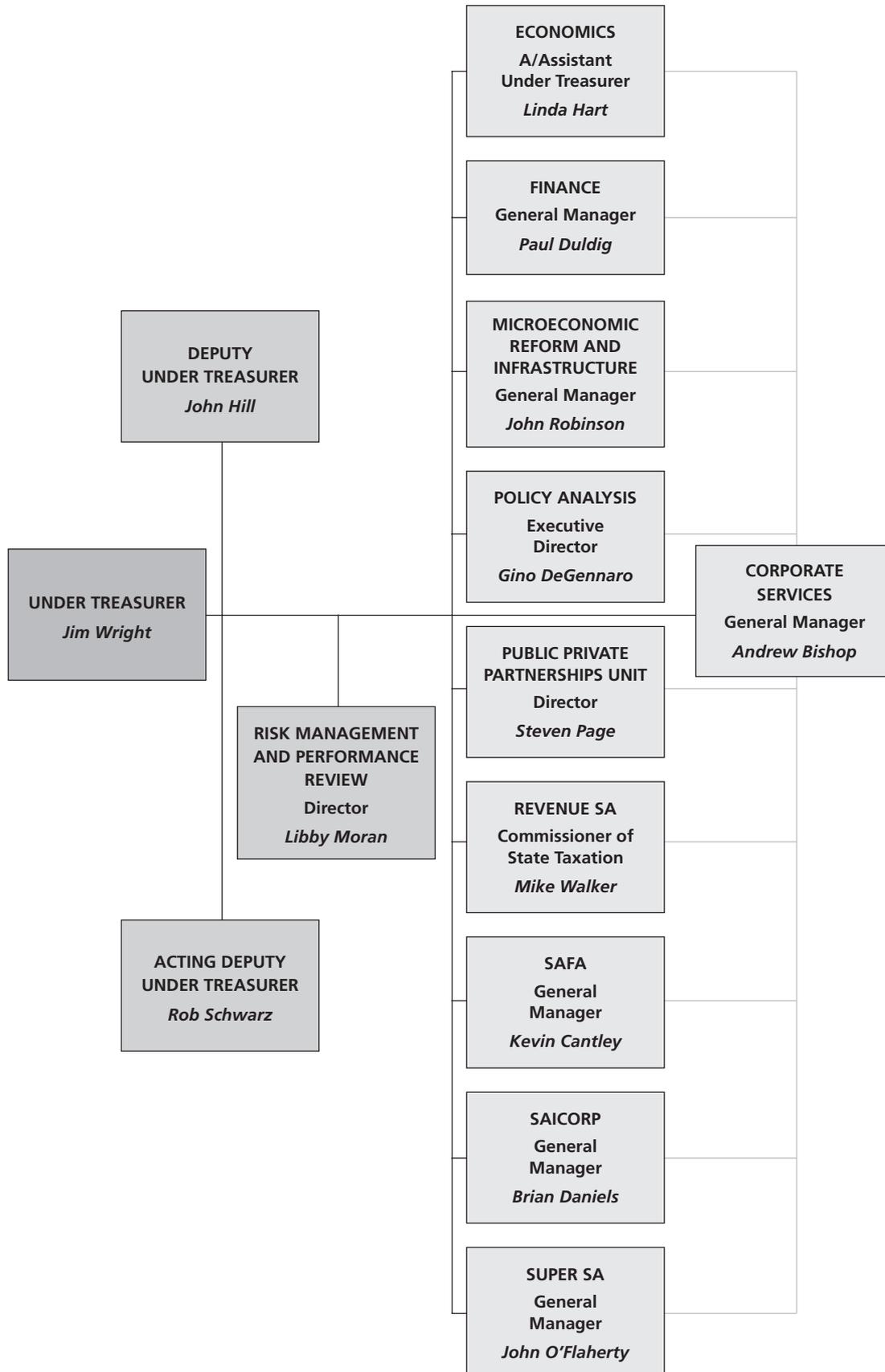
27 September 2001

K I MacPHERSON
AUDITOR-GENERAL

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Appendix 1
 Department Structure as at 30 June 2001



Function

ECONOMICS

Provision of economic advice on a range of issues:

- Revenue;
- Commonwealth–State relations;
- National Competition Policy;
- Economic Conditions;
- Gambling.

