



THE TREASURY

OF SOUTH AUSTRALIA

ANNUAL REPORT

1991/92

THE TREASURER

TREASURY DEPARTMENT ANNUAL REPORT, 1991-92

Enclosed is the Department's Annual Report for 1991-92.

The financial circumstances of the State continued to be adverse through the year, mainly as a result of the very severe recession, various policies of the Commonwealth Government and the problems of two of the State's major financial institutions.

This has obviously meant an unusually high level of pressure on the Department.

I express my appreciation - which I know you share - of the commitment by officers at all levels and in all parts of the Department.

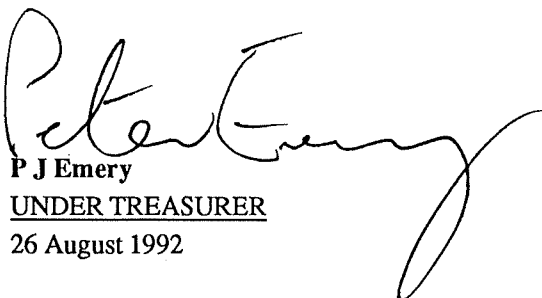
As explained in the Report, the Department has sought, with respect to its own budget, to manage in a way consistent with the Government's expenditure restraint objectives (as reflected in a reducing allocation from Consolidated Account to the Department's budget) while meeting priority requirements.

For obvious reasons, the time of a number of the most senior staff in the Department has been concentrated on matters related to the State Bank, the SGIC and the State's overall budget. It is hoped that over the period ahead there will be an opportunity for greater concentration on other matters including key areas of administration for which the Department is directly responsible (such as the State's superannuation schemes) and the Department's relationships with other government and semi-government agencies which, although generally very good in my view, can be further extended and strengthened.

In the period ahead, the Department will, of course, be looking to maintain those strengths which it already enjoys, one of the most important being the economies, policy-making efficiencies and other benefits which flow from the very close links which exist between Treasury staff and statutory bodies such as SAFA and the Superannuation Board.

The relocation of the whole Department (including the State Taxation Office which has for many years been housed separately from the rest of the Treasury) into the State Administration Centre, expected to take place in the latter part of 1993, will permit further benefits to be gained.

I record the Department's appreciation of the support which we have received from yourself, the Minister of Finance and your respective private office staff.



P J Emery
UNDER TREASURER
26 August 1992



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AGENCY OVERVIEW

OBJECTIVES AND STRUCTURE OF THE DEPARTMENT

Objectives

In broad terms, the primary objectives of the Treasury Department are to:

- assist the Government to secure, in the most effective way, the financial resources it needs to carry out its policies;
- assist the Government to achieve the most effective use of the financial resources available to it;
- assist the Government in assessing the effect of its financial policies on the economy, and on the community;
- keep such central records as will enable the Government to account for its financial transactions and have the financial information required for decision making;
- provide advice to the Government of an actuarial nature and administer State superannuation arrangements.

Maintenance and development of accounting policies and systems

Accounting & Systems

Administration of superannuation schemes

Corporate & Superannuation Services

Investment and management of superannuation contributions

SASFTT

Provision of actuarial, superannuation and insurance advice

Actuarial & Insurance Services

Support Services

Corporate and Superannuation Services, Executive Management

For budget purposes the Executive Management group comprises the Under Treasurer, the Deputy Under Treasurer and their assistants and the Treasury Liaison Officer assigned to the Office of the Minister of Finance.

State Taxation Office

The State Taxation Office is responsible for the administration of most major State taxation legislation. It is required to monitor compliance with the legislation and to ensure that taxpayers meet their legal obligations. The Office also contributes to the development of taxation policy and to the preparation of tax legislation with particular reference to the development of measures to overcome tax avoidance and evasion.

Structure

The structure of the department may best be understood by reference to the programs which it administers. These are as follows -

PROGRAM	BRANCH
Administration and enforcement of State taxation legislation	State Taxation
Provision of budgetary and economic advice	Budget, Revenue & Economics
Management of State Government borrowing and investment activities	SAFA

Budget Branch

The Budget Branch is responsible for coordinating preparation of the State budget in accordance with the Government's budgetary objectives and for production of the budget documents required for the Parliament. The Branch monitors budget performance on a continuous basis, prepares

AGENCY OVERVIEW

forward estimates and provides advice to the Treasurer and Minister of Finance on budgetary and resource issues with respect to recurrent and capital expenditure. Branch officers work with agencies and Ministers to assist them in achieving their objectives within budget constraints. Advice is also provided to the Treasurer and Minister of Finance on Commonwealth/State/Local financial relations.

The operations of the former Budget and Capital Works Branches have been brought together during 1991/92. There is now a single point of responsibility within Treasury for all budgetary matters related to a specific agency. The Assistant Under Treasurer (Infrastructure) and the Director, Capital Works will continue to provide a specialist resource of expertise and advice on capital works matters, particularly with respect to policy and planning.

The function of administrative and research support to the Local Government Grants Commission, transferred to Treasury in early 1991 following dissolution of the Department of Local Government, now forms part of the Budget Branch operations.

Revenue and Economics Branch

The Revenue and Economics Branch is responsible for preparing and monitoring estimates of recurrent receipts, provides an economic monitoring service to the Government through the preparation of briefings on a wide range of economic data, guides SAFA's borrowing and investment strategy, determines credit risk policies for SAFA, compiles financial information for the State public sector and provides advice on public sector financial issues and institutions.

South Australian Government Financing Authority (SAFA)

SAFA has two main responsibilities -

- the administration and operation of the South Australian Government Financing Authority (SAFA)
- the administration of the Australian Loan Council guidelines relating to State public sector borrowings.

The Branch can be regarded as fulfilling the same role for the State public sector as a corporate Treasury department would for a large corporation. It provides practically all the capital funds for the State's statutory authorities and a major proportion of the State Government's capital funds required through the Consolidated Account.

Accounting and Systems Branch

Early in the financial year, following an organisation review, the Accounting and Systems Branch was formed to replace the Accounting Operations and the Accounting Policy and Systems Branches.

The task of the newly formed Branch is to ensure that the Government has available to it the accounting information required to satisfy its compliance, accountability and decision making purposes and that its staff are able to use this information properly.

The Branch has staff devoted to accounting policy and financial management improvement issues, to government accounting and reporting, to Treasury's internal accounting, and to systems development and support activities.

Corporate and Superannuation Services

The former Superannuation and Corporate Services Branches were combined during the year under the leadership of the Manager, Corporate and Superannuation Services. The branch administers -

AGENCY OVERVIEW

- two voluntary State Superannuation Schemes, through the State Superannuation Office, which are available to most Government employees and to staff of certain statutory authorities
- the Public Sector Employees Superannuation Scheme which provides benefits to all Government and statutory authority employees in accordance with an agreement negotiated between the Government and the United Trades and Labor Council as a result of the 3% national productivity scheme
- the provision of services to all other sections of the department on matters such as accommodation, supply, transport, keyboard and reception, correspondence and personnel and training. In addition, the branch provides a Ministerial Office service to the portfolios of the Treasurer and the Minister of Finance by handling matters relating to the administration of certain Acts such as the Unclaimed Moneys Act, the Lottery and Gaming Act and the Rural Advances Guarantee Act, and by facilitating dealings between the Ministers and the major statutory authorities for which they are responsible

- the regulation of small lotteries under the Lottery and Gaming Act and collections undertaken pursuant to the Collections for Charitable Purposes Act.

South Australian Superannuation Fund Investment Trust (SASFIT)

SASFIT is the statutory body charged with the responsibility of investing and managing the South Australian Superannuation Fund, the Police Superannuation Fund, and certain other public sector superannuation moneys. Pursuant to Section 15(3) of the Superannuation Act, 1988, Treasury staff are assigned to assist the Trust in fulfilling these responsibilities.

Actuarial and Insurance Services Branch

The Actuarial and Insurance Services Branch provides actuarial and policy advice within the public sector on superannuation, life insurance, general insurance and related matters. It also monitors and co-ordinates superannuation activity in the public sector, administers superannuation schemes for politicians, judges and governors and co-ordinates the government's insurance and risk management arrangements.

Information with respect to:

- Ministerial portfolio responsibilities;
- Legislative measures for 1991/92;
- the department's senior organisational structure; and
- boards and committees on which Treasury is represented;

can be found in the Appendices to this report.

Commentary on measures relating to the Public Sector Fraud Policy (as required under the Government Management Board Guideline on the Preparation of Annual Reports) is also included as an appendix.

AGENCY OVERVIEW

FINANCIAL AND EMPLOYMENT OVERVIEW

In 1990/91 the Treasury Department commenced transacting its financial activities from an interest bearing Special Deposit Account entitled the 'Treasury Department Operating Account'. Under the Special Deposit Account arrangement the Department's activities are financed from retained revenue and an appropriation from the Consolidated Account. Any additional expenses resulting from new or increased responsibilities are met from this account without additional support from the Consolidated Account.

As part of the Special Deposit Account arrangement the Department has agreed with the Treasurer and Minister of Finance to reduce the appropriation from the Consolidated Account, after approved adjustments, by 1.5 per cent in 1990/91 and 2 per cent in 1991/92. The Department has further agreed to reductions in appropriation of 4.9 per cent in 1992/93 and a provisional amount of 2 per cent in 1993/94.

During 1991/92 the Department absorbed additional costs arising from increased activities in monitoring financial institutions and government trading enterprises, public sector superannuation and taxation compliance. The Department also financed the first stage of the implementation of the Information Technology Plan in the State Taxation

Office (\$310,000) and absorbed additional Lands Department charges (\$570,000).

Despite these increased demands an operating surplus of \$2.3 million was generated in 1991/92 through a vigorous cost saving and revenue raising exercise. This, together with any future surplus, will principally be used to finance the five year cost of implementing the Information Technology Plan (estimated \$3 million) and the additional rent and amortised fit-out costs resulting from the relocation to the State Administration Building (estimated \$1.2 million per year).

Table I in the Financial and Employment Information Chapter of this report is a three year comparative statement of Treasury's financial activities.

Treasury's employment statistics over the past three years demonstrate the restraint which the Department has exercised despite being required to meet increased demands for new and existing services. By internally relocating staff to areas of greatest need the Department has been able to keep workforce numbers relatively stable. These employment statistics can be found in Table IV in the Financial and Employment Information Chapter of this report.





ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

CHARTER

The principal functions of the State Taxation Office are the collection of taxation revenue for the South

Australian Government and the provision of policy advice to the Under Treasurer and the Government.

LEGISLATION

The State Taxation Office is managed by the Commissioner of State Taxation who in his legislative capacity as Commissioner of Stamps and Commissioner of Land Tax is responsible for the administration of the following Acts:

1. Business Franchise (Petroleum Products) Act, 1979

The Act provides for the licensing of wholesale (Class A Licence) and retail (Class B Licence) vendors of petroleum products in South Australia with the licence fee consisting of an annual payment of \$100 plus an ad valorem component calculated by reference to the value of sales of petroleum products made by the licensee in an earlier period.

The regulations were reviewed and rationalised during 1991/92 as part of the Government's program of regulation review under the Subordinate Legislation Act, 1978.

2. Debits Tax Act, 1990

Debits tax is charged on all withdrawals from bank accounts with a cheque drawing facility. The Commonwealth Government imposed the tax in April 1983 and transferred responsibility to the States and Territories (except the ACT) on 1 January 1991. An agency arrangement has been entered into whereby the Australian Taxation Office continues to collect the tax on behalf of the States.

3. Financial Institutions Duty Act, 1983

Financial institutions duty is payable at the rate of 10c per \$100 or \$1,200 (whichever is the lesser) on any receipt of money by a financial institution that is registered or required to be registered under the provisions of the Act.

Duty at a concessional rate (0.005%) is payable by those persons who are registered as short-term money market operators for the purposes of the Act. The Act provides for certain accounts (eg, charitable organisations) to be exempt from the imposition of the duty.

4. Land Tax Act, 1936

Land tax is imposed under the Land Tax Act, 1936 on all land in the State other than that which is specifically exempted. With minor exceptions, land tax is not payable on land used as a principal place of residence or for primary production. The tax is calculated on the aggregate of the site values in an ownership as at 30 June immediately preceding the financial year for which the tax is levied. The site values are determined by the Valuer-General.

5. Pay-roll Tax Act, 1971

Employers and groups of employers are required under the provisions of the Pay-roll Tax Act, 1971 to pay 6.1 per centum tax on wages

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

and salaries paid to employees. Where wages and salaries are below a given level, described as the threshold, pay-roll tax is not payable.

6. Stamp Duties Act, 1923

The Stamp Duties Act, 1923 provides for the payment of duty on a diverse range of instruments, the largest being duty on the conveyance of land. Duty is also levied on a number of transactions relating to rental business, insurance business, stock exchange dealings and applications to register and transfer registration of motor vehicles.

7. Taxation (Reciprocal Powers) Act, 1989

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

8. Tobacco Products (Licensing) Act, 1986

The Tobacco Products (Licensing) Act, 1986 provides for a legislative scheme under which a direct contribution to State revenue, in the form of a licence fee, is made by a consumer who takes out a consumption licence.

Consumers are relieved from the obligation to hold a consumption licence for the consumption of tobacco products obtained through a merchant in circumstances where the merchant chooses to be licensed and thus by payment of licence fees makes a contribution to State revenue on behalf of consumers. The licence fee rate for 1991/92 was 50%.

The office is also responsible for the collection of contributions under the provisions of the Phylloxera Act, 1936, and the collection of duty under the Succession Duties Act, 1929 (this latter Act only applies in respect of deaths prior to 1/1/1980).

OBJECTIVES

The corporate objectives of the State Taxation Office are:-

- To provide Government with efficient, effective and equitable administration of taxation legislation.

This includes:-

- carrying out an ongoing review of legislation in order to ensure the legislation is achieving the aims of Government through revenue collections;
- identifying areas of tax avoidance and tax evasion;

- monitoring compliance levels to preserve the tax base;

- timely collection of taxes and early instigation of recovery proceedings providing the Government with maximum benefit of cash flows.

- The provision of the best possible service to the public given legislative requirements and, budget and accommodation limitations.
- To improve the State Taxation Office corporate image to taxpayers as a professional and efficient taxation collection organisation.

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

- To review existing systems on an ongoing basis to ensure effective tax administration and efficient collection of revenue for both taxpayers and the Government.
- To maintain an adequate consultation process with taxpayer groups.
- To provide timely and accurate advice to Government in relation to State taxation policy activities.
- To ensure the quality and amount of training provided to staff meets organisational and individual needs and, at the very least, meet the minimum requirements of the Industry Training Levy.
- To provide a sound personnel management service to the employees of the State Taxation Office.
- Successful implementation of Information Technology to all branches.

The Office's Strategic Management Plan sets the future direction of the organisation and has identified several strategic issues requiring resolution during the next three to five years.

The strategic issues identified are:

- Communication processes which arise both internally and externally to the organisation.
- Image of the State Taxation Office (building expertise, professionalism, effectiveness and efficiency).
- Information Technology.
- Legislation
- Human resource development - technical competency.
- Strategic and operational planning.

In accordance with this strategic direction, branch plans for the 1992/93 year were formulated with appropriate performance indicators.

THE YEAR IN REVIEW

In achieving the overall goals described above improving service to taxpayers was the subject of special focus.

To this end the State Taxation Office has a clear aim to establish a philosophy of service to the client that spreads throughout the whole organisation.

This aim directly influences voluntary compliance and therefore revenue collection.

Computerisation is a major strategy to meet the operational and information requirements of the State Taxation Office. It is a prerequisite for the

achievement of most of the office's corporate objectives and it will be a major catalyst for change.

The State Taxation Office believes that taxpayers are entitled to excellent service and it is committed to providing that service.

It is this service focus which has led the to development of taxpayer service strategies and the development of the common receipting system project for the State Taxation Office.

In relation to technology and associated systems and procedures the office is now well advanced in developing the first stage of a generic tax database.

