



**Government
of South Australia**

Department of Treasury
and Finance

Department of Treasury and Finance **2016–17 Annual Report**

Department of Treasury and Finance

State Administration Centre, 200 Victoria Square, Adelaide SA 5000

www.treasury.sa.gov.au

Contact phone number +61 8 8226 9500

Contact email commservices@sa.gov.au

ISSN 1837-0861

Date presented to Minister: 29 September 2017

To:
The Hon. T Koutsantonis MP

Treasurer
Minister for Finance


This annual report is presented to Parliament to meet the statutory reporting requirements of *Public Sector Act 2009* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.


This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Department of Treasury and Finance by:

David Reynolds

Chief Executive
Under Treasurer


Signature


Date

Contents

Contents.....	3
Section A: Reporting required under the <i>Public Sector Act 2009</i>, the <i>Public Sector Regulations 2010</i> and the <i>Public Finance and Audit Act 1987</i>.....	4
Agency purpose or role	4
Objectives	4
Key strategies and their relationship to SA Government objectives	4
Agency programs and initiatives and their effectiveness and efficiency	5
Legislation administered by the agency	9
Organisation of the agency	11
Other agencies related to this agency (within the Minister's area/s of responsibility)	11
Employment opportunity programs	11
Agency performance management and development systems	12
Occupational health, safety and rehabilitation programs of the agency and their effectiveness	12
Fraud detected in the agency	12
Strategies implemented to control and prevent fraud.....	13
Whistle-blowers' disclosure	14
Executive employment in the agency	14
Consultants	15
Financial performance of the agency	18
Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions.....	18
Section B: Reporting of public complaints as requested by the Ombudsman. 19	
Summary of complaints by subject	19
Complaint outcomes.....	19
Appendix: Audited financial statements 2016-17	21

Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

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

Objectives

Our five objectives are:

- Trust and empower our skilled, diverse, flexible and committed people.
- Promote sustainable State finances.
- Deliver timely high-quality service to meet the needs of our clients.
- Support responsible budget and financial management.
- Collaborate to deliver high quality advice on economic, social and environmental issues.

Our values, which reflect the South Australian Public Sector values, are:

- We will proudly provide our Service to the community and Government of South Australia; and work to get the best results for long-term Sustainability for future generations.
- We will do this by creating solutions together through Collaboration and Engagement; and strive for excellence through our Professionalism.
- We will treat others with Respect; and act with Honesty and Integrity. We will show our Courage and Tenacity by never giving up; and we will have Trust in the ability of others.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Trust and empower our skilled, diverse, flexible and committed people.	Supports all South Australian Economic and Strategic Priorities
Promote sustainable State finances.	South Australia's Strategic Priority: An affordable place to live South Australia's Economic Priorities: Best place to do business
Support responsible budget and financial management.	South Australia's Strategic Priority: An affordable place to live
Deliver timely high quality services to meet the needs of our clients.	South Australia's Strategic Priority: An affordable place to live South Australia's Economic Priorities: Best place to do business Opening doors for small business

Key strategy	SA Government objective
Collaborate to deliver high quality advice on economic, social and environmental issues.	<p>South Australia's Strategic Priority: An affordable place to live</p> <p>South Australia's Economic Priorities: Best place to do business Opening doors for small business</p>

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance / effectiveness / efficiency	Comments
Gambling Policy	Develop regulatory and tax arrangements for authorised betting operations, including place of consumption taxation.	<p>Introduced amendments to the Authorised Betting Operations Act 2000 and Authorised Betting Operations Regulations 2016 to provide for the introduction of a new place of consumption wagering tax. The wagering tax provides additional sustainable revenue for the government to help meet services to the community and also meet the cost of potential harm from gambling.</p> <p>Provided support to the Minister for Consumer and Business Services and the Treasurer in relation to Illegal Offshore Wagering Reform and a National Consumer Protection Framework for online wagering. This initiative aims to provide greater protection for consumers.</p> <p>Commenced amendments to the Collections for Charitable Purposes Act 1939 on 1 December 2016 to reduce red-tape and reporting duplication for the South Australian charity sector.</p>
Accountability for Public Sector Resources	Deliver the 2017-18 State Budget and the 2016-17 Mid-Year Budget Review	The 2017-18 State Budget and the 2016-17 Mid-Year Budget Review were delivered and identified new initiatives having regard to public value in a transparent manner.
	Produce and publish financial reports according to Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) standards.	The 2015-16 Consolidated Financial Report and Final Budget Outcomes were delivered on schedule. The reports provide information for the community on government revenues and expenses and key financial statistics.

Program name	Indicators of performance / effectiveness / efficiency	Comments
Accountability for Public Sector Resources (Continued)	Provide monthly monitoring on a range of agency performance indicators to the Budget and Performance Cabinet Committee	Budget and performance reporting was provided and encouraged sustainable public finances and efficient use of limited government resources.
	Provide advice to the Government on a range of significant reforms, including disability reforms, national education funding, health funding and completion of the new Royal Adelaide Hospital and the energy market	Supported Government to be responsive and to adapt to change so that services to the public continue to be appropriate and best value for money.
	Provide policy and financial analysis support to the Government in the preparation of its response to the Child Protection Systems Royal Commission (the Nyland Royal Commission into Child Protection)	Response delivered services and support to our most vulnerable children and is intended to enable children to be raised in a safe manner.
	Co-ordinate an across government review of redundant legislation and regulations and implement their repeal.	Co-ordinated an across government review of redundant legislation, regulations and red tape, and simplified citizens' interactions with the government. Continued to support South Australia's economic priority: Best Place to do Business. Of the 84 initiatives announced as part of the inaugural Simplify Day, 93 percent has been delivered or are in progress.
	Achieve 'go live' of the new private CTP Insurance market on 1 July 2016.	This measure was successfully achieved on time. It has enabled competition into the market by bringing in four well known and established private CTP providers for the first three years, before transitioning to a fully competitive market whereby motorists will be able to remain with their allocated CTP insurer, or choose to shop around for potential better offers.

Program name	Indicators of performance / effectiveness / efficiency	Comments
Accountability for Public Sector Resources (Continued)	Progress the commercialisation of transactional land services and property valuation functions.	<p>On 10 August 2017, the Treasurer announced that the Land Services SA had been appointed to provide transactional land services on behalf of the government for a 40 year period in return for an up-front payment of \$1.605 billion.</p> <p>Land Services SA will provide land registry and property valuation services on behalf of the government and will be able to commercialise related data, subject to rights for government use. Land Services SA, in commercialising data, will be able to develop new and innovative product and service offerings for customers, subject to government approval.</p> <p>Land Services SA has also committed to invest \$35 million in technology and innovation within the first five years, establish an Innovation Hub in South Australia and work with local digital start-ups to support the start-up culture in South Australia.</p>
	Assume responsibility for the assessment, management and co-ordination of unsolicited bids	This measure was achieved.
	Prepare for the implementation of the new Australian Government Finance Statistics standard, to support enhanced Australian Bureau of Statistics reporting.	Implemented an updated Government Financial Statistics framework for reporting to Australian Bureau of Statistics from 1 July 2017. The framework has been updated to incorporate the changes outlined in 'Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015' (AGFS 15).
Treasury Services	Continue to broaden SAFA's profile and penetration with investors.	Extended the South Australian Government Financing Authority's (SAFA) debt profile with increased investor penetration.
	Implement a new liquidity policy in line with industry best practice.	Implemented a new liquidity policy in line with Australian Prudential Regulatory Authority (APRA) standards. Accessed markets to successfully raise \$5.5 billion of short and long term funding to refinance existing financial maturities and build SAFA's liquidity buffer.

Program name	Indicators of performance / effectiveness / efficiency	Comments
Financial Services Provision	<p>Taxation revenue collected by RevenueSA: \$3,725,058,993</p> <p>Revenue resulting from compliance initiatives: \$95,286,917</p> <p>% of revenue banked on day of receipt: 99.51%</p> <p>Cost for collection of \$100 tax (on a cash basis): 60 cents</p>	<p>Implemented legislative changes announced in 2016-17 Budget.</p> <p>In December 2016 RevenueSA finalised and endorsed an enhanced Risk Management Framework which documents RevenueSA's approach to managing compliance risk.</p>
	<p>Super SA remains in the most cost efficient quartile measured by Chant West Benchmarking report.</p> <p>81 per cent achievement of approved service level standards by 30 June 2017.</p> <p>98 per cent of member statements issued by 31 August 2016.</p> <p>Superannuant payment summaries issued within 14 days from 1 July 2016.</p>	<p>Substantial progress towards implementation of the new administration system.</p> <p>Completed implementation of new Australian Accounting Standard AASB 1056 providing transparency of statements.</p>
Veterans' Affairs	<p>Chair the Memorialisation Group to appropriately recognise military service at the Jamie Larcombe Centre and provide advice as a member of the Oversight Panel for the development of the Centre.</p>	<p>The new Veterans' Mental Health Precinct, named The Jamie Larcombe Centre, will be opened at Glenside Health Services Campus on 5 October 2017. The model of care is based on the existing model for Ward 17 at the Repatriation General Hospital, and is built on evidence-based practice to ensure the needs of current and future veterans are met. Memorialisation features at the site will provide a comforting environment for visiting veterans and their families.</p>
	<p>Implement the Regional Engagement Strategy, based around the Cheer-Up Hut re-creations in Mount Gambier, Port Augusta and Loxton.</p>	<p>The Regional Engagement Strategy was implemented and created a valuable outcome by encouraging public engagement in the centenary of Anzac commemorations in regional South Australia. Attendance at the regional events, including satellite exhibitions were in excess of 50,000 people across the three regions.</p>

Program name	Indicators of performance / effectiveness / efficiency	Comments
Veterans' Affairs (Continued)	Lead an official delegation to the centenary commemorations for the Battles of Fromelles and Pozieres.	A successful delegation along with commemorative ceremonies for the Battles of Fromelles and Pozieres was achieved, helping to raise public awareness of the service and sacrifice of South Australians during times of war. Valuable historical information was gathered for inclusion in a book being written about South Australia in the Great War.
Office of the Valuer-General	Commencement of a rolling five-year revaluation program in conjunction with transparency and accountability initiatives.	Commenced project planning and operational components of the Revaluation Initiative (RI). The RI will improve valuation accuracy across the State, and underpins the fairness associated with property based taxation.
	Record assessment management.	Around 920,000 assessments, resulting in a total Capital Value of \$397.9 billion and total Site Value of \$235.28 billion across the State for 2016-17. Included APY project which allocated road names and an Australian standard address and numbering system which allows 2,500 Aboriginal people to use an address for the first time to access essential services and provides clear property identification in the event of an emergency.

Legislation administered by the agency

Treasurer:

Bank Merger (BankSA and Advance Bank) Act 1996

Bank Mergers (South Australia) Act 1997

Casino Act 1997

Commonwealth Places (Mirror Taxes Administration) Act 1999

Debits Tax Act 1994

Emergency Services Funding Act 1998

Essential Services Commission Act 2002

Financial Institutions Duty Act 1983

Financial Sector (Transfer of Business) Act 1999

Financial Transaction Reports (State Provisions) Act 1992

Gift Duty Act 1968

Government Financing Authority Act 1982

Housing Loans Redemption Fund Act 1962
Interest on Crown Advances and Leases Act 1944
Land Tax Act 1936
Motor Vehicles Act 1959
National Tax Reform (State Provisions) Act 2000
New Tax System Price Exploitation Code (South Australia) Act 1999
Payroll Tax Act 2009
Public Corporations Act 1993
Public Finance and Audit Act 1987
Rural Advances Guarantee Act 1963
Stamp Duties Act 1923
State Bank (Corporatisation) Act 1994

Minister for Finance:

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

Minister for Veterans' Affairs

ANZAC Day Commemoration Act 2005

Organisation of the agency

Office of the Chief Executive

Super SA

Revenue SA

Veterans' SA

Financial Services

ICT Services

Public Finance

Budget, Analysis and Performance

Commercial Projects

South Australian Government Financing Authority (SAFA)

CTP Insurance Regulator

Lifetime Support Authority

State Valuation Office

<http://www.treasury.sa.gov.au/our-department/about-us/organisation-structure>

Other agencies related to this agency (within the Minister's area/s of responsibility)

N/A

Employment opportunity programs

Program name	Result of the program
Jobs for Youth	DTF undertook a targeted trainee recruitment drive and employed four trainees under the Jobs4Youth program. Trainees and managers are supported through the DTF Cultural Diversity Officer.
Aboriginal Employment Plan	<p>DTF currently have four Aboriginal and Torres Strait Islander trainees placed in the department, and have established networks for our current employee's including the Nunga network group in collaboration with DPC. Support systems have also been put in place from the Aboriginal Cultural Consultation in mentoring and culture support, and have also included the creation of a wellbeing website targeted at Aboriginal Employees.</p> <p>DTF has committed to increasing the cultural diversity across its workforce with a focus on Aboriginal and Torres Strait Islander employees. A review of the Reconciliation Action Plan is in process, which will include developing and implementing a new Aboriginal and Torres Strait Islander Employment and Retention Strategy.</p>

Program name	Result of the program
Graduate Development Program	DTF coordinates the South Australian Government Graduate Development Program for graduates in accounting, finance, commerce and economics. Graduates have the opportunity to be considered for positions in a wide range of South Australian Government agencies. There were 26 graduates appointed through the 2017 DTF Graduate Development Program that secured positions in agencies across government — 6 of which were appointed to DTF.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Online Performance Discussion Process, facilitated through OurDevelopment.	Following a feedback based review, the revised Performance Discussion Process was implemented in the 2016/17 reporting period. The process focuses on quality feedback performance discussions. All employees have bi-annual Performance Discussions which are documented through the online OurDevelopment system, and supported with appropriate training.

