



**Government  
of South Australia**

---

Department of Treasury  
and Finance

# **ANNUAL REPORT**

**2005-06**

# TABLE OF CONTENTS

<b>UNDER TREASURER'S REPORT .....</b>	<b>4</b>
<b>THE ROLE OF TREASURY AND FINANCE .....</b>	<b>5</b>
The department.....	5
The vision .....	5
The purpose .....	5
Major clients.....	5
Strategic directions .....	6
Agencies in Treasurer's Portfolio.....	6
<b>THE YEAR IN REVIEW .....</b>	<b>7</b>
<b>ENSURING ACCOUNTABILITY FOR PUBLIC SECTOR RESOURCES .....</b>	<b>9</b>
Revenue and Economics Branch.....	10
Finance Branch.....	15
Government Accounting and Reporting Branch.....	18
Policy Analysis Branch.....	21
Projects and Government Enterprises Branch.....	23
<b>FINANCIAL SERVICES PROVISION .....</b>	<b>25</b>
RevenueSA.....	26
South Australian Government Financing Authority .....	29
Super SA .....	31
South Australian Government Captive Insurance Corporation .....	34
Corporate Services.....	36
<b>PERFORMANCE .....</b>	<b>44</b>
Financial Overview .....	45
Certification of the Financial Report .....	50
Income Statement for the year ended 30 June 2006.....	51
Balance Sheet as at 30 June 2006.....	52
Statement of Changes in Equity for the year ended 30 June 2006.....	53
Cash flow Statement for the year ended 30 June 2006.....	54
Program Schedule of Expenses and Income for the year ended 30 June 2006.....	55
Note Index.....	56
Statement of Administered Income and Expenses for the year ended 30 June 2006.....	74
Statement of Administered Assets and Liabilities as at 30 June 2006.....	75
Statement of Administered Changes in Equity for the year ended 30 June 2006.....	76
Statement of Administered Cash Flows for the year ended 30 June 2006 .....	77
Schedule of Administered Income and Expenses for the year ended 30 June 2006 .....	78
Administered Financial Statements .....	79
Independent Audit Report.....	89
Audit and Risk Management .....	90

<b>APPENDICES .....</b>	<b>91</b>
Appendix 1—Department Structure as at 30 June 2006.....	92
Appendix 2—Acts committed to the Ministers supported by the DTF as at 30 June 2006.....	94
Appendix 3—Legislative Measures .....	96
Appendix 4—Occupational Health and Safety Statistics.....	99
Appendix 5— Disability Action Plan .....	100
Appendix 6— Major Boards and Committees as at 30 June 2006.....	102
Appendix 7—Use of Consultants.....	103
Appendix 8—Freedom of Information Statement.....	104
Appendix 9—Overseas Travel 2005-06 .....	106
Appendix 10—Revenue Collections by RevenueSA .....	107
Appendix 11—Energy Efficiency Report.....	109
For More Information.....	110

## ***UNDER TREASURER'S REPORT***

The department faced significant challenges in 2005-06 in consolidating major projects and improvements and building on the substantial achievements of the previous year. Having supported the Government's achievement of a AAA credit rating from major ratings agencies in 2004-05, the department faces the challenge of assisting the Expenditure Review and Budget Cabinet Committee in developing successful budget strategies to support the maintenance of the AAA credit rating for the State.

The department continued to improve its information flows and reporting processes during the year to provide the high quality, accurate and timely information required by Government to make sound decisions. This work included the implementation of an automated data collection system to support consolidated financial reporting.

The department continued to support the expenditure review process including finalising Stage 2 of the expenditure review of the Department for Administrative and Information Services. The department also made significant progress in the major review of the Justice Portfolio.

We also continued to work on improving our relationship with other Government agencies, improving communication and our understanding of agency programs. The department also continues to promote the importance of accountability and responsible financial management across the SA public sector.

These achievements would not have been possible without the significant effort and commitment of staff at all levels of the department. I thank them for their contribution and look forward to further improvement in 2006-07.

Jim Wright  
UNDER TREASURER

# ***THE ROLE OF TREASURY AND FINANCE***

## **The department**

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

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

## **The vision**

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

## **The purpose**

To provide economic and policy advice and financial services to, and on behalf of, the Government of South Australia, to strengthen the State finances and contribute to the community well being.

We do this by promoting policy accountability in the public sector based on objective and comprehensive analysis of options, by managing the whole of government financial processes and by providing financial services.

## **Major clients**

**Government:** Treasury and Finance's principal client is the Treasurer and through the Treasurer, the Government, for its work in administering and coordinating the State Government's finances and providing a range of financial services. It also provides support to the Minister for Gambling.

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

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

## **Strategic directions**

The department has a key role in supporting the Government's objectives for South Australia, including those set out in South Australia's Strategic Plan, by ensuring accountability for public sector resources, providing high quality policy advice on issues before government, and ensuring that the State's finances were on a sound footing and that financial information flows provided a sound basis for Government decision making.

This report provides information on the achievements under these priorities, in the areas of Ensuring Accountability for Public Sector Resources and Financial Service Provision.

## **Agencies in Treasurer's Portfolio**

The Department of Treasury and Finance is the largest agency in the Treasurer's Portfolio. Other significant agencies include the Motor Accident Commission and Funds SA.

## **THE YEAR IN REVIEW**

The 2005-06 year saw the Department of Treasury and Finance focus on its five main priorities:

- strengthen State finances
- achieve performance improvements in South Australian Public Sector
- improve service delivery
- effective industry regulation
- improve budget and financial management process.

The department's priorities support the South Australia Strategic Plan Objective 1: Growing Prosperity, focussing on the target area: Performance improvement in the South Australian Public Sector.

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

### **Strengthen State finances**

A key focus of the department's activities was to support the delivery of a successful Budget strategy that would support the maintenance of the State's AAA credit rating. The department further refined the State Budget process in 2005-06 with improvements in the quality of agency forward estimates. This was achieved through the examination of processes and the critical analysis of financial information submitted by agencies during the annual adjustment cycle.

Standard & Poor's<sup>i</sup> visited the department to conduct its annual rating review in July 2005 and affirmed its AAA credit rating for the State in August 2005. Moody's<sup>ii</sup> released a credit opinion in April 2006 that confirmed South Australia's credit rating at Aaa with a stable outlook.

### **Achieve Performance Improvements in the South Australian Public Sector**

The department contributed to the South Australian Strategic Plan's priority of achieving performance improvements in the South Australian public sector during 2005-06. The department provided policy advice in the key social policy areas including health, families and communities, education and justice.

The department continued to work collaboratively with Government portfolios on a range of issues identified during the expenditure reviews of Education, Health, Justice and DAIS. The issues included school enrolment trends and projections, activity levels in vocational education and training, hospital activity strategies, financial management improvement and governance.

---

<sup>i</sup> Standard and Poor's is an international ratings agency

<sup>ii</sup> Moody's is an international ratings agency

## **Improve service delivery**

The department undertook substantial preparations to facilitate the amalgamation of the South Australian Government Financing Authority and the South Australian Captive Insurance Corporation. This included preparing legislation for Cabinet and Parliamentary approval on 1 July 2006.

The department commenced work to allow the consolidation of the administration of smaller Government funded superannuation funds into Super SA. This included preparing for the transfer of the South Australian Ambulance Service Superannuation Fund to Super SA.

## **Effective Industry Regulation and Infrastructure Development**

The department implemented the final elements of the *Gaming Machines (Miscellaneous) Amendment Act 2004* in 2005-06. The Act provides for reducing gaming machine entitlements and trading.

The department commenced a review of *Lottery and Gaming Regulations 1993* to identify opportunities to minimise the administrative burden faced by the charity sector, which uses lotteries and gaming to raise funds.

The department also completed a review of the Essential Services Commission of South Australia (ESCOSA). The review aimed to determine the effectiveness of the ESCOSA and whether the objectives of the *Essential Services Commission Act 2002* had been achieved. The final reports of the review proposed legislative amendments to improve the effectiveness of ESCOSA and were tabled in Parliament on 2 May 2006.

## **Improve budget and financial management process**

The department further refined the State Budget process in 2005-06 including improving the quality of agency forward estimates.

The department also implemented an automated system for collecting information for the Consolidated Financial Statements. This represented a significant achievement in the department's ongoing program of improving consolidated financial reporting. This work was supported by changes to the production process for the financial statements that will provide further improvement in the timeliness and quality of Government financial reporting.

## **Other highlights**

Other achievements during the year included:

- Developing a centralised funds management model for the South Australian public sector for Government consideration
- Integrating the management and administration of contracts associated with the Industry Investment Attraction Fund (IIAF), and other industry assistance programs into SAFA's operations.



## ***ENSURING ACCOUNTABILITY FOR PUBLIC SECTOR RESOURCES***

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

- Revenue and Economics Branch
- Finance Branch
- Government Accounting and Reporting Branch
- Policy Analysis Branch
- Projects and Government Enterprises Branch

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

## Revenue and Economics Branch

The Revenue and Economics Branch played an important role in supporting Treasury and Finance's 2005-06 priorities of:

- strengthening State finances
- improving the budget and financial management process.

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

### **Performance**

The year saw the Revenue and Economics Branch involved in a range of activities. The major activities included providing advice on a range of revenue measures and policy advice on insurance issues, gambling issues and essential services regulation. The branch also worked to ensure an equitable share of Commonwealth funding through submissions to the Commonwealth Grants Commission.

### **State revenue**

The branch continued its core business of monitoring and forecasting State taxation revenue and general purpose Commonwealth grants while developing new revenue policy initiatives and assessing revenue proposals.

The work undertaken specifically included:

- ensuring that the necessary legislative processes were undertaken to implement budget measures announced in the 2005-06 Budget including the land tax reduction package and the tax reforms under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Arrangements*
- developing and implementing the expansion of the South Australian Petroleum Subsidy Scheme allowing subsidy to be paid on petroleum products containing biodiesel and ethanol
- obtaining Cabinet approval for the repeal of the *Petroleum Products Subsidy Act 1965* following the Commonwealth's decision to close the Petroleum Products Freight Subsidy Scheme
- determining and implementing Emergency Services Levy (ESL) rate settings for the 2006-07 assessment year.

## **Commonwealth-State relations**

A significant workload for the branch in 2005-06 was undertaken in the area of Commonwealth-State relations and focused on two main issues: the Commonwealth Grants Commission's (CGC) 2010 review of horizontal fiscal equalisation (HFE) methods and the review of a range of State business taxes.

### ***Review of Horizontal Fiscal Equalisation (HFE) Methodology***

The branch continued to participate in the Commonwealth Grants Commission's (CGC) review of the HFE methodology in 2005-06. The terms of reference for the CGC's 2010 methods review were agreed to at the March 2005 Treasurers' Conference. The review is aimed at simplifying the Commonwealth grant process consistent with HFE principles. The branch was involved in preparing a State submission to the review on HFE architecture issues, the materiality and reliability of Commonwealth grant assessments, and on CGC's approach to aggregating assessments. The branch also participated in several working parties established by the CGC on specific issues such as the grants assessments of roads, sociodemographic composition and location-based disabilities.

### ***Review of Business Taxes***

The branch continued to participate in the Heads of Treasuries review into the need for retention of a range of State business taxes. The review was commissioned at the March 2004 Treasurers' Conference. During 2005-06, the branch prepared the State submission to the Commonwealth on an alternative schedule for the abolition of the taxes in response to the timetable put forward by the Commonwealth at the Treasurers' Conference in March 2005. The Commonwealth accepted the alternative abolition schedules submitted by the State at the Treasurers' Conference in March 2006.

In addition, the branch continued to:

- play a lead role in the State's efforts to secure an equitable share of Commonwealth funding
- contribute to policy issues relevant to the GST through membership of the GST Administration Sub-Committee and the States and Territories GST Policy Working Group
- participate in an intergovernmental working party on specific purpose payments (SPP) and in cross-agency consultations on current SPP agreement negotiations, which included working on a review of the Australian Health Care Agreements
- prepare and coordinate briefing material for the Treasurers' Conference and Heads of Treasuries meetings.

## **Local Government issues**

The Branch provided policy advice and technical input on local government finance issues, including the development of a Tripartite Intergovernmental Agreement on local government matters. It also provided advice on the CGC review of the interstate distribution of Commonwealth funding for local roads and proposals stemming from the Local Government

Association's *Independent Inquiry into the Financial Sustainability of Local Government in South Australia*.

## **Economic Regulation**

The branch was involved in two major regulation projects during 2005-06 including a review of the *Essential Services Commission Act 2002* (ESCOSA Act) and the completion of the *Transparency Statement Water and Wastewater Prices in Metropolitan and Regional South Australia 2006-07*.

### ***Essential Services Commission Act 2002***

A significant workload for the branch emerged from the review of the *Essential Services Commission of South Australia Act 2002*. The Treasurer is obliged by the Act to conduct a review to determine the effectiveness of the Essential Services Commission of South Australia (ESCOSA) and the attainment of the objectives of the Act.

The branch provided administrative support to the Steering Committee appointed by the Treasurer to oversee the review. The committee was comprised of members from the Departments of Treasury and Finance (Chair), Justice, Premier and Cabinet, and Transport, Energy and Infrastructure.

The final report was published on the department's website on 22 December 2005 and tabled in both Houses of Parliament on 2 May 2006. The Final Report proposed legislative amendments and a new regulation to increase the effectiveness of ESCOSA.

### ***Water and Wastewater Pricing***

The branch continued to support the Government's commitment to a transparent water and wastewater pricing mechanism during the year, managing the completion of the *Transparency Statement Water and Wastewater Prices in Metropolitan and Regional South Australia 2006-07*.

The branch drafted Part A of the Transparency Statement for Cabinet consideration including documents and reports on the price setting processes, the matters considered in pricing decisions and the Government's compliance with Council of Australian Governments' (CoAG) agreements and pricing principles.

The branch also drafted a response to a review by ESCOSA into the 2006-07 water and wastewater price setting process, which formed Part C of the Transparency Statement. The Treasurer tabled the 2006-07 Transparency Statement in both Houses of Parliament on 2 May 2006.

The branch also worked on a number of other regulatory issues including:

- participating in an inter-jurisdictional group that developed nationally consistent benchmark indicators for urban water utilities, in accordance with clause 75 of the National Water Initiative
- drafting the urban water pricing section of the Government's submission to the National Water Commission for its 2005 National Competition Policy Assessment of water reform progress

- preparing a submission to Cabinet setting 2006-07 compulsory third party (CTP) motor vehicle premiums
- drafting a revised solvency formula for the CTP Fund for gazettal pursuant to the *Motor Accident Commission Act 1992*.

## **Gambling policy**

The implementation of the final elements of the *Gaming Machines (Miscellaneous) Amendment Act 2004* was a major workload for the branch in 2005-06. The Act provides for reducing gaming machine entitlements and trading.

The branch commenced a review of *Lottery and Gaming Regulations 1993* with the release of an initial consultation paper on 14 October 2005. The primary purpose of the review is to minimize the administrative burden faced primarily by the charity sector, which uses lotteries and gaming to raise funds. The consultation paper addressed ten key areas including licensing and financial limits, distribution of proceeds, scope of approved purpose and age restrictions. The branch considered public submissions resulting from the consultation paper.

The branch prepared legislation to improve disclosure by the charity sector in relation to fundraising collections and events. This involved coordinating an extensive consultation process including a consultation paper released on 28 February 2006. A range of interested parties responded with submissions that were considered by the branch.