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

The first stage of this system which is known as "the Common Receipting System" incorporates:-

- the infrastructure of a common taxpayer database;
- a common receipting module and supporting database;
- assessment of stamp duty;
- stamping of duty paid;
- validation of pay-roll tax monthly returns;
- cash audit and verification;
- processing of audits and verification;
- facilities to maintain databases;
- interfaces with external agencies (TAS, Department of Lands, State Systems).

The system is on target in terms of cost and completion.

A Taxpayer Services group has also been established. This group will eventually encompass all taxpayer contact for the State Taxation Office. The role of the group is multifaceted, to effectively communicate to taxpayers the meaning of the law, to promote public awareness of the tax systems, better public relations and an improved enquiry service which ultimately will encourage greater taxpayer compliance.

Specialised training is being provided for enquiry officers and they are equipped with question and answer kits on various topics to prepare them for the most asked questions.

Automatic call distributors are being installed so that there will be less telephone waiting time. Standards have been developed to ensure that waiting times at the counter are cut. A quality assurance program to test that the right answers are being given to taxpayers has been put in place.

Forms are also being simplified using plain English wherever possible to ensure that they are understood.

A "Problem Resolution Officer" has been established. This person specifically addresses taxpayers' problems after conventional enquiry methods have failed. It is not expected that many taxpayers will need to refer to this person as the usual enquiry services will deal with most queries promptly and efficiently.

Greater emphasis is being given to the use of circulars, booklets, guides and rulings to disseminate information. Liaison groups have been established with the Legal, Accounting, Broking, Real Estate and Banking professions as a means of achieving greater co-operation and understanding of the problems faced by taxpayers in complying with the law.

It is believed that significant gains have been made in the timeliness, quality and relevance of the service provided by the State Taxation Office.

The motor vehicle exception reporting project was suspended during the course of 1991/92. Cost escalations and the introduction of a new legislative penalty regime resulted in a recommendation that the project be developed over a number of years as a sub-program of the Information Technology Plan.

The development of legislation to counter tax avoidance and evasion continues to be a feature of the State Taxation Office's activities. A number of amendments were passed during 1991/92 as well as legislation to put in place the Government's 1991/92 budget commitments.

Award Restructuring/Structural Efficiency Review has provided an opportunity to thoroughly review the State Taxation Office with a view to creating a viable, effective organisational structure.

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

A flatter structure has been implemented bringing information and decisions closer together. The new award classification structure was implemented in accordance with DPIR guidelines and timing.

Performance reporting is being built in as a sub-program of the computerised generic tax collection and recording system.

- Business Franchise (Petroleum)
- Debits Tax
- Financial Institutions Duty
- Land Tax
- Pay-roll Tax
- Stamp Duties
- Tobacco Products (Licensing)

Financial Performance

State Taxation Revenue

Taxation revenue accruing to the State through the State Taxation Office can be classified into seven major categories:*

Figure 1 depicts the relative contribution of these receipts during 1991/92 and incorporates a comparison for the year 1990/91 with 1991/92.

Optimising State Taxation Revenue

The tax base has expanded marginally during the past four years with the adoption of the Debits Tax

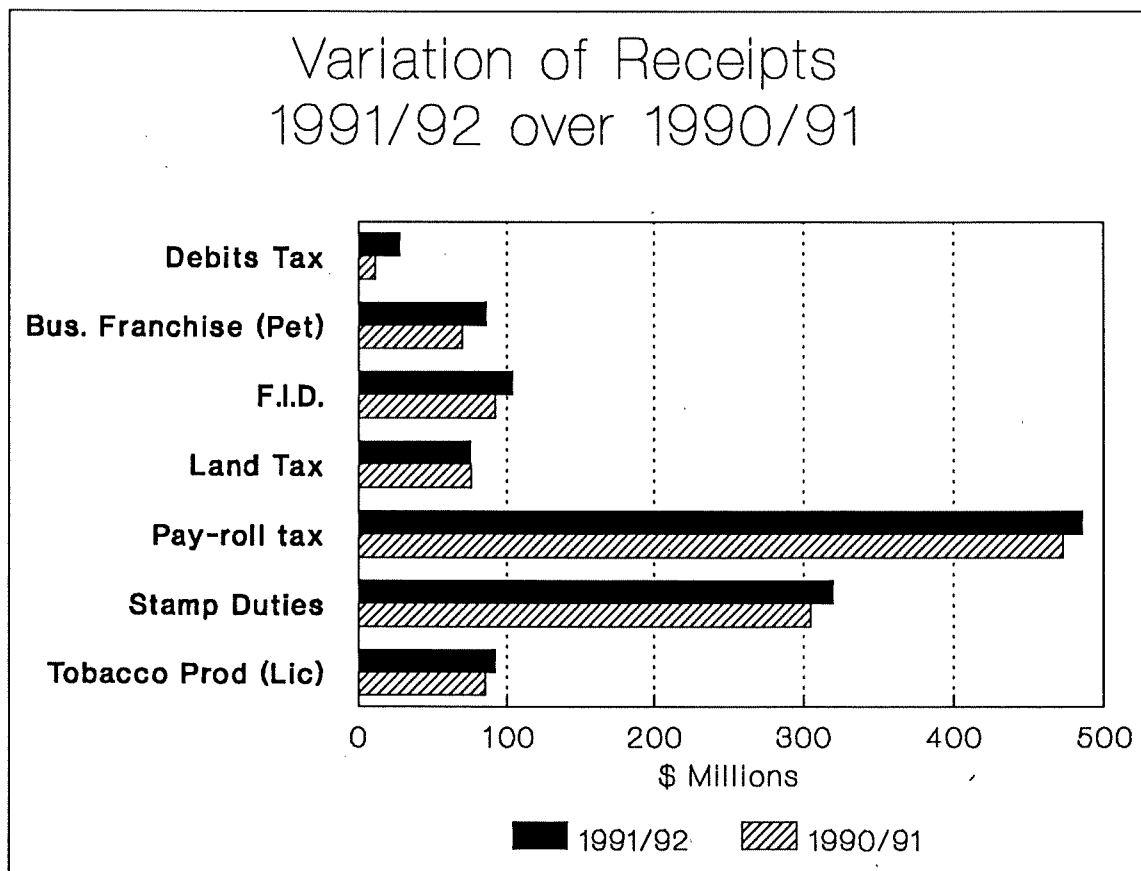


Figure 1: Major Sources of Income

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

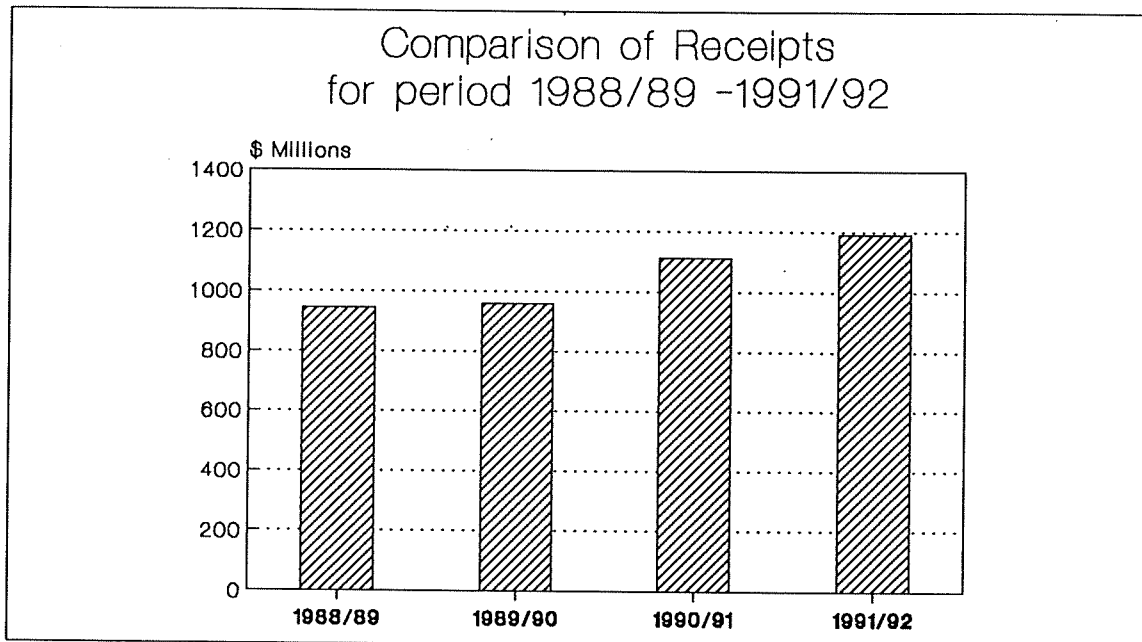


Figure 2: Comparison of Receipts

Act. Figure 2 shows revenue collected for the last four financial years.

Appendix 5 summarises the revenue collections of the State Taxation Office for the three years ended 30 June, 1992.

The taxation revenue collected by the State Taxation Office in the financial year 1991/92 was

\$1192.6 million. It is 27.1 per cent of the total recurrent revenue of the State of South Australia (or 51.2 per cent of the recurrent revenue received if Commonwealth funds are excluded). The total taxation revenue received by the State in 1991/92 was \$1416.7 million and the legislation administered by the State Taxation Office contributed 84.2 per cent of this revenue.

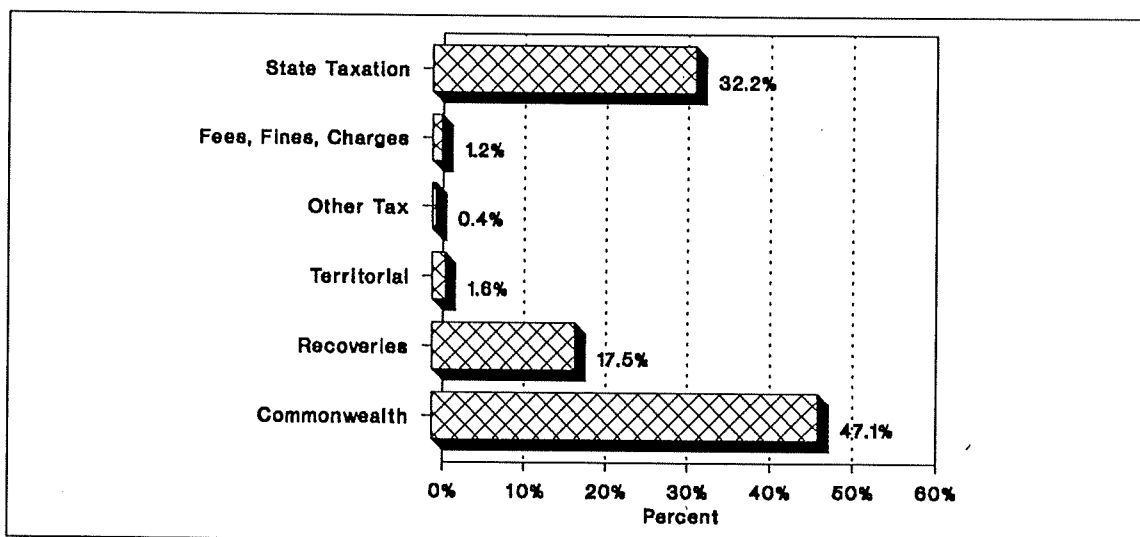


Figure 3: Analysis of SA Government Revenue 1991/92

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

Cost of Administration

A sum of \$7,109,802 was expended on both recurrent and non-recurrent costs of administration which includes pay-roll tax liabilities, superannuation contributions and terminal

payments. Table 1 shows the distribution of this expenditure among the different cost centres of the office. Table 2 outlines the costs of collection of different taxes/duties administered by the office after the deduction of overheads.

Table 1: Administration Costs - 1991/92

	Average FTE	Salaries*	Administration Expenses	Total	%
		\$	\$	\$	
Business Franchise (Petroleum)	2.0	64,840	4,300	69,140	1.0
Debits Tax	**	**	49,018	49,018	0.7
Executive, Administrative, Legal & Policy	14.5	654,067	184,493	838,560	11.8
Financial Institutions Duty	2.8	90,777	1,912	92,689	1.3
Information Technology	1.6	77,867	236,939	314,806	4.4
Inspection	25.5	946,926	76,660	1,023,586	14.4
Land Tax	19.8	626,441	1,394,062	2,020,503	28.4
Pay-roll Tax	26.2	665,178	260,377	925,555	13.0
Stamp Duties	42.3	1,387,742	318,106	1,705,848	24.0
Tobacco Products (Licensing)	2.0	64,840	5,257	70,097	1.0
TOTAL	136.7	4,578,678	2,531,124	7,109,802	100.0

* Includes pay-roll tax and superannuation payments.

** This tax is administered by the Commonwealth on behalf of the State.

Table 2: Direct Cost/Revenue Comparisons - 1991/92

Branch	Revenue Received	Direct Cost	Cost of Collection of \$100 Revenue
	\$	\$	Cents
Business Franchise (Petroleum)	86,251,826	194,712	23
Debits Tax	28,190,828	49,018	17
Financial Institutions Duty	104,135,610	196,804	19
Land Tax	75,833,720	2,177,768	287
Pay-roll Tax	485,823,305	1,389,896	29
Stamp Duties	320,115,664	2,515,987	79
Tobacco Products (Licensing)	92,206,933	585,617	64
TOTAL	1,192,557,886	7,109,802	60

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

Branch Reports

Land Tax

The rates of land tax were revised for the 1991/92 financial year and are set out in the following table:-

Taxable value of Land Subject to Tax	Amount of tax
Not exceeding \$80,000	Nil
Exceeding \$80,000 but not exceeding \$300,000	0.35% of the excess over \$80,000
Exceeding \$300,000 but not exceeding \$1,000,000	\$770 plus 1.50% of the excess over \$300,000
Exceeding \$1,000,000	\$11,270 plus 2.30% of the excess over \$1 million

In addition to the above rate change for 1991/92 the Land Tax Act was also amended to increase the penalty for late payment of land tax. The existing penalty of 5 per cent which is applied 30 days after the due date for payment was increased by applying a further 10 per cent 6 months after the due date and an additional 10 per cent 12 months after the due date on outstanding tax.

Pay-Roll Tax

As part of the 1991/92 budget amendments, the threshold level of \$432,000 per annum, applying as at 1 July, 1991, was increased to \$444,000 from 1 January, 1992 and to \$456,000 from 1 July, 1992. The rate of pay-roll tax was reduced from 6.25% to 6.1% in respect of wages paid from December, 1991 onwards.

In the 1990/91 financial year, as the first of a series of amendments designed to restore the pay-roll tax tax base and to combat avoidance/evasion, the tax base was extended to include the value of fringe benefits provided to employees. Significant further amendments to combat avoidance/evasion were

enacted in 1991/92 and came into operation with effect from 1 April, 1992.

These amendments expanded the definition of wages to include:-

- payments made in respect of personal services rendered under a service contract or an employment agency arrangement; and
- payments made by or to third parties in lieu of wages.

A general anti-avoidance provision was also enacted.

Significant effort has been made to ensure that State Taxation Office staff, taxpayers and their representatives are aware of the nature and effect of the enacted amendments and to ensure that the introduction and administration of these amendments reflects a high standard of service delivery.

Action taken to achieve these objectives has included the conduct of in-house training programs, the issue and revision of explanatory circulars to taxpayers and their representatives, press advertisements and participation in discussion and training programs by invitation from accounting and industry associations.

Stamp Duties

During the course of the year legislative amendments were passed in relation to the insurance, motor vehicles and rental provisions and the transfer of certain property without a dutiable instrument.

As part of the Government's program of regulation review the stamp duties regulations have been revised in order to simplify their operation in keeping with current requirements.

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

During 1991/92 the Stamp Duties Office through consultation with relevant user and industry groups prepared papers on lease duty and motor vehicle dealers' exemptions. Action has been undertaken to improve the timeliness of revenue collections through improved procedures and systems. As part of its taxpayer services initiatives the branch issued circulars covering stamp duty, financial institutions duty and debits tax. It is currently reviewing all its forms to simplify and generally make them more "user friendly".