FINANCE

- Management of State Budget process
- Provision of advice on budgetary and financial issues
- Monitoring financial performance of Government and its businesses
- Facilitation of best practice financial management

MERI

- Management of electricity market reforms
- Provision of advice on major market reforms and strategic issues relating to infrastructure requirements

POLICY ANALYSIS

- Provision of strategic analysis of policy issues facing Government and development of appropriate policy frameworks
- Evaluation of existing policy positions against these frameworks

PUBLIC PRIVATE PARTNERSHIPS

- Provision of advice to facilitate private sector participation in infrastructure development

REVENUESA

- Management of state taxation legislation
- Management of state revenue systems
- Provision of policy advice on taxation issues

SAICORP

- Management of the insurance and reinsurance of Government risks
- Provision of advice on insurance and risk management issues

SAFA

- Management of funding requirements and existing stock of Government liabilities
- Provision of financial risk management and advisory services

SUPER SA

- Management of public sector superannuation schemes
- Provision of advice on superannuation policy to Government

CORPORATE SERVICES

Provision of a range of business support services in the areas of:

- Administration;
- Financial Management;
- Human Resources;
- Information Technology;
- Strategic Management.

Appendix 2

Acts committed to the Treasurer as at 30 June 2001

	COMMITTED
Advances to Settlers Act 1930	20/10/97
ASER (Restructure) Act 1997	5/2/98
Authorised Betting Operations Act 2000	25/1/01
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
Commonwealth Places (Mirror Taxes Administration) Act 1999	19/10/00
Debits Tax Act 1994	13/2/97
Electricity Act 1996	19/8/99
Electricity Corporations Act 1994	28/5/98
Electricity Corporations (Restructure and Disposal) Act 1999	29/7/99
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 Sector (Transfer of Business) Act 1999	12/8/99
Financial Transaction Reports (State Provisions) Act 1992	20/10/97
First Home Owner Grant Act 2000	29/6/00
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
Hindmarsh Island Bridge Act 1999	17/8/00
Homes Act 1941	20/10/97
Housing Loans Redemption Fund Act 1962	20/10/97
Independent Industry Regulator Act 1999	19/8/99
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
National Tax Reform (State Provisions) Act 2000	29/6/00
New Tax System Price Exploitation Code (South Australia) Act 1999	9/12/99
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

* Act of limited application

COMMITTED

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 1988	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

SUPERANNUATION (MISCELLANEOUS) AMENDMENT ACT 2000 (NO. 41 OF 2000)

Assented to: 13 July 2000

Date of Operation: 17 August 2000

This legislation effected a number of technical amendments to the *Superannuation Act 1998*, to simplify administration of the two defined benefit schemes established under that Act.

The Act introduced provisions dealing with salary sacrificing for members of the pension scheme and the 1988 lump sum scheme and introduced greater clarity to the arrangements that apply where persons are employed pursuant to a TEC contract and a non-contract non-TEC position.

Amendments of a technical nature were made dealing with the administration of preserved benefits for former ETSA employees who have been transferred to the state superannuation scheme in terms of the provisions of the *Electricity Corporations (Restructuring and Disposal) Act 1999*.

SOUTHERN STATE SUPERANNUATION (CONTRIBUTIONS) AMENDMENT ACT 2000 (NO. 56 OF 2000)

Assented to: 20 July 2000

Date of Operation: 10 August 2000

Amended the *Southern State Superannuation Act 1994*, which establishes and continues the Triple S Scheme for Government employees, to provide streamlined administrative procedures and allow employees to direct salary sacrifice contributions to the scheme.

POLICE SUPERANNUATION (MISCELLANEOUS) AMENDMENT ACT 2001 (NO. 12 OF 2001)

Assented to: 12 April 2001

Date of Operation: 1 July 2001

Amends the Police Superannuation Act 1990, which establishes and maintains the two defined benefit schemes for police officers. Both these schemes are closed to new entrants. The Act makes a number of minor technical amendments to the Act to enable the police schemes to conform with amendments to the main State scheme for public servants under the *Superannuation Act 1988*.