The branch chaired the National Working Party on Access to Cash at Gambling Venues established by the Ministerial Council on Gambling on 7 October 2005. The National Working Party is examining the possibility of establishing an agreed national approach to restricting access to cash from automatic teller machines at gambling venues. The National Working Party has representatives from government, the financial transaction sector, and the community sector.

## **Economic analysis**

The branch completed 128 economic briefings during 2005-06 analysing major economic indicators as part of its ongoing role in monitoring and analysing State, national and international economic conditions and outlook. The branch also provided briefings to the Treasurer and Cabinet on independent economic reports and publications.

The branch continued to manage the departmental relationship with the major credit rating agencies. Standard & Poor's<sup>i</sup> visited the department to conduct its annual rating review in July 2005 and affirmed its AAA credit rating for the State in August 2005. Moody's<sup>ii</sup> did not visit the department during 2005-06 having conducted their last annual review just prior to the commencement of the financial year, but did release a credit opinion in April 2006 which confirmed South Australia's credit rating at Aaa with a stable outlook.

The branch also provided economic advice and data to support State Government submissions to the Industrial Relations Commission. This included submissions to the proceedings regarding

---

<sup>i</sup> Standard and Poor's is an international ratings agency

<sup>ii</sup> Moody's is an international ratings agency

minimum standards of remuneration and the State Wage Case. The branch also gave evidence before the Commission in relation to the State Wage Case in June 2006.

Since 2002 the branch has provided advice to the Government on insurance policy matters, working closely with SAICORP and the Attorney-General's Department. While most of the legislative reform agenda is now complete the branch continues to monitor and provide advice on trends in insurance markets and provided evidence to the Economic and Finance Committee of Parliament's *Inquiry into Public Liability*. It has also participated in ongoing interjurisdictional discussions aimed at implementing national administration and approval arrangements for occupational liability capping schemes pursued under State-based Professional Standards Legislation.

During 2005-06, the branch also conducted further investigations into the potential for a no fault catastrophic injury insurance cover in relation to motor vehicle accidents. The NSW Government is pursuing such an arrangement within its Compulsory Third Party (CTP) scheme, and these developments were monitored to analyse the potential implications for South Australia.

The branch provided input to a range of emerging economic, environmental and social policy developments during 2005-06. This included the work undertaken across jurisdictions in relation to the new COAG National Reform Agenda prior to and following the 10 February 2006 COAG meeting. The National Reform Agenda encompasses a range of reform proposals spanning across human capital (health, education, workforce participation), competition, regulation, infrastructure, energy and transport.

### ***The year ahead***

- Refining revenue forecasting methodologies, where possible
- Providing taxation policy advice
- Concluding the review of the *Lottery and Gaming Regulations 1993* and implementing its recommendations.
- Concluding the review of disclosure requirement amendments proposed for the *Collections for Charitable Purposes Act 1939*.

## **Finance Branch**

Finance Branch played an important role in supporting Treasury and Finance's 2005-06 priorities of:

- achieving performance improvements in the South Australian Public Sector
- improving the budget and financial management process
- strengthening State finances.

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

The Office for Government Enterprises was relocated from Finance Branch to the newly formed Project and Government Enterprises Branch in July 2005.

### ***Performance***

The principal focus of the branch during 2005-06 continued to be the improvement of the process used for the management of the annual State Budget and the delivery of budget strategies consistent with maintaining the State's AAA credit rating. The branch also continued to improve Government financial management through monthly monitoring and Senior Finance Officer Forums and provided policy and costing advice to the Government on a range of issues, including enterprise bargaining with public sector employees.

### **Budget**

The development and preparation of the 2006-07 State Budget remained the principal focus of the branch during the year. The Budget is scheduled to be handed down in September 2006 due to the State Government election in March 2006.

Continued refinements to the State Budget process were implemented. Improvements in the quality of agency forward estimates were achieved through examination of processes and critical analysis of financial information submitted by agencies during the annual adjustment cycle.

A number of other measures were introduced that improved the quality of information for government decision making processes, including:

- streamlining the budget process to improve the quality and presentation of information relating to budget bids
- improving processes to increase the accuracy of financial information and the quality of briefing materials provided to Ministers, Expenditure Review and Budget Cabinet Committee (ERBCC) and Cabinet
- improving project planning to ensure major milestones were achieved.

## Financial monitoring

The branch continued the collection and analysis of monthly monitoring information for general government agencies. The ongoing review of the process provided an opportunity for increasing the accuracy of financial information obtained from agencies and enhancing the quality of briefing materials.

The branch prepared regular reports for the ERBCC regarding monitoring of budget outcomes and specific budget expenditure and saving initiatives. These reports allow Ministers to be informed about agency financial performance and progress against targets.

## Support Initiatives

The branch continued to play a significant role in supporting the enterprise bargaining framework for the Government's workforce of 90 000 employees. This included the provision of policy and costing advice to the Treasurer and the Government for enterprise bargaining with all Public Sector workgroups. Enterprise agreements were finalised with approximately 80% of the workforce, including agreements with public sector salaried employees (the Government's largest workforce group), salaried medical officers, visiting medical specialists, clinical academics, education staff, metropolitan fire-fighters, ambulance officers, weekly paid employees, executives, Ministerial contract staff and personal assistants to Members of Parliament.

The branch continued its focus on improving financial management within the Department of Health and the Families and Communities Portfolio. In 2005-06, it assisted Health in implementing the next steps of the reform process following recommendations made in the *2003 Generational Health Review*.

The branch also conducted regular forums for Senior Finance Officers within government agencies to increase their understanding of improvements to budget and financial processes and increase agency compliance with these processes.

Other support initiatives undertaken by the branch in 2005-06 included:

- reviewing non-salary employee entitlement expenses, which included examining liabilities and expenses for annual leave, long service leave and worker's compensation and associated funding arrangements
- Reviewing Treasurer's Instruction 17 and the Guidelines for the Evaluation of Public Sector Initiatives in response to recommendations from the Economic Development Board
- Assisting the newly created Department for Transport, Energy and Infrastructure (DTEI), to implement the departmental structures and operational frameworks. The branch also assisted DTEI in the implementation of strategic monitoring arrangements for capital projects
- Assisting the Families and Communities Portfolio with the financial arrangements for the dissolution of incorporated disability units and amalgamation of public housing authorities



- Supporting the Department of the Premier and Cabinet in negotiations with Carnegie Mellon University for establishment of the new Heinz School campus and Entertainment Technology Centre campus in South Australia
- Representation was maintained on various committees including the State Radio System Ministerial Advisory Committee, the Government Office Accommodation Committee, State Emergency Management Committee and the Social Impact Working Group for determining government services necessary to support the expansion of Roxby Downs.

### ***The year ahead***

- Production of the 2006-07 and 2007-08 State Budgets
- Evaluation and design of further budget decision support improvements for Government consideration
- Continuing the development and improvement of the monthly monitoring of agency financial performance
- Examination of accrual appropriation funding arrangements for non-salary employee entitlement expenses (annual leave, long service leave and worker's compensation)
- Continuing to support the enterprise bargaining framework for all public sector workforce groups through provision of policy and costing advice to the Treasurer and the Government
- Continuing regular forums for Senior Finance Officers across government for increased knowledge sharing regarding improvements to budget and financial processes, and agency compliance with these processes
- Continuing to contribute to the improvement of financial management within the Department of Health, and the Families & Communities Portfolio.

## **Government Accounting and Reporting Branch**

The Government Accounting and Reporting (GAR) Branch played an important role in supporting Treasury and Finance's 2005-06 priorities of:

- achieving performance improvements in the South Australian Public Sector
- improving the budget and financial management process
- strengthening State finances
- improving service delivery.

GAR maintains government financial systems, manages financial policy, legislation and governance, consolidates and analyses financial information, advises the Government on fiscal policies and issues, and manages the Government's banking contracts.

### ***Performance***

In 2005-06, the GAR Branch oversaw significant improvements in public sector financial management. The branch built on improvements in financial data collection undertaken in 2004-05, introducing an automated data collection system. The branch also undertook a rigorous process of data checking to improve the quality of information received from agencies. These improvements were complemented with fundamental changes to the logic underpinning the production of financial statements and will allow further improvements in the timeliness and accuracy of consolidated and agency reporting in the coming year.

### **Fiscal policy**

The branch provided advice to the Treasurer in the development of the Government's fiscal strategy. In addition, advice was provided on the fiscal policy and fiscal position of other jurisdictions.

The branch also oversaw the operation of the cash alignment policy, completing a review of the policy following two years of operation. In May 2006, the Treasurer approved revisions to the policy as a result of the review. The implementation of the policy resulted in the transfer of \$49.2 million to the Consolidated Account from agency deposit accounts in June 2006.

The branch completed a review of the whole of Government banking contracts and the Treasurer exercised his option to extend the contracts for a further two year period to February 2008. As a condition of the contract extension, some fees were reduced, resulting in savings being achieved in a number of Government agencies.

The branch successfully completed the procurement of 'over the counter' revenue collection services and appointed Bill Express, Commonwealth Bank and Australia Post as members of the panel of providers. This new arrangement will provide additional flexibility for Government taxpayers, as well as providing savings to the Government as a result of the lower fees negotiated.

## **Improving financial accountability and management**

In March 2006, the branch hosted a Government Accounting Information Forum for accountants across Government. The forum provided comprehensive technical updates on financial management practices. These included changes to accounting standards arising as a result of the adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS). Approximately 170 Government accounting officers attended the forum. Three taxation training sessions were also convened in relation to specific taxation matters during the year with a total of 215 officers attending these sessions.

In addition, the branch published Government On Target (GOT) bulletins during the year. These bulletins are made available to all South Australian public sector accounting staff, and provide important updates on a range of matters relating to financial management and governance.

The branch finalised the new Accounting Policy Framework (APF), replacing the existing Accounting Policy Statements. The framework was designed to reflect the requirements of the new AIFRS and was well received by agencies. The completion of the APF added to the extensive guidance provided to agencies in relation to the application of specific new standards.

In conjunction with agencies, the branch finalised a review of the Treasurer's Instructions during 2005-06. The branch provided 11 training sessions on the new Treasurer's Instructions for a wide range of Government staff.

The branch continued to manage the Graduate Development Program (GDP) during the year. The aim of the program is to recruit, place and train accounting and economics graduates for careers in the public service. The GDP offers structured on the job training and a 12 month professional development program. In 2005-06, 20 graduates participated in the program with 11 training sessions provided.

In preparation for the 2007 graduate intake, branch representatives attended career sessions coordinated by the Universities and industry bodies to promote the program. It is expected that approximately 20 graduates will be offered employment in 2007 as part of the program.

## **Consolidated financial reporting**

In 2005-06 the Government's major consolidated reporting obligations were:

- Budget outcome 2004-05
- AAS 31 Consolidated Financial Statements 2004-05
- Mid-year Budget Review 2005-06.

The Budget Outcome for 2004-05 was completed and published in December 2005. The AAS 31 Consolidated Financial Statements were completed in late 2005-06 using the manual collection processes for the last time. An automated collection mechanism for the Consolidated Financial Statements was introduced during the year as part of an ongoing project to improve consolidated financial reporting.

The 2005-06 Mid-year Budget Review was completed and published in January 2006.

## **Agency financial systems**

The branch continued its role in supporting the use of SSA Global Technology's financial management software across Government. In 2005-06, the branch continued its help desk role and mainframe support as well as managing a comprehensive system upgrade ensuring the currency of the software used by SA Government. In 2006-07, the branch will continue its role supporting agency financial management systems as well as progressing further improvements in system efficiency and utility.

### ***The year ahead***

- Continuing to provide leadership in the areas of quality financial reporting and financial accountability across government
- Improving the quality and timeliness of financial reporting across government agencies
- Continuing to improve consolidation and financial reporting processes
- Providing advice on matters relating to the Government's fiscal policy, in particular with respect to key balance sheet items including unfunded superannuation liabilities
- Commencing a review of the Financial Management Framework
- Determining procurement options for whole of government banking services, with current arrangements due to expire in February 2008.

## **Policy Analysis Branch**

The Policy Analysis Branch played an important role in supporting Treasury and Finance's 2005-06 priority of:

- achieving performance improvements in the South Australian public sector.

The Policy Analysis Branch provides strategic analysis and advice on policy issues that impact on Government, particularly longer term social policy issues in the areas of health, education, justice and community services. The branch also manages and coordinates the expenditure reviews of government departments.

### ***Performance***

The provision of policy advice in the social policy areas of health, education and community services was the focus of the branch's activities during 2005-06. The branch also continued work on the reviews of the Justice Portfolio and the Department for Administrative and Information Services (DAIS).

### **Expenditure reviews**

The branch continued its work in the review of the Justice Portfolio during the year, following completion of the Stage 1 review report in 2004-05. The branch prepared further advice and reports on a number of justice issues including:

- governance
- remand rates in South Australia
- measurement of court activity levels
- capital issues
- improved practices within the Fines Payment Unit
- Community Emergency Services Fund.

The branch finalised Stage 2 of the expenditure review of DAIS. This involved working with DAIS to complete a number of Stage 2 review reports, including:

- the review of Recreation and Sport grant programs
- the review of Contract Services pricing, which identified the potential for refinement of pricing practices
- the benchmarking review of DAIS, which led to the development of an ongoing program for gathering data to enable benchmarking comparisons between DAIS business units and their counterparts in other States.

### **Performance Measurement and Evaluation**

The branch undertook work on performance measurement and evaluation across Government in 2005-06. This included reviewing performance indicators in the social policy portfolios and

comparing them with other jurisdictions and best practice principles. In addition, the branch prepared a discussion paper on cost effectiveness indicators. A pilot project was also conducted examining the reasons for differences between actual expenditure in Government portfolios and the Commonwealth Grants Commission assessments.

## **Policy advice**

The branch provided advice on a range of issues related to the Departments of Health and Families and Communities including:

- governance reforms in health, housing and disability services
- mental health
- hospital activity
- workforce management
- child protection legislation.

This work involved the identification and analysis of emerging best practice, the analysis of policy directions and comparative analysis of performance over time and against other jurisdictions.

The branch also contributed to the work being undertaken to progress the new COAG human capital reform agenda announced in February 2006 by representing the department on the Human Capital Working Group.

The branch continued to work with the Department of Education and Children's Services (DECS) on financial management and policy issues in 2005-06. This included monitoring the implementation of their financial management improvement program. The High Level Action Plan was largely implemented with the remaining items incorporated as part of the revised terms of reference for the DECS Financial Management Improvement Coordination Group. The branch's work with DECS also involved the analysis of trends in the number of students with special needs and the development of an alternative enrolment projections model. The branch also prepared advice in relation to the new Commonwealth-State Training Agreement.

## ***The year ahead***

- Continuing to provide analysis and advice on key policy issues relating to education, health, housing, justice, community services and administrative and information services
- Assisting with the implementation of the Review of Priorities
- Continuing to provide advice in relation to COAG human capital and related reforms.

## Projects and Government Enterprises Branch

The Projects and Government Enterprises Branch played an important role in supporting Treasury and Finance's 2005-06 priority of:

- achieving performance improvements in the South Australian public sector.

The Projects and Government Enterprises Branch was newly formed in 2005-06. The branch assumed the responsibilities of the Projects Analysis branch and the Office of Government Enterprises, formerly a subsection of the Finance Branch.