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
Injury Management Reduction in workers compensation costs and work injured employees.	DTF's significant injury rates have consistently remained lower than the rest of the SA Public Sector. Early intervention assessments are conducted within 24 hours of an injury reported. WHS performance measures to align with key across Government safety performance targets have been met.
Wellbeing & Engagement	Delivery of a comprehensive Wellbeing Program based on the concept of Healthy Body/Healthy Mind. Employee wellbeing program to help build resilience and a positive culture with a focus on psychological wellbeing. The Wellbeing Program has been established, monitored and there has been positive outcomes against all targets.

Fraud detected in the agency

Category/nature of fraud	Number of instances
No fraud was detected in the agency during 2016–17	0

Strategies implemented to control and prevent fraud

The agency's framework outlines the process for identifying and responding to the risk of fraud. The Framework consists of the following documents;

- Fraud and corruption policy
- Fraud and corruption procedure
- Fraud and corruption control strategy

Specifically, the detection activities are;

- effective internal controls
- whistleblower process
- review transaction reports
- review management reports
- data analysis
- internal and external audits
- preliminary investigation protocol
- review of internal controls post any incident

These documents also detail the reporting requirements; serious or complex offences against DTF and/or the South Australian Public Sector that need to be referred to Office for Public Integrity (OPI) or inquiry agencies to investigate.

This Fraud and Corruption Control Strategy was reviewed by Risk and Audit Services and approved by the Audit and Risk Committee in November 2016.

Additionally the Department engages an independent fraud and corruption specialist once every three years to conduct a Fraud, Corruption and Maladministration Risk Assessment for the Department. This is currently in progress.

The Department documents all fraud, corruption and maladministration risks in the Department's Fraud Risk Register.

The Financial Management Compliance Program (FMCP) implemented within the Department outlines the process for managing and controlling all departmental risks including fraud, corruption and maladministration risks, and is presented to the Audit and Risk Committee and the Chief Executive annually. The results of the latest FMCP exercise were reported to the December 2016 Audit Committee, without any fraud risk actions identified.

The Department has a zero tolerance for fraud and corruption and any inappropriate behavior by employees will result in disciplinary action and be reported to the Office for Public Integrity.

Processes are in place for recording, analysing, reporting and escalating fraud and corruption loss events and control failures. These include the endorsement of key mechanisms in preventing, detecting and responding to the risks of fraud.

These processes are supported by:

- Annual internal audit plans;
- Monthly Executive Financial Performance Reports; and
- Management certification of internal controls as part of the Department's Financial Management Compliance Program (FMCP) and the end of financial year statements preparation process.

Staff are aware of their obligations under the *Public Sector Act 2009* and the Code of Ethics. Awareness training is managed and monitored for new and existing employees on behalf of DTF, by the Department of Premier and Cabinet (DPC) Organisational Development team. New employees complete the Fraud and Corruption Awareness training unit within 6 months of commencing employment. Follow up is conducted by DPC Organisational Development, via an automated email to the user the week before the due date and continues every Monday until the training unit is complete.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

Executive employment in the agency

Executive classification	Number of executives
EXECOF	1
SAES 2	7
SAES 1	29
Non-SAES Executives	2

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
Consultancies below \$10,000 each		
SAFA	Purpose (combined)	\$18 474
Super SA	Purpose (combined)	\$16 751
Non SAFA & Super SA	Purpose (combined)	\$59 320
Total of consultancies below \$10,000 each		\$94 545
Consultancies above \$10,000 each		
SAFA:		
Taptu Pty Ltd	SAFA intranet improvements	
Julia Dunstone	Actuarial Services - Large Claims Hindsight Review	
PriceWaterhouseCoopers	GST review – SAFA apportionment rate	
Ernst & Young	Accounting advice – Public private partnership for the Royal Adelaide Hospital	
KPMG	Insurance System Review	
DibbsBarker	Actuarial Services – Large Claims Hindsight Review	
Leed Consulting Pty Ltd	Consulting relating to Denison Organisational Culture Survey	
AON	2017 Catastrophe Modelling Fee	
Finity	Actuarial Services	

Consultants	Purpose	Value
Super SA:		
SLCA Pty Ltd	Advice in relation to the impact of federal budget changes	
KPMG	Member communication and documentation review	
PriceWaterhouseCoopers	Operational Risk Quantification Review	
Non SAFA & Super SA:		
PriceWaterhouseCoopers	Preparation of enterprise risk management services	
University of Adelaide	Wagering tax project	
ACIL Allen Consulting	Wagering tax	
KPMG	Data Analysis and Modelling (Business Survey)	
Ernst & Young	Capability Review of the South Australian Department of Treasury and Finance	
Enduring Change Pty Ltd	Competition Scheme Model Development	
ACIL Allen Consulting	Evaluate options in support of the Energy Plan	
University of Adelaide	1. Development of an economic plan for Whyalla. 2. Fee for "Economic Impacts of Infrastructure Investment"	

Consultants	Purpose	Value
Ernst & Young	Provide RISTEC post implementation review	
University of Adelaide	International Water Initiative	
PriceWaterhouseCoopers	Lead Commercial Advisor to the Compulsory Third Party Insurance Market Reform Project	
BIS Oxford Economics Pty Ltd	Economic Advisors to the Land Services Commercialisation Project	
Investec Australia Ltd	Transaction Advisors to the Land Services Commercialisation Project	
Promentor Pty Ltd	Identify and evaluate opportunities to achieve service improvements and efficiencies in the operation of the new Royal Adelaide Hospital	
PriceWaterhouseCoopers	ICT and Business Reform Advisor, Compulsory Insurance Market Reform Project	
Total all consultancies		\$3 840 456

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/departments-of-treasury-and-finance-annual-report-statistics>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

The department's revised operating budget provided for a net operating deficit of \$1.217 million. The department recorded an actual net operating surplus of \$11.786 million for 2016-17. The favourable variance of \$13.003 million is primarily due to:

- A delay in the transition of the State Valuation Office from the Department of Planning, Transport and Infrastructure (DPTI) to the Department of Treasury and Finance (DTF). This delay resulted in the actual expenses and revenues relating to the State Valuation Office being recorded against DPTI while DTF held the operating budget (expenditure \$13.128 million & revenue \$13.875 million);
- Delays in several projects resulting in under expenditure (\$6.549 million) for which the department will apply for carryovers into 2017-18; and
- A delay in the transfer of the ANZAC Centenary Memorial Walk (\$9.971 million) which was budgeted to transfer to the Adelaide City Council as a donated asset for nil consideration. The transfer was delayed until the end of the warranty/defect period and is now scheduled for 2017-18.

Summary Income Statement

	Budget 2016-17 \$000	Actual Result 2016-17 \$000	Variance \$000
Expenses	155 019	122 218	32 801
Revenues	81 367	61 569	(19 798)
Net cost of providing services	73 652	60 649	13 003
Revenues from SA Government	72 435	72 435	—
Payments to SA Government	—	—	—
Net result	(1 217)	11 786	13 003

Other financial information

Nil to report.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

N/A

Section B: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by RevenueSA	
Category of complaints by subject	Number of instances
Customer service provided by Revenue SA	5
Notice incorrectly addressed	3

Public complaints received by Super SA	
Category of complaints by subject	Number of instances
Process	45
Entitlements	28
Investments	28
Policy	15
Member communication	7
Fees	1

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
RevenueSA – customer service	Expectations of customer service reinforced with staff members.
RevenueSA – notice incorrectly addressed	Matter dealt with as a matter of priority to ensure future notices sent to the correct address. There is now an online change of address form available for Emergency Services Levy and Land Tax on the RevenueSA website.
Super SA – policy (nomination of beneficiaries)	Introduction of the ability to nominate a legal personal representative to receive a member's entitlement in the event of death.
Super SA – policy (time limit to apply for Income Protection Insurance)	The Board Delegations were updated to allow the Office to assess extension to time limits (in specified circumstances) thereby reducing the volumes reviewed by the Board and reducing the waiting time for members.

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Super SA – process (increase security for online member access)	Temporary suspension of online access when a member cancels a third party authority. Online access can only be reinstated by the member after undergoing standard security checks.
Super SA – member communication (Income Protection and Death and TPD insurance page on our website)	Updated the insurance page on the Super SA website to be clearer.
Super SA – process (salary sacrifice process)	The salary sacrifice forms were updated and the process streamlined.
Super SA – member communication (application of insurance limitations)	Improved communication to members when limitations are placed on their insurance.

Appendix: Audited financial statements 2016-17



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Department of Treasury and Finance

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2017, its financial performance and its cash flows for the then year ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2017
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2017
- a Statement of Administered Financial Position as at 30 June 2017
- a Statement of Administered Changes in Equity for the year ended 30 June 2017
- a Statement of Administered Cash Flows for the year ended 30 June 2017
- Disaggregated Disclosures – Expenses and Income attributable to administered activities for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the acting Chief Executive and the Director, Financial Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Department of Treasury and Finance. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

19 September 2017

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department of Treasury and Finance:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department; and
- present a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2017 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department of Treasury and Finance for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Stuart Hocking
ACTING CHIEF EXECUTIVE
ACTING UNDER TREASURER

15 September 2017



Paul Williams
DIRECTOR
FINANCIAL SERVICES

15 September 2017

Department of Treasury and Finance

Financial Statements

For the year ended 30 June 2017

Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits expenses	5	67 323	63 905
Supplies and services	6	50 310	44 082
Depreciation and amortisation expense	7	3 870	2 946
Net loss from disposal of non-current assets	8	329	-
Other expenses	9	386	-
Total expenses		122 218	110 933
Income			
Revenues from fees and charges	10	57 425	41 606
Other income	11	4 144	8 376
Total income		61 569	49 982
Net cost of providing services		(60 649)	(60 951)
Revenues from SA Government			
Revenues from SA Government	12	72 435	76 424
Total revenues from SA Government		72 435	76 424
Net result		11 786	15 473
Total comprehensive result		11 786	15 473

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

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

Department of Treasury and Finance
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	13	20 346	10 331
Receivables	14	3 752	8 176
Total current assets		24 098	18 507
Non-current assets			
Receivables	14	7	7
Property, plant and equipment	15	13 594	12 225
Intangible assets	16	37 633	29 185
Total non-current assets		51 234	41 417
Total assets		75 332	59 924
Current liabilities			
Payables	18	7 386	5 770
Employee benefits	19	7 969	7 198
Provisions	20	215	191
Total current liabilities		15 570	13 159
Non-current liabilities			
Payables	18	1 467	1 474
Employee benefits	19	15 953	15 967
Provisions	20	357	387
Total non-current liabilities		17 777	17 828
Total liabilities		33 347	30 987
Net assets		41 985	28 937
Equity			
Contributed capital		1 809	547
Retained earnings		40 176	28 390
Total equity		41 985	28 937

The total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	21

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

Statement of Changes in Equity

for the year ended 30 June 2017

	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2015	547	12 917	13 464
Total comprehensive result for 2015-16	-	15 473	15 473
Balance at 30 June 2016	547	28 390	28 937
Total comprehensive result for 2016-17	-	11 786	11 786
Equity contribution received	1 262	-	1 262
Balance at 30 June 2017	1 809	40 176	41 985

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

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

Statement of Cash Flows

for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(66 434)	(59 695)
Payments for supplies and services		(55 065)	(52 252)
Payments for Paid Parental Leave Scheme		(159)	(188)
Cash used in operations		(121 658)	(112 135)
Cash inflows			
Fees and charges		66 181	42 391
GST recovered from the Australian Taxation Office		3 008	3 355
Other receipts		4 210	7 354
Receipts for Paid Parental Leave Scheme		170	169
Cash generated from operations		73 569	53 269
Cash flows from SA Government			
Receipts from SA Government		72 435	76 424
Cash generated from SA Government		72 435	76 424
Net cash provided by/(used in) operating activities	24(b)	24 346	17 558
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(3 820)	(10 268)
Purchase of intangibles		(11 773)	(6 642)
Cash used in investing activities		(15 593)	(16 910)
Net cash provided by/(used in) investing activities		(15 593)	(16 910)
Cash flows from financing activities			
Cash inflows			
Equity contribution received		1 262	-
Cash generated from financing activities		1 262	-
Net cash provided by/(used in) financing activities		1 262	-
Net increase (decrease) in cash and cash equivalents		10 015	648
Cash and cash equivalents at the beginning of the period		10 331	9 683
Cash and cash equivalents at the end of the period	24(a)	20 346	10 331

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

**Disaggregated Disclosures
Expenses and Income**
for the year ended 30 June 2017

	Gambling Policy		Accountability for Public Sector Resources		Treasury Services		Financial Services Provision		Veterans' Affairs	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses										
Employee benefits expenses	353	603	17 804	15 875	4 738	4 441	43 363	41 919	1 008	1 067
Supplies and services	95	153	16 555	14 468	1 952	2 258	30 347	26 193	1 281	1 010
Depreciation and amortisation expense	3	3	300	125	-	-	3 304	2 808	263	10
Net loss from disposal of non-current assets	2	-	123	-	-	-	197	-	7	-
Other expenses	-	-	-	-	-	-	386	-	-	-
Total expenses	453	759	34 782	30 468	6 690	6 699	77 597	70 920	2 559	2 087
Income										
Revenues from fees and charges	354	285	1 180	417	5 006	5 657	50 863	35 227	22	20
Other income	1	1	2 040	1 954	1	-	1 577	420	525	6 001
Total income	355	286	3 220	2 371	5 007	5 657	52 440	35 647	547	6 021
Net cost of providing services	(98)	(473)	(31 562)	(28 097)	(1 683)	(1 042)	(25 157)	(35 273)	(2 012)	3 934
Revenues from / payments to SA Government										
Revenues from SA Government	-	-	-	-	-	-	-	-	-	-
Net result	(98)	(473)	(31 562)	(28 097)	(1 683)	(1 042)	(25 157)	(35 273)	(2 012)	3 934