FIRST HOME OWNER GRANT (NEW ZEALAND CITIZENS) AMENDMENT ACT 2000 (NO. 64 OF 2000)

Assented to: 9 November 2000

Date of Operation: 1 July 2000

Amended the First Home Owner Grant Act 2000 to extend the operation of the Act to allow New Zealand citizens permanently residing in Australia to be eligible for the First Home Owner Grant on the purchase of their first home in Australia.

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

Assented to: 26 July 2001

Date of Operation: 9 Mar 2001 (S 4 30 May 2001)

Amended the First Home Owner Grant Act 2000 to provide an additional \$7,000 First Home Owner Grant for those first home buyers who sign a contract to build a new home, or to buy a previously unoccupied new home, between 9 March 2001 and 31 December 2001 and impose an age restriction of 18 years and over on applicants for the existing and additional grant.

STAMP DUTIES (LAND RICH ENTITIES AND REDEMPTION) AMENDMENT ACT 2000 (NO. 80 OF 2000)

Assented to:	14 December 2000
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Date of Operation:	14 December 2000
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Amended the Stamp Duties Act to:

- ensure that the stamp duty exemption for the “Conveyance or transfer of a mortgage or and interest in a mortgage” includes the conveyance of a debt associated with the transfer of a mortgage;
- ensure that instruments that operate to disclaim, transfer or assign interests in real or personal property under a will or intestacy are chargeable with *ad valorem* stamp duty;
- modify the exemption provided by Section 71(5)(a) of the Act so that *ad valorem* conveyance duty is payable on transfers of property other than land subject to the provisions of the *Real Property Act 1886*, to secure an advance or loan, but to provide for a refund of stamp duty if the property is re-transferred to the original legal owner, once the advance or loan has been repaid;
- ensure that the transfer, issue and redemption of units in private unit trusts that own property in South Australia are liable to *ad valorem* conveyance duty – to restore the stamp duty base to that existing prior to the High Court decision in the case of *MSP Nominees Pty Ltd vs Commissioner of Stamps (1999)* 166 ALR 149;
- ensure *ad valorem* conveyance duty continues to be paid on the transfer of land by preventing contrived arrangements and interposing of artificial land holding entities in ownership structures to circumvent existing land rich provisions.

GAMING MACHINES (FREEZE ON GAMING MACHINES) AMENDMENT ACT 2000 (NO. 85 OF 2000)

Assented to:	14 December 2000
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Date of Operation:	14 December 2000
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The Act provides that the Liquor and Gaming Commissioner cannot grant an application for a gaming machine licence, or approval for an increase in the number of gaming machines to be operated under a gaming machine licence, if the application was made on or after 7 December 2000. This provision expires on 31 May 2001.

There are specified technical exceptions included in the Act to enable the continuation of gaming machine operations in venues affected by a change in their liquor licence.

AUTHORISED BETTING OPERATIONS ACT 2000 (NO. 95 OF 2000)

Assented to:	21 December 2000
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Date of Operation:	25 January 2001 (except ss 3–12 (11), 13 (1) – (7) & (10), 14 – 80, 82–90 & Schedules 1 & 2 – to be proclaimed)
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The Act provides for a comprehensive regulatory regime for betting operations of the SA TAB, racing clubs and bookmakers in place of the existing provisions of the *Racing Act 1976*. The major feature of the Act is to establish a comprehensive probity, regulatory, licensing and compliance regime suitable for a privately owned TAB. These features are consistent with the regime in place for the Adelaide Casino. The provisions in relation to on-course totalisator operations and bookmakers are largely unchanged from those contained in the *Racing Act 1976*.

The licence issued to SA TAB and subsequently held by the purchaser of the TAB is the Major Betting Operations Licence. The licensee is required to enter into an Approved Licensing Agreement and Duty Agreement with the Government, both of which must be tabled in Parliament. The licensee must also enter into a Racing Distribution Agreement with the SA racing industry regarding payment for the provision of local and interstate racing product and information.