The Projects and Government Enterprises Branch facilitates private sector participation in infrastructure development under the Government's Partnerships SA initiative. The branch operates as a consultative body to agencies seeking to engage with the private sector in developing infrastructure and delivering public services to the community; it provides an oversight function to ensure that projects conform to the policy guidelines on Public Private Partnership (PPP) procurement.

Government business enterprises such as SA Water, ForestrySA and SA Lotteries are major contributors to the revenue base of the State through dividend and tax equivalent payments. A key role for the branch is to ensure that the financial performance of these enterprises continues to meet the Government's expectations. The branch provides independent and impartial advice to Cabinet and the Treasurer on the viability and risks of major business proposals put forward by these enterprises.

### ***Performance***

The key priority for the branch in 2005-06 was to improve the budget and financial management processes of Government by:

- improving capital investment processes consistent with the *State Infrastructure Plan*, Treasurer's Instruction 17 and other relevant procurement policies
- improving quality and timeliness of reporting
- identifying options for the improvement of financial management practices within other government agencies.

Specifically, the branch developed a quality assurance process for investment business cases, it facilitated South Australia's first public private partnerships project and provided an advisory service to agencies developing infrastructure projects.

### **Regional Police and Court Facilities Project**

A major achievement for the branch in 2005-06 was the successful delivery of South Australia's first PPP project. The project involved the construction of regional police and court facilities across South Australia, providing new facilities much sooner than would have been possible through public procurement methods. Eight of the nine new facilities were built during the year.

## **Financial Management**

The branch contributed to the improvement of the capital investment process through the development of a quality assurance process for investment business cases. This process was developed in accordance with the *State Infrastructure Plan* and in conjunction with the Department of Transport, Energy and Infrastructure (DTEI).

The branch managed the interface between Government business enterprises and the State budget process, ensuring the forward estimates reflect accurate and reliable projections of business performance and contributions to the consolidated account.

The branch worked to improve financial management practices within other government agencies through its representation on major project working groups and steering committees, with a focus on detailed financial and risk analysis.

The branch also worked with the Department of Transport, Energy and Infrastructure (DTEI) to implement new guidelines for the limitation of liability for suppliers, consultants and contractors. The guidelines came into operation in May 2006 and replace Treasurer's Instruction 26.

## **Infrastructure Development**

The branch provided an advisory and reviewing role for agencies that are developing business cases for infrastructure projects. It ensures that business cases comply with relevant policies and that the proposals are correctly costed, potential budget impacts are recognised and alternative procurement options are adequately assessed.

The branch also worked in conjunction with DTEI to develop technical support for implementing the planning and delivery framework under the *State Infrastructure Plan*.

During the 2005-06, the branch also developed a Business Case Development course for Government agencies in conjunction with DTEI. A trial course was conducted in June 2006 and 20 staff from various agencies attended. The next course will be run in August 2006.

## ***The year ahead***

- Monitoring the performance of Government Enterprises
- Completing the review of Homestart Finance
- Evaluating large-scale infrastructure projects under consideration by the Major Proposals Committee
- Continuing the introduction of a revised ownership framework for public non-financial corporations.



## ***FINANCIAL SERVICES PROVISION***

There are five branches responsible for financial services provision.

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

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

## **RevenueSA**

RevenueSA played an important role in supporting Treasury and Finance's 2005-06 priorities of:

- strengthening State Finances
- improving service delivery.

RevenueSA is responsible for the management of taxation legislation, revenue systems and compliance systems to enable the Government to raise revenue using its taxation powers and provides policy advice on taxation issues. It is also responsible for the management of various grants and subsidy schemes for the Government.

### ***Performance***

During 2005-06, RevenueSA focused on effectively managing and enforcing taxation legislation, with a particular emphasis on property taxes, the development of a replacement IT system solution (RISTEC) and the implementation of the outcomes of the department's IT service delivery review.

RevenueSA collected approximately \$2.5 billion in revenue during 2005-06, as detailed in Appendix 10. The taxation revenue collected exceeded 2005-06 Budget estimates by approximately \$74 million, which is largely a consequence of the strong performance of the property market.

Of particular significance is that RevenueSA collected \$42.3 million in tax due to non-compliance. It also approved and paid 9,822 First Home Owner Grant applications and rebated approximately \$10.9 million and \$5.8 million under the Pay-roll Tax Trainee and Export rebate schemes respectively.

### **Compliance activity**

The Government continues to focus resources to support compliance with the State's taxation laws and risk based compliance programs are conducted across the full range of taxes with particular focus on pay-roll tax, land tax and stamp duties. The total revenue collected from compliance enforcement activities for 2005-06 was \$42.3 million.

**Table 1 – Revenue Collected through Compliance and Debt Management Programs**

<b>Tax Head</b>	<b>Target \$</b>	<b>Revenue collected \$</b>	<b>No. of assignments completed</b>	<b>No. of clients investigated and completed</b>
PRT	17 409 000	14 052 000	799	1 332
Land Tax	8 342 000	7 323 000	3 452	3 262
FHOG	1 042 000	1 022 000	154	177
Stamp Duty Insurance	5 283 000	8 930 000	45	47
Stamp Duty Motor Vehicles	359 000	281 000	79	329
Stamp Duty Conveyance	6 667 000	9 281 000	293	1 041
Stamp Duty Rental Business	1 307 000	1 282 000	95	199
Stamp Duty Mortgages	0	67 000	1	1
Other (inc Petroleum, Debits & Liquidations)	91 000	57 000	8	8
<b>Total</b>	<b>40 500 000</b>	<b>42 295 000</b>	<b>4 926</b>	<b>6 396</b>

## **Taxation Management**

During 2005-06, RevenueSA implemented the Government's land tax initiatives as announced in February 2005. Payment of land tax by quarterly instalments was successfully introduced and the land tax exemption criteria were broadened to provide relief to a number of eligible taxpayers. A revised penalty regime was also introduced.

Taxpayer information seminars were conducted in Adelaide, Mount Gambier and Berri and covered Stamp Duty, Land Tax and Pay-roll Tax. Feedback from the sessions indicated that attendees considered the sessions useful and informative.

RevenueSA conducted its annual taxpayer survey to obtain views from taxpayers on its performance and suggestions for further improvement. The majority of respondents indicated that RevenueSA staff were professional, courteous in manner and had a good understanding of relevant tax issues. The respondents also identified that RevenueSA was responsive to taxpayer requests.

RevenueSA launched its new website in February 2006. The improvements included a more modern look and features to increase the site's accessibility to people with disabilities.

## **Internet based self-determination system – RevNet**

RevenueSA continued to achieve an ongoing rate of 94% for stamp duty documents self-determined using the RevNet system.

RevenueSA also undertook work on an assessment and test of the RevNet system's security vulnerability, which confirmed that its security was at an adequate level.

The RevNet Pay-roll tax monthly payment facility continued to be successfully marketed with 2 540 taxpayers electing to pay online. In addition, 98% of pay-roll taxpayers lodged their annual reconciliation statement online.

The RevNet suite of services was expanded to enable new pay-roll tax taxpayers to complete their registrations online.

## **Legislative reform**

RevenueSA managed a number of legislative amendments during the year and provided ongoing advice to the Treasurer on a range of tax issues. (See Appendix 3 for details of legislative outcomes during 2005-06).

This work included preparations to phase out Mortgage and Rental Duty with the full abolition of both duties taking effect on 1 July 2009. In addition, work was undertaken to enable a number of minor Stamp Duties to be abolished on 1 July 2006.

## **Information Technology Services**

Significant progress was made with the procurement phase of the RevenueSA information technology replacement project (RISTEC) during 2005-06. RevenueSA also successfully implemented an ICT Governance framework and ICT Service Delivery framework during 2005-06 improving service delivery and core revenue arrangements.

## ***The year ahead***

- Conduct the procurement phase for the replacement tax collection and administration information technology system (RISTEC)
- Achieve Compliance outcomes:
  - Continue targeted compliance program (\$40.5M collected per annum)
  - Undertake at least 35 major compliance initiatives
- Implement legislative measures to continue to keep tax avoidance at a minimum
- Continue to provide taxpayer education through topical information seminars in both regional and metropolitan areas.

## South Australian Government Financing Authority

The South Australian Government Financing Authority (SAFA) is a statutory authority constituted under the *Government Financing Authority Act 1982* and resourced by Treasury and Finance staff. SAFA played an important role in supporting Treasury and Finance's 2005-06 priorities of:

- strengthening State finances
- improving service delivery.

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

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

Full details of SAFA's operations can be found in its annual report for 2005-06.

### **Performance**

SAFA's major activities for the year focussed on achieving the key priorities contained in its Business Plan for 2005-06, with the primary objectives being to improve and extend services to current clients, diversify and expand its client base and business activities and maintain a culture of continuous improvement in business operations, systems and processes.

### **Amalgamation of SAFA and SAICORP**

A significant workload for SAFA in 2005-06 was the substantial preparations involved in facilitating the amalgamation of SAFA and SAICORP. This included preparing legislation for Cabinet and Parliamentary approval to achieve the amalgamation, which occurred on 1 July 2006.

### **Corporate treasury services**

Consistent with its priority relating to expanding its treasury portfolio management, advisory and treasury administration support services, SAFA continued to actively promote its capabilities in these areas to a number of public sector agencies and Government departments. Specifically, these activities included:

- completing a review of debt management arrangements for the Treasurer's debt in light of the use of Government budget surpluses to reduce General Government sector net debt
- assisting Government agencies with the mandating of SAFA's services across Government by targeting agency funds that have been invested externally to SAFA

- continuing the management and administration of a number of contracts associated with the electricity entities and financial assistance programs
- integrating the management and administration of contracts associated with the Industry Investment Attraction Fund (IIAF), and other related industry assistance programs into SAFA's operations
- providing treasury functions including management and administrative support to clients including SA Water
- consolidating treasury services to the Department of Education and Children's Services for the South Australian Schools' Investment Fund
- becoming the investment vehicle of the capital allocation for the South Australian Private Equity (SAPE) Program on behalf of the Minister Assisting the Premier in Economic Development. This included acting as agent for the Minister and executing all required documentation to effect the investment.

### ***The year ahead***

- Prepare for implementation, including legislation, a centralised funds management framework for the South Australian public sector
- Marketing SAFA's advisory, treasury management and treasury administration support service within Government
- Assisting agencies to comply with the mandating of SAFA's services within Government
- Facilitating the Government's risk management and insurance arrangements, following the amalgamation of SAICORP and SAFA on 1 July 2006
- Ensuring the effective monitoring and management of contracts associated with the electricity entities and industry assistance programs.

## **Super SA**

Super SA is one of five branches responsible for financial service provision. It played an important role in supporting Treasury and Finance's 2005-06 priority of:

- improving service delivery.

Specifically, Super SA administers the major superannuation schemes for public sector employees, on behalf of the South Australian Superannuation Board, and the superannuation arrangements for parliamentarians, judges and governors. It also provides advice to the Government on superannuation policy.

Full details of Super SA's operations can be found in its board's annual report for 2005-06.

### ***Performance***

Super SA continued to improve its service to Government superannuation fund members in 2005-06. It developed its ability to provide its members with a broad range of superannuation and financial planning advice and options and worked to improve the flexibility of the Triple S Scheme.

### **Member services**

Super SA continued to improve its service to members including the release of a range of new services and the further development of existing superannuation products.

### ***Superannuation Awareness***

Super SA continued its assistance to agencies during 2005-06 with a particular focus on the Department of Education and Children's Services (DECS). This involved delivery of targeted communications to improve staff knowledge of superannuation options and retirement planning issues. This fits within Super SA's objective of ensuring that superannuation should aim to provide members an adequate standard of living in retirement.

The work in DECS was highly successful with Super SA representatives visiting 493 schools and 7 525 members, 33% of the active DECS membership. The number of DECS staff making personal contributions to their superannuation increased by 1 732 and 253 staff applied for additional insurance cover.

SuperSA undertook extensive member research during the year, which has provided comprehensive information about the membership of its Schemes. This included details of the demographic makeup of members, their level of superannuation and retirement planning knowledge and their preferred methods of communication. The research found that more than 80% of members are satisfied with Super SA, which represents a very high proportion compared to industry standards.

Super SA also undertook specific research to determine the level of knowledge of superannuation issues of women working part time in the SA Public Sector. Statistics show that nearly 70% of the public sector workforce is female and 53% of these women work on a part-time or casual basis. The research will be used to enhance communications and help achieve better retirement outcomes

for this particular group of members. Super SA also conducted tailored seminars to women during the year and created a superannuation newsletter for women working in the public sector.

Super SA doubled the number of *Planning for Retirement* seminars offered to members in 2005-06. These sessions are tailored to the Government schemes and include a presentation by financial planners. A new seminar on the topic of *Building Wealth* has also been added to the calendar to meet the needs of younger members.

Super SA's Information Team visited a total of 800 worksites and ran 80 scheduled seminars during 2005-06. This means Super SA was able to increase the awareness of its services to 14% of its total active membership, compared to 6% last year.

### ***Triple S Scheme***

Super SA began a significant body of work in 2005-06 with the aim of expanding the benefits of the Triple S Scheme, some of the proposed measures include:

- offering Death and Total and Permanent Disablement insurance cover to a larger number of members and to extend the maximum age for invalidity payments from 60 to 65
- expanding Income Protection insurance for the Triple S Scheme by:
  - extending the maximum age from 55 to 60
  - increasing the payment amount from two-thirds to 75% of salary
  - extending the payment periods from 12 and 18 months to 18 and 24 months
  - removing the requirement for members to use all their sick leave and replace this with a 30 day waiting period
  - enabling non-contributory members to apply for cover.

### ***Financial Planning***

Super SA developed a number of initiatives during the year to offer members a broader range of general financial and superannuation advice, including:

- engaging Industry Fund Financial Planning (IFFP) to provide financial advisory and planning services to Super SA members. Super SA members will be referred to this service through the Member Service Centre, the Super SA *Planning for Retirement* and *Building Wealth for the Future* seminars and the Super SA website.
- working to expand the in house provision of general financial product advice to Super SA members. This service is intended to assist in integrating the external financial planning services offered to members by IFFP and will ensure that Super SA is able to offer a broad range of financial information and enhanced information services to meet members' needs. A total of 23 staff undertook the Diploma of Financial Services (Financial Planning) through the Financial Services Institute of Australia to provide them with the skills and knowledge necessary to provide enhanced information services to members.



Table 2 illustrates the membership across each of the State Schemes.

<b>Table 2 – Membership Across Government Schemes</b>					
Scheme	Contributory Members	Non-Contributory Members	Preserved	Superannuants	Total
Triple S Scheme (open)	25 665	71 052	55 432	*	152 149
Pension Scheme (closed)	4 450	-	1 627	14 204	20 281
Lump Sum Scheme (closed)	6 912	-	2 357	-	9 269
Parliamentary Superannuation Scheme	53	16	3	111	183
Judges Pension Scheme	-	45	-	51	96
Governor's Pension Scheme	-	-	-	2	2
<b>Total</b>	<b>37 080</b>	<b>71 113</b>	<b>59 419</b>	<b>14 368</b>	<b>181 980</b>

\* These schemes are accumulation schemes and provide lump sums on retirement not pensions.

## Legislative changes

### *Superannuation (Administered Schemes) Amendment Act 2006*

The *Superannuation (Administered Schemes) Act 2006* was enacted by the Parliament in June 2006. The Act established the legislative framework to enable superannuation schemes that are wholly or substantially funded by the SA Government to come under the umbrella of the State Government as exempt public sector superannuation schemes. This legislation also enables such a scheme to transfer their administrative functions to Super SA. The trustees of the scheme can also elect that the Super SA Board take over responsibility for the governance of the scheme. The legislation also provides that where the trustee of the scheme becomes the SA Superannuation Board, the assets of the scheme shall be managed by Funds SA.