A significant compliance program on the sale of taxi businesses was conducted during the year. The program saw a considerable increase in compliance by this group of taxpayers and will realise in excess of \$1 million in revenue. Compliance levels have been increased from 5% to 95%.

The branch achieved its goals in relation to the amount of staff training conducted during 1991/92 and exceeded the level required by the Training Guarantee Act.

In addition to technical training, the emphasis adopted by the branch during the year was on managing change and customer service. This was in response to the changes that the development of the Common Receipting System will bring in the coming year.

The Petrol/Diesel systems on the obsolete IBM State Systems Cyber machine have been transferred to State Taxation Office equipment.

Investigation And Compliance

The principal functions of the Compliance Branch include:-

- carrying out research, audits and investigations;

- detecting tax avoidance and underpayment;
- conducting enforcement activities;
- administration and maintenance of a high level of compliance with legislation;
- recovering outstanding liabilities.

During 1991/92 the Compliance Branch continued its strategy of specific compliance programs to ensure that each taxpayer group received audit attention. The primary objectives of these programs are:-

- Verification -
to sustain the validity of data submitted by taxpayers under Returns and Applications as to the quantum of their tax liabilities.
- Compliance monitoring -
to reduce the scope for tax avoidance and evasion.
- Investigations -
to uncover schemes and arrangements aimed at minimising the liability for taxation.

During the year 506 inspections were completed. Figure 4 highlights the field times deployed between various taxation heads.

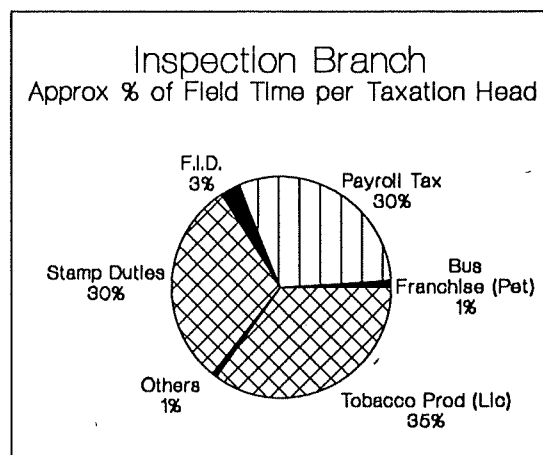


Figure 4: Inspection Branch field times

ADMINISTRATION AND ENFORCEMENT OF STATE TAXATION LEGISLATION

During 1991/92 interstate inspectors utilised the provisions of the Taxation (Reciprocal Powers) Act to conduct several inspections in South Australia with South Australian Inspectors utilising similar powers in interstate jurisdictions.

Attendance at the Fourth Annual Investigations Conference of State and Territory Tax Offices provided a valuable forum for discussion on approaches to national investigative issues encountered by the various States.

Revenue detected during 1991/92 directly as a result of the Compliance Branch's activities was \$5,038,314.

The monitoring of illicit tobacco sales has continued to impact on the operations of the Compliance Branch in 1991/92.

A considerable number of investigations have taken place involving substantial seizure of tobacco products.

During 1991/92 designated Officers of the State Taxation Office and other State and Territory tax and law enforcement agencies conducted a joint exercise in conjunction with the National Crime Authority to identify and combat criminal activities of some persons associated with the illicit trade in tobacco products. Several persons have been charged as a result of those investigations with criminal offences that relate to defrauding the various States of up to \$10 million in total.

During 1991/92 as a result of initiatives developed in the previous year the Compliance Branch and the Pay-roll Tax Branch continued successfully a pay-roll tax compliance program using data obtained from the Australian Taxation Office in magnetic tape form for the investigation of unregistered employers.



PROVISION OF BUDGETARY AND ECONOMIC ADVICE

OBJECTIVES

Provision of budgetary and economic advice is one of Treasury's core activities. It encompasses-

- coordinating preparation of the State budget, ensuring that the Government's budgetary targets are met, the agreed timetable is achieved and adequate consultation takes place;
- preparing budget documents of high professional standard for Parliament;
- providing timely and quality advice to the Treasurer and Minister of Finance on budgetary, economic and resource issues and monitoring budget and financial performance;
- preparing forward estimates;
- evaluating the use of resources and providing assistance to Ministers and agencies in meeting their objectives within budget constraints;
- providing consolidated reports on the financial performance of the total public sector for presentation in budget papers and in submissions to credit rating agencies;
- advising the Treasurer and Minister of Finance on Commonwealth/State/Local financial relations with a view to maximising Commonwealth funding.

A large part of the budgetary work is carried out in five major cycles-

- a weekly cycle of preparing comments for the Treasurer on all Cabinet submissions with financial implications;
- a monthly cycle of reports to the Treasurer and the Minister of Finance on the current year's budget, summarising progress in relation to the current year's financial and workforce targets with detailed analysis of any major variations;
- an annual cycle of budget preparation, commencing in October/November of each year with preparation of forward estimates. The budget cycle continues until October/November of the following year when Parliament passes the budget;
- preparation of briefing on Premiers' Conference and Loan Council matters and ongoing involvement in Commonwealth/State and State/Local financial relations; and
- an ongoing cycle of involvement in Commonwealth Grants Commission activities with annual updates and five yearly reviews of State relativities.

In addition there is an ongoing requirement for the provision to the Government of advice on specific financial, economic and budgetary policy issues, including advice on the performance of Government financial enterprises.

Responsibility for the administration of this program is shared between the Budget Branch and the Revenue and Economics Branch.

PROVISION OF BUDGETARY AND ECONOMIC ADVICE

BUDGET BRANCH

The Budget Branch has responsibility for the provision of advice to the Government in relation to all aspects of the budget. In undertaking its work, a number of factors are critical. These include-

- accurate calculations in budget preparation;
- impartiality and consistency in dealing with agencies;
- good external and internal relations;
- sound professional budget analysis and advice;
- integrity in presentation of data; and
- appropriate numbers of suitably skilled staff and good morale.

The Year in Review and Developments Expected in 1992/93

Budget Preparation and Monitoring

The 1991/92 budget was prepared in accordance with the Government's timetable.

During 1991/92 the Branch prepared regular monthly budget monitoring reports for the Central Agencies Executive Group of which the Treasurer and Minister of Finance are members.

Budget Papers

Further work was completed to improve the quality of the 1991/92 budget papers.

The Program Estimates and Information document was produced internally for the first time, resulting in significant cost savings.

With the move of agencies during 1991/92 to new and more flexible funding arrangements by operation through special deposit accounts, the Consolidated Account payments and receipts documents for 1992/93 have been integrated to reflect the changed funding approach.

Budget Methodology and Process

A number of improvements were made in budget methodology in 1991/92.

To reflect the emphasis now being placed on the total resources, both recurrent and capital, available to agencies, the operations of the former Capital Works and Budget Branches were brought together to form an integrated unit. The Assistant Under Treasurer (Infrastructure) and the Director, Capital Works will continue to provide a specialist resource of expertise and advice on capital works matters, particularly with respect to policy and planning.

A limited number of agencies began operating through a special deposit account from 1 July 1991. During 1991/92 the Branch, in co-operation with the Accounting and Systems Branch, progressively transferred most other agencies' financial operations to special deposit accounts, providing each with increased flexibility of resource use consistent with minimising the impact of agency budgets on the Consolidated Account. The remaining agencies, with a few exceptions, will commence operating through special deposit accounts from 1 July 1992.

Consistent with the transfer of agency operations to special deposit accounts and the greater emphasis on agencies controlling the totality of resources for

PROVISION OF BUDGETARY AND ECONOMIC ADVICE

which they are responsible, the capital and maintenance funds previously allocated to SACON will be provided to individual agencies. The funds for four pilot agencies (DETAFE, Correctional Services, Recreation and Sport and Environment and Planning) were transferred in 1991/92 in order to develop appropriate accounting and administrative arrangements with SACON. The funds for the remaining agencies will be transferred in 1992/93.

As part of the budget process, increased attention will be given in 1992/93 to the issue of asset management. This is an aspect of Government expenditure that has been the subject of comment by the Economic and Finance Committee of the Parliament.

During 1991/92 the Branch assisted in a review of the Government's Social Justice Strategy and provided support to the consultant who reviewed the Social Justice budget process. Following endorsement by the Premier of recommendations arising from the review, a revised approach to the Social Justice budget was developed.

The Budget Branch worked closely with the Department of the Premier and Cabinet on the development of a Public Corporations policy issues paper which encompasses a framework for monitoring the financial performance of Government trading enterprises. There is also a continuing involvement in the work of a Commonwealth-State steering committee on national performance monitoring of Government trading enterprises.

A joint review with the Department of Labour was conducted into the scope and methodology of workforce data collection. Key outcomes of that review to be implemented in 1992/93 include-

- the application of the ABS definitions in relation to workforce data collection; and

- closer alignment of workforce data with State Public Sector financial information published in the Financial Statement.

Support was provided to the work of the Government Agencies Review Group in 1991/92. Treasury is represented on that group.

External Relations

Good relations and open communication with agencies are keys to the successful output of the Budget Branch. The Branch appreciates the co-operation of all agencies and individuals who assisted in its task in 1991/92.

Commonwealth/State/Local Government Financial Relations

The Budget Branch has major responsibilities in the area of Commonwealth/State/Local Government financial relations.

These include-

- involvement in the work of the Commonwealth Grants Commission;
- negotiations and monitoring of general purpose and specific purpose programs of assistance to the State from the Commonwealth;
- preparation of briefing material for and attendance at the Premiers' Conference/ Loan Council meetings; and
- involvement in issues affecting the financial relationship between the State Government and the Local Government sector in South Australia, including through support for the operations of the SA Local Government Grants Commission.

PROVISION OF BUDGETARY AND ECONOMIC ADVICE

Further work was undertaken during 1991/92 in relation to the Commonwealth Grants Commission's major five yearly Review of State General Revenue Grant Relativities. This work will continue in 1992/93 with the Commission's Report due on 31 March 1993.

The Special Premiers' Conference process, begun in October 1990 has continued. Some important areas of reform in State Government activity emerged from this process.

These include the establishment of the Australian Financial Institutions Commission, the establishment by the States of the National Grid Management Council to pursue reforms in the electricity industry and an ongoing process of reform of the public trading enterprises of the States and the Commonwealth.

The principal areas in which the States sought reform - the reduction of so called vertical fiscal imbalance and the reduction of the extent to which Commonwealth assistance to the States is "tied" - have not been tackled in any substantive fashion.

At the 1992 "financial" Premiers Conference, in addition to agreeing on the level and distribution of Commonwealth general purpose funding to the States and Territories for 1992-93, it was agreed that:

- the heads of Treasuries would conduct a review of the principles and procedures involved in the process of fiscal equalisation conducted by the Commonwealth Grants Commission for the States and local Government in each State; and
- the work agreed upon at the May 1992 meeting of heads of Government on the underlying fiscal position of the States would continue with the principal objective of clarifying the structural

imbalances in the States' and Territories' budgetary position.

Support is also being provided to the State/Local Government Negotiation Task Force in South Australia. The Under Treasurer is a member of the Task Force. Work undertaken by the Branch included the preparation of reports on the form, conditions and level of State financial assistance to Local Government, with program information being provided by all State agencies.

Local Government Grants Commission

Responsibility for administration of the South Australian Local Government Grants Commission was transferred to Treasury in 1991 following dissolution of the Department of Local Government and is now undertaken as part of the Budget Branch operations. It was agreed in the negotiations between the State Government and Local Government that the funding required for the operations of the Commission would become a Local Government responsibility.

The Local Government Grants Commission is an independent statutory authority, comprising three part-time Commissioners, with the primary function of making recommendations to the responsible Minister on the allocation of Commonwealth financial assistance grants to local councils.

From 1991/92, Commonwealth identified local road grants are also being distributed through the Commission, as a result of the October 1990 Special Premiers' Conference decision that these funds would be untied and paid as general purpose grants.

The Commission publishes its own Annual Report containing details of the legislative framework, principles for grant distribution and the grants to individual councils. Copies are available from the Commission.

PROVISION OF BUDGETARY AND ECONOMIC ADVICE

The Grants Commission support staff will also be providing a focal point within Treasury for information and advice on Local Government financial matters more generally. This includes the administration of the Local Government National Disasters Fund. The Fund was established in 1990/91 with funding obtained through a levy of 0.005 per cent for five years on financial institutions duty. Decisions on the use of the funds are made by

a committee of representatives of the State and of Local Government.

The administrative budget of the Commission is met from the South Australian Local Government Grants Commission Account and details of this Account can be found in the Chapter of this report entitled "Other Accounts Administered".

REVENUE AND ECONOMICS BRANCH

The Revenue and Economics Branch has a dual program responsibility. The Branch provides budgetary and economic advice with particular emphasis on revenue-related issues and the performance of Government financial enterprises. In addition, the Branch is involved in the development of policies on SAFA's borrowing and investment activities. The head of the Revenue and Economics Branch is the Assistant Under Treasurer (Economics). He holds the dual responsibility of Assistant General Manager (Financial and Credit Policy) SAFA.

The main functions of the Branch are:

- monitoring and providing advice on the activities and financial performance of State financial institutions;
- providing an economic advisory service to the Government through daily briefings on major economic indicators, a regular report to the Economic and State Development Committee of Cabinet and other miscellaneous and ad-hoc briefings;
- preparing three year forward estimates of recurrent receipts;
- monitoring budgeted recurrent receipts against actual performance;
- preparing consolidated financial statistics for the total State public sector;

- guiding SAFA's borrowing and investment strategy; and
- determining credit risk policies for SAFA involving the continual review of SAFA's guidelines and monitoring credit exposures arising from investments, swaps and other contracts;
- other functions include preparation of SAFA's submissions to Australian and overseas credit rating agencies, collection and analysis of public sector debt data and provision of advice on public sector financial issues and institutions.

Developments During 1991/92

The top priority for the branch during the year was monitoring and provision of advice in respect of the State Bank of SA and the State Government Insurance Commission.

The branch underwent two functional changes during 1991/92:

- the function of providing advice on the evaluation of proposed major development projects and monitoring the

PROVISION OF BUDGETARY AND ECONOMIC ADVICE

performance of public trading enterprises was transferred to the Budget Branch.

- a specific section was established to monitor State financial institutions.

During 1991/92, the Revenue and Economics Branch, with the assistance of an officer from the Systems Branch, developed a system to implement the recommendations of a Commonwealth/State/Territory Treasury Working Party Report on Uniform Budget Presentation, which all States endorsed at the 1991 Premiers' Conference. The system has the capability of producing consolidated financial statistics on the activities of:

- the public trading enterprise sector;
- the general Government sector; and
- the total public sector

on a Treasury-preferred basis as well as on a basis consistent with Government financial statistics issued by the Australian Bureau of Statistics.

During 1991/92, the monthly economic report to the Economic and State Development Committee of Cabinet was streamlined to provide a more "user-friendly" source of information on macroeconomic trends. There was also involvement in a Commonwealth/State working party investigating tax issues relating to the provision of infrastructure.

A Financial Institutions section was created in the Branch during 1991/92 to perform the function of monitoring the financial performance of State-owned financial institutions and to provide advice on activities undertaken by these institutions.

This section has been involved in the development and implementation of new legislation and arrangements for the issue of a charter for the operation of the State Government Insurance Commission.

In addition this section was involved in the development of a proposal to separate the State Bank into a continuing core bank, being the State Bank controlled by the Board of Directors, and the Group Asset Management Division, an entity within the State Bank but controlled by the Treasurer.

The State Bank will operate its ongoing business whilst the Group Asset Management entity will hold and manage the portfolio of non performing loans.

Amendments have been made to the Indemnity agreement between the Treasurer and the State Bank. The amendments clarify and strengthen the Treasurer's control and thereby implement the separation of the Group Asset Management entity from the State Bank with effect from the 1992/93 financial year.