**Disaggregated Disclosures
Expenses and Income**
for the year ended 30 June 2017

	Office of the Valuer- General		General / Not Attributable		Activity Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits expenses	57	-	-	-	67 323	63 905
Supplies and services	80	-	-	-	50 310	44 082
Depreciation and amortisation expense	-	-	-	-	3 870	2 946
Net loss from disposal of non-current assets	-	-	-	-	329	-
Other expenses	-	-	-	-	386	-
Total expenses	137	-	-	-	122 218	110 933
Income						
Revenues from fees and charges	-	-	-	-	57 425	41 606
Other income	-	-	-	-	4 144	8 376
Total income	-	-	-	-	61 569	49 982
Net cost of providing services	(137)	-	-	-	(60 649)	(60 951)
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	72 435	76 424	72 435	76 424
Net result	(137)	-	72 435	76 424	11 786	15 473

**Disaggregated Disclosures
Assets and Liabilities
as at 30 June 2017**

	Gambling Policy		Accountability for Public Sector Resources		Treasury Services		Financial Services Provision		Veterans' Affairs	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	15	10	3	3	699	5 230	1	971
Property, plant and equipment	-	-	876	268	8	-	961	161	9 548	9 971
Intangible assets	-	-	687	762	-	-	36 778	28 220	89	73
Total assets	-	-	1 578	1 040	11	3	38 438	33 611	9 638	11 015
Liabilities										
Payables	15	25	3 159	475	517	523	3 392	4 491	50	798
Employee benefits	125	219	6 326	5 755	1 684	1 610	15 408	15 195	358	387
Provisions	1	2	188	166	22	30	345	368	15	13
Total liabilities	141	246	9 673	6 396	2 223	2 163	19 145	20 054	423	1 198
Net assets	(141)	(246)	(8 095)	(5 356)	(2 212)	(2 160)	19 293	13 557	9 215	9 817

**Disaggregated Disclosures
Assets and Liabilities
as at 30 June 2017**

	Office of the Valuer-General			General / Not Attributable		Activity Total	
	2017	2016		2017	2016	2017	2016
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	-	-		20 346	10 331	20 346	10 331
Receivables	-	-		3 041	1 969	3 759	8 183
Property, plant and equipment	-	-		2 201	1 825	13 594	12 225
Intangible assets	-	-		79	130	37 633	29 185
Total assets	-	-		25 667	14 255	75 332	59 924
Liabilities							
Payables	-	-		1 720	932	8 853	7 244
Employee benefits	20	-		1	(1)	23 922	23 165
Provisions	-	-		1	-	572	578
Total liabilities	20	-		1 722	931	33 347	30 987
Net assets	(20)	-		23 945	13 324	41 985	28 937

Notes to and forming part of the financial statements

1 Objectives of the Department of Treasury and Finance (the Department)

The Department administers a range of programs and services in support of the government's seven strategic priorities and ten economic priorities for the State and South Australia's Strategic Plan.

The Department's objectives are to:

- Promote sustainable state finances
- Support responsible budget and financial management
- Deliver timely high quality services to meet the needs of our clients
- Collaborate to deliver high quality advice on economic, social and environmental issues

To achieve these objectives, the Department undertakes a number of activities for the government. The activity information is summarised in note 4.

2 Significant accounting policies

2.1 Statement of compliance

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

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

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

2.2 Basis of preparation

The preparation of the financial statements requires:

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

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

Notes to and forming part of the financial statements

2.2 Basis of preparation (continued)

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

2.3 Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department (refer to the disaggregated schedule for details of the Department's controlled activities).

Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets or liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

2.4 Comparative information

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

2.5 Rounding

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

2.6 Taxation

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

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

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

The Department prepares the Business Activity Statement on behalf of the Administered items and Bureau agencies under the grouping provisions of the GST legislation. Under these provisions, the Department is liable for the payments and entitled to the receipt of GST. As such, the net amount of GST recoverable from, or payable to, the (ATO) is included as part of receivables or payables in the Statement of Financial Position.

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

Notes to and forming part of the financial statements

2.7 Events after the end of the reporting period

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

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

2.8 Income

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

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

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to clients or by reference to the stage of completion. Fees and charges include guarantee fees which represent a price for the funding cost advantage the government guarantee gives to an agency and encompasses other advantages afforded by the government's financing frameworks and mechanisms. Guarantee fees are collected pursuant to Section 20 of the *Public Finance and Audit Act 1987*.

Revenues from SA Government

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

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

Taxation

Taxation revenue includes payroll tax, property taxes (land tax, stamp duty and emergency services levy), income tax equivalents and contributions from the Lotteries Commission of South Australia. All taxes are collected on behalf of the State government and recognised on receipt. All taxation revenues are reported net of any taxation refunds.

Payroll tax is payable pursuant to the *Payroll Tax Act 2009*.

Stamp duty is a charge on certain documents and transactions. Stamp duty is charged at either a flat rate or an ad valorem rate (based on the value of the transaction) depending on the particular document or transaction. Stamp duties apply to a range of transactions including conveyances, mortgages, insurance and rental transactions. Stamp Duties are levied under the authority of the *Stamp Duties Act 1923*, which is supported by the *Stamp Duties Regulations 2002*.

Land tax is charged on land ownership and calculated according to the site value of the land. The land owner is exempt from land tax where the land constitutes the owner's principal place of residence (other exemptions also apply).

As a result of changes to the *Casino Act 1997* and Casino Agreements the Commissioner of State Taxation commenced administration and collection of the Casino Duty from 1 January 2014. This includes all duty from gaming tables and gaming machines within the Adelaide Casino.

The Department also collects the fixed property component of emergency services levy payable under the *Emergency Services Funding Act 1998*.

Notes to and forming part of the financial statements

2.8 Income (continued)

Income tax equivalents are collected from applicable public authorities or business units in accordance with Treasurer's Instruction 22 'Tax Equivalent Payments'. Tax equivalent payments are calculated and paid on the basis of the Accounting Profits Method at the companies' income tax rate under the Commonwealth's *Income Tax Assessment Act 1997*.

Contributions from the Lotteries Commission of South Australia include distributions to the Hospitals Fund received in accordance with the *State Lotteries Act 1966*.

Commonwealth revenues

Commonwealth revenue disclosed in note 37 includes GST grants, Specific Purpose Payments and National Partnership Payments received from the Commonwealth pursuant to the Intergovernmental Agreement on Federal Financial Relations (IGAFFR). All Commonwealth revenue is recognised when received.

Dividends

Dividends represent distributions from applicable for-profit government agencies and include returns of accumulated capital. Dividend amounts are approved by the Treasurer prior to reporting date and recognised on receipt. Dividends are passed on to the Consolidated Account.

Interest revenues

Interest revenues principally relate to the income received/receivable on the Treasurer's deposit with the South Australian Government Financing Authority (SAFA). This interest is received/receivable on a quarterly basis at prevailing market rates.

Other revenues

Other revenue recognised in note 43 mainly represents the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the government's cash alignment policy and return of deposit account balances.

Notes to and forming part of the financial statements

2.9 Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

Employee benefit expenses include all costs related to employment including salaries and wages and leave entitlements. These are recognised when incurred.

Employee benefits expenses include expenses associated with the employment of staff assigned to support the activities of SAFA, the South Australian Superannuation Board (Super SA) and the Compulsory Third Party (CTP) Insurance Regulator. The Department fully recovers these expenses through Service Level Agreements with SAFA, Super SA and the CTP Insurance Regulator.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation scheme in respect of current services of current departmental staff. The superannuation liability of the SA Government is recognised in the whole of-government general purpose financial statements.

Superannuation contributions to various schemes (Administered)

This item represents past service superannuation cash payments to the South Australian Superannuation Fund and Police Superannuation Scheme. This annual contribution is designed to support the government's target of fully funding its unfunded superannuation liabilities by 2034 and is recognised when paid.

Depreciation and amortisation

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

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

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

The value of fitouts for leased buildings is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land, water licences and non-current assets held for sale are not amortised / depreciated.

Notes to and forming part of the financial statements

2.9 Expenses (continued)

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

Class of Asset	Useful Life (yr)
Buildings	1 - 39
Land Improvements	3 - 100
Fitouts - leased buildings	Life of lease
Furniture	5 - 10
Information Technology Equipment	3 - 5
Intangibles	1 - 8
Office Equipment	3 - 7
Plant and Equipment	5 - 10

Grants subsidies and transfers

Grants, subsidies and transfers mainly represent the transfer of Commonwealth funding received pursuant to the IGAFRR to relevant government agencies. It also includes the payment of grants and other contributions approved by the Treasurer using appropriation funding provided to the Treasury and Finance administered items account. Grants, subsidies and transfers are recognised when paid.

Borrowing costs

Borrowing costs include annual interest charges on the Treasurer's borrowings from SAFA and interest paid by the Treasurer on agency deposit and special deposit accounts.

Interest is paid from the Treasury and Finance Administered Items special deposit account using funds appropriated for that purpose. While the Department administers these payments on behalf of the Treasurer, the underlying loan arrangements are administered by SAFA and are therefore not included in the Statement of Administered Financial Position.

Further information on borrowings undertaken by the Treasurer for the SA Government and other government financial assets and liabilities can be found in the SAFA annual report and the Consolidated Financial Report for the Government of South Australia prepared under AASB 1049 Whole of Government and Government Sector Financial Reporting.

Payments to SA Government

Payments to the SA Government reflect the return of surplus cash pursuant to the cash alignment policy and Administered Items includes the transfer of revenue received on behalf of the Consolidated Account.

Other Expenses

Other expenses include loans forgiven. Loans forgiven are the loans provided by the Treasurer to recipients on the basis that the Treasurer will forgive these loans if the recipient duly performs specified obligations defined under the loan agreement. The Treasurer forgives these loans on being satisfied that the recipient has duly performed these obligations.

2.10 Current and non-current classification

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

Notes to and forming part of the financial statements

2.11 Assets

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

Cash and cash equivalents

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

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

Receivables

Receivables include amounts receivable from goods and services provided, GST input tax credits recoverable, prepayments and other accruals. GST receivables include amounts for controlled, administered and bureau agencies.

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets

The Department measures financial assets and debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Non-current assets

Acquisition and recognition

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

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

However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at book value i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Revaluation of non-current assets

All non-current tangible assets are valued at fair value and revaluation of non-current assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

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

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

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

Notes to and forming part of the financial statements

2.11 Assets (continued)

Impairment

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

Intangible assets

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

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

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

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

Subsequent expenditure on intangible assets that includes upgrades or enhancements to existing software systems that result in additional functionality or performance is capitalised. Other expenditure for modifications that merely maintain the existing level of performance or system functionality is expensed.

Fair value measurement

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

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

Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 - not traded in active markets and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3 - not traded in an active market and are derived from unobservable inputs.

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

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

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to note 17 and note 50 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Notes to and forming part of the financial statements

2.12 Liabilities

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

Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable. GST payables include amounts for Controlled, Administered and Bureau activities.

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

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

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward onto eligible employees via the Department's standard payroll processes. That is, the Department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

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

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Department has entered into operating leases.

Finance leases

The Department does not have any finance leases.

Operating leases

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

Employee benefits

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

Notes to and forming part of the financial statements

2.12 Liabilities (continued)

Salaries and wages, annual leave, skills experience and retention leave (SERL) and sick leave

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

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over similar SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match as closely as possible to the estimated future cash outflows.

The current classification of the Department's long service leave liabilities has been calculated based on historical leave patterns, based on the Department's experience of employee retention and leave taken. The remainder of long service leave is classified as non-current.

This calculation is consistent with the Department's experience of employee retention and leave taken.

Provisions

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

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Workers' compensation

The workers' compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

2.13 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

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

3 New and revised accounting standards and policies

The Department did not change any of its accounting policies during 2016-17.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2017. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department, except below:

AASB 16 Leases will apply for the first time to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost and amortisation will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The Department has not yet quantified the impact of applying AASB 16 Leases to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

Notes to and forming part of the financial statements

4 Activities of the Department

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

Activity 1 Gambling Policy

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

Activity 2 Accountability for Public Sector Resources

The Department ensures accountability for public sector resources through providing policy, economic and financial advice to the Government and coordinating resource allocations for Government programs and priorities at the whole-of-government level.

Activity 3 Treasury Services

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

Activity 4 Financial Services Provision

The Department provides a range of whole of government services including liability management, collection of taxes, insurance, superannuation and fleet administration.

Activity 5 Veterans' Affairs

The Department supports our ex-servicemen and women and those who support them by providing a central contact point for information about the State Government's services to veterans across departments, including health, transport, disability and mental health.

Activity 6 Office of the Valuer-General

The Valuer-General is an independent statutory officer responsible for determining both site and capital values on an annual basis, which are utilised by local government and state based rating authorities for the levying of rates and taxes. The Valuer-General also provides various valuation services for government along with the collation of data which forms part of the centralised land information system and economic cadastre.

General/not attributable: *Certain items of the Department are not allocated to activities.*

The Disaggregated Disclosure Schedules present expenses, income, assets and liabilities attributed to each of the activities for the years ended 30 June 2017 and 30 June 2016.