The legislation allowed the transfer of the administration and governance of the SA Ambulance Service Superannuation Scheme to Super SA and the Super SA Board from 1 July 2006. The management of the handover of the Ambulance Scheme represented a significant workload for Super SA in 2005-06.

### ***The year ahead***

- Implementing changes to the Triple S Scheme
- Continuing the superannuation awareness and information program for members.

## South Australian Government Captive Insurance Corporation

The South Australian Government Captive Insurance Corporation (SAICORP) was a semi-government authority resourced by Treasury and Finance staff and one of five branches responsible for Financial Service Provision. It played an important role in supporting Treasury and Finance's 2005-06 priority of:

- improving service delivery.

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

During 2005-06, legislation was passed in both Houses of Parliament to effect the amalgamation of the operations of SAICORP with the South Australian Government Financing Authority (SAFA) from 1 July 2006.

### **Performance**

The principle focus of SAICORP in 2005-06 was providing comprehensive insurance protection to Government agencies at stable rates. This work included the successful renewal of the Government's reinsurance program.

SAICORP also invested significant time in preparing for its amalgamation with SAFA, including the merging of its administrative functions.

### **Government insurance program**

The Government's reinsurance program for 2005-06 was successfully renewed on 30 September 2005 with the same levels of cover as the previous program and an overall premium reduction of approximately \$480 000.

In addition, SAICORP continued to provide risk management advice and assistance to government agencies and to promote good risk management practices across government.

### **Amalgamation of SAICORP and SAFA**

In 2004-05, preliminary steps were taken to amalgamate the operations of SAICORP with those of SAFA. This was consistent with Government policy to rationalise the number of Government boards and statutory authorities.

This work continued in 2005-06 with legislation to effect the amalgamation approved through Cabinet and Parliament to take effect on 1 July 2006. The legislation consisted of amendments to SAFA's governing legislation to expand its functions to act as captive insurer of the Crown and regulations pursuant to the *Public Corporations Act 1993* to dissolve SAICORP and transfer its assets, rights and liabilities to SAFA.

The *Government Financing Authority (Insurance) Amendment Act* was assented to on 15 June 2006. The Act came into operation on 1 July 2006 pursuant to the *Government Financing Authority (Insurance) Amendment Act (Commencement) Proclamation 2006*.

The Public Corporations (Dissolution of South Australian Government Captive Insurance Corporation) Regulations 2006 revoked the Public Corporations (Treasurer) Regulations 1994, which had established SAICORP, and dissolved the Corporation. The new Regulations vested the assets, rights and liabilities of the Corporation in SAFA.

The amalgamation will not affect the insurance protection provided to Government agencies or the relationships and day-to-day operations between SAICORP and its clients.

## **Corporate Services**

Corporate Services played an important role in supporting Treasury and Finance's 2005-06 priorities of:

- improving service delivery
- managing our people
- managing our resources.

Specifically, it provides:

- corporate support services within the Treasurer's portfolio and to the Department of the Premier and Cabinet, including business operations and strategic services in the administrative, audit and risk management, communications, financial, human resource, IT and security fields
- coordination of the departmental strategic management process, including the corporate budgeting and planning cycle.

## ***Performance***

The branch continued a number of significant projects to improve the department's administrative and business processes in 2005-06. This included the further consolidation of the department's IT resources, the development of the electronic component of the department's document management system and further improvements to the department's financial management.

## **Major projects**

### ***IT Service Delivery Review Initiative***

The branch implemented a new ICT service delivery model in 2004-05 consolidating the IT services of the department's two largest IT areas, RevenueSA and Corporate Services. The branch expanded the service delivery model in 2005-06 with the transition of IT services of the department's third largest IT area, Super SA. This initiative is due for completion in 2006-07 following the consolidation of three remaining IT areas.

### ***Future ICT Transition***

The State Government's Future ICT initiative to replace its IT service delivery contract with EDS (and other selected arrangements) continued in 2005-06. The branch commenced an ICT transition project in 2004-05 to prepare and manage the department's transition from the single contract with EDS to multi vendor arrangements. The transition project continued in 2005-06 with the branch successfully managing the transition for Local Data Network services (firewall and switch infrastructure) from EDS to Dimension Data. The branch plans to complete the remaining transitions in 2006-07.

### ***ICT Infrastructure Investment Plan***

The branch developed a 5-year ICT Infrastructure Investment Plan for the department to address the changes required to accounting and budget management due to the Future ICT arrangements. The Plan provides a framework to support the business justification of ICT infrastructure investments and a more professional and forward-looking approach to ICT investment planning.

### *Electorate Office Security*

The branch continued its significant work on the project to improve the standard of security in South Australian Electorate Offices. This work included completing security awareness training for staff across all Electorate Offices, developing a security induction CD and managing the upgrade of all alarm systems to meet the minimum standard.

### *Human Resources Transaction Processing*

Human resources transaction and administrative functions were internally reviewed resulting in the transfer of some responsibilities to the Financial Services section. This aims to improve efficiency and effectiveness through the centralisation of transactional processing activity.

### *Document Management*

The branch completed the successful upgrade of its Electronic Document and Records Management system enabling the commencement of the next phase of the project to manage the department's records stored in electronic format.

The branch achieved a major milestone by piloting the electronic aspects of the system. The system's business processes will be further refined in 2006-07, before rolling out the electronic component to the remaining branches.

## **Significant operational programs**

### *Financial Management*

Financial Management within the department continued to improve in 2005-06 with a focus on internal monthly management reporting to the department's Executive Management Group. The branch implemented changes to improve the focus on key measures and to distinguish between the performance of each branch and the performance of the agency as a whole.

The branch also implemented a number of changes to the department's financial reporting as a result of adopting the Australian Equivalents to International Financial Reporting Standards (AIFRS). The department's 2005-06 financial reports are the first prepared based on these standards.

The branch implemented new non-interest bearing special deposit accounts to improve controls over the payment of the department's administered items. This resulted in administered items payments being made from a special deposit account with separately identifiable appropriation. The department's administered items now have similar controls to other portfolios. The new arrangements will commence operation on 1 July 2006.

### *Performance Management Program*

Since the launch of its Performance Management Program (PMP) in 2004, the department has integrated performance management into its standard business practice. The high level of senior management commitment, the alignment of business and individual outcomes and the overall acceptance of staff are factors contributing to this achievement.

The department continued to improve the PMP process during the year. This work included refining the overall rating criteria and the upward feedback process, adding requirements for the mid-year review process and improving the instructions for new employees.

Further areas of improvement for the program identified in the department's Human Resource Plan included:

- considering an online system to support Human Resources in collating the data
- placing more emphasis on assisting managers and staff with identifying training and development needs.

### ***Publications Management***

Corporate Services began planning and preparation for the publication of the 2006-07 State Budget Papers. The branch also managed the publication of the 2005-06 Mid Year Review and the 2004-05 Annual Report.

### ***Women in Treasury***

The Women in Treasury group continued to provide advice and support to the Under Treasurer and executive management on issues affecting women in the workplace and on initiatives that focus on career and cultural development for all staff.

Key activities of WIT for 2005-06 included:

- coordinating a public speaking training program
- hosting a policy development workshop
- hosting lunchtime forums, including healthy lifestyle issues
- preparing a regular WIT e News publication that profiles departmental staff and includes articles on leadership and broader gender issues
- participating in the Boards and Committee Development Program for women
- ongoing representation on the Executive Management Group (EMG)
- ongoing management of the Family Room and Nursing Mother's Room.

### ***Occupational Health, Safety and Welfare (OHS&W)***

The department, through its OHS&W Committee, coordinated a number of OHS&W initiatives during the year including:

- monitoring the implementation of recommendations from internal audits
- commencing a self-assessment of the department's OHS&W management systems
- implementing actions from the 2004-06 Safety Management Plan, and commencing preparations to update the Plan
- continuing to review and update a number of OHS&W Policies.

The OHS&W Committee also coordinated a number of initiatives to improve staff wellbeing including:

- sponsoring influenza vaccinations
- hosting casual days and charity collections.

The committee's charity collections resulted in staff donating a total of \$4 126 to charities during the year.

## **Whole of Government Programs**

### ***Disability Action Plan***

The department's disability working party continued to implement the Disability Action Plan during the year. The coordination of disability awareness training sessions for its entire staff represented a significant achievement for the department in 2005-06. The department also undertook work to improve the usability and accessibility of its Internet sites for people with disabilities.

Other achievements included:

- establishing strong partnerships with other agencies on disability matters
- supporting a work experience placement in Corporate Services for a person with special needs
- including information on disability in induction packs to increase awareness.

### ***Greening of Government Operations***

The department, through its Greening of Government Operations (GoGO) Implementation Committee, developed a GoGO Action Plan in 2005-06 in line with the Cabinet endorsed GoGO framework. The action plan details a range of greening initiatives to assist the department to meet its obligations under the GoGO framework and South Australia Strategic Plan.

### ***Reconciliation***

The department continued to be represented on the South Australian Government Reconciliation Reference Committee during the year. The department also held an indigenous cultural awareness session. The session aimed to raise staff awareness of indigenous culture and issues and improve services for indigenous clients. Further sessions are planned for 2006-07.

### ***The year ahead***

- Completing the project to consolidate the department's IT resources
- Implementing the electronic component of the department's document management system
- Completing the Electorate Office security project
- Continuing to improve our services and provide them as efficiently as possible.

## Human Resource Information

*Employee numbers, gender and status*

Table 3 – Employee numbers		
<b>Persons</b>	603	
<b>FTE's</b>	573.98	
<b>Gender</b>	<b>% Persons</b>	<b>% FTE's</b>
<b>Male</b>	50.41	52.72
<b>Female</b>	49.59	47.28
<b>Number of persons separated from the agency during the 2005-06 financial year.</b>		82
<b>Number of persons recruited to the agency during the 2005-06 financial year.</b>		82
<b>Number of persons on leave without pay as at 30 June 2006.</b>		14

Table 4 - Number of Employees by Salary Bracket			
<b>Salary Bracket</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
\$0 - \$40 399	35	80	115
\$40 400 - \$54 999	63	120	183
\$55 000 - \$67 999	90	60	150
\$68 000 - \$88 999	82	29	111
\$89 000 +	34	10	44
<b>TOTAL</b>	<b>304</b>	<b>299</b>	<b>603</b>



**Table 5 - Status of Employees in Current Position as at 30 June 2006**

<b>FTE's</b>					
	Ongoing	Short Term Contract	Long Term Contract	Casual	Total
Female	239.63	22	41	0	302.63
Male	225.95	28.8	16.6	0	271.35
TOTAL	465.58	50.8	57.6	0	573.98
<b>Persons</b>					
	Ongoing	Short Term Contract	Long Term Contract	Casual	Total
Female	241	22	41	0	304
Male	252	30	17	0	299
TOTAL	493	52	58	0	603

*Executives***Table 6 - Number of Executives by Status in Current Position, Gender and Classification as at 30 June 2006**

<b>Classification</b>	<b>Ongoing</b>		<b>Contract Tenured</b>		<b>Contract Untenured</b>		<b>Total</b>		
	Female	Male	Female	Male	Female	Male	Female	Male	
EL0201	0	1	0	0	0	0	0	1	1
EXEOA	0	0	2	13	7	6	9	19	28
EXECOB	0	0	0	5	0	2	0	7	7
EXECOC	0	0	1	2	0	3	1	5	6
EXECOD	0	0	0	0	0	1	0	1	1
EXECOF	0	0	0	0	0	1	0	1	1

*Leave Management***Table 7 - Leave Management**

	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
Average number of sick leave days taken per FTE	6.76	6.64	7.6	8.37
Average number of family carer's leave days taken per FTE	0.72	0.76	0.7	0.83
Average number of Special Leave with pay hours for individual needs and responsibilities (as outlined on page 55 of PSM Act determination 6 – Leave taken per FTE)	0.14	0.95	0.5	0.36
	7.62	8.35	8.8	9.56

\*Includes unpaid sick leave

## Workforce Diversity

### Age Profile

Table 8 - Age Profile as at 30 June 2006					
Age Bandwidth	Female	Male	Total	% of all agency employees	% of South Australian Workforce
15 - 19	1	0	1	0.17	7.9
20 - 24	29	15	44	7.3	10.7
25 - 29	47	33	80	13.27	9.8
30 - 34	72	51	123	20.4	10.5
35 - 39	50	54	104	17.25	11.4
40 - 44	34	38	72	11.94	12.4
45 - 49	23	36	59	9.78	12.4
50 - 54	25	40	65	10.78	10.9
55 - 59	15	28	43	7.13	8.3
60 - 64	2	7	9	1.49	4.4
65 & over	1	2	3	0.5	1.3
Total	299	304	603	100	100

### Reconciliation

Table 9 - Number of Indigenous Employees					
	Females	Males	Total	% of Agency employees	Strategic Benchmark*
Aboriginal/Torres Strait Islander	1	1	2	0.33	2%

\* Benchmark from State Strategic Plan

### Cultural and Linguistic Diversity

Table 10 - Cultural and Linguistic Diversity					
	Female	Male	Total	% of Agency employees	SA Community*
Number of employees born overseas	30	32	62	10.3	20.3%
Number of employees who speak language(s) other than English at home.	2	4	6	1.0	15.5%

\*ABS Publication Basic Community Profile (SA) Cat No. 2001.0

## Disability

**Table 11 - Number of Employees with Ongoing Disabilities Requiring Workplace Adaptation**

Females	Males	Total
0	5	5

*Note: More information on disability is provided in Appendix 6*

## Voluntary Flexibility Working Arrangements

**Table 12 - Number of Employees using Flexible Working Arrangements by Gender**

	Female	Male	Total
Purchased Leave	6	16	22
Flexitime	270	247	517
Compressed Weeks	1	0	1
Part-time Job Share	19	2	21
Working from Home	4	2	6

## Performance Development

**Table 13 - Documented Individual Performance Plans**

Salary Bracket	% with a plan negotiated within the past 12 months	% with plan older than 12 months	% no plan
\$0 - \$40 399	100	0	0
\$40 400 - \$54 999	100	0	0
\$55 000 - \$67 999	100	0	0
\$68 000 - \$88 999	100	0	0
\$89 000 +	100	0	0
Overall %	100	0	0

## ***PERFORMANCE***

This section of the report provides information on the detailed financial performance of the department and includes the:

- Financial Overview
- Certified Financial Statements
- Independent Audit Report
- Audit and Risk Management Report.

## Financial Overview

This section of the report provides an analysis of the financial performance of the department. The tables below summarise the Income Statement, Balance Sheet and Cash Flow Statement and include a comparison of the original budget for 2005-06, the results for 2005-06 and the results for 2004-05. The financial overview also includes a new table for the Statement of Changes in Equity.

The detailed Financial Statements for 2005-06 are presented later in this report.