Achievements Expected For The Coming Year

The work program for implementing the recommendations of the Working Party Report on Uniform Budget Presentation extends into 1992/93, when work will commence on the preparation of a so-called "Government purpose" classification of public sector expenditures in accordance with ABS standards. Expenditure will be classified to fourteen functional areas such as health, education and transport and communication. In addition, work will proceed on developing a dissection of financial assets and liabilities for the general Government sector, public trading enterprises sector and the total public sector on a basis consistent with standards to be developed by the Australian Bureau of Statistics.

It is an aim that the Branch develop a greater understanding of developments in wage fixation,

PROVISION OF BUDGETARY AND ECONOMIC ADVICE

including providing an input to these issues as they evolve in the State public sector.

In the Financial Institutions section, it is likely that legislative and policy development tasks will continue to require significant resource input during

1992/93 in light of the expected release of the reports of inquiries conducted into the State Bank of South Australia.

At the same time, ongoing development of financial monitoring arrangements will proceed.



MANAGEMENT OF STATE GOVERNMENT BORROWINGS AND INVESTMENT ACTIVITIES

SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY

The South Australian Government Financing Authority (SAFA) was established under the Government Financing Authority Act, 1982, and commenced operations in January 1983. Under Section 11 of the Act, as amended in 1986, the functions of SAFA are:

- to develop and implement borrowing and investment programs for the benefit of semi-government authorities; and
- to engage in such other financial activities as are determined by the Treasurer to be in the interests of the State.

The Act requires that SAFA act in accordance with proper principles of financial management and with a view to avoiding a loss. In the performance of its functions SAFA is subject to the control and direction of the Treasurer.

Any liabilities incurred or assumed in pursuance of the Act are guaranteed by the Treasurer.

Established as a central borrowing authority for most of the State's semi-government authorities, SAFA has developed a broad role within the South Australian public sector for fund raising, debt management, cash management and investment to ensure that the maximum financial benefits from these activities are achieved. It has also developed as a source of advice on financial matters generally.

SAFA's corporate objectives are:

- to borrow for Government and State agencies with a view to minimising the net cost of borrowings;
- to manage the financial reserves of the Government and State agencies in a prudent and efficient manner;
- to provide information and analysis to enable Government to make sound financial decisions; and
- to provide a satisfying work environment for its staff.

All SAFA personnel are Treasury employees and are engaged under the provisions of the Government Management and Employment Act, 1985.

The Under Treasurer is ex officio Chairman of SAFA.

Financial statements and other details as to the activities of SAFA during 1991/92 are contained in the SAFA Annual Report which is published pursuant to the requirements of Section 26 of the Government Financing Authority Act.

During the year SAFA's activities were heavily affected by the difficulties experienced by the State Bank of SA in terms of impacts on borrowing requirements, credit ratings and need for assistance from officers.



MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

OBJECTIVES

The task of the Accounting & Systems Branch, which has carriage of this program, is to ensure that the Government has available to it the accounting information required to satisfy its compliance, accountability, and decision making purposes, and staff able to use this information properly.

Because this task is very broad and has many facets it is necessary to set objectives at a more detailed level. The specific objectives of the various sections of the Branch for 1991/92 were directed towards:-

Accounting Policy Unit

- Improving the quality of financial information available to the Government and Public Sector managers to ensure its suitability for their compliance, accountability and decision making purposes.
- Ensuring suitable systems and procedures are available to Treasury and agencies to permit achievement of their accounting objectives.
- Recruiting suitable graduates and developing their skills and experience to enable them to contribute to public sector financial management.
- Maintaining and developing the financial management knowledge and skills of financial managers/personnel in order that they can carry out their roles effectively.
- Ensuring all non-financial managers understand their financial management responsibilities and are adequately equipped to carry them out.

Systems Section

- Ensuring that Treasury and departmental officers efficiently and effectively use the features of the Treasury Accounting System (TAS) to help them achieve the accounting objectives of the department and government.
- Ensuring that line agency staff efficiently and effectively use the Computer Associates products supported by Treasury to help them achieve their accounting objectives.
- Ensuring that Treasury officers use information technology to help them achieve their objectives - where it is appropriate and sensible.

State Accounting Section

- Ensuring that all expenditure is authorised in terms of legal appropriation authority.
- Providing a facility for Government departments to pay their suppliers.
- Coordinating the Government's collection and banking arrangements.
- Satisfying Government-wide accountability requirements and reporting regular financial information on the Government's budget.

MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

Departmental Accounting Section

- Providing financial and management accounting services for Treasury Department.

THE YEAR IN REVIEW

The steps taken by the Sections in pursuit of the objectives are described in the following paragraphs.

Accounting Policy Unit

The Accounting Policy Unit is responsible for reviewing and where appropriate revising the general accounting policies, systems and procedures, which are used by the Government and its agencies, and for developing the financial capacity of Government employees to enhance their effectiveness within this environment.

Previous annual reports have drawn attention to the impending changes to Government accounting standards arising from the work of the Australian Accounting Research Foundation and the Public Sector Accounting Standards Board. During the last financial year the organisations released for comment a draft standard on financial reporting by Government departments. As expected accrual accounting is an important element of the draft standard. A companion draft standard covering whole of Government reporting is expected to be released during 1992/93. Together these standards will form the basis for financial reporting by Governments. Much of the work of this section is directed at the developments necessary to provide for the smooth introduction of the accounting, systems and organisational changes required by the standards.

The following steps have been taken to prepare for the introduction of these standards:-

- The issue of a Treasurer's Instruction which requires all departments to establish asset registers. This has resulted in assets controlled by departments being identified and initial valuations being made.
- The drafting of guidance notes on asset valuation as the first step towards refining valuations.
- The transfer of departments to Special Deposit Accounts to ensure that financial reports will cover the entire activities of reporting entities.
- The issue of draft financial reporting guidelines which will ultimately set minimum standards of disclosure for public authorities.
- Work on asset valuation principles was undertaken for the Steering Committee on National Performance Indicators for Government Trading Enterprises established by the Premiers and for the Local Government Accounting Committee.
- Information sessions on accrual accounting were run for Government departments and representation was provided on the Commonwealth/State Treasuries Working Party on Accrual Accounting.

MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

- Comments were provided to the Public Sector Accounting Standards Board and the Australian Accounting Research Foundation on accounting exposure drafts, accounting guides and discussion papers prepared during the year.

It will be most important to prepare staff in all departments for these changes.

The Financial Management Improvement Program has been conducted by Treasury for three years and is concerned with the recruitment and further development of graduates of financial disciplines and the training and development of other staff. A summary of achievements during 1991/92 is provided under three main headings.

- Graduate Recruitment Program**
A total of 20 graduates (18 accounting, 2 economics) were recruited in 1992 and they were placed in 14 agencies. The increased number recruited to attempt to match demand has been facilitated by additional contributions by agencies to

meet the costs involved. The program has continued to be well received by agencies and a summary of the demand, supply and retention of graduates for the three years of the program is set out in Figure 5 below.

- Non-Financial Managers Training**
Training was carried out for 98 employees from five agencies in 1991/92 at varying levels of detail and content. Because of a lack of resources to do justice to this part of the program, a comprehensive non-financial managers training program has been developed and an in principle agreement reached with DETAFE for that department to conduct this training in the future.

An issue of TREND, a publication designed to promote financial management improvement in the public sector, was circulated in 1992/93.

- Financial Managers Training**
An intensive training program on accounting through a Special Deposit Account was carried out for financial and

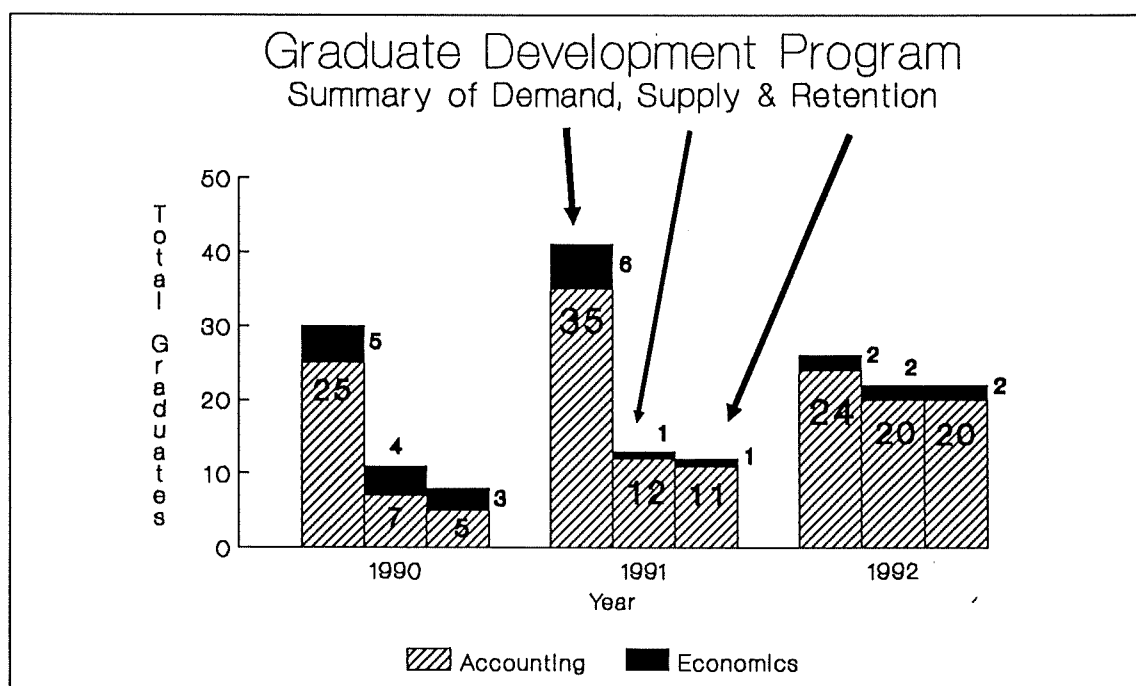


Figure 5

MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

other staff (15 sessions and approximately 300 attendees) of every department and some statutory authorities. Staff in all departments were given an introduction to ED55, which is the draft accounting standard on financial reporting by Government departments, that was released by the Australian Accounting Research Foundation. Two accounting forums (1991/92 State Budget and Award Restructuring) were also conducted.

It will be important to ensure that responsibilities for various accounting activities are organised to facilitate the introduction and operation of any new accounting standards. Similarly it will be important to ensure that the systems and communications arrangements employed by the Government are well suited to these tasks.

Therefore last financial year, Treasury initiated the Departmental and Treasury Accounting Review (DATAR) process to examine the present arrangements for checking the availability of funds for departmental transactions, for paying accounts and for reporting details of transactions recorded in Treasury and/or departmental ledgers. The Phase One Report, which identified the problems that departments were experiencing under current arrangements, was submitted to the Under Treasurer in July 1991.

The report recommended that the review proceed to a second (Advisability Study) stage to examine certain policy issues and to consider future system options. The report was accepted and all of the policy issues either have now been addressed or are in the process of being addressed.

The six areas identified in the first phase report as needing policy direction were as follows:-

- Proposal that agencies operate through Special Deposit Accounts (SDA).

- Adoption and Impact of Accrual Accounting initiatives on Agencies.
- Meeting Treasury's whole-of-government reporting obligations.
- Further developments with Program Performance Budgeting.
- Implications of the Information Utility.
- Decentralisation of accounts payable and appropriation control functions.

The last of these issues was the subject of a separate cost benefit analysis involving several agencies keen to pursue this path, and resulted in a detailed submission to the Treasurer. As a result the Departments of Housing & Construction, Engineering & Water Supply, and Marine and Harbors have been given interim approval to operate their systems independently of the Treasury Accounting System for a twelve month pilot period commencing 1 July 1992.

A number of conditions have been attached to this approval, which will also be the subject of a post implementation review at the end of the pilot.

The specific Terms of Reference for the DATAR Project for Phase Two, which will be completed during 1992/93, are to:

"Conduct an Advisability/Feasibility Study into the future strategic directions for Government accounting and report to the Under Treasurer on:-

- actions and policy directions being taken to resolve emerging issues arising from the first phase report,
- the merits of the system options available (including a detailed analysis of their relative costs and benefits, advantages/strengths/opportunities and disadvantages/weaknesses/threats) to address user requirements and the

MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

problems, boundaries and constraints arising from the first phase report."

The Branch is also responsible for reviewing, and where appropriate introducing, various accounting procedures employed by Government departments.

Some emphasis was given to reducing red tape or adopting innovations in an effort to permit administrative savings. While this usually entails increased risks, it is considered that, in the cases of the proposals adopted, they will be more than offset by administrative efficiencies.

In November 1991, following evaluation of trials in several agencies and the calling of tenders, a contract was signed with the Westpac Banking Corporation for the supply of a State Government corporate credit card facility. The card can be used for the purchase of various goods and services and is available for use by all public sector agencies. Treasurer's Instructions and detailed guidance notes have been sent to all agencies to ensure that this facility is used properly. In addition a number of training sessions are being scheduled to assist agencies with the establishment of the facility.

Similarly a new risk management strategy for the payment of Government accounts is proposed. This strategy provides that accounts less than \$1,000 be subject to a reduced level of checking and relevant Treasurer's Instructions have been redrafted and forwarded to several agencies for comment. Comments have been received and it is anticipated that amended Treasurer's Instructions will be issued to agencies early in 1992/93.

Treasury Systems Section

In addition to supporting the principal financial systems employed by most Government departments, the Treasury Systems Section also

supports the computing activities of certain other Branches of Treasury.

The major activities during the last year included modifications and enhancements to the State Superannuation System, and the Public Sector Employees Superannuation Scheme, supporting the introduction of a contributions and pensions administration system for the Police Superannuation Fund, and development of the Public Sector Financial Statistics system for the Revenue and Economics Branch.

State Accounting Section

The State Accounting Section is responsible for the central accounting and reporting activities of the Government. During 1991/92 it prepared the government's consolidated financial reports, ensured compliance with Parliamentary appropriation, provided a central accounts payable service for most other departments and coordinated the revenue collection and banking activities of agencies.

Departmental Accounting Section

The Departmental Accounting Section is concerned with Treasury's internal accounting activities. During 1991/92 it paid Treasury's staff and suppliers; collected revenue due to Treasury; and prepared monthly management reports and end of year financial statements.

MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

General

The report on the evaluation of the program, "Maintenance and Development of Accounting Policies and Systems" was completed last year and submitted to the Under Treasurer. The report

evaluated the appropriateness, effectiveness and efficiency of the components of this program and made several recommendations about improvements to the program and about the conduct of future evaluations. A limited number of copies of this report are available to interested parties.

ACHIEVEMENTS EXPECTED FOR THE COMING YEAR

Although much preliminary work has been done towards the introduction of accrual accounting in all Government agencies, much still remains to be done. This activity will need to accelerate when the Public Sector Accounting Standards Board releases its final draft on "Financial Reporting by Government Departments". It is expected that implementation of the resulting Australian Accounting Standard will be required by 30 June 1994. By that time all departments must be positioned to implement the standard and all associated accounting standards, and Treasury must be positioned to prepare consolidated financial statements embracing the activities of all departments.

The new standards will change the nature of financial information reported by every department in its annual financial statements. They will also change the nature of departmental budgets and the nature of financial information presented in the Government's budget papers. Future financial statements will be more consistent with the financial reports produced in the private sector and in addition to compliance with appropriations, will report information depicting the financial position, and the financial performance of departments and of the State.

If these targets are to be achieved in a well coordinated manner, it is imperative that Treasury provide strong leadership to all other agencies. Treasury has accepted this responsibility and its effort is being coordinated by the Accounting and Systems Branch. Inter alia, this involves

rearranging financial relationships with departments; reviewing and revising Treasury and departmental systems and systems responsibilities; reviewing proposals by the Public Sector Accounting Standards Board, the Australian Accounting Research Foundation and other bodies; developing Treasurer's Instructions and guidance notes to help departments to apply the new standards; conducting training programs for staff in all departments; and providing a consulting service to agencies as they introduce the new standards.