This Act is committed to the Treasurer although significant parts of the Act will be delegated to the Minister for Government Enterprises during the sale process of the TAB.

STATUTES AMENDMENT (GAMBLING REGULATION) ACT 2001 (NO. 18 OF 2001)

Assented to: 31 May 2001

Date of Operation: To be proclaimed (Pt 1 & S 21 – 31 May 2001)

The Act was the culmination of the work of the Gaming Machine Review Group – including representatives of Government, industry and welfare groups. Importantly, the Act establishes the Independent Gambling Authority which will have responsibility for regulating all forms of gambling in South Australia. The Authority’s new functions include research and the development and promotion of strategies for reducing the incidence of problem gambling. In performing its functions the Authority will have regard to the objects of fostering responsible gambling and the maintenance of a sustainable and responsible gambling industry.

Particular measures included in the Act include approved codes of practice for advertising and responsible gambling, extension of the current freeze on granting gaming machine licences to 31 May 2003, banning autoplay facilities on gaming machines, banning the introduction of note acceptors on gaming machines, establishment of a barring register for problem gamblers, limits on withdrawals from ATM and EFTPOS facilities in premises that contain gaming machines, and increasing the minimum return to player for new gaming machines from 85% to 87.5%.

Appendix 4 Profile of Remuneration Levels as at 30 June 2001

	Ongoing			Contract Short Term			Contract Long-term			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Trainees	–	–	–	3	1	4	–	–	–	3	1	4
ASO1	14	17	31	2	5	7	–	1	1	16	23	39
ASO2	25	70	95	6	18	24	–	4	4	31	92	123
ASO3	31	52	83	1	1	2	1	3	4	33	56	89
ASO4	34	25	59	1	2	3	2	4	6	37	31	68
ASO5	48	22	70	3	1	4	2	2	4	53	25	78
ASO6	37	15	52	2	–	2	–	1	1	39	16	55
ASO7	24	13	37	–	2	2	–	–	0	24	15	39
ASO8	27	2	29	1	–	1	3	1	4	31	3	34
MAS1	–	–	–	–	–	–	–	–	–	–	–	0
MAS2	–	–	–	–	–	–	–	–	–	–	–	0
MAS3	–	–	–	–	–	–	–	–	–	–	–	0
Total	240	216	456	19	30	49	8	16	24	267	262	529
EL1	–	–	–	–	–	–	–	–	–	–	–	0
EL2	1	–	1	–	–	–	–	–	–	1	–	1
EL3	–	–	–	–	–	–	–	–	–	–	–	0
Level A	–	–	–	–	–	–	16	4	20	16	4	20
Level B	–	–	–	–	–	–	7	–	7	7	–	7
Level C	–	–	–	–	–	–	3	–	3	3	–	3
Level D	–	–	–	–	–	–	1	–	1	1	–	1
Level E	–	–	–	–	–	–	–	–	–	–	–	0
Level F	–	–	–	–	–	–	1	–	1	1	–	1
OTHER	–	–	–	–	–	–	1	–	1	1	–	1
Total	1	0	1	0	0	0	29	4	33	30	4	34
TOTAL ALL	241	216	457	19	30	49	37	20	57	297	266	563

Appendix 5

Boards and Committees Administered by Department of Treasury and Finance as at 30 June 2001

Electricity Supply Industry Planning Council
Payroll Tax Appeal Tribunal
RESI – Energy Corporation
RESI – Power Corporation
RESI Capital (No.2) Pty Ltd
RESI Capital Pty Ltd
RESI Corporation Board
RESI OE Pty Ltd
RESI Power Pty Ltd
RESI SYN Pty Ltd
RESI Utilities Pty Ltd
South Australian Asset Management Corporation Board
South Australian Government Captive Insurance Corporation Board (SAICORP)
South Australian Government Financing Advisory Board
South Australian Superannuation Board
Parliamentary Superannuation Board
Distribution Lessor Corporation
Generation Lessor Corporation

Appendix 6 Use of Consultants

Note: Payments to consultants include amounts paid and payable at 30 June 2001.