Summary Income Statement			
	Original Budget 2005-06 \$'000	Actual 2005-06 \$'000	Actual 2004-05 \$'000
Expenses from Ordinary Activities	70 472	71 427	72 340
Revenues from Ordinary Activities	30 025	30 263	29 608
<b>Net Cost of Services for Ordinary Activities</b>	<b>(40 447)</b>	<b>(41 164)</b>	<b>(42 732)</b>
Revenues from SA Government	40 507	39 949	43 380
Payments to SA Government	-	-	(13 450)
<b>Net Result from Ordinary Activities</b>	<b>60</b>	<b>(1 215)</b>	<b>(12 802)</b>
Increase in Net Assets due to Administrative Restructure	258	288	122
<b>Net Result After Restructuring</b>	<b>318</b>	<b>(927)</b>	<b>(12 680)</b>

The bar chart displays the comparison between the Original Budget 2005-06 (light blue bars) and Actual 2005-06 (dark blue bars) for three categories: Expenses, Revenue, and Rev from SA Gov. The Y-axis represents the amount in \$ Million, ranging from 0 to 80. For Expenses, the Actual value is slightly higher than the Budget. For Revenue, the Actual value is slightly higher than the Budget. For Rev from SA Gov, the Actual value is slightly lower than the Budget.

Category	Original Budget 2005-06	Actual 2005-06
Expenses	70.472	71.427
Revenue	30.025	30.263
Rev from SA Gov	40.507	39.949

As reflected in the table, the 2005-06 Net Result After Restructuring of \$0.9 million represents an unfavourable variation of \$1.3 million from the original budget. This variation is summarised as follows:

- Expenses from Ordinary Activities were \$1.0 million higher than the original budget primarily due to increased employee costs attributable to the Enterprise Bargaining Agreement, reclassification of investing expenditure for the Tax Revenue Management System project (RISTEC) to operating expenditure, increased Super SA costs and higher than expected depreciation and amortisation expenditure caused by the capitalisation of various IT systems. The increase in expenditure was partially offset by decreased employment costs attributable to staff vacancies.
- Revenues from Ordinary Activities increased by \$0.2 million compared to budget due to additional revenue from other agencies to recover expenditure incurred on their behalf and increased interest revenue caused by a higher than expected cash balance.

- Revenues from Government were \$0.6 million lower than budget due to the carryover of expenditure to 2006-07 as a result of the delay of the 2006-07 State Budget and adjustments to the timing of the Tax Revenue Management System project (RISTEC) to forward years. This reduction in appropriation was partially offset by increases for employee costs attributable to the Enterprise Bargaining Agreement.
- The transfer of Microeconomic Reform and Infrastructure branch employees and their respective leave entitlements to the Department for Transport, Energy and Infrastructure resulted in a net gain from restructuring of \$0.3 million.

<b>Summary Balance Sheet</b>			
	<b>Original Budget 2005-06 \$'000</b>	<b>Actual 2005-06 \$'000</b>	<b>Actual 2004-05 \$'000</b>
Current Assets	8 707	13 073	12 377
Non Current Assets	20 846	8 098	9 715
<b>Total Assets</b>	<b>29 553</b>	<b>21 171</b>	<b>22 092</b>
Current Liabilities	7 383	5 746	6 460
Non Current Liabilities	8 331	8 987	8 267
<b>Total Liabilities</b>	<b>15 714</b>	<b>14 733</b>	<b>14 727</b>
Net Assets	13 839	6 438	7 365
<b>Equity</b>	<b>13 839</b>	<b>6 438</b>	<b>7 365</b>

Category	Original Budget 2005-06	Actual 2005-06
Curr Assets	8.707	13.073
Non Curr Assets	20.846	8.098
Curr Liab	7.383	5.746
Non Curr Liab	8.331	8.987

Current assets were \$4.4 million more than budget due to a higher than initially anticipated opening cash balance as at 1 July 2005. This increased balance was attributable to departmental under expenditure in 2004-05 and further departmental savings were generated in 2005-06.

Non current assets were \$12.8 million less than budget due to delays associated with the Tax Revenue System Management project (RISTEC) and revisions to amortisation due to the impacts of the Department's adoption of the Australian Equivalent to International Accounting Standards (AIFRS).

Current liabilities were \$1.6 million less than budget due to lower than estimated closing balance for creditors and accrued salaries and wages.

Non-current liabilities were \$0.7 million more than budget due to a higher than estimated closing balance relating to long service leave liability on costs.

<b>Summary Cash Flow Statement</b>			
	<b>Original Budget 2005-06 \$'000</b>	<b>Actual 2005-06 \$'000</b>	<b>Actual 2004-05 \$'000</b>
Cash Flows from Operating Activities			
- Cash Outflows	(67 377)	(72 784)	(73 563)
- Cash Inflows	29 977	34 529	35 117
- Cash Flows from SA	40 507	39 949	29 930
<b>Net Cash Inflows from Operating Activities</b>	<b>3 107</b>	<b>1 694</b>	<b>8 516</b>
Cash Flows from Investing and Financing Activities			
- Cash Outflows	(5 355)	(851)	(4 907)
<b>Net cash Outflows from Investing</b>	<b>(5 355)</b>	<b>(851)</b>	<b>(4 907)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(2 248)</b>	<b>843</b>	<b>13 423</b>
Cash at the beginning of the financial year	10 511	10 511	23 934
<b>Cash at the end of the financial year</b>	<b>6 697</b>	<b>11 354</b>	<b>10 511</b>

Category	Original 2005-06 Budget	Actual 2005-06
Outflows	67.377	72.784
Inflows	29.977	34.529
Receipts from SA Govt	40.507	39.949
Investing	5.355	0.851

The operating activities result in the Cash Flow Statement is consistent with the details outlined for the Income Statement and the Balance Sheet.

The investing activities outflows were \$4.5 million less than budget mainly due to delays associated with the Tax Revenue Management System project (RISTEC).

## Summary Statement of Changes in Equity

Statement of Changes in Equity	Actual \$'000
Balance as at 30 June 2004	20 045
Balance as at 30 June 2005	7 365
Balance as at 30 June 2006	6 438

Year	Equity Balance (\$ Million)
2004	20.045
2005	7.365
2006	6.438

A revision of the Australian accounting standards has resulted in the inclusion of the new 'Statement of Changes in Equity' as required by AASB 101 *Presentation of Financial Statements*.

The changes in equity from year to year reflect the net result as reported in the income statement and adjustments to the balance sheet as a result of the adoption of AIFRS.

## Trends

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

Key Performance Indicators			
	2005-06 \$'000	2004-05 \$'000	2003-04 \$'000
Net Cost of Services	41 170	42 732	38 588
Revenues from Government as total Source of funding	56.90%	59.43%	57.63%
Average Employee Cost	78	76	74
Operating Expenses per Employee	127	130	125
Consultants as percentage of Operating	0.71%	1.52%	2.60%
Cash Balance	11 354	10 511	23 934
Increase/(Decrease) in Net Assets	(933)	(13 507)	1 972
Net Assets	6 432	7 365	20 872
Current Assets/Current Liabilities	2.27	1.92	4.84
% of Creditors paid within 30 days	96%	94%	88%

The net cost of services decreased from the previous year mainly due to a one off payment to the South Australian Superannuation Board for cash reserves held by the department but controlled by the Superannuation Schemes. Other impacts were furniture and fittings write-offs in 2004-05 and reductions in information technology and consultancy expenses.



The proportion of revenue sourced from the Government decreased primarily due to timing changes for the appropriation for the Tax Revenue Management System project (RISTEC).

The average cost per employee and operating expenses per employee did not change significantly from 2004-05 whilst consultancy costs as a percentage of operating costs decreased considerably due to a reduction in consultancy engagements associated with advisory services for various Government projects.

## Account Payment Performance

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

The following table demonstrates that the department paid 96% of all invoices for the portfolio by the due date. This result is higher than the departmental benchmark of 90%.

<b>Account Payment Performance</b>				
<b>Particulars</b>	<b>Number Paid</b>	<b>%</b>	<b>Amount Paid (\$'000)</b>	<b>%</b>
Paid by the due date	12 650	96	91 331	95
Paid less than 30 days after the due date	411	3	2 551	4
Paid more than 30 days after the due date	119	1	300	1
<b>Total</b>	<b>13 180</b>	<b>100</b>	<b>94 182</b>	<b>100</b>

## Major Contracts

There were three contractual arrangements with a total value of over \$4.0 million managed by the department in 2005-06.

This included an arrangement for banking and related services with Westpac Banking Corporation (transaction banking services) and ANZ (merchant services & purchase cards). These contracts were established on 29 November 2002 for an initial period of 3 years, and were recently extended for a further 2 years. The contracts have an estimated cost to all agencies of \$29 million over 5 years.

In October and November 2005, the department entered into contracts with Australia Post, Commonwealth Bank of Australia and Bill Express Limited for Over the Counter Collection Services. The contract is for an initial 3 year period with options to extend for a further 4 years.

In July 2004, the department contracted SSA Global for a Financial Transactional Processing System. The contract is for an initial 5 year period with an option to extend for a further year.

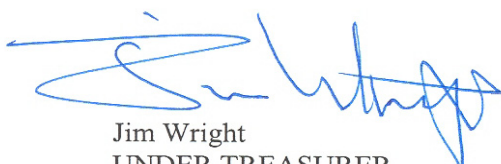
---

**Certification of the Financial Report**

---

We certify that:

- the attached General Purpose Financial Report for the Department of Treasury and Finance presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department of Treasury and Finance as at 30 June 2006, the result of its operations and its cash flows for the year then ended;
- the attached financial statements are in accordance with the accounts and records of the Department and give an accurate indication of the financial transactions of the Department for the year then ended; and
- internal controls over the financial reporting have been effective throughout the reporting period.



Jim Wright  
UNDER TREASURER  
21 September 2006



Tony Brumfield  
DIRECTOR, FINANCIAL SERVICES  
21 September 2006

**Income Statement for the year ended 30 June 2006**

	<b>Note</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
<b>EXPENSES</b>			
Employee benefit costs	<b>6</b>	<b>43,983</b>	41,774
Supplies and services	<b>7</b>	<b>25,008</b>	26,404
Depreciation and amortisation expense	<b>8</b>	<b>2,430</b>	2,366
Other expenses	<b>9</b>	<b>6</b>	1,796
<b>Total Expenses</b>		<b>71,427</b>	72,340
<b>INCOME</b>			
Revenues from fees and charges	<b>11</b>	<b>29,119</b>	27,895
Interest revenues	<b>12</b>	<b>756</b>	836
Other revenues	<b>13</b>	<b>388</b>	877
<b>Total Income</b>		<b>30,263</b>	29,608
<b>NET COST OF PROVIDING SERVICES</b>		<b>(41,164)</b>	(42,732)
<b>REVENUES FROM/PAYMENTS TO SA GOVERNMENT</b>			
Revenues from SA Government	<b>14</b>	<b>39,949</b>	43,380
Payments to SA Government	<b>14</b>	<b>-</b>	(13,450)
<b>NET RESULT BEFORE RESTRUCTURE</b>		<b>(1,215)</b>	(12,802)
Net Revenues from Administrative Restructure	<b>23</b>	<b>288</b>	122
<b>NET RESULT AFTER RESTRUCTURING</b>		<b>(927)</b>	(12,680)

**THE NET RESULT AFTER RESTRUCTURE IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER**

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

# Balance Sheet as at 30 June 2006

	Note	2006 \$'000	2005 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	15	11,354	10,511
Receivables	16	1,719	1,866
<b>Total Current Assets</b>		<b>13,073</b>	<b>12,377</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	1,140	901
Intangible assets	18	6,958	8,814
<b>Total Non-Current Assets</b>		<b>8,098</b>	<b>9,715</b>
<b>TOTAL ASSETS</b>		<b>21,171</b>	<b>22,092</b>
<b>CURRENT LIABILITIES</b>			
Payables	19	1,870	2,648
Employee benefits	20	3,822	3,764
Provisions	21	54	48
<b>Total Current Liabilities</b>		<b>5,746</b>	<b>6,460</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	19	771	827
Employee benefits	20	8,069	7,317
Provisions	21	147	123
<b>Total Non-Current Liabilities</b>		<b>8,987</b>	<b>8,267</b>
<b>TOTAL LIABILITIES</b>		<b>14,733</b>	<b>14,727</b>
<b>NET ASSETS</b>		<b>6,438</b>	<b>7,365</b>
<b>EQUITY</b>			
Asset revaluation reserve	22	108	108
Retained earnings	22	6,330	7,257
<b>TOTAL EQUITY</b>		<b>6,438</b>	<b>7,365</b>

## THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

Commitments	24
Contingent Assets and Liabilities	25

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

**Statement of Changes in Equity for the year ended 30 June 2006**

	Note	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2004		108	20,764	<b>20,872</b>
Changes in accounting policy		-	(827)	<b>(827)</b>
<b>Restated balance as at 30 June 2004</b>	<b>4</b>	<b>108</b>	<b>19,937</b>	<b>20,045</b>
Net result after restructure for 2004-05		-	(12,680)	<b>(12,680)</b>
Total recognised income and expenses for 2004-05		-	(12,680)	<b>(12,680)</b>
<b>Restated balance as at 30 June 2005</b>	<b>22</b>	<b>108</b>	<b>7,257</b>	<b>7,365</b>
Net result after restructure for 2005-06		-	(927)	<b>(927)</b>
Total recognised income and expenses for 2005-06		-	(927)	<b>(927)</b>
<b>Balance at 30 June 2006</b>	<b>22</b>	<b>108</b>	<b>6,330</b>	<b>6,438</b>

**ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER**

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

**Cash Flow Statement for the year ended 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Employee benefit payments		(42,869)	(41,054)
Supplies and services		(25,763)	(26,075)
GST payments on purchases		(2,120)	(3,471)
GST remitted to Australian Taxation Office		(2,032)	(1,995)
Other payments		-	(968)
<b>Cash used in operations</b>		<b>(72,784)</b>	<b>(73,563)</b>
<b>Cash Inflows</b>			
Fees and charges		29,260	27,923
Interest received		761	873
GST receipts on receivables		2,021	2,021
GST input tax credits		2,070	3,609
Other receipts		417	691
<b>Cash generated from operations</b>		<b>34,529</b>	<b>35,117</b>
<b>Cash Flows from SA Government</b>			
Receipts from SA Government		39,949	43,380
Payments to SA Government		-	(13,450)
<b>Cash generated from SA Government</b>		<b>39,949</b>	<b>29,930</b>
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>26(b)</b>	<b>1,694</b>	<b>(8,516)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of property, plant and equipment		(594)	(366)
Purchase of intangible assets		(257)	(4,541)
<b>Cash used in investing activities</b>		<b>(851)</b>	<b>(4,907)</b>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		<b>(851)</b>	<b>(4,907)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>843</b>	<b>(13,423)</b>
Cash and cash equivalents at the beginning of the financial year		10,511	23,934
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>26(a)</b>	<b>11,354</b>	<b>10,511</b>

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

Program Schedule of Expenses and Income for the year ended 30 June 2006

	Program 1		Program 2		Program 3		Program 4		Program Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EXPENSES</b>										
Employee benefit costs	13,435	12,580	30,330	27,065	-	1,865	218	264	43,983	41,774
Supplies and services	4,609	6,712	20,375	18,502	-	1,144	24	46	25,008	26,404
Depreciation and amortisation expense	729	656	1,701	1,692	-	16	-	2	2,430	2,366
Other expenses	2	232	4	1,527	-	32	-	5	6	1,796
<b>Total Expenses</b>	<b>18,775</b>	<b>20,180</b>	<b>52,410</b>	<b>48,786</b>	<b>-</b>	<b>3,057</b>	<b>242</b>	<b>317</b>	<b>71,427</b>	<b>72,340</b>