During 1992/93 the Branch plans to complete (to the training stage) the following subsidiary projects forming part of the change to the new standards:-

- asset valuation
- accounting standards
- accrual accounting and reporting
- real current cost accounting and reporting
- whole of Government reporting.

It is also planned to have completed:-

- identification of systems solutions to support revised accounting approaches
- a Government accounting and budgeting master plan.

Other activities for 1992/93 will be:-

MAINTENANCE AND DEVELOPMENT OF ACCOUNTING POLICIES AND SYSTEMS

- the triennial review of SAMCOR - scheduled for completion in December 1992.
- coordination of amendments to the Local Government Act to enable accrual accounting policies to be introduced.
- the implementation of the Treasury Statement of Accounting Policy, "Current Cost Accounting".



ADMINISTRATION OF SUPERANNUATION SCHEMES

STATE SUPERANNUATION OFFICE

The State Superannuation Office is the administrative arm of the South Australian Superannuation Board, which has statutory responsibility for the administration of the Superannuation Act, 1988. The Board produces a separate annual report on activities associated with the administration of the State Pension and Lump

Sum Schemes, which can be obtained from the Superannuation Office.

The staff of the Superannuation Office and the associated facilities form part of the Treasury Department. They are made available to the Board pursuant to section 10(3) of the Superannuation Act, 1988.

PUBLIC SECTOR EMPLOYEES SUPERANNUATION SCHEME

The Public Sector Employees Superannuation Scheme (PSESS) became operational on 1 January 1988 although final details of the Scheme were not agreed between the Government and the Unions until late in 1988. The Scheme is administered under Deed of Agreement between the Treasurer and the United Trades and Labor Council representing the public sector unions. Treasury administers the Scheme on behalf of a Board of

Administrators. Approximately 116,000 employees and 170 public sector agencies participate in the Scheme.

The PSESS Board produces a separate annual report. A detailed report of the Board activities is separately available and can be obtained from the Unit within Treasury which administers the PSESS.



INVESTMENT AND MANAGEMENT OF SUPERANNUATION CONTRIBUTIONS

SOUTH AUSTRALIAN SUPERANNUATION FUND INVESTMENT TRUST

The South Australian Superannuation Fund Investment Trust (SASFIT) is the statutory body charged with the responsibility of investing and managing the South Australian Superannuation Fund, the Police Superannuation Fund and certain other public sector superannuation moneys.

The Trust comprises five members including Mr R G Schwarz, a representative of Treasury appointed on the nomination of the Minister of Finance.

In addition to the staff which it employs directly, nine Treasury employees are assigned to SASFIT to assist in the provision of administrative, accounting and investment management services. Treasury is reimbursed in full for the cost of these and other services (including personnel, supply and correspondence) which it provides to the Trust.

Financial and other information with respect to the activities of SASFIT during 1991/92 is contained in its own Annual Report which is produced pursuant to Section 21 of the Superannuation Act, 1988.



9

PROVISION OF ACTUARIAL, SUPERANNUATION AND INSURANCE ADVICE

OBJECTIVES

The principal objective of this program is to provide actuarial and policy advice within the public sector on superannuation, life insurance, general insurance and related matters.

The program is administered by the Actuarial & Insurance Services Branch which consists of an actuarial and two non-actuarial sections.

Superannuation Policy & Management Unit

The first non-actuarial section is the Superannuation Policy & Management Unit which co-ordinates superannuation activity in the public sector, develops Government policy relating to superannuation issues, monitors existing schemes, administers superannuation schemes for politicians, judges and governors, and services the interdepartmental Superannuation Task Force.

Insurance Services

The second non-actuarial section is the Insurance Services Section whose main function is to

co-ordinate and implement the Government's insurance and risk management arrangements that were adopted as Government policy in February 1988.

Actuarial Services

The Actuarial Services Section of the Branch provides departments and authorities on request with advice on actuarial, financial and general mathematical issues, including, in particular, superannuation, life and general insurance, compulsory third party motor vehicle insurance, workers compensation and long service leave.

The Public Actuary has statutory responsibilities including the conduct of triennial actuarial investigations of the South Australian Superannuation Scheme and the Police Superannuation Scheme and the administration of the Friendly Societies Act and the Benefit Associations Act. He also has delegated authority to administer the Housing Loans Redemption Fund Act.

THE YEAR IN REVIEW

Superannuation Policy & Management Unit

During the year the Superannuation Policy & Management Unit was extensively involved in discussions and negotiations on the Commonwealth's Superannuation Guarantee Charge (SGC) Legislation. This included coordinating a response to the Commonwealth from all States and Territories and assisting in the presentation of the response to the Senate Select Committee.

The Unit has also been extensively involved in the formulation of a proposal for significant restructuring of South Australian public sector superannuation arrangements in order to comply with the Commonwealth's final SGC legislation.

The revision of superannuation arrangements for universities was completed and the on-going program of superannuation scheme rationalisations for newly incorporating hospitals was continued.

PROVISION OF ACTUARIAL, SUPERANNUATION AND INSURANCE ADVICE

The Unit was also actively involved in the restructuring of the 1975 ETSA pension scheme to bring it into line with the provisions of the State Pension Scheme.

Extensive amendments were made to the Superannuation Act, in connection with death and invalidity benefits in particular. Amendments were also prepared for the Police Superannuation Act but due to the extensive legislative program the Bill was not introduced into Parliament.

Insurance Services

The Insurance Services Section continued the consolidation of the Government's insurance and risk management arrangements during the year.

The Section is assisted in this role by insurance broker, Sedgwick James Limited, which is contracted by the Government to provide technical and insurance advice and risk management expertise as required.

The underlying rationale for the arrangements is that the Government as a whole has the capacity to meet most claims as and when they occur and that over time self-insuring most risks will save the Government money.

In addition, by involving agencies directly in the claims handling process and by helping them to identify and reduce risk exposures, potential losses should be lowered.

Under the arrangements, most insurance policies previously effected by Government departments and agencies have been allowed to lapse. Claims are now met by agencies up to agreed levels with the balances of costs being met by Treasury.

The arrangements have been extended beyond budget dependent departments to include "off-budget" agencies and some statutory

authorities. The STA, Woods & Forests and SATCO are included and pay contributions to Treasury for the transfer to Treasury of the financial risks associated with large losses. The Local Government Association Mutual Liability Scheme also pays a contribution for cover provided for large claims that may be made against it.

Volunteers who assist departments in the provision of services are covered under the arrangements for personal accident and liability risks. Public liability risks of school councils are also covered.

Consequently the Government has assumed large risk exposures. It was therefore decided to effect for the first time a commercial catastrophe insurance program to safeguard the State Budget against a very large loss or a series of large losses under the arrangements.

The program, which was placed in October 1991, is managed by Sedgwick James.

To improve the operation of the arrangements and to satisfy the requirements of the insurers involved in the catastrophe program, Cabinet endorsed a proposal to structure the arrangements more formally and to establish an insurance and risk management fund in Treasury.

The establishment of such a fund requires the determination and payment of appropriate contributions by agencies and the Section therefore began the process of collecting more detailed information about individual agency's assets, liabilities, risk exposures and claims histories.

This information will be used to determine for each agency a contribution that corresponds to the premium that would be payable by the agency for a complete insurance program in the commercial insurance market. Sedgwick James will provide advice to the Section on this aspect of the process.

PROVISION OF ACTUARIAL, SUPERANNUATION AND INSURANCE ADVICE

During the year the Section continued to work with agencies by carrying out risk assessments and helping agencies plan strategies to reduce or eliminate identified risk exposures.

A significant achievement, initiated by the Section and implemented during the year in conjunction with the Department of Environment and Planning and the South Australian Rock Climbing Education Association, related to rock climbing and abseiling in the Morialta Conservation Park. The safety and management practices and procedures introduced in this joint project have been extremely well received locally and indications are that they may be used as the basis for the development of an Australia-wide policy for rock climbing and abseiling in national parks.

Since 1 July 1988 the section has also administered losses that arise from fires in Government buildings.

Actuarial Services

As is usual, the Actuarial Services Section provided actuarial advice to the Government and to individual agencies and authorities in respect of superannuation liabilities.

In particular, estimates of the Government's accrued superannuation liabilities were made and included for the first time in the Budget papers.

Extensive upgrading of the Section's valuation programs was carried out in connection with these liability calculations.

Advice was also given in respect of workers compensation issues and an estimate was made and provided to WorkCover of the Government's outstanding workers compensation liabilities as at 30 June 1991.

The Branch continued to administer the Housing Loans Redemption Fund Act. During the year amendments were passed to this Act to formally close the Housing Loans Redemption Fund to new entrants and to allow accumulated surpluses in the Fund to be paid into the Consolidated Account to be applied for the purpose of building cottage flats or other dwellings to be let to persons in necessitous circumstances.

The Branch also continued to administer the Friendly Societies Act and the Benefit Associations Act.

Considerable progress was made with the backlog of outstanding friendly society rule registrations and completion of this task is being given a high priority.

Updated financial and membership information was sought from associations that fall within the provisions of the Benefit Associations Act. The environment under which these associations, particularly prepaid funeral plans, operate was monitored in conjunction with the Office of Fair Trading, Department of Public and Consumer Affairs.

Two Bills were prepared to abolish the position of Public Actuary, established under the Friendly Societies Act, and to make consequential amendments to that Act and a number of other Acts which refer to duties that must be carried out by the Public Actuary. The opportunity was also taken to make other amendments to some of the statutes where considered necessary or appropriate, in particular the Friendly Societies Act and the Benefit Associations Act.

Due to the extensive legislative program these Bills were not introduced into Parliament in 1991/92.

PROVISION OF ACTUARIAL, SUPERANNUATION AND INSURANCE ADVICE

ACHIEVEMENTS EXPECTED FOR THE COMING YEAR

The Superannuation Policy & Management Unit will play a leading role in the significant restructuring that is required for State public sector superannuation arrangements to comply with the Commonwealth's Superannuation Guarantee Charge Legislation.

Necessary legislative amendments will be introduced into Parliament during the coming year.

The amendments already prepared for the Police Superannuation Act will also be introduced, together with the amendments associated with the abolition of the position of Public Actuary.

The triennial actuarial review of the South Australian Superannuation Scheme is due as at 30

June 1992 and will be carried out during the coming year.

Accrued superannuation and workers compensation liability estimates will also be made.

All outstanding friendly society rules will be registered and the operation of prepaid funeral plans will be closely monitored.

The Government's insurance and risk management arrangements will be further consolidated with the establishment of the insurance and risk management fund in Treasury, the renewal of the commercial catastrophe insurance program and on-going risk assessment activities with agencies.



OBJECTIVE

In addition to administering superannuation schemes (see separate chapter on that program), the Corporate and Superannuation Services Branch provides administrative, personnel and training

services within Treasury. The branch also administers the Lottery and Gaming Act and the Collections for Charitable Purposes Act.

THE YEAR IN REVIEW

Administrative Services

The department's central Administration Section provides the department with support services ranging from general administration and registry to transport, supply, accommodation and expert keyboard services. The section also provides a Ministerial Office service for matters relating to the portfolios of the Treasurer and Minister of Finance, including the administration of the Unclaimed Moneys Act and the Rural Advances Guarantee Act. The section aims to deliver these services in a quality manner and timely fashion.

Restructuring of the section's operations during 1991/92 saw a number of changes resulting in a leaner organisation, improved service delivery in a number of areas and greater opportunities for staff to undertake more meaningful work. With the increasing emphasis on author generated keying over the last two years, the focus of performing all keyboard work has moved away from the central Administration Section, which now concentrates more on a coordinating / training role and providing expert keyboard services as required.

In addition, a review was conducted of corporate service functions throughout Treasury (including the State Taxation Office and SAFA) which sought to rationalise and centralise those functions where possible, primarily in anticipation of the relocation of the department to the State Administration

Centre. The review was successful in identifying opportunities for rationalisation, some of which have been implemented already.

The year also saw considerable effort devoted to planning for the proposed move of Treasury to the State Administration Centre.

Personnel and Training

Personnel Management

Priority of effort during the first half of the year was committed to implementation of the decisions relating to award restructuring, and the subsequent classification and salary adjustments. Employees were kept well-informed at all stages.

Following implementation on 1 October 1991 all organisation charts, and the majority of job and person specifications were updated.

As a result of determination of classifications under the new award ten employees lodged an application for reclassification (ie. approx 3% of employees).

In line with the Service-wide guidelines on Voluntary Separation Packages (VSP) issued by the

SUPPORT SERVICES

Commissioner for Public Employment, all employees were provided with the opportunity to express an interest in being offered a VSP. This resulted in 26 expressions of interest being received; these employees were then provided with details relating to separation packages and invited to confirm their interest in a VSP. Five employees chose to continue with the process and all were approved by the Commissioner for Public Employment. Four employees finally accepted the VSP and resigned from the department in the third week in October 1991.

Further development of a personnel data base was suspended pending progress reports on a similar system being developed for possible Service-wide application by the Office of Cabinet and Government Management.

Information with respect to staff and employment statistics for 1991/92 is contained in the chapter on Financial and Employment Information.

Staff Training and Development

During the 1991/92 year the department's expenditure for staff training and development amounted to \$130,643 including costs relating to in-house training, external courses/conferences and academic study.

The training Newsletter continued to circulate information to all employees on training and development issues.

The Personnel and Training Section again assisted with the conduct of an induction program for financial graduates, and conducted an expanded induction course for employees recently commenced in Treasury.

On-going encouragement was provided to employees to both:

- attend relevant conferences and short courses, and
- undertake study towards formal academic qualifications (during the year 45 employees spent 146.2 hours per week attending such study).

Specific training was provided to eleven employees who undertook to fulfil the role of sexual harassment contact officer within Treasury.

Safety Health and Welfare

The OHS&W Committee (comprising two management and three staff representatives, plus the OHS Coordinator) met on four occasions during the year and gave priority to the following issues:

- WorkCover audit of Prevention Performance Standards
- monitoring of work-related injuries
- assistance to managers in identification of potential safety hazards
- training of additional fire wardens and first aid officers
- update of policy on Smoking in the Workplace
- development of policy on Employee Rehabilitation
- provision of information to employees by way of Newsletter
- training of sexual harassment contact officers

On-going attention was paid to:

- provision of a safe working environment
- monitoring of building maintenance
- provision of ergonomically sound office furniture

SUPPORT SERVICES

- analysis of employee sick leave
- planning and conduct of emergency evacuation exercises

Refresher training in cardio pulmonary resuscitation (CPR) was provided to seven first aid officers, including the use of the Laerdal resuscitation mask.

Occupational health and safety statistics are included as Appendix 7.

Worker Rehabilitation and Compensation

Whilst no formal rehabilitation programs were necessary during the year, 21 employees reported work-related injuries (of which 8 occurred en route to or from work), resulting in 12 Notices of Disability being received.

Equal Employment Opportunities

During the period Treasury's policy on aboriginal employment was updated, and a review of its overall policy on equal employment opportunity was commenced. As part of the award restructuring process, attention was given to incorporating into managers' job specifications, the responsibility for 'promotion of and ensuring compliance with the principles and policies relating to equal employment opportunity (EEO)'.

During the year the number of aboriginal people in Treasury remained at 7, in keeping with the department's commitment to recruitment from special employment categories.

Emphasis was given to awareness raising among new employees of EEO aspects, particularly in relation to staff selection on the basis of merit.

In keeping with the schedule approved by Cabinet, preliminary consideration was given to the development of a Multicultural Management Commitment Plan (MMCP), programmed for implementation by June 1993.

The chapter on Financial and Employment Information contains information with respect to the department's classification profile.

Small Lotteries/Collections for Charitable Purposes

Under the direction of the Manager, Corporate and Superannuation Services, Treasury continued to administer the Lottery and Gaming Act and the Collections for Charitable Purposes Act involving, respectively:

- the issue of licences to conduct small lotteries; and
- the licensing of charitable organisations to collect donations from the public.

During the year, a review of the Lottery Regulations was largely completed, except for the provisions relating to the printing of instant lottery tickets. Consultation with printers continued in an effort to establish industry standards in this area which, historically, has been subject to malpractice.