CONSULTANT	PURPOSE OF CONSULTANCY	NUMBER	TOTAL \$
VALUE BELOW \$10 000			
Various	Various		
Subtotal		27	64 514
VALUE \$10 000 – \$50 000			
B Carstairs	Responsible for chairing the National Electricity Market Settlement and Transfer (NEMSAT) Committee		
Contour Management	Provision of advice for building alterations		
McLachlan/Hodge/Mitchell	Provision of GST education and training advice		
Walldorf Technology Group	Specialist service for improvement of Management reporting project		
Oxley	Providing specialist advice concerning Fleet SA motor vehicle lease agreement		
PA Consulting	Short term economic consultancy to support NEM policy development		
Prism Research	Advice and supply of diary system		
SA Centre for Economic Studies	Advice on models for capital used in Commonwealth Grants Commission Assessments Preparation of paper on 'Fiscal relationship between Commonwealth and State Government over the first Century of Federation – SA Perspective		
The Market Place Company	Fulfils the role of Secretariat for both the National Electricity Market Settlements and Transfer (NEMSAT) Committee and the Jurisdiction Panel		
TMP Worldwide	Provision of recruitment services		
Subtotal		10	255 638
VALUE ABOVE \$50 000			
Arthur Andersen	Specialist services for Implementation of GST Project Provision of GST and FBT technical advice		
KPMG Pty Ltd	Consultant support for the Budget and Financial Management System Fulfils the role of National Project Adviser to the National Electricity Market Settlements and Transfer (NEMSAT) Committee and the Jurisdiction Panel Provide advice on practical applications of the Private Public Partnership Review of systems and business processes SWOOD Financial Solutions Pty Ltd Specialist services for implementation of GST Project		
Subtotal		3	644 817
Totals		40	934 969

Appendix 7 Occupational Health and Safety Statistics

1998-99 1999-2000 2000-01

1. OHS&W LEGISLATIVE REQUIREMENTS

Number of notifiable occurrences or injuries pursuant to OHS&W Regulations Division 6.6	0	0	0
Number of notices served pursuant to OHS&W Act s35, s39 and s40	0	0	0

2. INJURY MANAGEMENT LEGISLATIVE REQUIREMENTS

Total number of employees who participated in a rehabilitation program	4	2	2
Total number of employees rehabilitated and reassigned to alternative duties	0	0	0
Total number of employees rehabilitated back to their original work	2	1	2

3. WORKCOVER ACTION LIMITS

Number of open claims	11	1	9
Workers compensation expenditure as percentage of salaries	0.57	0.58	0.56

4. NUMBER OF INJURIES

Number of new workers compensation claims	5	9	10
Number of new workers compensation claims relating to Fatalities	0	0	0
Number of new workers compensation claims relating to Lost time injuries	1	3	6
Number of new workers compensation claims relating to Medical treatment only	4	6	4
Total number of whole working days lost	-	-	105

5. COST OF WORKERS COMPENSATION (\$)

Cost of new claims for financial year	-	-	14 591
Cost of all claims excluding lump sum payments	107 105	115 408	69 577
Amount paid for lump sum payments (s42, s43, s44)	10 768	27 598	62 684
Total cost of workers compensation claims	117 873	143 006	132 261
Total amount recovered from external sources (s54)	-	-	0
Budget allocation for workers compensation	55 000	53 000	53 000

6. TRENDS

Injury frequency rate for new lost-time injury/disease for each million hours worked	-	-	5.5
Most frequent cause (mechanism) of injury	-	-	Repetitive Strain
Most expensive cause (mechanism) of injury	-	-	Repetitive Strain

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* (FOI Act).