<b>INCOME</b>										
Revenues from fees and charges	1,610	1,892	27,508	25,976	-	23	1	4	29,119	27,895
Interest revenues	309	310	445	476	-	43	2	7	756	836
Other revenues	112	260	276	373	-	241	-	3	388	877
<b>Total Income</b>	<b>2,031</b>	<b>2,462</b>	<b>28,229</b>	<b>26,825</b>	<b>-</b>	<b>307</b>	<b>3</b>	<b>14</b>	<b>30,263</b>	<b>29,608</b>

<b>NET COST OF PROVIDING SERVICES</b>	<b>(16,744)</b>	<b>(17,718)</b>	<b>(24,181)</b>	<b>(21,961)</b>	<b>-</b>	<b>(2,750)</b>	<b>(239)</b>	<b>(303)</b>	<b>(41,164)</b>	<b>(42,732)</b>
---------------------------------------	-----------------	-----------------	-----------------	-----------------	----------	----------------	--------------	--------------	-----------------	-----------------

**REVENUES FROM/PAYMENTS TO SA GOVERNMENT**

Revenues from SA Government	16,837	18,811	22,873	21,328	-	2,919	239	322	39,949	43,380
Payments to SA Government	-	(5,833)	-	(6,612)	-	(905)	-	(100)	-	(13,450)

<b>NET RESULT BEFORE RESTRUCTURE</b>	<b>93</b>	<b>(4,740)</b>	<b>(1,308)</b>	<b>(7,245)</b>	<b>-</b>	<b>(736)</b>	<b>-</b>	<b>(81)</b>	<b>(1,215)</b>	<b>(12,802)</b>
--------------------------------------	-----------	----------------	----------------	----------------	----------	--------------	----------	-------------	----------------	-----------------

The Programs headings are listed below and descriptions are contained in Note 5

- (1) Ensuring Accountability for Public Sector Resources
- (2) Financial Services Provision
- (3) Industry Regulation and Infrastructure (This program was transferred to the Department for Transport, Energy and Infrastructure from 1 July 2005)
- (4) Gambling Policy

The allocations to programs are indicative and are based on broad costing methodologies

## **Note Index**

Note 1	Objectives of the Department of Treasury and Finance
Note 2	Summary of Significant Accounting Policies
Note 3	Financial Risk Management
Note 4	Changes in Accounting Policies
Note 5	Programs of the Department

### **Expense Notes**

Note 6	Employee Benefit Costs Targeted Voluntary Separation Packages (TVSPs) disclosure Remuneration of Employees
Note 7	Supplies and Services
Note 8	Depreciation and Amortisation Expense
Note 9	Other Expenses
Note 10	Auditor's Remuneration
Note 14	Payments to SA Government

### **Income Notes**

Note 11	Revenues from Fees and Charges
Note 12	Interest Revenues
Note 13	Other Revenues
Note 14	Revenues from/Payments to SA Government

### **Asset Notes**

Note 15	Cash and Cash Equivalents
Note 16	Receivables
Note 17	Property, Plant and Equipment
Note 18	Intangible Assets



## **Note Index**

### **Liability Notes**

Note 19	Payables
Note 20	Employee Benefits
Note 21	Provisions

### **Equity Note**

Note 22	Equity
---------	--------

### **Other Notes**

Note 23	Net Revenue from Administrative Restructure
Note 24	Commitments
Note 25	Contingent Assets and Liabilities
Note 26	Cash Flow Reconciliation
Note 27	Events after Balance Date

### **Administered Items Notes**

Note 28	Summary of Significant Accounting Policies of Administered Items
Note 29	Taxation
Note 30	Commonwealth Revenues
Note 31	Dividends
Note 32	Interest Revenue
Note 33	Revenues from/Payments to SA Government
Note 34	Grants and Contributions
Note 35	Revenues from Fees and Charges
Note 36	Other Revenues
Note 37	Employee Benefit Costs

**Note Index**

Note 38	Supplies and Services
Note 39	Grants, Subsidies and Transfers
Note 40	Depreciation Expense
Note 41	Other Expenses
Note 42	Cash and Cash Equivalents
Note 43	Receivables
Note 44	Other Financial Assets - Non SA Government entities
Note 45	Property, Plant and Equipment
Note 46	Payables
Note 47	Interest Bearing Liabilities - Non SA Government entities
Note 48	Other Liabilities
Note 49	Commitments for Expenditure
Note 50	Net Revenue from Administrative Restructure
Note 51	Contingent Assets and Liabilities
Note 52	Lease
Note 53	Cash Flow Reconciliation
Note 54	Events after Balance Date

## 1 Objectives of the Department of Treasury and Finance

The Department of Treasury and Finance (the Department) provides policy advice and financial management services to the Government of South Australia in order to strengthen state finances and contribute to community well being through supporting the objectives of South Australia's Strategic Plan (SASP). This is achieved by promoting policy accountability in the public sector based on objective and comprehensive analysis of options, by managing the whole of government financial processes and by providing financial services.

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

The Department provides the government with policy and financial advice on achieving the SASP through the following departmental priorities:

### **Strengthen State Finances including maintaining the AAA Credit Rating**

*Related SASP Objective: Growing Prosperity*

*Target Area: Credit rating*

### **Achieve performance improvements in the South Australian Public Sector**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance Improvement in the SA Public Sector – Productivity and Quick Decision Making*

### **Improve Service Delivery**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance Improvement in the SA Public Sector – Productivity and Quick Decision Making*

### **Effective Industry Regulation**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance Improvement in the SA Public Sector – Productivity and Quick Decision Making*

### **Improve budget and financial management processes**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance Improvement in the SA Public Sector – Productivity and Quick Decision Making; Strategic Infrastructure Development, Regional Infrastructure*

### **Corporate Priorities**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance Improvement in the SA Public Sector – Productivity and Quick Decision Making*

To achieve these objectives, the Department delivers a number of programs for the government. The program information is summarised in Note 5.

## 2 Summary of Significant Accounting Policies

### 2.1 Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

These Financial Statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). Australian Accounting Standards Board (AASB) 1 *First time adoption of AIFRS* has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles (AGAAP).

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are at Note 4. No adjustments were required for the Administered financial statements.

The Department's Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a twelve month operating cycle and presented in Australian currency.

## **2.2 Reporting Entity**

The Department produces both Departmental and Administered financial statements. The Departmental financial statements include the use of income, expenses, assets, and liabilities, controlled or incurred by the Department in its own right. The Administered financial statements include the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

## **2.3 Administrative Restructure**

The Micro Economic Reform and Infrastructure (MERI) Branch was transferred to the Department for Transport, Energy and Infrastructure from 1 July 2005. No revenues or expenses for this function were included in the financial statements for 2005-06. The net revenue from the transfer of assets and liabilities as a result of the restructure has been reflected in Note 23.

The Lotteries and Gaming unit was transferred to the Office of the Liquor and Gambling Commissioner, effective 1 July 2004. The net revenue from the transfer of assets and liabilities from the restructure has been reflected in Note 23.

## **2.4 Comparative Information**

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard have required a change.

Comparative figures have been restated on an AIFRS basis. The comparatives have been restated to assist users' understanding of the current reporting period and do not replace the original financial report for the preceding period.

Note 4 provides a detailed analysis of comparative amounts that have been reclassified as a result of adopting AIFRS.

## **2.5 Rounding**

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

## **2.6 Taxation**

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

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

- where the amount of GST incurred by the Department as a purchaser is not recoverable from the Australian Taxation Office.
- receivables and creditors are stated with the amount of GST included.

## **2.7 Income and Expenses**

Income and expenses are recognised in the Department's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with the Accounting Policy Framework II *General Purpose Financial Reporting Framework* paragraph APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* paragraph 4.1 and 4.2 the financial report's notes disclose revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The transaction split between SA Government entities and Non SA Government entities is classified according to their nature.

Revenue from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing the proceeds from sale with the carrying amount of the asset.

## **2.8 Revenues from/Payments to SA Government**

Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt. Appropriation receipts are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, and revenues from taxation, Commonwealth Government, dividends, interest, other revenues received on behalf of the government and paid directly to the Consolidated Account.

## **2.9 Current and Non-Current Classification**

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

## **2.10 Cash**

Cash includes cash at bank and deposits at call that are readily converted to cash and are used in the cash management function on a day-to-day basis. Cash is measured at nominal value.

## **2.11 Receivables**

Receivables include amounts receivable from trade, prepayments and other accruals.

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

## **2.12 Non-Current Assets Acquisition and Recognition**

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or nominal value, they are recorded at their fair value in the Balance Sheet. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

In accordance with Accounting Policy Framework III *Asset Accounting Framework* paragraph APS 2.16 all non-current tangible assets with a value of \$5,000 or greater are capitalised.

## **2.13 Revaluation of Non-Current Assets**

In accordance with Accounting Policy Framework III *Asset Accounting Framework* :

- all non-current tangible assets are valued at written down current cost (a proxy for fair value); and
- revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than 3 years.

Every three years the Department revalues its land and buildings. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place.

## 2.14 Impairment

All non-current tangible and intangible assets are reviewed for indication of impairment through stocktaking processes. Where there is an indication of impairment, the recoverable amount is estimated. Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

## 2.15 Depreciation and Amortisation of Non-Current Assets

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

The useful lives of all major assets held by the Department are reassessed on an annual basis.

Depreciation/amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Furniture and Fittings	Straight Line	10
Intangibles	Straight Line	3-10
Information Technology Equipment	Straight Line	4
Office Equipment	Straight Line	3

## 2.16 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost.

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an intangible asset, outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$5,000 in accordance with Accounting Policy Framework III *Asset Accounting Framework* paragraph APS 2.16.

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

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

## 2.17 Payables

Payables include creditors, accrued expenses and employment on-costs.

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

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

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received, in accordance with Treasurer's Instruction 11 *Payment of Creditors' Accounts*.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

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

## **2.18 Employee Benefits**

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

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

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where salaries and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

The liability for long service leave is recognised after an employee has completed 7 years of service as advised in Accounting Policy Framework IV *Financial Assets and Liabilities*. An actuarial assessment based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

The current/non current classification of DTF's long service leave liabilities has been calculated based on historical usage patterns consistent with paragraph 5.15 of the Accounting Policy Framework IV *Financial Asset and Liability Framework*.

## **2.19 Leases**

The Department has entered into operating leases. More information on operating leases is contained in Note 24.

In respect of operating leases, the lessor retains substantially all the risks and rewards incidental to ownership of the leased items. Operating lease payments are recognised as an expense on a basis that is representative of the pattern of benefits derived from the leased assets.

## **3 Financial Risk Management**

The Department has significant interest bearing assets (cash on deposit) and minor non-interest bearing assets (receivables) and liabilities (payables). The Department's exposure to market risk and cash flow interest risk is minimal.

The Department has no significant concentration of credit risk.

In relation to liquidity/funding risk, the continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

## **4 Changes in Accounting Policies**

### *Explanation of transition to Australian equivalents to International Financial Reporting Standards (AIFRS)*

The Department has adopted the AIFRS for the first time for the year ended 30 June 2006. A major change is the treatment of accounting policy changes under AIFRS. These now apply retrospectively except for specific exemptions in accordance with another standard. The resulting adjustments arising from events and transactions before the date of transition to AIFRS have been recognised directly in retained earnings at the date of transition to AIFRS. The table below summarises changes to 2004-05 comparatives as a result of the transition from previous Australian GAAP standards to AIFRS.

	At 1 July 2004			At 30 June 2005		
	Previous AGAAP (\$'000)	Adjustments (\$'000)	AIFRS Adjusted (\$'000)	Previous AGAAP (\$'000)	Adjustments (\$'000)	AIFRS Adjusted (\$'000)
Current assets	25,849	-	25,849	12,377	-	12,377
Non-current assets	8,542	(827)	7,715	11,401	(1,686)	9,715
Current liabilities	(5,341)	-	(5,341)	(6,460)	-	(6,460)
Non-current liabilities	(8,178)	-	(8,178)	(8,267)	-	(8,267)
<b>Net Assets</b>	<b>20,872</b>	<b>(827)</b>	<b>20,045</b>	<b>9,051</b>	<b>(1,686)</b>	<b>7,365</b>
Equity						
Retained earnings	(20,764)	827	(19,937)	(8,943)	1,686	(7,257)
Asset revaluation reserve	(108)	-	(108)	(108)	-	(108)
<b>Total Equity</b>	<b>(20,872)</b>	<b>827</b>	<b>(20,045)</b>	<b>(9,051)</b>	<b>1,686</b>	<b>(7,365)</b>
<b>Net Result after Restructure</b>				<b>(11,821)</b>	<b>(859)</b>	<b>(12,680)</b>
<b>Net Change in Cash Held</b>				<b>(13,423)</b>	-	<b>(13,423)</b>

In accordance with AASB 138 *Intangible Assets*, the Department has classified software that is integral to the operation of systems as an intangible asset. In addition, AASB 138 requires all research costs to be expensed and imposes stricter recognition for the capitalisation of development costs. This has resulted in a reduction of the written down value of intangible assets as at 1 July 2004 of \$0.8 million and a further \$0.9 million during 2004-05. These reductions has been primarily for the Revenue SA Information System Project to Enable Compliance (RISTEC).

The adoption of AIFRS has not resulted in any material adjustments to the Income Statement or Cash Flow Statement.

Employee benefits payable later than 12 months from year-end have been measured at present value rather than at nominal amounts as required by AASB 119 *Employee Benefits*.

## 5 Programs of the Department

In achieving its objectives, the Department provides a range of services classified into the following programs:

### *Program 1: Ensuring Accountability for Public Sector Resources*

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

### *Program 2: Financial Services Provision*

The Department has a role of providing a range of whole of government services including liability management, collection of taxes, insurance and superannuation administration.

### *Program 3: Industry Regulation and Infrastructure*

This program includes the provision of policy advice to the Minister on energy issues, coordinating market reforms and reviewing infrastructure needs.

From 1 July 2005, the Department no longer provides the Industry Regulation and Infrastructure program, which related to the provision of policy advice to the Minister on energy issues, coordinating market reforms and reviewing infrastructure needs. This program transferred to the Department for Transport, Energy and Infrastructure.

### *Program 4: Gambling Policy*

The Department provides policy advice to the Government on economic, social and regulatory issues associated with gambling, provision of gambling licensing and regulatory services, and independent research and inquiries into gambling related issues.



<b>6 Employee Benefit Costs</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	<b>31,820</b>	30,679
TVSP (refer below)	<b>183</b>	-
Long service leave	<b>1,363</b>	977
Annual leave	<b>3,036</b>	2,957
Employment on-costs - superannuation	<b>4,210</b>	3,924
Employment on-costs - other	<b>2,249</b>	2,154
Board fees <sup>(i)</sup>	<b>188</b>	224
Other employee related expenses	<b>934</b>	859
<b>Total Employee Benefit costs</b>	<b>43,983</b>	<b>41,774</b>

<sup>(i)</sup> Represents fees paid to members of the South Australian Superannuation Board, South Australian Government Financing Authority and the Board of Directors of the South Australian Government Captive Insurance Corporation. The note for remuneration of board members will be included in the financial statements of these entities.