Work also continued on the development of detailed proposals for changes to the Collections for Charitable Purposes Act. In 1992, the Minister of Finance established a Working Party comprising representatives of relevant Government agencies and charitable organisations to assist the review through its final stages. The working party, which is chaired by Treasury, expects to make its recommendations to the Government by the end of 1992.

FINANCIAL AND EMPLOYMENT INFORMATION

FINANCIAL INFORMATION

**Table I: Comparative Financial Statement For
The Years Ended 30 June 1990 To 1992**

	1990 Actual \$'000	1991 Actual \$'000	1992 Budget \$'000	1992 Actual \$'000
FUNDS HELD AT 1 JULY	0	0	1,280	1,280
PAYMENTS				
Recurrent				
Administration and Enforcement of State Taxation Legislation	5,247	5,862	6,187	6,889
Provision of Budgetary and Economic Advice	1,765	2,209	2,617	2,438
Management of State Government Borrowing and Investment Activities	3,924	4,713	4,617	4,337
Maintenance and Development of Accounting Policies and Systems	2,636	2,816	2,771	2,586
Administration of Superannuation Schemes	1,234	1,600	1,616	1,573
Provision of Actuarial Advice	744	608	457	447
Intra-Agency Support Service Items not Allocated to Programs	3,140	3,631	3,983	3,870
Total Recurrent Payments	18,690	21,439	22,248	22,140
Capital				
Administration and Enforcement of State Taxation Legislation	71	84	239	221
Provision of Budgetary and Economic Advice	45	122	54	30
Management of State Government Borrowing and Investment Activities	204	958	212	156
Maintenance and Development of Accounting Policies and Systems	124	31	52	22
Administration of Superannuation Schemes	59	34	24	14
Provision of Actuarial Advice	18	8	0	0
Intra-Agency Support Service Items not Allocated to Programs	25	23	31	25
Total Capital Payments	546	1,260	612	468
TOTAL PAYMENTS	19,236	22,699	22,860	22,608
RECEIPTS				
Interest earnings on operating account	0	0	135	243
Land Agents - Enquiry fees	0	0	430	456
Recoveries - For services	609	850	708	1,029
South Australian Superannuation Fund				
Investment Trust	546	597	550	576
South Australian Government Financing Authority	4,635	6,441	6,250	6,250
Other Sundry Receipts	16	71	87	106
TOTAL RECEIPTS	5,806	7,959	8,160	8,660
EXCESS OF PAYMENTS OVER RECEIPTS	(13,430)	(14,740)	(14,700)	(13,948)
PARLIAMENTARY APPROPRIATIONS	13,430	16,020	16,236	16,228
NET INCREASE/(DECREASE) IN FUNDS	0	1,280	1,536	2,280
FUNDS HELD AT 30 JUNE	0	1,280	2,816	3,560

Note - Figures for prior years have been adjusted for comparative purposes.

FINANCIAL AND EMPLOYMENT INFORMATION

Table II: Non-Current Assets Employed as at 30 June 1992

The recorded value of assets employed by the Treasury Department at 30 June 1992 amounted to \$590,000 (after deducting accumulated depreciation of \$800,000).

Asset Class	Cost (\$'000)	Accumulated Depreciation (\$'000)	Written Down Cost (\$'000)
Infrastructure	-	-	-
Land	-	-	-
Buildings and Improvements	-	-	-
Operating and Support	1,390 ^a	800	590
Assets Subject to Financial Leases	-	-	-
TOTAL	1,390	800	590

^a This figure consists primarily of computing and office equipment and includes, for the first time, non-current assets below the \$2,000 threshold stipulated in Treasurer's Instruction 1001. The figure does not include assets employed by SAFA or SASFIT, information in respect of which can be found in the respective annual reports of those organisations.

Table III: Use Of Consultants 1991/92

Consultant	Purpose of Consultancy	Cost (\$)
Below \$10,000		
Brooks Public Relations	To provide public relations services to SAFA	4,470
SASFIT (for the services of Mr R S Ruse)	To provide services on superannuation, State Bank and other Treasury related matters	9,641
N J Thomson & J Molloy, Centre for Economic Studies, University of Adelaide	To provide quantifiable indicators of non-resident activity in local government areas as the basis for the calculation of disability factors	5,000 ^a
Focus Technologies	Identify and implement measures to improve the processing and efficiency of the Local Government Grants Commission Financial Data Base	2,650 ^a

FINANCIAL AND EMPLOYMENT INFORMATION

Consultant	Purpose of Consultancy	Cost (\$)
\$10,000 - \$50,000		
Bankers Trust Australia	To provide expert advice on anticipated developments and movements likely to influence interest rates	50,000
Computer Power Pty Ltd	To assist in the development of the Common Receipting System for the State Taxation Office	43,500
M S Fallon	To review the effectiveness of management structures and operating arrangements of the Parks Community Centre, as part of the Government Agencies Review Process	40,151
A D Little	Contribution by Treasury to the Department of Industry Trade and Technology towards the cost of a study by Arthur D Little on the South Australian Economy	25,000
A M Smith	To provide ongoing economic advice	28,603
Above \$50,000		
SA Finance and Systems Services (Greywing Pty Ltd)	To provide consultancy services for the development of SAFA's management information systems	146,629
Sedgwick James Ltd	To provide technical, insurance advice and risk management expertise	Nil ^b
B T Corporate Finance	To provide advice to the Government in respect of the State Bank	258,108 ^c

a Consultancies commissioned by the Local Government Grants Commission.

b While no fees were paid directly to Sedgwick James, they did receive brokerage from the insurance market in connection with the placement of the Government's catastrophe insurance program.

c This cost was met by the State Bank of SA.

FINANCIAL AND EMPLOYMENT INFORMATION

TREASURY DEPARTMENT

Financial Statement for the year ended 30 June 1992

	Note	1992 \$'000	1991 \$'000
FUNDS HELD AT 1 JULY			
PAYMENTS:-			
RECURRENT:-			
Administration and Enforcement of State Taxation Legislation	2		
Provision of Budgetary and Economic Advice	3	6 889	5 862
Management of State Government Borrowing and Investment Activities	4	2 438	2 209
Maintenance and Development of Accounting Policies and Systems		4 337	-
Administration of Superannuation Schemes		2 586	2 816
Provision of Actuarial Advice		1 573	1 600
Intra-Agency Support Service Items not Allocated to Programs		447	608
Total Recurrent Payments	5	<u>3 870</u>	<u>3 099</u>
CAPITAL:-			
Administration and Enforcement of State Taxation Legislation		221	84
Provision of Budgetary and Economic Advice		30	122
Management of State Government Borrowing and Investment Activities		156	-
Maintenance and Development of Accounting Policies and Systems		22	31
Administration of Superannuation Schemes		14	34
Provision of Actuarial Advice		-	8
Intra-Agency Support Service Items not Allocated to Programs		25	23
Total Capital Payments	6	<u>468</u>	<u>302</u>
TOTAL PAYMENTS		<u>22 608</u>	<u>16 496</u>
RECEIPTS:-			
Interest earnings on operating account	1	243	-
Land Agents - Enquiry fees	7	456	-
Recoveries - For services		1 029	850
South Australian Superannuation Fund Investment Trust		576	597
South Australian Government Financing Authority	4	6 250	238
Other Sundry Receipts		106	71
TOTAL RECEIPTS		<u>8 660</u>	<u>1 756</u>
EXCESS OF PAYMENTS OVER RECEIPTS		<u>13 948</u>	<u>14 740</u>
PARLIAMENTARY APPROPRIATIONS			
Recurrent	1	16 028	16 020
Capital		200	-
Total Parliamentary Appropriations		<u>16 228</u>	<u>16 020</u>
NET INCREASE IN FUNDS		<u>2 280</u>	<u>1 280</u>
FUNDS HELD AT 30 JUNE 1992	1	<u>3 560</u>	<u>1 280</u>
OTHER PAYMENT ON BEHALF OF THE DEPARTMENT	5		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

1. Departmental Objectives and Funding

The Department's objectives are:-

- assist the Government to secure, in the most effective way, the financial resources it needs to carry out its policies;
- assist the Government to achieve the most effective use of the financial resources available to it;
- assist the Government in assessing the effect of its financial policies on the economy and on the community;
- keep such central records as will enable the Government to account for its financial transactions and have the financial information required for decision making;
- provide advice to the Government of an actuarial nature and administer State Superannuation arrangements.

The Department's principal source of funds consists of monies appropriated by Parliament.

This Financial Statement encompasses all activities transacted through an interest bearing Special Deposit Account entitled 'Treasury Department Operating Account'.

2. Statement of Accounting Policy

The Financial Statement has been prepared in accordance with Treasurer's Instruction 1000, "Annual Financial Statements" issued pursuant to the Public Finance and Audit Act, 1987. As such it has been prepared using the cash basis of accounting.

Expenditure on purchases of computing and other office equipment previously recorded as recurrent expenditure are now recorded as capital. Figures for 30 June 1991 have been adjusted for comparative purposes.

FINANCIAL AND EMPLOYMENT INFORMATION

3. **Administration and Enforcement of State Taxation Legislation**
The rise in payments was due to an increase in valuation fees charged by Lands Department and consultancy payments relating to the implementation of the State Taxation Office Information Technology Plan.

4. **Management of State Government Borrowing and Investment Activities**
Expenditure in relation to services provided to the SA Government Financing Authority (SAFA) was recorded in the Operating Account where previously these expenses were recorded in SAFA's deposit account. SAFA pays a fee for these and other services provided by Treasury.

5. Total Recurrent Payments	1992	1991
Operating payments comprised:-	\$'000	\$'000
Salaries, wages and related payments (see Note 5.1)	13 001	9 998
Administration	5 652	3 982
Accommodation and services costs (see Note 5.2)	2 229	1 569
Payments to consultants	205	208
Cheques for departments	14	53
Casino Act - Expenses of Lotteries Commission of South Australia	56	67
Casino Supervisory Authority - Fees and expenses	141	138
Grant to Local Government Association	90	-
Operation of Management Information System	574	-
Pay-roll Tax Appeal Tribunal - Fees and expenses	3	4
Reimbursement to the State Bank of South Australia for expenses of administration on loans under various Acts	175	175
	<u>22 140</u>	<u>16 194</u>

Excluded from the above is:- Other Payment on Behalf of the Department:-
SA Department of Housing and Construction:- Maintenance and office service costs and debt servicing on capital expenditure

134 95

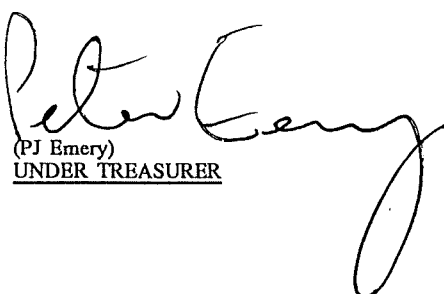
- 5.1 **Superannuation Costs**
The Department is required to pay an amount to Consolidated Account towards the accruing Government liability for superannuation in respect of currently employed contributors to the SA Superannuation Fund. Payments amounted to \$974 000 (\$743 000). In addition, payments for all employees based on 3 per cent of eligible earnings were made to the Public Sector Employees Superannuation Scheme administered by the Treasury Department. Payments amounted to \$318 000 (\$243 000).


- 5.2 **Accommodation Costs**
The Department occupies leased premises and Government owned premises administered by SA Department of Housing and Construction (SACON). Payments during the year to the Office Accommodation Division (SACON) for leasing and associated services costs amounted to \$1 804 000 (\$1 319 000). Debt servicing costs on capital funds expended for the fitting out of premises are brought to account under Other Payment on Behalf of the Department.

6. **Capital Payments**
Comprises purchases of computing and other office equipment. The increase in payments was due to purchases of computing equipment made in relation to the implementation of the State Taxation Office Information Technology Plan and the inclusion of SAFA in the Treasury Department Operating Account (see Note 4).

7. **Land Agents - Enquiry fees**
The land agents enquiry fees are collected when potential purchasers of land (and/or their agents) take the option of obtaining a certificate detailing outstanding land tax applicable to the land being purchased. The crediting of these fees was redirected to the Operating Account from Consolidated Account in 1991-92 with a corresponding decrease in recurrent appropriation.

To the best of our knowledge and our belief, the foregoing Financial Statement and Notes thereto give a true and fair view of the financial transactions for the year ended 30 June 1992.


(PJ Emery)
UNDER TREASURER


(RC Walsh)
DIRECTOR, ACCOUNTING AND SYSTEMS

FINANCIAL AND EMPLOYMENT INFORMATION



AUDITOR-GENERAL'S DEPARTMENT

INDEPENDENT AUDIT REPORT

To the Under Treasurer

SCOPE

As required by Section 31 of the Public Finance and Audit Act, 1987, I have audited the financial statement of the Treasury Department for the year ended 30 June 1992. The financial statement comprises:-

- . Treasury Department Financial Statement;
- . Notes to and Forming Part of the Financial Statement, and
- . Certificates by the Under Treasurer and the Director, Accounting and Systems.

The Under Treasurer and the Director, Accounting and Systems are responsible for the preparation and presentation of the financial statement and the information contained therein.

The audit has been conducted in accordance with the requirements of the Public Finance and Audit Act, 1987, and the Australian Auditing Standards to provide reasonable assurance as to whether the financial statement are free of material misstatement.

Audit procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial statement, and the evaluation of accounting policies and significant accounting estimates. Those procedures were undertaken to form an opinion whether, in all material respects, the financial statement are presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act, 1987, and appropriate Statement of Accounting Concepts and appropriate Australian Accounting Standards so as to present a view of the Department which is consistent with the results of its operations.

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

AUDIT OPINION

In my opinion, the financial statement of the Treasury Department presents fairly the results of its operations for the year ended 30 June 1992 in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act, 1987, and appropriate Statement of Accounting Concepts and appropriate Australian Accounting Standards.

24 August 1992

K. I. MacPherson

K I MacPHERSON
AUDITOR-GENERAL

K. Jockmann

FINANCIAL AND EMPLOYMENT INFORMATION

EMPLOYMENT INFORMATION

Table IV: Comparative Employment Statistics 1990-1992

Branch	30/6/90	Full Time Equivalents	
		30/6/91	30/6/92
State Taxation Office	140.7	139.4	134.4
Budget	29.0	29.0	30.6
Revenue and Economics	13.5	13.0	13.6
SAFA	52.2	59.0	58.0
Accounting & Systems - General	29.5	29.5	29.1
Accounting & Systems - Graduates	11.0	11.0	-
Superannuation	25.6	25.8	21.7
Public Sector Superannuation	7.0	9.0	12.0
SASFIT ¹	12.0	13.0	12.0
Actuarial & Insurance Services	8.8	7.8	8.8
Executive Management	7.0	5.0	5.0
Corporate Services	12.0	11.0	11.0
Casino Supervisory Authority	1.5	1.5	1.5
Local Government Grants Commission	-	2.0	2.0
Small Lotteries	3.0	3.0	3.0
TOTAL	<u>352.8</u>	<u>359.0</u>	<u>342.7</u>

1 includes employees on contract

Note - Figures for prior years have been adjusted to reflect the current organisational structure.