Notes to and forming part of the financial statements

5 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	48 540	43 889
TVSPs (refer below)	961	256
Long service leave	1 740	4 067
Annual leave	4 923	4 619
Skills and experience retention leave	269	337
Employment on-costs - superannuation	6 641	6 684
Employment on-costs - other	3 066	2 963
Board and committee fees	352	370
Other employee related expenses	831	720
Total employee benefits expenses	67 323	63 905

Targeted Voluntary Separation Packages (TVSPs)

	2017	2016
	\$'000	\$'000
Amounts paid to separated employees:		
TVSPs	961	256
Leave paid to those employees	784	105
Net cost to Department of Treasury and Finance	1 745	361

The number of employees who received a TVSP during the reporting period was 14 (5).

Remuneration of employees

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

	2017	2016
	Number of employees	Number of employees
\$145 001 - \$147 000*	-	2
\$147 001 - \$157 000	3	4
\$157 001 - \$167 000	6	2
\$167 001 - \$177 000	5	7
\$177 001 - \$187 000	6	4
\$187 001 - \$197 000	4	5
\$197 001 - \$207 000	1	1
\$207 001 - \$217 000	2	1
\$217 001 - \$227 000	1	-
\$227 001 - \$237 000	1	5
\$237 001 - \$247 000	1	1
\$247 001 - \$257 000	2	-
\$257 001 - \$267 000	-	1
\$267 001 - \$277 000	2	-
\$277 001 - \$287 000	1	1
\$287 001 - \$297 000	1	1
\$297 001 - \$307 000	-	1
\$327 001 - \$337 000	2	1
\$337 001 - \$347 000	2	-
\$347 001 - \$357 000	1	-
\$357 001 - \$367 000	1	1
\$367 001 - \$377 000	1	-
\$387 001 - \$397 000	1	-
\$417 001 - \$427 000	-	1
\$467 001 - \$477 000	1	-
Total number of employees	45	39

Notes to and forming part of the financial statements

5 Employee benefits expenses (continued)

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015 -16.

The bands above include long service leave and annual leave payments relating to employees who received a termination payment during the financial year.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year, of which 40 (35) are executive and 5 (4) are non-executive staff. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$10 398 000 (\$8 203 000).

6 Supplies and services

	2017	2016
	\$'000	\$'000
Accommodation and telecommunication	6 546	5 741
Information technology charges	6 102	7 823
Minor works, maintenance and equipment	582	675
Legal costs	5 687	3 692
Consultants*	3 841	2 831
Contractors and temporary staff	8 167	6 561
Valuation fees	4 999	4 794
General administration and consumables	7 435	4 668
Corporate recharge expense	3 088	3 205
Other ^	3 863	4 092
Total supplies and services	50 310	44 082

The total supplies and services amount disclosed includes GST amounts not-recoverable from the Australian Taxation Office due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

^ Audit fees paid / payable to the Auditor-General's Department relating to work performed under *the Public Finance and Audit Act 1987* were \$619 000 (\$565 000). No other services were provided by the Auditor-General's Department.

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

	2017	2016	2017	2016
	Number	Number	\$'000	\$'000
Below \$10 000	23	15	94	71
Above \$10 000	27	15	3 747	2 760
Total paid/payable to consultants engaged	50	30	3 841	2 831

Notes to and forming part of the financial statements

7 Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Buildings	251	-
Furniture	9	4
Information technology equipment	461	373
Office equipment	2	2
Intangible assets	2 974	2 417
Building fitouts	173	150
Total depreciation and amortisation expense	3 870	2 946

8 Net loss from disposal of non-current assets

	2017	2016
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	-	-
Less net book value of assets disposed	(329)	-
Net (loss) from disposal	(329)	-
Total assets		
Total proceeds from disposal	-	-
Less total net book value of assets disposed	(329)	-
Total net (loss) from disposal of non-current assets	(329)	-

9 Other expenses

	2017	2016
	\$'000	\$'000
Intangible write-off	386	-
Total other expenses	386	-

10 Revenues from fees and charges

	2017	2016
	\$'000	\$'000
Fees for the provision of corporate services	305	293
South Australian Government Financing Authority	13 123	12 822
South Australian Superannuation Board	27 391	20 266
Compulsory Third Party Insurance Regulator	7 423	-
Community Emergency Services Fund	6 501	6 342
Land tax certificates	265	262
Regulatory fees	161	80
Service provision	988	888
Other recoveries	1 268	653
Total fees and charges	57 425	41 606

Notes to and forming part of the financial statements

11 Other income

	2017	2016
	\$'000	\$'000
Commissions	142	144
Banking recoveries	1 769	1 792
Other income	2 233	6 440
Total other income	4 144	8 376

12 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	55 641	55 722
Transfers from the Treasurer's Contingency Fund	12 870	11 632
Governor's Appropriation Fund	3 924	9 070
Total revenues from SA Government	72 435	76 424

Contingencies included \$4 590 000 for the CTP Insurance Market Reform Project, \$4 490 000 for Land Services Group Project, \$2 400 000 for the Tax Reform project, \$1 060 000 for Homestart Loan Portfolio project and \$330 000 for Medvet divestment.

Total revenues from SA Government consist of \$65 307 000 for operational funding and \$7 128 000 for capital projects.

The original amount appropriated to the Department under the annual *Appropriation Act* was \$55 641 000. An additional amount of \$3 924 000 was received from the Treasurer via the Governor's Appropriation Fund.

13 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	20 344	10 328
Cash on hand	2	3
Total cash and cash equivalents	20 346	10 331

Interest rate risk

Cash on hand and Deposits at call and with the Treasurer are non-interest bearing. The nominal amount of cash and cash equivalents represents fair value.

Notes to and forming part of the financial statements

14 Receivables

	2017 \$'000	2016 \$'000
Current		
Receivables	1 532	748
Less allowance for doubtful debts	(3)	-
Accrued revenues	1 197	5 776
Prepayments	813	885
Net GST receivable from the ATO	213	767
Total current receivables	3 752	8 176
Non-current		
Receivables	7	7
Total non-current receivables	7	7
Total receivables	3 759	8 183

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'supplies and services' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2017 \$'000	2016 \$'000
Carrying amount at the beginning of the period	-	-
Increase in the allowance	3	-
Carrying amount at the end of the period	3	-

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing.

Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Ageing analysis of financial assets - refer to table 27.3 in note 27.

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

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

Notes to and forming part of the financial statements

15 Property, plant and equipment

	2017 \$'000	2016 \$'000
Buildings		
At cost	9 799	-
Accumulated depreciation	(251)	-
Total buildings	9 548	-
Building fitouts		
At cost	3 752	2 613
Accumulated depreciation	(1 887)	(1 960)
Total building fitouts	1 865	653
Furniture		
At cost	452	260
Accumulated depreciation	(235)	(259)
Total furniture	217	1
Information technology equipment		
At cost	2 867	2 003
Accumulated depreciation	(1 700)	(1 299)
Total information technology equipment	1 167	704
Office equipment		
At cost	148	279
Accumulated depreciation	(140)	(269)
Total office equipment	8	10
Work in progress		
At cost	789	10 857
Total work in progress	789	10 857
Total property, plant and equipment	13 594	12 225

Carrying amount of property, plant and equipment

All items of property, plant and equipment that had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. The assets are classified as level 3 in the fair value hierarchy (not traded in an active market and are derived from unobservable inputs) as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

Notes to and forming part of the financial statements

15 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2016-17:

2017	Building		Information technology		Office	Work in	Total
	Buildings	fitouts	Furniture	equipment	equipment	progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	653	1	704	10	10 857	12 225
Additions	-	19	-	-	-	2 576	2 595
Capital transfers from WIP	9 799	1 696	225	924	-	(12 644)	-
Depreciation and amortisation	(251)	(173)	(9)	(461)	(2)	-	(896)
Disposals	-	(330)	-	-	-	-	(330)
Carrying amount at the end of the period	9 548	1 865	217	1 167	8	789	13 594

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

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

Notes to and forming part of the financial statements

16 Intangible assets

	2017 \$'000	2016 \$'000
Internally developed computer software		
At cost	38 592	40 060
Accumulated amortisation	(13 043)	(14 228)
Total Internally developed computer software	25 549	25 832
Externally acquired software		
At cost	3 306	2 099
Accumulated amortisation	(2 194)	(2 099)
Total externally acquired software	1 112	-
Work in progress		
At cost	10 972	3 353
Total work in progress	10 972	3 353
Total intangible assets	37 633	29 185

Reconciliation of Intangible assets

The following table shows the movement of intangible assets during 2016 -17:

	Internally developed software \$'000	Externally acquired software \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	25 832	-	3 353	29 185
Additions	-	-	11 808	11 808
Capital transfers from WIP	2 413	1 390	(3 803)	-
Amortisation expense	(2 696)	(278)	-	(2 974)
Write off	-	-	(386)	(386)
Carrying amount at the end of the period	25 549	1 112	10 972	37 633

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

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

Notes to and forming part of the financial statements

17 Fair value measurement

Fair Value Hierarchy

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

Fair value measurements at 30 June 2017

	Level 3	Total
	\$'000	\$'000
Recurring fair value measurements		
Building (note 15)	9 548	9 548
Building fitouts (Note 15)	1 865	1 865
Furniture (Note 15)	217	217
Information technology equipment (Note 15)	1 167	1 167
Office equipment (Note 15)	8	8
Total recurring fair value measurements	12 805	12 805

Fair value measurements at 30 June 2016

	Level 3	Total
	\$'000	\$'000
Recurring fair value measurements		
Building fitouts (Note 15)	653	653
Furniture (Note 15)	1	1
Information technology equipment (Note 15)	704	704
Office equipment (Note 15)	10	10
Total recurring fair value measurements	1 368	1 368

There were no transfers of assets into or out of the level 3 hierarchy in 2017. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

All property, plant and equipment is recognised at cost less accumulated depreciation.

In accordance with APF III 'Asset Accounting Framework', property, plant and equipment is only revalued when its fair value at acquisition date exceeds \$1 million and its estimated useful life is greater than 3 years. The Department does not control any assets that meet this threshold.

Estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data. For this reason all property, plant and equipment is categorised into level 3.

There were no changes in valuation techniques during 2017.

Notes to and forming part of the financial statements

17 Fair value measurement (continued)

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2017

	Buildings	Building fitouts	Office equipment	Furniture	Information technology equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	-	653	10	1	704
Additions	9 799	1 715	-	225	924
Disposals		(330)	-	-	-
Subtotal	9 799	2 038	10	226	1 628
Gains/(losses) for the period recognised in net result:					
Depreciation	(251)	(173)	(2)	(9)	(461)
Carrying amount at the end of the period	9 548	1 865	8	217	1 167

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

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

18 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors and accrued expenses	6 221	4 744
Employment on-costs	1 149	1 021
Paid Parental Leave Scheme payable	16	5
Total current payables	7 386	5 770
Non-current		
Employment on-costs	1 467	1 474
Total non-current payables	1 467	1 474
Total payables	8 853	7 244

Notes to and forming part of the financial statements

18 Payables (continued)

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from the 2016 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016 rate (10.2%) to 10.1%.

These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$13 000 and employee benefits expense of \$13 000.

Interest rate and credit risk

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

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

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

19 Employee benefits

	2017 \$'000	2016 \$'000
Current		
Accrued salaries and wages	1 119	791
Annual leave	5 013	4 356
Long service leave	1 433	1 655
Skills and experience retention leave	404	396
Total current employee benefits	7 969	7 198
Non-current		
Long service leave	15 953	15 967
Total non-current employee benefits	15 953	15 967
Total employee benefits	23 922	23 165

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in measurement of the long service liability. The yield on long-term Commonwealth Government bonds has increased from 2016 (2%) to 2017 2.5%.

The increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The net financial effect of the changes in the current financial year is a decrease in the long service leave liability of \$695 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

Notes to and forming part of the financial statements

20 Provisions

	2017 \$'000	2016 \$'000
Current		
Provision for workers' compensation	215	191
Total current provisions	215	191
Non-current		
Provision for workers' compensation	357	387
Total non-current provisions	357	387
Total provisions	572	578

Reconciliation of provisions

Carrying amount at the beginning of the period	578	686
Payments/other sacrifices of future economic benefits	(174)	(213)
Additional provisions recognised	168	105
Carrying amount at the end of the period	572	578

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

21 Unrecognised contractual commitments

a) Operating lease commitments

The Department as Lessee

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

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

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

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

	2017 \$'000	2016 \$'000
Not later than one year	1 329	769
Later than one year but not later than five years	2 953	79
Later than five years	406	-
Total non-cancellable operating lease commitments	4 688	848

b) Other commitments

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

	2017 \$'000	2016 \$'000
Not later than one year	10 990	11 791
Later than one year and not later than five years	5 529	4 167
Total other commitments	16 519	15 958

Notes to and forming part of the financial statements

22 Remuneration of board and committee members

SAFA Advisory Board

Mr David Reynolds (Presiding Member)*
Ms Nicolle Rantanen (Deputy Member)*
Ms Kathryn Presser
Ms Joan Fitzpatrick
Mr Paul Holloway
Ms Juliet Brown
Mr Mark Day
Mr Jamie Hollamby*
Ms Kerry Rowlands (Deputy Member)*

SAFA Audit and Risk Management Committee

Ms Nicolle Rantanen (Chair)*
Ms Gianna Giannopoulos* (Appointed 21/09/2016)
Ms Tamara Tomic* (Appointed 21/09/2016)
Ms Juliet Brown (Term expired 23/08/2016)
Mr Mark Day (Term expired 23/08/2016)
Mr Jamie Hollamby* (Term expired 23/08/2016)
Ms Joan Fitzpatrick (Term expired 23/08/2016)

Super SA Audit, Risk and Finance Committee

Ms Virginia Deegan (Convenor of Meetings)
Ms Annette Hurley (Appointed 21/09/2016)
Mr John Wright
Mr Philip Jackson (Resigned 08/09/2016)

Super SA Board

Ms Annette Hurley (Presiding member) -
(Appointed 09/09/2016)
Mr Philip Jackson (Resigned 08/09/2016)
Ms Virginia Deegan
Mr Richard Dennis (Appointed 08/09/2016)
Dr Bill Griggs*
Ms Jan McMahon
Ms Leah York (Deputy Member)
Ms Elizabeth Hlipala (Deputy Member)*
Mr Aaron Chia (Deputy Member)*
Mr John Wright (Deputy Member)

Veterans' Advisory Council

AVM B Espeland AM (Retd) (Chair)
BRIG L Lewis AM (Retd)^
BRIG TJ Hanna AM
Dr P D Schultz OAM
Mr R J Kemp
Ms C Graham
Mr B L Horan
COL C M Burns CSC
Mr L Eddy
Mr M von Berg MC OAM
Dr S L Mascal-Dare
Ms H Meyer (Appointed 01/02/2017)
GPCAPT D Goldie (Appointed 01/02/2017)
LTCOL P Graham DSM (Appointed 01/02/2017)
Mr F Lampard OAM (Appointed 01/02/2017)
Mr J O'Hanlon (Appointed 01/02/2017)
CMDR A Burnett (Appointed 01/02/2017)
Ms P Dabovich
LTCOL J Wilson (Retd) (Term expired 31/12/2016)
Mr D J Everitt (Term expired 31/12/2016)
Ms H K Adamson (Term expired 31/12/2016)
LTCOL I R Gregg (Term expired 31/12/2016)
LTCOL D McCammon^ (Term expired 31/12/2016)
WGCDR R A Macintosh AFC OAM (Retd) -
(Term expired 31/12/2016)

DTF Audit and Risk Committee

Ms Nicolle Rantanen (Chair)*
Mr Andrew Blaskett *
Ms Kate Dooley*
Mr John Hill - Independent Member
Ms Tammie Pribanic*
Ms Jeanette Dhondee* (Appointed 22/12/2016)
Mr Greg Raymond* (Appointed 28/02/2017)
Ms Shakhlo Rasulova* (Appointed 18/04/2017)

Super SA Member Services Committee

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

Notes to and forming part of the financial statements

22 Remuneration of board and committee members (continued)

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

^ BRIG L Lewis AM (Retd), LTCOL D McCammon were entitled to but elected not to receive remuneration for membership of the Veteran's Advisory Council.

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

	2017	2016
	Number	Number
\$0 - \$9 999	20	19
\$10 000 - \$19 999	2	1
\$20 000 - \$29 999	1	2
\$30 000 - \$39 999	6	4
\$40 000 - \$49 999	2	4
Total number of members	31	30

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$ 374 000 (\$407 000).

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

23 Related party transactions

The Department is a government administrative unit and is wholly owned and controlled by the Crown.

Related parties of the Department include all key management personnel and their close family members, all Cabinet Ministers and their close family members and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Department and other SA Government entities is disclosed at Note 25.

Key management personnel

Key management personnel of the Department include the Minister / Treasurer, the Chief Executive Officer and other directors/ members of the Executive Team who have responsibility for the strategic direction and management of the Department. The compensation detailed below excludes salaries and other benefits the Minister / Treasurer receives. The Minister's / Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2017
	\$'000
Salaries and other short term employee benefits	3 272
Post-employment benefits	381
Total compensation	3 653

Notes to and forming part of the financial statements

24 Cash flow reconciliation

	2017 \$'000	2016 \$'000
(a) Reconciliation of cash and cash equivalents at the end of the reporting period		
Statement of Cash Flows	20 346	10 331
Statement of Financial Position	<u>20 346</u>	<u>10 331</u>
(b) Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by operating activities	24 346	17 558
Less revenues from SA Government	(72 435)	(76 424)
Add non cash items		
Depreciation and amortisation	(3 870)	(2 946)
Net loss from disposal of non-current assets	(329)	-
Other expenses	(386)	-
Movements in assets / liabilities		
Increase/(decrease) in receivables	(4 424)	3 030
(Increase)/decrease in payables	(2 800)	1 586
(Increase)/decrease in employee benefits	(757)	(3 863)
(Increase)/decrease in provisions	6	108
Net cost of providing services	<u>(60 649)</u>	<u>(60 951)</u>

25 Transactions with SA Government

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

		SA Government		Non-SA Government		Total	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses							
Employee benefits expenses	5	3 395	3 263	63 928	60 642	67 323	63 905
Supplies and services	6						
Accommodation and telecommunication		6 418	5 612	128	129	6 546	5 741
Information technology charges		498	1 108	5 604	6 715	6 102	7 823
Minor works maintenance and equipment		478	436	104	239	582	675
Legal costs		2 059	1 777	3 628	1 915	5 687	3 692
Consultants		-	-	3 841	2 831	3 841	2 831
Contractors and temporary staff		-	-	8 167	6 561	8 167	6 561
Valuation fees		4 999	4 794	-	-	4 999	4 794
General administration and consumables		1 670	1 548	5 765	3 120	7 435	4 668
Corporate recharge expense		3 088	3 205	-	-	3 088	3 205
Other supplies and services		1 538	2 128	2 325	1 964	3 863	4 092
Depreciation and amortisation expense	7	-	-	3 870	2 946	3 870	2 946
Net loss from disposal of non-current assets	8	-	-	329	-	329	-
Other Expenses	9	-	-	386	-	386	-
Total expenses		<u>24 143</u>	<u>23 871</u>	<u>98 075</u>	<u>87 062</u>	<u>122 218</u>	<u>110 933</u>

Notes to and forming part of the financial statements

25 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income							
Revenues from fees and charges	10						
Fees for the provision of corporate services		305	293	-	-	305	293
South Australian Government Financing Authority		13 123	12 822	-	-	13 123	12 822
South Australian Superannuation Board		27 391	20 266	-	-	27 391	20 266
Compulsory Third Party Regulator		7 423		-	-	7 423	-
Community Emergency Services Fund		6 501	6 342	-	-	6 501	6 342
Land tax certificates		-	-	265	262	265	262
Regulatory fees		-	-	161	80	161	80
Service provision		988	888	-	-	988	888
Other recoveries		1 111	124	157	529	1 268	653
Other income	11						
Commissions		-	-	142	144	142	144
Banking recoveries		-	-	1 769	1 792	1 769	1 792
Other income		1 502	321	731	6 119	2 233	6 440
Revenues from SA Government	12	72 435	76 424	-	-	72 435	76 424
Total income		130 779	117 480	3 225	8 926	134 004	126 406
Financial assets							
Cash and cash equivalents	13	20 261	10 331	85	-	20 346	10 331
Receivables	14						
Receivables		980	693	556	62	1 536	755
Accrued revenues		1 190	4 816	7	960	1 197	5 776
Prepayments		-	-	813	885	813	885
Net GST receivable from the ATO		-	-	213	767	213	767
Total financial assets		22 431	15 840	1 674	2 674	24 105	18 514
Financial liabilities							
Payables	18						
Creditors and accrued expenses		2 984	2 423	3 237	2 321	6 221	4 744
Employment on-costs		1 252	1 211	1 364	1 284	2 616	2 495
Paid Parental Leave Scheme payable		-	-	16	5	16	5
Employee benefits	19						
Accrued salaries and wages		-	-	1 119	791	1 119	791
Annual leave		-	-	5 013	4 356	5 013	4 356
Long service leave		-	-	17 386	17 622	17 386	17 622
Skills and experience retention leave		-	-	404	396	404	396
Provisions	20						
Provision for workers' compensation		-	-	572	578	572	578
Total financial liabilities		4 236	3 634	29 111	27 353	33 347	30 987

Notes to and forming part of the financial statements

26 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

		Original budget ¹	Actual	Variance	Variance explanation
		2017	2017	2017	
		\$'000	\$'000	\$'000	
Statement of Comprehensive Income	Note				
Expenses					
Employee benefits expenses	5	67 069	67 323	(254)	
Supplies and services	6	43 780	50 310	(6 530)	1
Depreciation and amortisation expense	7	3 536	3 870	(334)	
Net loss from disposal of non-current assets	8	354	329	25	
Other expenses	9	-	386	(386)	
Total expenses		114 739	122 218	(7 479)	
Income					
Revenues from fees and charges	10	63 688	57 425	(6 263)	
Other income	11	1 063	4 144	3 081	
Total income		64 751	61 569	(3 182)	
Net cost of providing services		(49 988)	(60 649)	(10 661)	2
Revenues from/payments to SA Government					
Revenues from SA Government	12	55 641	72 435	16 794	3
Total revenue from SA Government		55 641	72 435	16 794	
Net result		5 653	11 786	6 133	4
		Original budget	Actual	Variance	Variance explanation
		2017	2017	2017	
		\$'000	\$'000	\$'000	
Investing expenditure summary					
Total new projects		7 169	10 092	(2 923)	
Total annual program		3 842	4 260	(418)	
Total investing expenditure		11 011	14 352	(3 341)	

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016 - 17 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with the line items in the financial statements. However the amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Notes to and forming part of the financial statements

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

Variance explanations

1 Supplies and services

An additional \$6.530 million in Supplies and Services expense is primarily due to budget adjustments processed to the Department after the original budget was published. These adjustments are reflected in the Department's revised budget for 2016-17. The variance is primarily attributable to additional Supplies and Services budget for the Commercial Projects Branch specifically in legal, contractors and consultants expenditure (\$9.568 million) and the establishment of the Compulsory Third Party Insurance Reform branch (\$2.376 million), offset by a delay in the transfer of the Office of the Valuer-General to the department which was originally budgeted \$5.078 million in Supplies and Services for 2016-17.

2 Net cost of providing services

The Department's net cost of providing services deteriorated by \$10.661 million which is primarily due to increased Supplies and Services expenditure associated with approved budget adjustments post the original budget, in conjunction with an unfavourable result in Revenues from fees and charges associated with an under recovery of service level agreement revenue for cost recovery from SuperSA, SAFA and CTPIRO branch.

3 Revenues from Government

An additional \$16.794 million in Revenue from SA Government was received in 2016-17 over the original budget primarily attributable to the Commercial Projects Branch to fund specific projects and initiatives of the Department.

4 Net result

The Department's actual net result against the original budget improved by \$6.133 million. This is primarily attributable to the additional Revenue from Government, offset by additional Supplies and Services expenditure associated with approved budget adjustments post the original budget in 2016-17.

27 Financial instruments/financial risk management

27.1 Financial risk management

The Department's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

27.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2 Significant Accounting Policies.

Notes to and forming part of the financial statements

27 Financial instruments/financial risk management (continued)

2017

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2017 \$'000	2017 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	13, 24	20 346	20 346
Receivables ⁽¹⁾⁽²⁾	Receivables	14	1 532	1 532
	Total financial assets		21 878	21 878
Financial liabilities				
Financial liabilities at cost ⁽¹⁾	Payables	18	5 374	5 374
	Total financial liabilities		5 374	5 374

2016

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2016 \$'000	2016 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	13, 24	10 331	10 331
Receivables ⁽¹⁾⁽²⁾	Receivables	14	748	748
	Total financial assets		11 079	11 079
Financial liabilities				
Financial liabilities at cost ⁽¹⁾	Payables	18	4 076	4 076
	Total financial liabilities		4 076	4 076

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

⁽²⁾ Excludes prepayments which do not meet the definition of a financial asset as per AASB 132.

Fair value

The Department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short term nature of these. Refer to notes 14 and 18.

Notes to and forming part of the financial statements

27 Financial instruments/financial risk management (continued)

Credit risk

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

The Department has minimal concentration of credit risk. The Department does not engage in hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit ratings. The Department does not hold any collateral as security on any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 14 for information on the allowance for impairment in relation to receivables.

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

27.3 Ageing analysis of financial assets

	Past due by			
	Overdue for < 30 days \$'000	Overdue for 30 – 60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
2017				
Not impaired				
Receivables ⁽¹⁾	8	1	61	70
Impaired				
Receivables	-	-	(3)	(3)
Total	8	1	58	67
2016				
Not impaired				
Receivables ⁽¹⁾	4	8	8	20
Impaired				
Receivables	-	-	-	-
Total	4	8	8	20

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

Liquidity risk

Liquidity risk arises from the possibility that the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department determines the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

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

Notes to and forming part of the financial statements

27 Financial instruments/financial risk management (continued)

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

27.4 Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2017				
Financial assets				
Cash and cash equivalents	20 346	20 346	-	-
Receivables	1 532	1 532	-	-
Total financial assets	21 878	21 878	-	-

Financial liabilities				
Payables	5 374	5 374	-	-
Total financial liabilities	5 374	5 374	-	-

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

Financial liabilities				
Payables	4 076	4 076	-	-
Total financial liabilities	4 076	4 076	-	-

Market risk

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

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

Sensitivity disclosure analysis

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

28 Events after the end of the reporting period

All employees employed in the business unit known as the State Valuation Office /Office of Valuer-General transferred from the Department of Planning, Transport and Infrastructure to DTF on 1 July 2017 as proclaimed on the South Australian Gazette dated 18 July 2017.