<b>Targeted Voluntary Separation Packages (TVSPs)</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to these employees:		
TVSPs	<b>183</b>	-
Annual leave and long service leave accrued over the period	<b>10</b>	-
	<b>193</b>	-

	<b>2006</b>	<b>2005</b>
	<b>Number of</b>	<b>Number of</b>
	<b>Employees</b>	<b>Employees</b>
Number of employees who were paid TVSPs during the reporting period	<b>1</b>	-

<b>Remuneration of Employees</b>	<b>2006</b>	<b>2005</b>
	<b>Number of</b>	<b>Number of</b>
	<b>Employees</b>	<b>Employees</b>

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

\$100 000 - \$109 999	<b>9</b>	5
\$110 000 - \$119 999	<b>4</b>	10
\$120 000 - \$129 999	<b>3</b>	10
\$130 000 - \$139 999	<b>16</b>	9
\$140 000 - \$149 999	<b>7</b>	1
\$150 000 - \$159 999	<b>1</b>	5
\$160 000 - \$169 999	<b>5</b>	2
\$170 000 - \$179 999	<b>1</b>	1
\$180 000 - \$189 999	<b>1</b>	3
\$190 000 - \$199 999	-	1
\$200 000 - \$209 999	<b>2</b>	-
\$210 000 - \$219 999	<b>2</b>	-
\$250 000 - \$259 999	-	1
\$260 000 - \$269 999	<b>1</b>	-
\$270 000 - \$279 999	<b>1</b>	-
\$310 000 - \$319 999	-	1
\$320 000 - \$329 999	<b>1</b>	-
<b>Total Number of Employees</b>	<b>54</b>	<b>49</b>

The table includes all employees who received remuneration of \$100,000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$7,967,000 (\$6,874,000).

<b>7 Supplies and Services</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Supplies and services provided by entities within the SA Government</b>		
Accommodation and telecommunication	4,273	4,687
Information technology expenses	2,782	3,456
Minor works, maintenance and equipment	258	621
Legal costs	721	1,116
Valuation fees	3,687	1,262
General administration and consumables	76	60
Other	2,209	2,259
<b>Total Supplies and Services - SA Government Entities</b>	<b>14,006</b>	<b>13,461</b>
<b>Supplies and services provided by entities external to the SA Government</b>		
Accommodation and telecommunication	103	70
Information technology expenses	2,928	3,106
Minor works, maintenance and equipment	405	431
Legal costs	31	-
Consultants	515	1,085
Contractors	3,029	3,744
General administration and consumables	2,361	2,497
Other	1,630	2,010
<b>Total Supplies and Services - Non SA Government Entities</b>	<b>11,002</b>	<b>12,943</b>
<b>Total Supplies and Services</b>	<b>25,008</b>	<b>26,404</b>

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

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

	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Number</b>	<b>Number</b>	<b>\$'000</b>	<b>\$'000</b>
Below \$10,000	15	14	51	26
Between \$10,000 and \$50,000	5	10	93	264
Above \$50,000	3	4	371	795
	<b>23</b>	<b>28</b>	<b>515</b>	<b>1,085</b>

<b>8 Depreciation and Amortisation Expense</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Furniture and fittings	27	26
Information technology equipment	171	112
Office equipment	111	102
<b>Total Depreciation</b>	<b>309</b>	<b>240</b>
<b>Amortisation</b>		
Intangible assets	2,121	2,126
<b>Total Amortisation</b>	<b>2,121</b>	<b>2,126</b>
<b>Total Depreciation and Amortisation Expense</b>	<b>2,430</b>	<b>2,366</b>

<b>9 Other Expenses</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other expenses paid/payable to entities external to the SA Government</b>		
South Australian Superannuation Board reserve	-	918
Furniture and fittings derecognised	-	753
Intangible asset derecognised	-	25
Property, plant and equipment write-offs	6	50
Other	-	50
<b>Total Other Expenses - Non SA Government Entities</b>	<b>6</b>	<b>1,796</b>
<b>Total Other Expenses</b>	<b>6</b>	<b>1,796</b>

Adjustments were incorporated into the 2004-05 financial statements to recognise that some of the cash reserves held within the Department's Balance Sheet were actually controlled by the South Australian Superannuation Board rather than the Department. In addition, a number of items that had previously been capitalised were assessed as not meeting the criteria of an asset and were therefore expensed during 2004-05 in order to correct the Balance Sheet.

<b>10 Auditor's Remuneration</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit Fees paid / payable to the Auditor-General's Department	381	368
<b>Total Audit Fees</b>	<b>381</b>	<b>368</b>

No other services were provided by the Auditor-General's Department.

<b>11 Revenue from Fees and Charges</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fees and Charges received/receivable from entities within the SA Government:</b>		
Agencies for the provision of corporate services	1,816	1,661
South Australian Government Captive Insurance Corporation	1,972	2,013
South Australian Government Financing Authority	5,735	5,544
Community Emergency Services Fund	6,100	6,100
Banking administration fees	457	565
Land tax certificates	431	418
Other recoveries	1,683	1,766
<b>Total Fees and Charges - SA Government Entities</b>	<b>18,194</b>	<b>18,067</b>
<b>Fees and Charges received/receivable from entities external to the SA Government:</b>		
South Australian Superannuation Board	10,149	9,145
Land tax certificates	214	197
Regulatory fees	197	214
Other recoveries	365	272
<b>Total Fees and Charges - Non SA Government Entities</b>	<b>10,925</b>	<b>9,828</b>
<b>Total Fees and Charges</b>	<b>29,119</b>	<b>27,895</b>

<b>12 Interest Revenues</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest from entities within the SA Government	756	836
<b>Total Interest Revenues</b>	<b>756</b>	<b>836</b>

<b>13 Other Revenues</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other Revenues received/receivable from entities within the SA Government:</b>		
Core client access licences	-	248
Other reimbursements	3	1
Other revenue	1	4
<b>Total Other Revenues - SA Government Entities</b>	<b>4</b>	<b>253</b>
<b>Other Revenues received/receivable from entities external to the SA Government:</b>		
Commissions	141	145
Banking recoveries	52	45
Other reimbursements	-	325
Other revenue	191	109
<b>Total Other Revenues - Non SA Government Entities</b>	<b>384</b>	<b>624</b>
<b>Total Other Revenues</b>	<b>388</b>	<b>877</b>
<b>14 Revenues from/Payments to SA Government</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	39,949	43,380
<b>Total Revenues from SA Government</b>	<b>39,949</b>	<b>43,380</b>
<b>Payments to SA Government</b>		
Return of surplus cash pursuant to cash alignment policy	-	13,450
<b>Total Payments to SA Government</b>	<b>-</b>	<b>13,450</b>
<b>15 Cash and Cash Equivalents</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	11,351	10,508
Cash on hand	3	3
<b>Total Cash and Cash Equivalents</b>	<b>11,354</b>	<b>10,511</b>
<b>Deposits with the Treasurer</b>		
Includes funds held in the Accrual Appropriation Excess Funds Account and Surplus Cash Working Account balances. The balances of these funds are not available for general use.		
<b>Interest rate risk</b>		
Cash on hand is non-interest bearing. Deposits with the Treasurer are bearing a floating interest rate between 5.35% and 5.43%. From 1 July 2006, the Deposits with the Treasurer will be non interest bearing and the Department will receive additional appropriation to supplement the interest revenue. The carrying amount of cash approximates net fair value.		
<b>16 Receivables</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	166	276
Accrued revenues	445	467
Prepayments	914	943
GST receivable	192	180
	<b>1,717</b>	<b>1,866</b>
Expected to be recovered more than 12 months after the reporting date		
Prepayments	2	-
<b>Total Current Receivables</b>	<b>1,719</b>	<b>1,866</b>
<b>Total Receivables</b>	<b>1,719</b>	<b>1,866</b>

<b>SA Government / Non SA Government entities Receivables</b>	<b>2006</b>	<b>2005</b>
<b>Receivables from SA Government Entities</b>	<b>\$'000</b>	<b>\$'000</b>
Receivables	43	74
Accrued revenues	377	391
Prepayments	20	20
<b>Total Receivables from SA Government Entities</b>	<b>440</b>	<b>485</b>
<b>Receivables from Non SA Government Entities</b>		
Receivables	123	202
Accrued revenues	68	76
Prepayments	896	923
GST receivable	192	180
<b>Total Receivables from Non SA Government Entities</b>	<b>1,279</b>	<b>1,381</b>
<b>Total Receivables</b>	<b>1,719</b>	<b>1,866</b>

#### Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally due within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

<b>17 Property, Plant and Equipment</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Furniture and Fittings</b>		
Furniture and fittings at cost (deemed fair value)	284	272
Accumulated depreciation	(129)	(106)
<b>Total Furniture and Fittings</b>	<b>155</b>	<b>166</b>
<b>Information Technology Equipment</b>		
Information technology equipment at cost (deemed fair value)	1,307	871
Accumulated depreciation	(545)	(374)
<b>Total Information Technology Equipment</b>	<b>762</b>	<b>497</b>
<b>Office Equipment</b>		
Office equipment at cost (deemed fair value)	484	476
Accumulated depreciation	(261)	(238)
<b>Total Office Equipment</b>	<b>223</b>	<b>238</b>
<b>Total Property, Plant and Equipment</b>	<b>1,140</b>	<b>901</b>

#### Impairment

There were no indications of impairment of property, plant and equipment, and intangible assets at 30 June 2006.

#### Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2005-06:

	<b>Furniture and Fittings</b>	<b>Information Technology Equipment</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the financial year</b>	166	497	238	901
Additions	20	436	98	554
Write-off non-current assets	(4)	-	(2)	(6)
Depreciation expense	(27)	(171)	(111)	(309)
<b>Carrying amount at the end of the financial year</b>	<b>155</b>	<b>762</b>	<b>223</b>	<b>1,140</b>

<b>18 Intangible Assets</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Computer software	<b>14,703</b>	14,438
Accumulated amortisation	<b>(7,745)</b>	(5,624)
<b>Total Intangible Assets</b>	<b>6,958</b>	8,814

### Reconciliation of Intangible Assets

The following table shows the movement of intangible assets during 2005-06:

	<b>\$'000</b>
<b>Carrying amount at the beginning of the financial year</b>	<b>8,814</b>
Additions	265
Amortisation expense	<b>(2,121)</b>
<b>Carrying amount at the end of the financial year</b>	<b>6,958</b>

The useful lives of intangible assets were reassessed during 2005-06. As a result, the useful lives of some assets were updated.

<b>19 Payables</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors	<b>68</b>	834
Accrued expenses	<b>1,193</b>	1,241
Employment on-costs	<b>609</b>	573
<b>Total Current Payables</b>	<b>1,870</b>	2,648
<b>Non-Current</b>		
Employment on-costs	<b>771</b>	827
<b>Total Non-Current Payables</b>	<b>771</b>	827
<b>Total Payables</b>	<b>2,641</b>	3,475

<b>SA Government / Non SA Government Entities Payables</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Payables to SA Government Entities</b>		
Creditors	<b>68</b>	420
Accrued expenses	<b>1,008</b>	1,016
Employment on-costs	<b>692</b>	651
<b>Total Payables to SA Government Entities</b>	<b>1,768</b>	2,087
<b>Payables to Non SA Government Entities</b>		
Creditors	-	414
Accrued expenses	<b>185</b>	225
Employment on-costs	<b>688</b>	749
<b>Total Payables to Non SA Government Entities</b>	<b>873</b>	1,388
<b>Total Payables</b>	<b>2,641</b>	3,475

### Interest rate and credit risk

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

<b>20 Employee Benefits</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued salaries and wages	<b>632</b>	543
Annual leave	<b>2,593</b>	2,563
Long service leave	<b>597</b>	658
<b>Total Current Employee Benefits</b>	<b>3,822</b>	3,764
<b>Non-Current</b>		
Long service leave	<b>8,069</b>	7,317
<b>Total Non-Current Employee Benefits</b>	<b>8,069</b>	7,317
<b>Total Employee Benefits</b>	<b>11,891</b>	11,081

The total current and non-current employee benefit plus related on costs for 2006 is \$4,431,000 and \$8,840,000 respectively.

<b>21 Provisions</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Provision for workers compensation	<b>54</b>	48
<b>Total Current Provisions</b>	<b>54</b>	48
<b>Non-Current</b>		
Provision for workers compensation	<b>147</b>	123
<b>Total Non-Current Provisions</b>	<b>147</b>	123
<b>Total Provisions</b>	<b>201</b>	171
<b>Reconciliation of Provisions</b>		
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the financial year</b>	<b>171</b>	163
Payments/other sacrifices of future economic benefits	<b>(62)</b>	(18)
Additional provisions recognised	<b>92</b>	26
<b>Carrying amount at the end of the financial year</b>	<b>201</b>	171

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Occupational Health and Injury Management Branch of the Department for Administrative and Information Services (DAIS).

<b>22 Equity</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Retained earnings	<b>6,330</b>	7,257
Asset revaluation reserve	<b>108</b>	108
<b>Total Equity</b>	<b>6,438</b>	7,365

The property, plant and equipment asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

<b>23 Net Revenue from Administrative Restructure</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Liabilities transferred to the Department for Transport, Energy and Infrastructure in 2005-06 and the Office of the Liquor and Gambling Commissioner in 2004-05.		
Annual leave	112	23
Long service leave	142	82
Employment on-costs	34	17
<b>Net Revenue from Administrative Restructure</b>	<b>288</b>	<b>122</b>

## 24 Commitments

### (a) Remuneration Commitments

Amounts disclosed include commitments arising from executive and other employment contracts. The Department does not offer remuneration contracts greater than 5 years.

Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	6,412	6,127
Later than one year but not longer than five years	11,675	9,117
<b>Total Remuneration Commitments</b>	<b>18,087</b>	<b>15,244</b>

### (b) Operating Lease Commitments

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

Office accommodation is leased from the Real Estate Management business unit of the DAIS. The leases are non-cancellable with terms ranging up to 6 years with some leases having right of renewal. Rental is payable in arrears.

The motor vehicles are leased from Fleet SA, a business unit of the DAIS, for the provision of cars to executive officers or to branches (i.e. pool cars). The leases are non-cancellable with terms ranging up to 3 years. There are no purchase options available to the Department.

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

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	3,046	3,102
Later than one year but not longer than five years	7,852	10,053
<b>Total Non-Cancellable Operating Lease Commitments</b>	<b>10,898</b>	<b>13,155</b>

### (c) Other Commitments

The Department's other commitments are primarily agreements for software licence and development. The Department also has commitments to provide advisory and planning services to Super SA members.

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	1,530	1,008
Later than one year and not later than five years	3,030	2,970
	<b>4,560</b>	<b>3,978</b>

## 25 Contingent Assets and Liabilities

The Department is not aware of any contingent assets or liabilities in relation to the Department's operations. In addition, the Department has made no guarantees.



## 26 Cash Flow Reconciliation

2006  
\$'000

2005  
\$'000

### (a) Reconciliation of Cash - Cash at year end as per:

Cash Flow Statement  
Balance Sheet

11,354	10,511
<b>11,354</b>	<b>10,511</b>

### (b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services

Net cash provided by/(used in) operating activities	1,694	(8,516)
Add revenues from SA Government	(39,949)	(43,380)
Add payments to SA Government	-	13,450

#### Add Non cash items

Depreciation and amortisation expense	(2,430)	(2,366)
Assets derecognised	-	(778)
Asset write-offs	(6)	(50)
Net revenue from administrative restructure	(288)	(122)
Assets acquired at no cost	-	248
Non-current assets accrual in payables	(32)	39

#### Changes in Assets / Liabilities

Increase (decrease) in receivables	(147)	(49)
(Increase) decrease in payables	834	(691)
(Increase) decrease in employee benefits	(810)	(515)
(Increase) decrease in provisions	(30)	(8)
(Increase) decrease in other liabilities	-	6

#### Net Cost of Providing Services

(41,164)	(42,732)
----------	----------

## 27 Events after Balance Date

There were no events occurring after balance date that had material financial implications on these financial statements.