FINANCIAL AND EMPLOYMENT INFORMATION

Table V: Branch Profile

	Average Full Time Equivalent		30 June Full Time Equivalent	
	1991/92 Budget	1991/92 Actual	1991/92 Budget	1991/92 Actual
State Taxation Office	135.8	136.7	135.8	134.4
Budget Branch	31.4	30.6	32.4	30.6
Revenue and Economics	13.2	13.2	12.2	13.6
SAFA	54.4	56.6	54.4	58.0
Accounting and Systems	32.5	31.8	28.9	29.1
Superannuation Office	24.5	23.3	24.5	21.7
Public Sector Superannuation Unit	11.8	10.8	11.8	12.0
SASFIT ¹	11.8	12.1	11.8	12.0
Actuarial and Insurance Services	8.8	8.0	8.8	8.8
Executive Management	4.9	5.0	4.9	5.0
Corporate Services	12.7	10.8	12.7	11.0
Casino Supervisory Authority	1.5	1.5	1.5	1.5
Local Government Grants Commission	2.5	2.0	3.0	2.0
Small Lotteries	3.0	2.5	3.0	3.0
 DEPARTMENTAL TOTAL	 <u>348.8</u>	 <u>344.9</u>	 <u>345.7</u>	 <u>342.7</u>

1 Includes 3 FTE's (3 AFTE's) on contract

FINANCIAL AND EMPLOYMENT INFORMATION

Table VI: Classification Profile as at 30 June 1992^a

Classification	Male	Female	Total
CEO (EO-6)	1		1
EL-3	2		2
EL-2	7		7
EL-1	7	1	8
MAS-3	-	-	-
ASO-8	7		7
MAS-2	3		3
ASO-7	15	3	18
MAS-1	2		2
ASO-6	13	5	18
ASO-5	38	4	42
ASO-4	37	8	45
ASO-3	18	15	33
ASO-2	34 ^b	44 ^b	78 ^b
ASO-1	26	75	101
LE-1		1	1

a includes employees on contract; excludes employees temporarily reassigned to other agencies

b includes officers on the Financial Graduate Development Program

NOTE: Due to award restructuring, direct comparison with previous classifications is not possible

Table VII: Staffing Statistics

		1989/90	1990/91	1991/92
Permanent Positions	Created	57	31	37 ^a
	Abolished	8	46	22
Temporary Positions	Created	46	37	22
	Abolished	44	16	16
Reclassifications		26	27	102 ^b
Classified vacancies advertised	- Permanent	64	39	45
	- Temporary	7	2	2
	- Outside appointments	5	2	6
Appeals		1	2	10 ^c
Basegrade appointments		22	27	4 ^d
Resignations/Retirements		29	27	10 ^e
Aboriginal Employees		7	8	7

a includes 11 as a consequence of award restructuring

b includes 98 " " " "

c following award restructuring

d this figure now reflects only permanent appointments

e includes 4 with VSP



OTHER ACCOUNTS ADMINISTERED

SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION ACCOUNT

To facilitate the administration of the South Australian Local Government Grants Commission and pursuant to the South Australian Local Government Grants Commission Act 1991 an interest bearing Special Deposit Account was created in 1991/92 entitled "South Australian Local Government Grants Commission Account".

The purpose of the account is to record all transactions associated with the South Australian Local Government Grants Commission Act including the receipt and payment of Commonwealth funds and expenditure on the administration of the Act.

A joint "Local Government Grants Commission Consultative Committee" has been established, comprising the Chairman of the Commission, the Under Treasurer and two representatives of the Local Government Association (LGA). The Committee is responsible for approving the Commission's administrative budget, changes to its organisation and other administrative matters.

The administration budget is principally funded by the LGA which raises the funds from interest

earnings on Commonwealth Financial Assistance Grants invested with the Local Government Finance Authority.

During 1991/92 the Commonwealth Financial Assistance Grants were appropriated from the Consolidated Account and the Commission distributed \$78,817,000 to 121 Local Government Authorities. The South Australian Local Government Grants Commission Act has now been amended to allow the Commonwealth Financial Assistance Grants to be processed through this account during 1992/93 and these amounts will no longer be appropriated from the Consolidated Account.

The following is the Financial Statement of the South Australian Local Government Grants Commission Account for the period ended 30 June 1992. Comparative figures for 1990/91 are not available as this account was created during the 1991/92 financial year.

OTHER ACCOUNTS ADMINISTERED

South Australian Local Government Grants Commission Account

	1991/92 \$'000
Funds held at 1 July	0
Payments	
Salaries	106
Administration Expenses	36
Accommodation and service costs	22
Payments to consultants	8
Purchase of office machines and equipment	12
Total Payments	<u>184</u>
Receipts	
Funds from Local Government Association	256
Interest from Treasury	5
Other sundry receipts	24
Total Receipts	<u>285</u>
Net Increase in Funds	101
Funds held at 30 June	<u>101</u>

OTHER ACCOUNTS ADMINISTERED

LOCAL GOVERNMENT DISASTER FUND

The State Government established an interest bearing Special Deposit Account in 1990/91 entitled the "Local Government Disaster Fund". The Disaster Fund was established as a result of discussions in 1989 with the Local Government Association (LGA) regarding the Stirling Council 1980 Bushfire settlement.

As part of the August 1990 budget, the Government legislated to impose a Financial Institutions Duty (FID) levy of 0.005 per cent for five years from 1 October 1990, and undertook to pay the resulting revenue into the Disaster Fund.

The funds in the Disaster Fund are to be used for purposes related to the effects on local government authorities and/or the communities which they serve, of natural disasters or other adverse events or circumstances.

The Disaster Fund is controlled by the Local Government Disaster Fund Management

Committee comprising two nominees of the LGA, the Under Treasurer and a nominee of the Minister for Local Government Relations.

The main roles of the Committee are to formulate guidelines under which local governing authorities might apply for assistance and consider applications made under those guidelines; to monitor and report on the Disaster Fund generally; to circulate appropriate information about the Disaster Fund to local government authorities and other bodies; and to provide advice on possible other sources of income. The Committee has agreed to invest the major portion of monies held in the balance of the Disaster Fund with the Local Government Finance Authority.

The following is the Financial Statement of the Local Government Disaster Fund for the period ended 30 June 1992.

OTHER ACCOUNTS ADMINISTERED

Local Government Disaster Fund		
	1991/92 \$'000	1990/91 \$'000
Funds held at 1 July	1,967	0
Payments		
Repayment of loan ¹	3,336	1,668
Payments in respect of disasters	26	0
Interest subsidies to Local Authorities	42	45
Settlement of Ash Wednesday claims	18	53
Administrative expenses	47	50
Total Payments	3,469	1,816
Receipts		
Financial Institutions Duty	5,080	3,693
Interest from Treasury	20	24
Interest from Local Government Finance Authority	234	66
Total Receipts	5,334	3,783
Net Increase in Funds	1,865	1,967
Funds held at 30 June	<u>3,832</u>	<u>1,967</u>
Includes funds invested with the Local Government Finance Authority	3,400	1,900

1 Instalments for repayment over a five year period of State contribution to Stirling Council settlement.



APPENDIX 1

MINISTERIAL PORTFOLIO RESPONSIBILITIES

Ministerial Portfolio Responsibilities of the Treasurer

STATE BANK OF SA	Provide banking services to the community. As the Treasurer's agent, administer certain Acts providing loans for particular purposes.
SA GOVERNMENT FINANCING AUTHORITY	Act as a central borrowing authority for the SA Public Sector. Engage in other activities relating to the finances of the Government and semi-Government authorities.
LOTTERIES COMMISSION OF SA	Promote and conduct lotteries.
STATE GOVERNMENT INSURANCE COMMISSION	Undertake general and life insurance business. Operate the Compulsory Third Party (Bodily Injury) Scheme.

Acts Administered by the Treasurer

Appropriation Acts	State Bank of South Australia Act 1983
Financial Agreement Acts	State Government Insurance Commission Act 1992
Government Financing Authority Act 1982	State Lotteries Act 1966
Governors' Pensions Act 1976	Supplementary Financial Agreement (Soldier Settlement Loans) Act 1934
Judges' Pensions Act 1971	Supply Acts
Lottery & Gaming Act 1936	Treasurer's Incorporation Act 1949
Public Finance and Audit Act 1987	

Ministerial Portfolio Responsibilities of the Minister of Finance

CASINO SUPERVISORY AUTHORITY	Supervise the operation of the licensed casino
SA SUPERANNUATION BOARD	Administer State Superannuation Schemes
SA SUPERANNUATION FUND INVESTMENT TRUST	Manage and invest employee contributions to the SA Superannuation Fund
PUBLIC SECTOR EMPLOYEES SUPERANNUATION SCHEME BOARD	Administer the 3% productivity superannuation scheme.

Acts Administered by the Minister of Finance

Advances to Settlers Act 1930	Loans for Fencing & Water-Piping Act 1938
Benefit Associations Act 1958	Loans to Producers Act 1927
Business Franchise (Petroleum Products) Act 1979	Parliamentary Superannuation Act 1974
Casino Act 1983	Pay-Roll Tax Act 1971
Collections for Charitable Purposes Act 1939	Police Superannuation Act 1990
Debits Tax Act 1990	Rural Advances Guarantee Act 1963
Financial Institutions Duty Act 1983	Stamp Duties Act 1923
Friendly Societies Act 1919	Student Hostels (Advances) Act 1961
Gift Duty Act 1968	Succession Duties Act 1929
Homes Act 1941	Superannuation Act 1988
Housing Loans Redemption Fund Act 1962	Taxation (Reciprocal Powers) Act 1989
Interest on Crown Advances & Leases Act 1944	Tobacco Products (Licensing) Act 1986
Land Tax Act 1936	Unclaimed Moneys Act 1891



APPENDIX 2

LEGISLATIVE MEASURES 1991/92

Appropriation Act 1991 (42/91)

Gave effect to the Government's budget proposals for 1991/92.

Assented to: 7/11/91

Date of operation: 1/7/91

Australia and New Zealand Banking Group Limited (NMRB) Act 1991 (45/91)

Facilitated the integration in South Australia of the National Mutual Royal Bank Ltd and the National Mutual Royal Savings Bank Ltd with the ANZ Banking Group Ltd and the ANZ Savings Bank Ltd.

Assented to: 14/11/91

Date of operation: 16/11/91

Casino (Gaming Machines) Amendment Act 1992 (40/92)

Allowed the introduction of poker machines in the Adelaide Casino.

Assented to: 1/6/92

Date of operation: To be proclaimed

Housing Loans Redemption Fund (Use of Fund Surpluses) Amendment Act 1992 (6/92)

Closed the Fund to new contributors and allowed any surplus to be paid to Consolidated Account. Repealed the Cottage Flats Act, 1966.

Assented to: 26/3/92

Date of operation: 30/7/92

Land Tax (Miscellaneous) Amendment Act 1991 (46/91)

Increased land tax payable on land of greater value than \$1 million and varied the fines for unpaid land tax.

Assented to: 21/11/91

Date of operation: 30/6/91

Parliamentary Superannuation (Miscellaneous) Amendment Act 1992 (18/92)

Enhanced the benefits paid to members leaving the Parliament with less than six years service. Enhanced the benefits paid to the estate of a single person who dies in service. Provided technical amendments as a result of the lengthening of Parliamentary terms from 3 to 4 years.

Assented to: 7/5/92

Date of operation: 7/5/92

Pay-roll Tax (Miscellaneous) Amendment Act 1991 (55/91)

Decreased the rate of tax from 6.25% to 6.1%, increased deductions from taxable wages from \$432 000 pa to \$444 000 pa (with effect from 1/1/92) and \$456 000 pa (with effect from 1/7/92). Introduced a general anti-avoidance provision and certain specific measures to combat schemes designed to avoid liability by severing the employer/employee relationship. Amended the definition of "wages" to include service contracts, use of employment agents and payment of wages by or to third parties.

Assented to: 28/11/91

Date of operation: 1/4/92,
except Sections 5-11, 1/12/91

APPENDIX 2

Stamp Duties (Assessments and Forms) Amendment Act 1991 (74/91)

Inserted a provision to charge penalty on dutiable statements not lodged at the time a change took place in legal or beneficial ownership of land, a business in South Australia or a partnership. Removed ambiguities present in the rental provisions of the Act, ensured all amounts received as rent (excluding sale of goods) are included in returns and redefined the Commissioner of Stamps' ability to raise assessments in specific instances. Provided penalties for evasion of duty on applications to register or transfer the registration of a motor vehicle including power for the Commissioner of Stamps to make an assessment under certain circumstances.

Assented to: 12/12/91

Date of operation: 12/12/91

State Government Insurance Commission Act 1992 (39/92)

An act to provide for the continuation of the State Government Insurance Commission, to define its functions and powers and to repeal the State Government Insurance Commission Act 1970.

Assented to: 21/5/92

Date of operation: 30/6/92

Superannuation (Miscellaneous) Amendment Act 1991 (67/91)

Made a series of technical modifications to the Act, required because of legal difficulties or deficiencies in the existing provisions. Enhanced the benefits paid to the estate of a person who dies without dependants or a spouse.

Assented to: 5/12/91

Date of operation: 19/12/91
except S 15: 17/1/91

Supply Act (No 2) 1991 (35/91)

Provided appropriation to enable the Public Sector to carry out its normal functions during the months of September and October 1991.

Assented to: 5/9/91

Date of operation: 5/9/91

Supply Act (No 1) 1992 (17/92)

Provided appropriation to enable the Public Sector to carry out its normal functions during the early months of the 1992/93 financial year.