Statement of Administered Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits expenses	30	475 751	431 325
Supplies and services	31	55 554	55 341
Borrowing costs	32	245 386	275 292
Grants, subsidies and transfers	33	2 873 217	2 641 907
Depreciation and amortisation expenses	34	167	131
Other expenses	35	438 858	96 232
Payments to SA Government	40	11 006 249	10 392 611
Total expenses		15 095 182	13 892 839
Income			
Taxation	36	4 083 455	3 691 691
Commonwealth revenues	37	8 312 215	7 650 542
Dividends	38	169 129	288 612
Interest revenues	39	80 181	77 191
Revenues from SA Government	40	1 490 069	1 649 099
Grants and contributions	41	98 562	84 617
Revenues from fees and charges	42	132 853	124 455
Other revenues	43	731 387	370 774
Total income		15 097 851	13 936 981
Net result		2 669	44 142
Net result and total comprehensive result		2 669	44 142

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

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

Statement of Administered Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	44	1 026 952	1 353 109
Receivables	45	8 353	8 245
Other financial assets	46	7 560	4 000
Non-current assets held for sale	47	-	557
Total current assets		1 042 865	1 365 911
Non-current assets			
Receivables	45	6	6
Other financial assets	46	10 172	1 733
Property, plant and equipment	48	1 740	1 224
Intangible assets	49	325	325
Total non-current assets		12 243	3 288
Total assets		1 055 108	1 369 199
Current liabilities			
Payables	51	740 748	1 042 898
Employee benefits	52	1 476	1 494
Provisions	53	149	159
Other liabilities	54	25	8 225
Total current liabilities		742 398	1 052 776
Non-current liabilities			
Payables	51	31 940	38 379
Employee benefits	52	1 378	1 205
Provisions	53	253	344
Other liabilities	54	630	655
Total non-current liabilities		34 201	40 583
Total liabilities		776 599	1 093 359
Net assets		278 509	275 840
Equity			
Accumulated surplus		277 874	275 205
Asset revaluation surplus		635	635
Total equity		278 509	275 840

The total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	55
Contingent assets and liabilities	56

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

Statement of Administered Changes in Equity
for the year ended 30 June 2017

	Asset revaluation surplus \$'000	Accumulated surplus/ (deficit) \$'000	Total Equity \$'000
Balance at 30 June 2015	635	231 063	231 698
Total comprehensive result for 2015-16	-	44 142	44 142
Balance at 30 June 2016	635	275 205	275 840
Total comprehensive result for 2016-17	-	2 669	2 669
Balance at 30 June 2017	635	277 874	278 509

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

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

Statement of Administered Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash inflows			
Taxation received		4 083 455	3 691 691
Receipts from Commonwealth		8 312 215	7 650 542
Dividends		162 183	265 962
Interest received		80 181	77 191
Receipts from SA Government		1 490 069	1 649 099
Grants and contributions		98 562	84 617
Fees and charges		157 856	122 709
GST recovered from Australian Taxation Office		-	764
Receipts for Paid Parental Leave Scheme		60	26
Other receipts		733 216	368 462
Cash generated from operations		15 117 797	13 911 063
Cash outflows			
Payments to SA Government		(11 305 502)	(10 170 193)
Employee benefit payments		(474 362)	(430 378)
Payments for supplies and services		(66 940)	(46 786)
Interest payments		(245 386)	(275 292)
Grants, subsidies and transfers		(2 876 794)	(2 648 460)
GST paid to the ATO		(24 211)	-
Payments for Paid Parental Leave Scheme		(66)	(22)
Other payments		(438 111)	(93 661)
Cash used in operations		(15 431 372)	(13 664 792)
Net cash provided by (used in) operating activities	57b	(313 575)	246 271
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(126)	(220)
Cash used in investing activities		(126)	(220)
Net cash used in investing activities		(126)	(220)
Cash flows from financing activities			
Cash inflows			
Proceeds from other financial assets		35	354
Cash generated from financing activities		35	354
Cash outflows			
Other financial assets granted		(12 491)	(5 470)
Cash used in financing activities		(12 491)	(5 470)
Net cash provided by (used in) financing activities		(12 456)	(5 116)
Net increase (decrease) in cash and cash equivalents		(326 157)	240 935
Cash and cash equivalents at the beginning of the period		1 353 109	1 112 174
Cash and cash equivalents at the end of the period	57a	1 026 952	1 353 109

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

Disaggregated Disclosures - Administered Expenses and Income

Administered Items on behalf of the Consolidated Account	Commonwealth Mirror Taxes on Commonwealth Places Revenue Account			Community Development Fund
	2017 \$'000	2016 \$'000	2017 \$'000	
Expenses				
Employee benefits expenses	368	337	-	2016 \$'000
Supplies and services	-	-	-	
Borrowing costs	-	-	-	
Grants, subsidies and transfers	37 908	36 943	-	20 000
Depreciation and amortisation expenses	-	-	-	
Other expenses	-	-	28 075	-
Payments to SA Government	10 692 747	10 105 334	-	-
Total administered expenses	10 731 023	10 142 614	28 075	20 000
Income				
Taxation	3 729 089	3 346 318	-	-
Commonwealth revenues	6 235 550	5 950 172	28 075	-
Dividends	162 183	265 963	-	-
Interest revenues	78 679	75 863	-	-
Revenues from SA Government	36 706	35 518	-	-
Grants and contributions	-	-	-	20 000
Revenues from fees and charges	132 400	124 011	-	-
Other revenues	356 416	344 769	-	-
Total administered income	10 731 023	10 142 614	28 075	20 000
Net result	-	-	-	-

Disaggregated Disclosures - Administered Expenses and Income
for the year ended 30 June 2017

	Community Emergency Services Fund		Country Equalisation Scheme Account		ETSA Sales/Lease Proceeds Account	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	248 000	232 308	-	-	-	-
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total administered expenses	248 000	232 308	-	-	-	-
Income						
Taxation	208 293	196 971	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	6 946	22 649
Interest revenues	120	121	246	319	-	-
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	39 636	34 139	-	-	-	-
Revenue from fees and charges	452	442	-	-	-	-
Other revenues	-	-	-	-	-	-
Total administered Income	248 501	231 673	246	319	6 946	22 649
Net result	501	(635)	246	319	6 946	22 649

Disaggregated Disclosures - Administered Expenses and Income

for the year ended 30 June 2017

	Hospitals Fund		Housing Loans Redemption Fund		Intergovernmental Agreement on Federal Financial Relations	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	2 058 314	1 697 758
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	144 115	146 639	-	-	-	-
Total administered expenses	144 115	146 639	-	-	2 058 314	1 697 758
Income						
Taxation	144 115	146 639	-	-	-	-
Commonwealth revenues	-	-	-	-	2 048 590	1 675 234
Dividends	-	-	-	-	-	-
Interest revenues	-	-	262	244	-	-
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total administered income	144 115	146 639	262	244	2 048 590	1 675 234
Net result	-	-	262	244	(9 724)	(22 524)

Disaggregated Disclosures - Administered Expenses and Income
for the year ended 30 June 2017

	Industry Financial Assistance Account (IFAA)		Local Government Disaster Fund		Local Government Taxation Equivalents Fund	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	2 195	(5 805)	1 206	64	2 620	2 130
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	(30)	2 429	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total administered Expenses	2 165	(3 376)	1 206	64	2 620	2 130
Income						
Taxation	-	-	-	-	1 958	1 763
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	404	39	424	547	9	6
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	15 237	7 515	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	(488)	2 312	-	-	657	357
Total administered Income	15 153	9 866	424	547	2 624	2 126
Net result	12 988	13 242	(782)	483	4	(4)

Disaggregated Disclosures - Administered Expenses and Income

for the year ended 30 June 2017

	Support Services to Parliamentarians		Treasury and Finance Administered Items Account		Treasurer's Interest in the National Wine Centre Account	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expenses	17 483	17 188	457 900	413 800	-	-
Supplies and services	6 352	6 013	48 838	48 888	356	434
Borrowing costs	-	-	245 386	275 292	-	-
Grants, subsidies and transfers	-	1	502 974	658 508	-	-
Depreciation and amortisation expenses	94	100	42	-	31	31
Other expenses	-	1	24 682	56 911	-	-
Payments to SA Government	-	-	169 387	140 638	-	-
Total administered expenses	23 929	23 303	1 449 209	1 594 037	387	465
Income						
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	-	-	-	-
Revenues from SA Government	-	-	1 453 363	1 613 581	-	-
Grants and contributions	23 689	22 963	-	-	-	-
Revenues from fees and charges	1	2	-	-	-	-
Other revenues	56	8	65	73	25	25
Total administered income	23 746	22 973	1 453 428	1 613 654	25	25
Net result	(183)	(330)	4 219	19 617	(362)	(440)

Disaggregated Disclosures - Administered Expenses and Income
for the year ended 30 June 2017

	Treasury Working Account		Treasury Asset Management Account		CIMR Transitional Arrangement Accounts	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	8	6	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	-	-
Depreciation and amortisation expenses	-	-	-	-	-	-
Other expenses	264 645	11 755	-	-	121 486	-
Payments to SA Government	-	-	-	-	-	-
Total administered expenses	264 645	11 755	8	6	121 486	-
Income						
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	37	52	-	-
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	264 645	11 755	-	1	110 011	11 475
Total administered income	264 645	11 755	37	53	110 011	11 475
Net result	-	-	29	47	(11 475)	11 475

Disaggregated Disclosures - Administered Expenses and Income
for the year ended 30 June 2017

	Total	
	2017 \$'000	2016 \$'000
Expenses		
Employee benefits expenses	475 751	431 325
Supplies and services	55 554	55 341
Borrowing costs	245 386	275 292
Grants, subsidies and transfers	2 873 217	2 641 907
Depreciation and amortisation expenses	167	131
Other expenses	438 858	96 232
Payments to SA Government	11 006 249	10 392 611
Total administered expenses	15 095 182	13 892 839
Income		
Taxation	4 083 455	3 691 691
Commonwealth revenues	8 312 215	7 650 542
Dividends	169 129	288 612
Interest revenues	80 181	77 191
Revenues from SA Government	1 490 069	1 649 099
Grants and contributions	98 562	84 617
Revenues from fees and charges	132 853	124 455
Other revenues	731 387	370 774
Total administered income	15 097 851	13 936 981
Net result	2 669	44 142

29 Overview of Administered Financial Statements including Summary of Accounting Policies

The Administered financial statements include the revenues, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control. All the transactions for the special deposit accounts established under Section 8 of the *Public Finance and Audit Act 1987* and deposit accounts established under Section 21 of the *Public Finance and Audit Act 1987* that are administered by the Department are listed below:

Activity 1: Administered Items on behalf of the Consolidated Account

The purpose of the account is to record a number of revenue and expense transactions on behalf of the South Australian Government for the Consolidated Account. Such transactions include the collection of revenues from taxation, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services; grants and subsidies to public sector agencies, the private sector and the community; and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

Activity 2: Commonwealth Mirror Taxes on Commonwealth Places Revenue Account

The purpose of the account is to receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth and *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State.

Activity 3: Community Development Fund

The purpose of the fund is to administer annual payments under the *Gaming Machines Act 1992*. Payments are made in accordance with the directions of the Governor towards financial assistance for non-government welfare agencies, financial assistance for community development and the provision of government health, welfare or education services, as well as towards programs of benefit to the live music industry.

Activity 4: Community Emergency Services Fund

The purpose of the fund is to record all fixed property revenue from the Emergency Services Levy collected by RevenueSA and transferred to the community emergency services fund administered by the South Australian Fire and Emergency Services Commission.

Activity 5: Country Equalisation Scheme Account

The purpose of the account is to record injections of funds provided from the Consolidated Account, and to make 'refund payments' to electricity retailers in accordance with the Country Equalisation Scheme.

Activity 6: ETSA Sales/Lease Proceeds Account

The purpose of the account is to receive proceeds of a sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer.

Activity 7: Hospitals Fund

The purpose of the fund is to record and transfer monies received from SA Lotteries Commission operations and stamp duty on insurance policies relating to motor vehicles to the Consolidated Account to be used for the provision, maintenance, development and improvement of public hospitals.

Activity 8: Housing Loans Redemption Fund

The purpose of the fund is to record interest received payments.

Activity 9: Intergovernmental Agreement on Federal Financial Relations

The purpose of the account is to receive monies from the Commonwealth Government and disburse the monies to agencies pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National Specific Purpose Program (SPP) purposes listed in Schedule F of that Agreement and for the National Partnership Payments (NPP) for the purposes listed in Schedule G of that Agreement.

Activity 10: Industry Financial Assistance Account (IFAA)

The account was established to assist with the accounting for the industry assistance contracts written in the name of the Treasurer. SAFA is responsible for administering the IFAA on behalf of the Treasurer.

**29 Overview of Administered Financial Statements including Significant Accounting Policies
(continued)**

Activity 11: Local Government Disaster Fund

The purpose of the fund is to record the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. Assistance may be of an investigative, preventative, remedial, insurance, compensatory or other nature and may include funding of insurance or other commercial schemes.

Activity 12: Local Government Taxation Equivalents Fund

The account was established to record receipts of tax equivalents from the Local Government Finance Authority and payments to the Local Government Association of South Australia as stipulated under the *Local Government Finance Authority Act 1983*.

*Activity 13: Market Projects Unit**

The purpose of the account is to receive deposits from the sale of government assets.

Activity 14: Support Services to Parliamentarians

The purpose of the account is to record the financial transactions related to the administration of Support Services to Parliamentarians.