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

Superannuation

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

Unclaimed Moneys

Pursuant to the provisions of the *Unclaimed Moneys Act 1891*, Treasury and Finance receives from companies, unclaimed moneys exceeding \$10 in accounts which have not been operated for six years (after details of those moneys have been published in the Government Gazette for two years in

succession). The Act also provides for individuals in possession of moneys for a year or upwards and 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;
- 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 1939* and Regulations under the *Lottery and Gaming Act 1936*). 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

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) Treasurer's Instructions ⁽ⁱ⁾⁽ⁱⁱⁱ⁾
- (h) circulars including
 - RevenueSA circulars ⁽ⁱ⁾⁽ⁱⁱⁱ⁾;
 - Treasury circulars ⁽ⁱ⁾
- (i) publications/papers/reports including
 - Budget Papers ⁽ⁱ⁾⁽ⁱⁱⁱ⁾
 - Information papers ⁽ⁱⁱⁱ⁾
 - Annual Report ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾
 - Media Releases ⁽ⁱⁱⁱ⁾
- (j) a range of procedure manuals
- (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

(iii) Available on the Internet at www.treasury.sa.gov.au

SECTION 5 – ACCESS ARRANGEMENTS, PROCEDURES AND POINTS OF CONTACT

Superannuation

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

General Information

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

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

Personal Affairs

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

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 (\$20.60 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

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 \$7.70 per quarter hour in addition to the application fee. It may be necessary to obtain an advance deposit in some cases. If the applicant requests the relevant documents to be photocopied a charge of \$0.10 per page will be incurred. Reduced fees apply in some circumstances.

Refusal of Access/Refusal to Amend

While the FOI Act encourages open government through the release of documents and information, it does contain provision to refuse to deal with applications or to refuse access to documents on a range of grounds (Sections 18 and 20). The Act also provides for agencies to refuse to amend records (Section 35). A person aggrieved by such a determination may, in most cases, apply for an internal review of the decision. The Act 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 seven enquiries in accordance with the Act during the 2000–01 financial year. All enquiries were dealt with in the appropriate manner.

Appendix 9 Overseas Travel

The Department incurred no costs relating to overseas travel for the 2000–01 financial year.

Appendix 10 Revenue Collections by RevenueSA

	1998 – 1999		1999 – 2000		2000–2001	
	No of Taxpayer Trans's	Amount \$	No of Taxpayer Trans's	Amount \$	No of Taxpayer Trans's	Amount \$
Debits Tax		59 078 026		58 715 877		58 452 324
FINANCIAL INSTITUTIONS DUTY						
Financial Institutions	198	83 560,919	178	84 717 489	102	94 849 591
Short Term Money Market Operators	85	5 617 415	74	5 751 282	44	7 413 205
Exempt-Charitable Organisations Accounts	58 119		59 714		60 009	
Total Financial Institutions Duty		89 178 334		90 468 771		102 262 796
Land Tax	56 484	128 388 017	68 399	138 189 918	71 652	140 346 506
Payroll Tax	6 089	663 090 366	6 353	693 735 459	6 697	743 902 641
STAMP DUTY						
Adhesive Stamps		422 455		476 305		505 766
Annual Licences (insurance)		109 441 270		122 853 490		135 259 446
Applications to Register or Transfer Motor Vehicles		93 862 113		106 440 853		102 150 505
Cheques		5 453 563		4 943 547		4 225 464
Hospital Fund MV Third Parties		41 330 409		51 640 304		51 811 751
Conveyance of Property on Sale		227 409 505		313 444 362		310 562 519
Conveyance of Shares on Stock Exchange		6 853 680		11 720 186		12 536 524
Conveyance of Shares (Ex. Stock Exchange)		7 882 622		4 139 378		6 347 179
Insurance Effected Outside SA		4 293 808		4 213 596		7 491 392
Leases		2 136 260		2 588 723		2 731 072
Mortgages		28 528 333		60 209 969		40 678 000
Other		-144 931		2 299 186		2 134 116
Less Refunds, Commissions etc		-2 487 237		-1 126 983		-258 629
Rental Business		12 486 164		53 079 842		36 488 563
Voluntary Conveyances of Property		7 230 664		2 749 259		2 106 240
Total Stamp Duty		544 698 678		739 672 018		714 769 908
Contribution from small lotteries		845 923		1 127 281	8 690	977 381
Total RevenueSA		1 485 279 344		1 721 909 324		1 760 711 556



Department of Treasury and Finance

State Administration Centre
200 Victoria Square East
Adelaide, South Australia 5000
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