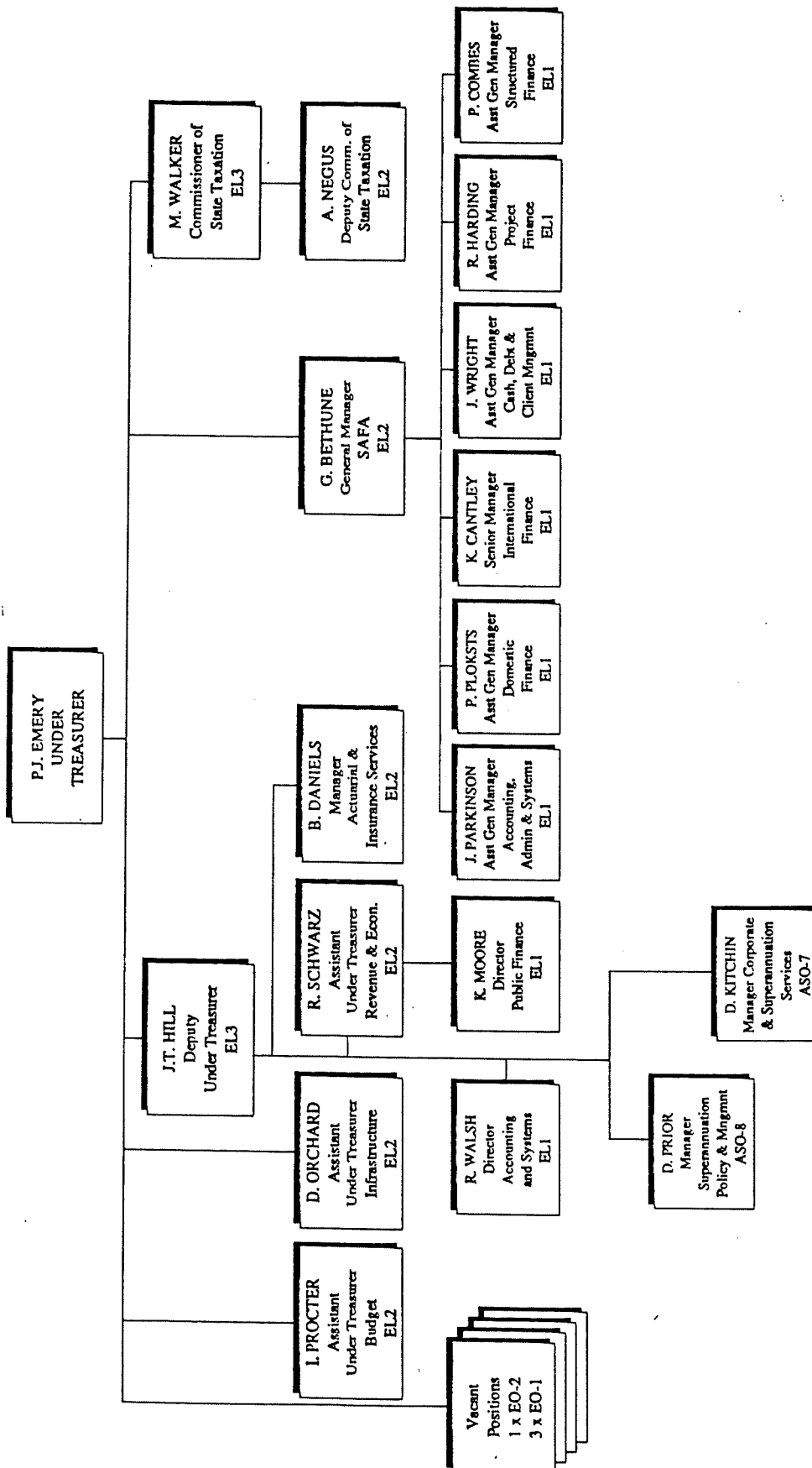
Assented to: 7/5/92

Date of operation: 7/5/92



APPENDIX 3

TREASURY DEPARTMENT SENIOR POSITIONS



current as at : JULY 92

APPENDIX 4

BOARDS AND COMMITTEES ON WHICH TREASURY IS REPRESENTED

OFFICER	BOARD/COMMITTEE	START DATE	EXPIRY DATE
Peter Emery Under Treasurer	SAFA, Chairman	Ex Officio	-
	State Bank of SA	Observer	-
	Local Government Grants Commission Consultative Committee	Jul 91	ongoing
	Local Government Disaster Fund Management Committee	Mar 91	ongoing
John Hill Deputy Under Treasurer	SGIC	Dec 91	Dec 96
	Collins Street Properties Pty Ltd	Jan 92	ongoing
	SGIC Finance Pty Ltd	Jan 92	ongoing
	SGIC Health Pty Ltd	Jan 92	ongoing
	SGIC Nominees Pty Ltd	Jan 92	ongoing
	Torrens Property Funds Management Ltd	Jan 92	ongoing
	SGIC Audit Committee	Feb 92	ongoing
	Lotteries Commission of SA	Nov 90	Nov 92
	Parliamentary Superannuation Board	May 89	ongoing
	PSESS Board	Feb 90	Feb 93
	Review of Government Business Operations (GMB sub-Board)	May 91	ongoing
	State Superannuation Board	Jan 88	Jun 94
Accounting Policy & Systems			
Roger Emery	SA Health Commission Financial Management Training Committee	Apr 90	ongoing
David Figg	AUSCAM Inc (National Committee)	Oct 91	Nov 92
	AUSCAM SA Inc	May 89	Apr 93
	(CA Products User Group)		
	Information Technology Group	Jun 86	ongoing
Frank McGuiness	- Aust Society of CPA		
	Standing Treasuries Committee on Accounting Issues	Jun 92	ongoing
	Local Government Accounting Committee	Aug 91	Sep 92
Tony Roth	AUSCAM SA Inc	Oct 91	Apr 93
	(CA Products User Group)		

APPENDIX 4

OFFICER	BOARD/COMMITTEE	START DATE	EXPIRY DATE
Bob Walsh	Public Sector Fraud Coordinating Committee	Apr 92	ongoing
	Land Acquisition Act	Feb 88	Feb 93
	Rehousing Committee		
	Steering Committee - Departmental and Treasury Accounting Review	Oct 90	ongoing

Actuarial & Insurance Services

John Barrett	ETSA Superannuation Board	Feb 91	Jan 94
Brian Daniels	Compulsory Third Party	Ex Officio	-
	Premiums Committee		
	Local Government Association Mutual	Sep 90	ongoing
	Liability Scheme Board		
	Local Government Superannuation Board	Jul 92	ongoing
	Risk Management Steering Committee		
	- Children's Services Office	Oct 90	ongoing
	- Department of Correctional Services	Jul 90	ongoing
	- Education Department	Jul 90	ongoing
Deane Prior	Royal Zoological Society of SA Superannuation	Ex Officio	-
	Fund Board of Trustees		
	SA Metropolitan Fire Service Superannuation	Jan 87	ongoing
	Fund Board of Trustees		
	Parliamentary Superannuation Board	Sep 79	ongoing
	Police Superannuation Board	Jul 90	Jun 93
	PSESS Board	Nov 90	Nov 93
	Superannuation Task Force	Oct 86	ongoing

Budget

Ray Bown	Correctional Services Capital Works Committee	Dec 91	ongoing
	Correctional Services/Treasury Budget Task Force	Dec 91	ongoing
Debra Contala	Adelaide Convention Centre Board	Apr 91	Apr 93
Greg Coombs	Electricity Tariff Review Working Group	Apr 90	ongoing
	Working Group on the National Electricity	Jun 92	ongoing
	Strategy		
	Commonwealth/State Steering Committee on National Performance Monitoring of Government Trading Enterprises	Oct 91	ongoing
Terry Grant	Program Evaluation Steering Committee	Oct 90	Oct 92
	St John Ambulance Board	Nov 91	Jan 95
	Police Department Buildings Committee	Jul 91	ongoing

APPENDIX 4

OFFICER	BOARD/COMMITTEE	START DATE	EXPIRY DATE
Rick Janssan	Non-Government Schools Formula Review Committee	Apr 91	Jul 92
Geoff Knight	South Australian Health Commission Finance Committee	May 91	ongoing
	Social Justice Task Force	Jan 92	ongoing
Neil Nosworthy	Capital Works Budget Committee	1990	ongoing
	Building Better Cities State Coordinating Committee	Sep 91	ongoing
Peter O'Neill	Second Story Board	Jan 89	Jun 95
	Legal Services Commission	Jul 92	Jul 95
Don Orchard	Capital Works Budget Committee	Sep 85	ongoing
	Correctional Services Capital Works Committee	Sep 84	ongoing
	Court Services Building Program Committee	Mar 90	ongoing
	Joint Planning Committee for Government and Non Government Schools	Oct 90	Sep 92
	Northfield Relocation Committee (Agriculture)	Oct 89	ongoing
	Police Department Buildings Program Committee	Aug 89	ongoing
	STA Board	Aug 89	Sep 93
	Urban Development Coordinating Committee	Mar 84	ongoing
	Urban Consolidation Coordinating Committee	Jan 92	Dec 92
Ian Procter	Interim Natural Resources Council	Jan 91	Dec 92
	Organisation Development Review (Agriculture) Management Committee	Mar 91	Dec 92
	Government Agencies Review Group Officers Committee	Sep 90	ongoing

Corporate & Superannuation Services

Doug Kitchen	Working Party on Public Collections	Jan 92	Dec 92
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Revenue & Economics

Stuart Hocking	SA State Statistical Priorities Committee	Apr 91	ongoing
Kathy Moore	Enfield General Cemetery Trust	Aug 87	Jul 92
Robert Schwarz	Centre for SA Economic Studies	Feb 91	ongoing
	Enterprise Investment Ltd	Jul 90	*
	Enterprise Securities Ltd	Jul 90	ongoing
	SASFIT	Mar 89	Jul 94
	SATCO	Apr 89	ongoing
Jo Sutherland-Shaw	Enterprise Investments Ltd (alternate)	Jul 90	*

* required to retire and resubmit at 3rd AGM after appointment

APPENDIX 4

OFFICER	BOARD/COMMITTEE	START DATE	EXPIRY DATE
SAFA			
Graeme Bethune	East End Development Steering Committee	May 92	Aug 92
	Homestart Finance Ltd	Jun 90	Dec 95
	Jerningham Ltd	Feb 91	ongoing
	National Mortgage Market Corporation	Nov 90	ongoing
	SA Investments	Jul 90	ongoing
	SA Sterling Investments Ltd	Jul 90	ongoing
	SAF(HK) Ltd	Feb 91	ongoing
	SAFL	Jul 90	ongoing
	SAFTL	Oct 90	ongoing
Phil Combes	Homestart Finance Ltd	Aug 89	Dec 95
	Local Government Finance Authority of SA (alternate)	Dec 90	ongoing
	National Mortgage Market Corporation (alternate)	Feb 92	ongoing
Ross Harding	Accommodation Task Force	Dec 89	ongoing
	Government Office Accommodation Committee	Jul 90	ongoing
	Northfield Laboratories	Jul 90	ongoing
	SATECH	Jan 91	ongoing
John Parkinson	SAMCOR	Jul 90	Jun 95
	SAGRIC	Apr 92	Ongoing
Mike Sharrad	Self Employment Ventures	1984	ongoing
	Scheme Advisory Committee		
John Wright	Local Government Finance Authority of SA	Jun 90	ongoing
	Ministerial Committee on Rural Finance Policy	Jan 92	ongoing
	School Loans Advisory Committee	Sep 90	ongoing
	Southern Zone Rock Lobster	Sep 87	ongoing
	Rationalisation Authority		



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APPENDIX 5

STATE TAXATION OFFICE REVENUE COLLECTIONS

	1989/90		1990/91		1991/92	
	Number of Taxpayers/ Transactions	Amount \$	Number of Taxpayers/ Transactions	Amount \$	Number of Taxpayers/ Transactions	Amount \$
BUSINESS FRANCHISE						
(PETROLEUM)						
Wholesalers	6	77 753 736	5	70 016 223	5	86 140 925
Retailers	1 130	126 999	1 088	117 338	1 187	110 901
Total Business Franchise (Petroleum)		<u>77 880 735</u>		<u>70 133 561</u>		<u>86 251 826</u>
DEBITS TAX				<u>11 487 706</u>		<u>28 190 828</u>
FINANCIAL INSTITUTIONS DUTY						
Financial Institutions	243	46 547 446	217	89 329 143	211	101 293 233
Short Term Money Market Operators	211	2 838 006	226	2 958 886	191	2 842 377
Exempt-Charitable Organisations Accounts	28 617		31 576		36 860	
Total Financial Institutions Duty		<u>49 385 452</u>		<u>92 288 029</u>		<u>104 135 610</u>
LAND TAX						
Total Land Tax	21 034	<u>71 907 591</u>	24 626	<u>76 021 349</u>	25 850	<u>75 833 720</u>
PAY-ROLL TAX						
Private Sector	5 432	323 480 572	5 437	381 634 001	5 124	387 097 694
Government Sector	35	72 056 289	32	91 278 912	31	98 725 611
Total Pay-roll Tax		<u>395 536 861</u>		<u>472 912 913</u>		<u>485 823 305</u>
STAMP DUTY						
Adhesive Stamps		717 160		777 175		732 283
Annual Licences (Insurance)		39 016 529		55 161 009		64 412 117
Applications to Register or Transfer Motor Vehicles		68 341 872		68 903 850		73 982 576
Cheques		5 531 085		5 519 992		6 416 090
Conveyance of Property on Sale		152 878 746		135 729 809		135 340 329
Conveyance of Shares on Stock Exchange		4 050 482		3 289 979		3 364 078
Conveyance of Shares (Excl. Stock Exchange)		8 015 375		2 258 689		1 643 468
Insurance Effected Outside SA		2 208 302		2 059 839		4 060 325
Leases		1 813 935		1 662 452		1 781 207
Mortgages		15 663 950		16 832 971		15 834 019
Other		295 239		230 328		253 194
Less Refunds, Commissions, etc.		(1 702 944)		(1 810 026)		(1 704 561)
Rental Business		11 765 675		12 205 997		12 146 647
Voluntary Conveyances of Property		2 038 512		2 247 554		1 833 264
Total Stamp Duty		<u>310 633 918</u>		<u>305 069 618</u>		<u>320 095 036</u>
TOBACCO PRODUCTS (LICENSING)						
Wholesalers	10	55 176 113	10	85 269 044	10	92 152 568
Retailers	5 622	59 371	4 950	54 400	5 134	54 365
Total Tobacco Products (Licensing)		<u>55 235 484</u>		<u>85 323 444</u>		<u>92 206 933</u>
Total State Taxation Office Collections**		<u>960 596 658</u>		<u>1 113 245 257</u>		<u>1 192 557 886</u>

** Succession duty revenue of \$16,617, \$8,637 and \$20,628 has been added to the 1989/90, 1990/91 and 1991/92 years respectively.

PUBLIC SECTOR FRAUD POLICY

Treasury Department

Treasury is responsible for the Government's financing and investing activities, for paying invoices for other agencies, for collecting most of the Government's taxation revenue, and for co-ordination of the associated accounting for these activities. It has a keen interest in steps that can be taken to prevent and to detect any fraud. This interest extends beyond Treasury and into the accounting activities and internal controls of each agency. It is expressed through the issue to all agencies of "Treasurer's Instructions", which provide guidance to agencies on generally accepted practices, procedures and internal controls designed to secure the Government's financial assets and to prevent and detect fraud. The Treasurer's Instructions are being assessed almost continuously by those applying them, and as weaknesses are perceived revised instructions are released. Public service staff are assisted in being kept aware of changes by the inclusion of explanatory articles in the publication TREND shortly after new instructions or changes to existing instructions have been approved by the Treasurer. Treasury observes the Treasurer's Instructions in the conduct of its internal operations and relies on the measures prescribed for its internal controls. They provide an inter-related and overlapping network of controls intended not only to reduce our exposure to fraud but also to promote data and systems privacy, security and integrity.

During the year, a fraud which originated in the Department of Technical and Further Education, impacted on Treasury's disbursement account causing the department to sustain a loss of \$346,000. Although two people have been arrested

in connection with this offence no funds have yet been recovered.

In addition to these internal threats, the State Taxation Office also needs to face fraud through tax evasion. The State Taxation Office employs some 25 (FTE's) Investigation staff who provide a proactive stance towards -

- **Verification**
To sustain the validity of data submitted by taxpayers under Returns and Applications as to the quantum of their tax liabilities.
- **Compliance Monitoring**
To reduce the scope for tax avoidance and evasion.
- **Investigations**
To uncover schemes and arrangements aimed at minimising the liability for taxation.
- **Recovery**
To recover outstanding tax debts.

A total of 506 inspections were completed during 1991/92 with over \$5 million of unpaid revenue being detected.

During 1991/92 designated officers of the State Taxation Office and other State and Territory tax and law enforcement agencies conducted a joint exercise in conjunction with the National Crime Authority to identify and combat criminal activities of some persons associated with the illicit trade in tobacco products. Several persons have been charged as a result of those investigations with criminal offences that relate to defrauding the various States of up to \$10 million in total.



APPENDIX 7

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>
(a) The average number of employees employed during the period	333.3	346.3	344.9
(b) The total number of hours worked by employees	574425	586978	587192
(c) The total number of work injuries	19	12	21 ^a
(d) The agency's actual expenditure on occupational health and safety programmes - as a percentage of total expenditure	.003	.003	.07 ^b
(e) The agency's budget allocation for workers' compensation claims	41000	40000	41000
(f) The total number of workers' compensation claims	10	8	12
(g) The total cost of workers' compensation claims charged against an insurance fund	7219	29245	10978
(h) The total cost of workers' compensation claims carried by the agency	-	-	-
(i) The total number of common law claims	-	-	-
(j) The total cost of common law claims	-	-	-
(k) The total number of employees who participated in the Agency's rehabilitation program	-	-	-
(l) The total number of employees rehabilitated back to their original work task	-	-	-
(m) The total number of employees rehabilitated and redeployed onto other work tasks	-	-	-
(n) The total number of employees still on suitable alternative duties	-	-	-
(o) The total number of employees who have left, declared medically unfit	-	1	-
(p) The Agency's budget allocation for property damage accidents	-	-	-
(q) The total number of property damage accidents	-	-	-
(r) The total cost of property damage accidents	-	-	-
(s) The number of hours of training in Occupational Health and Safety	- ^c	127.5	574.5 ^b
(t) The number of Health and Safety Representatives	2	3	3
(u) The number of Health and Safety Committees	1	1	1

APPENDIX 7

(v)	The number of Default Notices issued pursuant to S.35 of the OHS&W Act	-	-	-
(w)	The number of times work was stopped pursuant to S.36 of the OHS&W Act	-	-	-
(x)	The number of Improvement Notices issued pursuant to S.39 of the OHS&W Act	-	-	-
(y)	The number of Prohibition Notices issued pursuant to S.40 of the OHS&W Act	-	-	-

a Includes 8 injuries which occurred en route to and from work.

b These figures reflect increased training activity with respect to fire wardens and first aid officers and the training of sexual harassment contact officers.

c No separate record of hours spent on occupational health and safety training was maintained for 1989/90.