*Activity 15: Minister for Finance - Super SA Select**

The purpose of the account is to administer receipts and payments for the Commonwealth Low Income Superannuation Contribution.

Activity 16: Treasury and Finance Administered Items Account

The purpose of the account is to receive administered items appropriation for the Department pursuant to the annual Appropriation Act and to disburse the associated payments.

Activity 17: Treasurer's Interest in the National Wine Centre Account

The purpose of account is to record all of the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.

Activity 18: Treasury Working Account

The purpose of the account is to record receipts and payments for small lotteries, receipts and payments arising from various superannuation arrangements, interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment. This account is also used to process certain transactions of a whole of government nature or relating to the activities of the Treasurer.

Activity 19: Treasury Asset Management Account

The purpose of the account is to manage and administer the unclaimed customer deposits of the former State Bank of South Australia as well as other residual activities (dividends receipts).

Activity 20: CIMR Transitional Arrangement Accounts

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

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

29.1 Summary of Significant Accounting Policies

The Department's significant accounting policies are contained in note 2 'Significant Accounting Policies'. The policies outlined in note 2 apply to both the Department and Administered financial statements.

Notes to and forming part of the Administered financial statements

30 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Superannuation contributions to various schemes*	457 900	413 800
Salaries and wages	13 949	13 021
Long service leave	226	569
Annual leave	991	1 026
Skills and experience retention leave	18	12
Employment on-costs - superannuation	1 377	1 364
Employment on-costs - other	813	794
Minister's salary, electorate and expense allowance	366	337
Other employee related expenses	111	402
Total employee benefits expenses	475 751	431 325

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

Remuneration of employees

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

	2017	2016
	Number of Employees	Number of Employees
\$147 001 to \$157 000	-	1
\$177 001 to \$187 000	1	1
\$407 001 to \$417 000	-	1
\$447 001 to \$457 000	1	-
Total number of employees	2	3

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$634 000** (\$738 000).

Notes to and forming part of the Administered financial statements

31 Supplies and services

	2017	2016
	\$'000	\$'000
State's share of GST administration	48 113	47 850
Unclaimed monies	723	1 036
Accommodation and telecommunication	2 986	3 122
Information technology expenses	335	205
Minor works, maintenance and equipment	848	820
Legal costs	2	5
Consultants	6	-
Contractors and temporary staff	-	1
General administration and consumables	2 283	2 038
Other	258	264
Total supplies and services	55 554	55 341

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

	2017	2016	2017	2016
	Number	Number	\$'000	\$'000
Below \$10,000	3	-	6	-
Total paid/payable to the consultants engaged	3	-	6	-

32 Borrowing costs

	2017	2016
	\$'000	\$'000
Interest on borrowings	226 009	249 717
Interest paid on deposit accounts and other monies	19 377	25 575
Total borrowing costs	245 386	275 292

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

33 Grants, subsidies and transfers

	2017	2016
	\$'000	\$'000
Recurrent grants, subsidies and transfers	2 232 880	2 278 831
Capital grants, subsidies and transfers	640 337	363 076
Total grants, subsidies and transfers	2 873 217	2 641 907

Notes to and forming part of the Administered financial statements

34 Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Depreciation		
Buildings	73	31
Total depreciation	73	31
Amortisation		
Building fit-outs	94	100
Total amortisation	94	100
Total depreciation and amortisation expense	167	131

35 Other expenses

	2017	2016
	\$'000	\$'000
Refunds and remissions	19 115	52 784
Payments to Commonwealth Government	28 075	25 136
Bad debts	1 203	141
Doubtful debts	(1 233)	(82)
Repayment of borrowings	3 860	3 930
Loans forgiven	-	2 371
Transitional CTP Premiums	121 486	-
DPTI - Highways Fund*	259 400	-
Other	6 952	11 952
Total other expenses	438 858	96 232

*Under the reforms to the Compulsory Third Party Insurance market, four private insurers were approved to write CTP premiums in South Australia from 1 July 2016. Each insurer has paid a fee (Private insurer approval fee) for an initial market share. The fees collected by DTF were paid to the DPTI- Highways Fund in the same reporting period.

36 Taxation

	2017	2016
	\$'000	\$'000
Stamp duties - Conveyances on sale of property	859 915	920 561
Stamp duties - General insurance	175 845	176 707
Stamp duties - Motor vehicles registrations	169 005	158 949
Stamp duties - Other	297 892	303 260
Commonwealth Places Mirror - stamp duties	768	284
Payroll tax	1 380 410	1 340 958
Commonwealth Places Mirror - payroll tax	24 149	23 442
Land tax*	769 319	351 338
Commonwealth Places Mirror - land tax	1 247	1 409
Emergency Services levy	208 293	196 971
Local Government rate equivalents	3 139	235
Income tax equivalents	104 191	119 181
Contributions from Lotteries Commission of South Australia	73 376	78 178
Hindmarsh Island Bridge levy	40	25
Casino Duty	15 866	20 193
Total taxation	4 083 455	3 691 691

Notes to and forming part of the Administered financial statements

36 Taxation (continued)

*The increase in land tax is primarily due to delays in billing for the 2015-16 financial year, which has resulted in two years worth of land tax being received and recognised for certain taxpayers in 2016-17.

37 Commonwealth revenues

	2017 \$'000	2016 \$'000
Commonwealth general purpose grants		
GST revenue grants	5 920 240	5 613 934
Commonwealth Places Mirror taxes	28 075	25 136
Total Commonwealth general purpose grants	5 948 315	5 639 070
Commonwealth specific purpose grants		
Council of Australian Governments Funding arrangements	315 310	336 238
Intergovernmental Agreement on Federal Financial Relations - Recurrent	1 541 068	1 476 911
Intergovernmental Agreement on Federal Financial Relations - Capital	507 522	198 323
Total Commonwealth specific purpose grants	2 363 900	2 011 472
Total Commonwealth revenues	8 312 215	7 650 542

38 Dividends

	2017 \$'000	2016 \$'000
Adelaide Venue Management	1 600	1 583
Generation Lessor Corporation	6 946	22 649
Generation Lessor Corporation - Alinta Energy	2 900	-
Homestart Finance	7 115	11 466
Renewal SA	2 059	7 199
Public Trustee Office	59	227
SA Water Corporation	121 829	204 918
South Australian Government Employee Residential Property	-	1 706
Forestry SA	3 571	-
South Australian Government Financing Authority	23 050	38 864
Total dividends	169 129	288 612

39 Interest revenues

	2017 \$'000	2016 \$'000
Interest	80 181	77 191
Total interest revenues	80 181	77 191

Notes to and forming part of the Administered financial statements

40 Revenues from/Payments to SA Government

	2017 \$'000	2016 \$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	1 453 363	1 613 581
Appropriations under other acts	36 706	35 518
Total revenues from SA Government	1 490 069	1 649 099
Payments to SA Government		
Transfer of revenue received on behalf of the Consolidated Account	10 692 747	10 105 334
Other payments to the Consolidated Account	144 115	146 639
Return of surplus cash pursuant to Cash Alignment Policy	169 387	140 638
Total payments to SA Government	11 006 249	10 392 611

41 Grants and contributions

	2017 \$'000	2016 \$'000
Grants and contributions	98 562	84 617
Total grants and contributions	98 562	84 617

42 Revenues from fees and charges

	2017 \$'000	2016 \$'000
Guarantee fees	132 400	124 011
Support Services to Parliamentarians	1	2
Other recoveries	452	442
Total revenues from fees and charges	132 853	124 455

43 Other revenues

	2017 \$'000	2016 \$'000
Repayment of advances	6 893	8 038
Return of cash to Consolidated Account - cash alignment policy	243 178	291 790
Return of capital	71 208	15 610
Return of deposit account balances	546	544
Essential Services Commission of SA	12 917	7 529
Support Services to Parliamentarians	691	364
Recoveries DPTI - Indentured Ports	655	11 793
Transitional CTP Premiums Collected	110 011	11 475
Private insurer approval fee*	259 400	-
Other income	25 888	23 631
Total other revenues	731 387	370 774

*Refer to Note 35

Notes to and forming part of the Administered financial statements

44 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Deposits with the Treasurer	993 069	1 298 430
Promissory notes	21 819	23 304
DTF Loans Administration Account	12 064	31 375
Total cash and cash equivalents	1 026 952	1 353 109

Promissory notes

The Treasurer holds Promissory notes on behalf of the Local Government Disaster Fund where the cash balance of the fund is not immediately required to fund Local Government costs relating to disasters. It is invested with the Local Government Finance Authority of South Australia for periods of three months. Promissory notes earn interest at their respective promissory note rates.

Interest rate risk

Some deposit accounts with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

45 Receivables

	2017 \$'000	2016 \$'000
Current		
Receivables	535	1 235
Allowance for doubtful debts	-	(1 235)
Accrued revenues	7 376	8 957
GST input tax recoverable	442	(712)
Total current receivables	8 353	8 245
Non-current		
Receivables	6	6
Total non-current receivables	6	6
Total receivables	8 359	8 251

Movement in the Allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2017 \$'000	2016 \$'000
Carrying amount at the beginning of the period	1 235	1 317
Movement in the allowance	(1 235)	(82)
Carrying amount at the end of the period	-	1 235

Notes to and forming part of the Administered financial statements

45 Receivables (continued)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

Ageing analysis of financial assets - refer to table 60.3 in note 60.

Financial risk management/Financial instruments information - refer to note 60.

46 Other financial assets

	2017 \$'000	2016 \$'000
Current		
Loans for financial assistance	7 560	4 000
Total current other financial assets	7 560	4 000
Non Current		
Loans for financial assistance	10 172	1 733
Total non-current other financial assets	10 172	1 733
Total other financial assets	17 732	5 733

Ageing analysis of financial assets and liabilities - refer to table 60.3 in note 60.

Financial risk management/Financial instruments information - refer to note 60.

47 Non-current assets held for sale

	2017 \$'000	2016 \$'000
Land	-	145
Building and improvements	-	412
Total non-current assets held for sale	-	557

Notes to and forming part of the Administered financial statements

48 Property, plant and equipment

	2017 \$'000	2016 \$'000
Buildings		
At valuation	1 384	972
Accumulated depreciation	(167)	(94)
Total buildings	1 217	878
Building fitouts		
At cost	1 919	1 873
Accumulated amortisation	(1 738)	(1 686)
Total building fitouts	181	187
Land		
At valuation	203	58
Total land	203	58
Work in progress		
At cost	139	101
Total work in progress	139	101
Total property, plant and equipment	1 740	1 224

Valuation of Non-Current Assets

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

Notes to and forming part of the Administered financial statements

48 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2016-17.

	Land \$'000	Buildings \$'000	Building fitouts \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	58	878	187	101	1 224
Additions	-	-	88	38	126
Asset reclassified from assets held for sale	145	412	-	-	557
Depreciation and amortisation expense	-	(73)	(94)	-	(167)
Carrying amount at the end of the period	203	1 217	181	139	1 740

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

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

49 Intangible assets

	2017 \$'000	2016 \$'000
Water licences		
At cost	325	325
Total water licences	325	325
Total Intangible assets	325	325

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

Reconciliation of Intangible Assets

There has been no movement in Intangibles.

Notes to and forming part of the Administered financial statements

50 Fair value measurement

Fair Value Hierarchy

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

	Level 3 \$'000	Total \$'000
Recurring fair value measurements 30 June 2017		
Buildings (note 48)	1 217	1 217
Building fitouts (note 48)	181	181
Land (note 48)	203	203
Total recurring fair value measurements	1 601	1 601
	Level 3 \$'000	Total \$'000
Recurring fair value measurements 30 June 2016		
Buildings (note 48)	878	878
Building fitouts (note 48)	187	187
Land (note 48)	58	58
Total recurring fair value measurements	1 123	1 123
Non- recurring fair value measurements		
Buildings held for sale (note 47)	412	412
Land held for sale (note 47)	145	145
Total non-recurring fair value measurements	557	557
Total	1 680	1 680

There were no transfers of assets into or out of the level 3 hierarchy in 2017. The Department's policy is to recognise transfers into or out of fair value hierarchy levels as at the end of reporting period.

Valuation techniques and inputs

All property, plant and equipment is recognised at cost less accumulated depreciation.

In accordance with APF III 'Asset Accounting Framework', property, plant and equipment is only revalued when its fair value at acquisition date exceeds \$1 million and its estimated useful life is greater than 3 years.

Estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data. For this reason all property, plant and equipment is categorised into level 3.

There were no changes in valuation techniques during 2017.

Notes to and forming part of the Administered financial statements

50 Fair value measurement (continued)

Reconciliation of recurring fair value measurements - Level 3 as at 30 June 2017

Fair value measurements at 30 June 2017	Buildings \$'000	Building Fitouts \$'000	Land \$'000
Opening balance at the beginning of the period	878	187	58
Acquisitions	412	88	145
Subtotal	1 290	275	203
Depreciation	(73)	(94)	-
Carrying amount at the end of the period	1 217	181	203

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

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

51 Payables

	2017 \$'000	2016 \$'000
Current		
Creditors - electricity entities lease proceeds	6 455	6 946
Creditors - revenue received on behalf of the Consolidated Account	711 288	1 010 541
Creditors - other	8 280	15 117
Accrued expenses	14 356	9 995
Employment on-costs	369	293
Paid parental leave scheme payable	-	6
Total current payables	740 748	1 042 898
Non-current		
Creditors - electricity entities lease proceeds	28 812	35 267
Employment on-costs	127	111
Creditors - other	2 501	2 501
Super SA Select Loan	500	500
Total non-current payables	31 940	38 379
Total payables	772 688	1 081 277

Notes to and forming part of the Administered financial statements

51 Payables (continued)

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remained unchanged from the 2016 rate (40%) and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment oncost calculation.

Interest rate and credit risk

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

Maturity Analysis of Payables - refer to table 60.4 in note 60.

Categorisation of financial instruments and risk exposure information - refer to note 60.

52 Employee benefits

	2017 \$'000	2016 \$'000
Current		
Accrued salaries and wages	320	244
Annual leave	912	887
Long service leave	218	345
Skills and experience retention leave	26	18
Total current employee benefits	1 476	1 494
Non-current		
Long service leave	1 378	1 205
Total non-current employee benefits	1 378	1 205
Total employee benefits	2 854	2 699

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave. AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2016 (2%) to 2017 2.5%.

This increase in the bond yield, which is used as the rate to discount future long service leave cash flow, results in a decrease in the reported long service leave liability.

The net financial effect of the changes in the financial year is a decrease in the long service leave liability of \$78 000 and employee benefits expense of \$78 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

Notes to and forming part of the Administered financial statements

53 Provisions

	2017 \$'000	2016 \$'000
Current		
Provision for workers' compensation	149	159
Total current provisions	149	159
Non-current		
Provision for workers' compensation	253	344
Total non-current provisions	253	344
Total provisions	402	503
Reconciliation of Provisions	2017 \$'000	2016 \$'000
Carrying amount at the beginning of the period	503	326
Payments/other sacrifices of future economic benefits	(63)	(349)
Increase/reduction in provisions recognised	(38)	526
Carrying amount at the end of the period	402	503

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

54 Other liabilities

	2017 \$'000	2016 \$'000
Current		
Unearned revenue	25	8 225
Total current other liabilities	25	8 225
Non-current		
Unearned revenue	630	655
Total non-current other liabilities	630	655
Total other liabilities	655	8 880

Unearned revenue relates to pre-paid lease income. Specifically, the Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of \$1 000 000 which has been recorded as unearned revenue and is being apportioned over the life of the lease.

Notes to and forming part of the Administered financial statements

55 Unrecognised contractual commitments

(a) Operating lease commitments

The Department as Lessee

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

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

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

	2017	2016
	\$'000	\$'000
Not later than one year	2 253	2 065
Later than one year but not later than five years	1 761	3 557
Total operating lease commitments	4 014	5 622

(b) Other commitments

The Department's other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations and Industry Assistance grants.

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

	2017	2016
	\$'000	\$'000
Not later than one year	21 351	37 380
Later than one year but not later than five years	4 833	11 205
Later than five years	-	350
Total other commitments	26 184	48 935

56 Contingent assets and liabilities

The following contingent assets and liabilities exist for the Administered Items:

Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.

On 26 November 2012 the State appointed Tatts Lotteries SA Pty Ltd (Tatts) as its exclusive Master Agent to operate SA Lotteries' brands and products for a term of 40 years, starting 11 December 2012. Under this arrangement the Lotteries Commission of South Australia is required to pay the Master Agent a master agency fee (payment obligation). The Treasurer has unconditionally and irrevocably guaranteed the performance by Lotteries Commission of South Australia of the payment obligation. The Treasurer has also indemnified the Master Agent against any cost, expense, loss or damage that the Master Agent may incur as a direct result of non-compliance by Lotteries Commission of South Australia with the payment obligation. The Treasurer's maximum aggregate liability to the Master Agent under this agreement is limited to an amount equal to the total quantum of Lotteries Commission of South Australia's liability to the Master Agent for the payment obligation.

Under an agreement between Osborne Cogeneration Pty Ltd and SAFA for the Osborne Generation Plant, SAFA has guaranteed the performance of certain obligations by two Origin Energy subsidiaries. SAFA in turn, is indemnified by Origin Energy for the performance of its subsidiaries and by the Treasurer for the performance of Origin Energy under this arrangement. The maximum exposure of the guarantee is estimated at \$200 million until December 2018.

Under the *Housing Loans Redemption Fund Act 1962* the Treasurer is committed to meet any shortfall in the fund from appropriated general revenue.

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or a receivable from the Treasurer. This policy resulted in a payable to the Treasurer of \$1.1million (\$11.9 million).

The Treasurer has agreed to indemnify the Export Finance and Insurance Corporation, the Commonwealth Government's export finance agency, for a guarantee of up to \$218.6 million (\$291 million) to external lenders to the Port Pirie Smelter Transformation Project being undertaken by Nyrstar.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2017 was \$645.6 million (\$664.7 million).

The Unlocking Capital for Jobs Program involves the Government of South Australia providing a partial guarantee for loans made by participating banks to South Australian small and medium enterprises that have expansion or transformation plans and have satisfied the participating bank's normal lending criteria other than the provision of sufficient collateral as security for the loan. The Treasurer's exposure at 30 June 2017 was \$1.9 million (\$3.5 million) out of the \$50 million program's limit.

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

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

Under Section 15 of the *Government Financing Authority Act 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the state of South Australia.

Notes to and forming part of the Administered financial statements

57 Cash flow reconciliation

	2017 \$'000	2016 \$'000
(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period		
Statement of Cash Flows	1 026 952	1 353 109
Statement of Financial Position	<u>1 026 952</u>	<u>1 353 109</u>
(b) Reconciliation of net cash (used in) provided by operating activities to net result		
Net cash (used in) provided by operating activities	(313 575)	246 271
Add non cash items		
Depreciation and amortisation expense	(167)	(131)
Bad debts expense	(1 203)	(141)
Doubtful debts expenses	1 233	82
Discounted cash flow valuations for financial assistance loans - other income	(488)	2 312
Loans forgiven	-	(2 371)
Movements in assets / liabilities		
Increase/(decrease) in receivables	108	2 113
(Increase)/decrease in payables	308 590	(194 934)
(Increase)/decrease in employee benefits	(155)	(707)
(Increase)/decrease in provisions	101	(177)
(Increase)/decrease in other liabilities	<u>8 225</u>	<u>(8 175)</u>
Net result	<u>2 669</u>	<u>44 142</u>

Notes to and forming part of the Administered financial statements**58 Transactions with SA Government**

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

		SA Government		Non-SA Government		Total	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses							
Employee benefits expenses	30	-	794	475 751	430 531	475 751	431 325
Supplies and services	31	3 278	2 985	52 276	52 356	55 554	55 341
Borrowing costs	32	245 386	275 292	-	-	245 386	275 292
Grants, subsidies and transfers	33	2 821 609	2 541 089	51 608	100 818	2 873 217	2 641 907
Depreciation and amortisation expenses	34	-	-	167	131	167	131
Other expenses	35	386 672	4 327	52 186	91 905	438 858	96 232
Payments to SA Government	40	11 006 249	10 392 611	-	-	11 006 249	10 392 611
Total expenses		14 463 194	13 217 098	631 988	675 741	15 095 182	13 892 839
Income							
Taxation	36	929 026	572 278	3 154 429	3 119 413	4 083 455	3 691 691
Commonwealth revenues	37	-	-	8 312 215	7 650 542	8 312 215	7 650 542
Dividends	38	169 129	288 612	-	-	169 129	288 612
Interest revenues	39	75 330	71 767	4 851	5 424	80 181	77 191
Revenues from SA Government	40	1 490 069	1 649 099	-	-	1 490 069	1 649 099
Grants and Contributions	41	98 513	83 989	49	628	98 562	84 617
Revenue from fees and charges	42	132 400	123 470	453	985	132 853	124 455
Other revenues	43	453 856	348 736	277 531	22 038	731 387	370 774
Total Income		3 348 323	3 137 951	11 749 528	10 799 030	15 097 851	13 936 981
Financial assets							
Cash and cash equivalents	44	1 026 952	1 353 109	-	-	1 026 952	1 353 109
Receivables	45	1 028	458	7 331	7 793	8 359	8 251
Other financial assets	46	-	-	17 732	5 733	17 732	5 733
Total financial assets		1 027 980	1 353 567	25 063	13 526	1 053 043	1 367 093
Financial liabilities							
Payables	51	759 778	1 061 971	12 910	19 306	772 688	1 081 277
Total financial liabilities		759 778	1 061 971	12 910	19 306	772 688	1 081 277

Notes to and forming part of the Administered financial statements

59 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

Statement of Administered Comprehensive Income	Note	Original budget ¹	Actual	Variance	Variance Explanation
		\$'000	\$'000	\$'000	
Expenses					
Employee benefits expenses	30	(237 210)	475 751	(712 961)	1
Supplies and services	31	48 710	55 554	(6 844)	
Borrowing costs	32	675 249	245 386	429 863	
Grants, subsidies and transfers	33	1 299 760	2 873 217	(1 573 457)	2
Depreciation and amortisation expenses	34	-	167	(167)	
Other expenses	35	30 482	438 858	(408 376)	
Payments to SA Government	40	10 589 206	11 006 249	(417 043)	
Total expenses		12 406 197	15 095 182	(2 688 985)	
Income					
Taxation	36	3 708 837	4 083 455	374 618	
Commonwealth revenues	37	6 404 849	8 312 215	1 907 366	3
Dividends	38	148 083	169 129	21 046	
Interest revenues	39	103 604	80 181	(23 423)	
Revenues from SA Government	40	1 616 077	1 490 069	(126 008)	
Grants and contributions	41	-	98 562	98 562	
Revenues from fees and charges	42	139 158	132 853	(6 305)	
Other revenues	43	60 680	731 387	670 707	
Total income		12 181 288	15 097 851	2 916 563	
Net result		(224 909)	2 669	227 578	

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with the line items in the financial statements. However the amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Notes to and forming part of the Administered financial statements

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

Variance Explanations:

1. Employee benefits

The unfavourable variance of \$713 million is primarily due to the original budget for employee benefits including the revaluation of unfunded superannuation liability (-\$238.7 million) with no actual revaluation recorded against employee benefits in the Statement of Administered Comprehensive Income. Employee benefits actual expenses also include the past service superannuation payments (\$457.9 million) while the associated budget is disclosed as part of the Treasury and Finance Administered Items Account Statement of Cash Flows which does not form part of the Statement of Administered Comprehensive Income original budget amount.

2. Grants, Subsidies and Transfers

The \$1.573 billion unfavourable variance against the original budget is primarily due to payments to agencies (\$2.058 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations being recorded in the Statement of Administered Comprehensive Income while the associated budgets are disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Comprehensive Income original budget amount. This variance is offset by the grants, subsidies and transfers original budget including a budget amount for the repayment of advances (-\$310 million) while the actual transactions are treated as income in the Statement of Administered Comprehensive Income.

3. Commonwealth Revenues

The \$1.907 billion favourable variance against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$2.049 billion) being recorded in the Statement of Administered Comprehensive Income while the associated budget is disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Administered Comprehensive Income original budget amount.

60 Financial risk management/Financial instruments

60.1 Financial risk management

The Department's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

60.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Significant Accounting Policies.

Notes to and forming part of the Administered financial statements

60 Financial risk management/Financial instruments (continued)

2017

Categorisation of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount 2017 \$'000	Fair Value 2017 \$'000
Financial asset				
Cash and cash equivalents	Cash and cash equivalents	44	1 026 952	1 026 952
Loans and receivables	Receivables ⁽¹⁾ (2)	45	535	535
Held to maturity	Other financial assets	46	17 732	17 732
	Total financial assets		1 045 219	1 045 219
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	51	754 835	754 835
	Total financial liabilities		754 835	754 835

2016

Categorisation of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount 2016 \$'000	Fair Value 2016 \$'000
Financial asset				
Cash and cash equivalents	Cash and cash equivalents	44	1 353 109	1 353 109
Loans and receivables	Receivables ⁽¹⁾ (2)	45	1 235	1 235
Held to maturity	Other financial assets	46	5 733	5 733
	Total financial assets		1 360 077	1 360 077
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	51	1 067 871	1 067 871
	Total financial liabilities		1 067 871	1 067 871

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. All amounts recorded are carried at cost.

(2) Excludes prepayments which do not meet the definition of a financial asset as per AASB 132.

Fair value

The Department of Treasury and Finance does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short term nature of these. Refer to notes 45 and 51.

Credit risk

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

The Department has minimal concentration of credit risk. The Department does not engage in hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 45 for information on the allowance for impairment in relation to receivables.

Notes to and forming part of the Administered financial statements

60 Financial risk management/Financial instruments (continued)

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

Table 60.3 Ageing analysis of financial assets

	Past due by			
	Overdue for < 30 days \$'000	Overdue for 30 – 60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
2017				
Not impaired				
Other financial assets	-	-	17 732	17 732
Impaired				
Receivables ⁽¹⁾	-	-	-	-
Total	-	-	17 732	17 732
2016				
Not impaired				
Other financial assets	-	-	5 733	5 733
Impaired				
Receivables ⁽¹⁾	-	-	1 235	1 235
Total	-	-	6 968	6 968

⁽¹⁾ Receivables amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

Liquidity risk

Liquidity risk arises from the possibility that the Department is unable to meet its financial obligations as they fall due. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in table 60.4 represent the Department's maximum exposure to liquidity risk.

Notes to and forming part of the Administered financial statements

60 Financial risk management/Financial instruments (continued)

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

Table 60.4 Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	2017 Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial assets				
Cash and cash equivalents	1 026 952	1 026 952	-	-
Receivables	535	535	-	-
Other financial assets	17 732	7 560	10 172	-
Total financial assets	1 045 219	1 035 047	10 172	-
Financial liabilities				
Payables	754 835	726 023	-	28 812
Total financial liabilities	754 835	726 023	-	28 812

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

Market risk

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