---

**Statement of Administered Income and Expenses for the year ended 30 June 2006**

---

	<b>Notes</b>	<b>2006</b> <b>\$'000</b>	2005 \$'000
<b>INCOME</b>			
Taxation	<b>29</b>	<b>2,683,051</b>	2,648,878
Commonwealth revenues	<b>30</b>	<b>3,573,578</b>	3,381,989
Dividends	<b>31</b>	<b>435,968</b>	403,070
Interest revenues	<b>32</b>	<b>140,003</b>	159,152
Revenues from SA Government	<b>33</b>	<b>1,176,282</b>	981,370
Grants and contributions	<b>34</b>	<b>104,971</b>	90,528
Revenues from fees and charges	<b>35</b>	<b>22,133</b>	19,995
Other revenues	<b>36</b>	<b>383,345</b>	502,560
<b>Total Income</b>		<b>8,519,331</b>	8,187,542
<b>EXPENSES</b>			
Payments to SA Government	<b>33</b>	<b>7,159,601</b>	7,032,787
Employee benefits cost	<b>37</b>	<b>272,200</b>	252,626
Supplies and services	<b>38</b>	<b>51,223</b>	50,048
Interest expense		<b>261,241</b>	284,819
Grants, subsidies and transfers	<b>39</b>	<b>654,167</b>	499,454
Depreciation expense	<b>40</b>	<b>13</b>	14
Other expenses	<b>41</b>	<b>110,013</b>	63,919
<b>Total Expenses</b>		<b>8,508,458</b>	8,183,667
<b>OPERATING SURPLUS</b>		<b>10,873</b>	3,875
Net revenue from administrative restructure	<b>50</b>	<b>5,483</b>	-
<b>NET RESULT AFTER RESTRUCTURE</b>		<b>16,356</b>	3,875

**THE NET RESULT AFTER RESTRUCTURE IS  
ATTRIBUTABLE TO SA GOVERNMENT AS OWNER**

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

**Statement of Administered Assets and Liabilities as at 30 June 2006**

	Notes	2006 \$'000	2005 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	42	897,805	1,069,870
Receivables	43	13,552	8,631
Other financial assets	44	1,043	108
<b>Total Current Assets</b>		<b>912,400</b>	<b>1,078,609</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	44	1,419	115
Property, plant and equipment	45	525	538
<b>Total Non-Current Assets</b>		<b>1,944</b>	<b>653</b>
<b>TOTAL ASSETS</b>		<b>914,344</b>	<b>1,079,262</b>
<b>CURRENT LIABILITIES</b>			
Payables	46	844,068	1,022,703
Interest bearing liabilities	47	76	108
Other current liabilities	48	1,835	1,791
<b>Total Current Liabilities</b>		<b>845,979</b>	<b>1,024,602</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	46	499,788	502,338
Interest bearing liabilities	47	39	115
Other non-current liabilities	48	905	930
<b>Total Non-Current Liabilities</b>		<b>500,732</b>	<b>503,383</b>
<b>TOTAL LIABILITIES</b>		<b>1,346,711</b>	<b>1,527,985</b>
<b>NET ASSETS</b>		<b>(432,367)</b>	<b>(448,723)</b>
<b>EQUITY</b>			
Accumulated deficit		(432,367)	(448,723)
<b>TOTAL EQUITY</b>		<b>(432,367)</b>	<b>(448,723)</b>
Commitments	49		
Contingent Assets and Liabilities	51		

**THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER**

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

---

**Statement of Administered Changes in Equity for the year ended 30 June 2006**

---

	Note	Accumulated Deficit \$'000
<b>Balance at 30 June 2004</b>		(452,598)
Changes in accounting policy		-
<b>Restated balance as at 30 June 2004</b>		<u>(452,598)</u>
Net result after restructure for 2004-05		3,875
<b>Total recognised income and expenses for 2004-05</b>		<u>3,875</u>
<b>Restated balance as at 30 June 2005</b>		<u>(448,723)</u>
Net result after restructure for 2005-06		16,356
<b>Total recognised income and expenses for 2005-06</b>		<u>16,356</u>
<b>Balance at 30 June 2006</b>		<u>(432,367)</u>

**ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER**

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

**Statement of Administered Cash Flows for the year ended 30 June 2006**

	Notes	2006 \$'000	2005 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Taxation received		2,683,050	2,648,878
Receipts from Commonwealth		3,573,578	3,381,989
Dividends		435,968	403,070
Interest received		139,971	159,151
Receipts from SA Government		1,176,282	981,370
Grants and contributions		105,055	92,254
Fees and charges		22,088	20,011
GST receipts on receivables		5,145	4,544
GST input tax credits		4,987	9,284
Other receipts		379,630	498,700
<b>Total Cash Inflows</b>		<b>8,525,754</b>	<b>8,199,251</b>
<b>Cash Outflows</b>			
Payments to SA Government		(7,330,820)	(6,399,167)
Employee benefit payments		(272,200)	(260,626)
Supplies and services		(51,257)	(50,100)
Interest payments		(261,241)	(284,819)
Grants, subsidies and transfers		(654,043)	(499,415)
GST payments on purchases		(8,035)	(3,585)
GST remitted to Australian Taxation Office		(5,751)	(3,717)
Other payments		(117,605)	(54,218)
<b>Total Cash Outflows</b>		<b>(8,700,952)</b>	<b>(7,555,647)</b>
<b>NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES</b>	53(b)	<b>(175,198)</b>	<b>643,604</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from other financial assets		3,754	170
<b>Total Cash Inflows</b>		<b>3,754</b>	<b>170</b>
<b>Cash Outflows</b>			
Other financial assets granted		(513)	-
Repayment of interest bearing liabilities		(108)	(170)
<b>Total Cash Outflows</b>		<b>(621)</b>	<b>(170)</b>
<b>NET CASH INFLOWS FROM FINANCING ACTIVITIES</b>		<b>3,133</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(172,065)</b>	<b>643,604</b>
Cash at the beginning of the financial year		1,069,870	426,266
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	53(a)	<b>897,805</b>	<b>1,069,870</b>

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

Schedule of Administered Income and Expenses for the year ended 30 June 2006

	Admin Items on behalf of the Consolidated Account	Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	Community Development Fund	Community Emergency Services Fund	ETSA Sales/Lease Proceeds Account	Hospitals Fund	Industry Financial Assistance Account	Local Government Disaster Fund	TAB Sales Proceeds Account	Treasurer's Interest in the National Wine Centre Account	Treasury Working Account	Other <sup>(1)</sup>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>													
Taxation	2,613,957	-	-	69,094	-	-	-	-	-	-	-	-	2,683,051
Commonwealth revenues	3,555,345	18,233	-	-	-	-	-	-	-	-	-	-	3,573,578
Dividends	435,968	-	-	-	-	-	-	-	-	-	-	-	435,968
Interest revenues	136,645	-	-	150	-	-	130	2,395	35	-	-	648	140,003
Revenues from SA Government	1,176,282	-	-	-	-	-	-	-	-	-	-	-	1,176,282
Grants and Contributions	-	-	20,000	68,411	-	-	14,583	-	-	-	-	1,977	104,971
Fees and charges	21,584	-	-	312	-	-	237	-	-	-	-	-	22,133
Other revenues	237,537	-	-	-	2,322	141,401	427	-	-	26	1,632	-	383,345
<b>Total Income</b>	<b>8,177,318</b>	<b>18,233</b>	<b>20,000</b>	<b>137,967</b>	<b>2,322</b>	<b>141,401</b>	<b>15,377</b>	<b>2,395</b>	<b>35</b>	<b>26</b>	<b>1,632</b>	<b>2,625</b>	<b>8,519,331</b>
<b>EXPENSES</b>													
Payments to SA Government	6,999,046	18,233	-	-	-	141,401	-	-	909	-	-	12	7,159,601
Employee benefits cost	272,200	-	-	-	-	-	-	-	-	-	-	-	272,200
Supplies and services	51,155	-	-	-	-	-	-	40	-	28	-	-	51,223
Interest	261,241	-	-	-	-	-	-	-	-	-	-	-	261,241
Grants, subsidies and transfers	485,271	-	20,000	137,954	-	-	6,470	2,626	-	-	-	1,846	654,167
Depreciation	-	-	-	-	-	-	-	-	-	13	-	-	13
Other expenses	108,405	-	-	-	-	-	(20)	-	-	(4)	1,632	-	110,013
<b>Total Expenses</b>	<b>8,177,318</b>	<b>18,233</b>	<b>20,000</b>	<b>137,954</b>	<b>-</b>	<b>141,401</b>	<b>6,450</b>	<b>2,666</b>	<b>909</b>	<b>37</b>	<b>1,632</b>	<b>1,858</b>	<b>8,508,458</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>2,322</b>	<b>-</b>	<b>8,927</b>	<b>(271)</b>	<b>(874)</b>	<b>(11)</b>	<b>-</b>	<b>767</b>	<b>10,873</b>

<sup>(1)</sup> Includes Country Equalisation Scheme Account, Home Purchases Assistance Account and Local Government Concessions Senior Card Holders

## Administered Financial Statements

The Administered financial statements include the revenues, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

These financial statements include a number of revenue and expense transactions on behalf of the South Australian Government for the Consolidated Account. Such transactions include collection of revenues from taxations, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services, grants and subsidies to public sector agencies, the private sector, and the community and the transfer of revenues to the Consolidated Account.

The Administered financial statements also include the fixed property component of the Emergency Services Levy collected by Revenue SA and transferred to the Community Emergency Services Fund and all the transactions for the special deposit accounts established under Section 8 of the *Public Finance and Audit Act 1987* that are administered by the Department listed below:

- Community Development Fund
- Commonwealth Mirror Taxes on Commonwealth Places Revenue Account
- Country Equalisation Scheme Account
- ETSA Sales/Lease Proceeds Account
- Home Purchases Assistance Account
- Hospitals Fund
- Industry Financial Assistance Account (from 1 July 2005)
- Local Government Concessions Senior Card Holders
- Local Government Disaster Fund
- TAB Sales Proceeds Account (closed 30 June 2006)
- Treasurer's Interest in the National Wine Centre Account
- Treasury Working Account

## 28 Summary of Significant Accounting Policies

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

The following policies are only applicable to the Administered financial statements.

### 28.1 Comparatives

Comparative figures have been adjusted to align the classification of some revenue and expense items with whole-of-government reporting under AAS31 *Financial Reporting by Governments*. The significant classification changes are within the revenue lines. The largest reclassification is from Revenue from SA Government to Grants and Contributions. In addition, some revenue has transferred to Revenue from Fees and Charges, previously reported under Other Revenue.

### 28.2 Administrative Restructure

The Industry Investment Attraction Fund was transferred from the Department of Trade and Economic Development to the Department of Treasury and Finance, effective 1 July 2005. The transactions are reported in the Industry Financial Assistance Account. The net revenue from the transfer of assets and liabilities as a result of the restructure has been reflected in Note 50.

### 28.3 Other Financial Assets

In accordance with the Accounting Policy Statements contained in the Accounting Policy Framework IV *Financial Assets and Liabilities*, the Department measures financial assets at historical cost and interest free loans (measured at the present value of expected repayments).

### 28.4 Depreciation and Amortisation of Non-Current Assets

Depreciation/amortisation of non-current assets is determined as follows:

Class of Asset	Depreciation	Useful Life (Years)
Buildings	Straight Line	40

<b>29 Taxation</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Taxation received/receivable from entities within the SA Government</b>		
Payroll tax	176,576	163,259
Land tax	120,932	113,457
Emergency Services levy	1,814	1,621
Local Government rate equivalents	852	2,955
Income tax equivalents	157,252	134,426
Contributions from Lotteries Commission	76,454	75,308
<b>Total Taxation - SA Government Entities</b>	<b>533,880</b>	<b>491,026</b>
<b>Taxation received/receivable from entities external to the SA Government</b>		
Stamp duties	1,124,020	1,104,095
Commonwealth Places Mirror - stamp duties	652	689
Payroll tax	783,105	731,715
Commonwealth Places Mirror - payroll tax	16,789	15,660
Land tax	130,774	161,066
Commonwealth Places Mirror - land tax	754	808
Debits tax	5,552	60,063
Commonwealth Places Mirror - debits tax	38	415
Emergency Services levy	67,280	62,721
Local Government rate equivalents	-	661
Save the River Murray levy	20,143	19,351
Hindmarsh Island Bridge levy	64	13
Contributions from small lotteries	-	595
<b>Total Taxation - Non SA Government Entities</b>	<b>2,149,171</b>	<b>2,157,852</b>
<b>Total Taxation</b>	<b>2,683,051</b>	<b>2,648,878</b>
<b>30 Commonwealth Revenues</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Commonwealth General Purpose Grants</b>		
GST revenue grants	3,454,608	3,313,412
Competition grants	51,349	50,409
Transitional grant overpayment/(recovery)	-	(22,047)
Commonwealth Places Mirror taxes	18,233	17,573
<b>Total Commonwealth General Purpose Grants</b>	<b>3,524,190</b>	<b>3,359,347</b>
<b>Commonwealth Specific Purpose Grants</b>		
Concessions to pensioners and others	19,538	18,862
Debt redemption assistance	29,850	3,745
Additional First Home Owner grant	-	35
<b>Total Commonwealth Specific Purpose Grants</b>	<b>49,388</b>	<b>22,642</b>
<b>Total Commonwealth Revenues</b>	<b>3,573,578</b>	<b>3,381,989</b>



<b>31 Dividends</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Administrative and Information Services	17,670	102,857
Forestry SA	34,665	11,566
Land Management Corporation	35,686	2,180
Lotteries Commission	-	6,374
Public Trustee Office	1,195	1,372
SA Water Corporation	6,000	165,189
South Australian Asset Management Corporation	217,455	73,200
South Australian Government Financing Authority	87,553	37,564
TransAdelaide	34,757	2,296
Transport SA	987	472
<b>Total Dividends</b>	<b>435,968</b>	<b>403,070</b>
<b>32 Interest Revenues</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest from entities within the SA Government	133,776	155,371
Other	6,227	3,781
<b>Total Interest Revenues</b>	<b>140,003</b>	<b>159,152</b>
<b>33 Revenues from/Payments to SA Government</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1,107,341	919,519
Appropriations under other Acts	68,941	61,851
<b>Total Revenues from SA Government</b>	<b>1,176,282</b>	<b>981,370</b>
<b>Payments to SA Government</b>		
Transfer of revenue received on behalf of Consolidated Account	6,999,046	6,869,145
Payment to SAFA for retirement of state debt	909	-
Other payments to the Consolidated Account	159,646	163,642
<b>Total Payments to SA Government</b>	<b>7,159,601</b>	<b>7,032,787</b>
<b>34 Grants and Contributions</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
SA Government entities	104,949	90,497
Non SA Government entities	22	31
<b>Total Grants and Contributions</b>	<b>104,971</b>	<b>90,528</b>
<b>35 Revenues from fees and charges</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fees and charges received/receivable from entities within the SA Government</b>		
Guarantee fees	19,860	18,782
Support Services to Parliamentarians	1,829	796
<b>Total Fees and Charges - SA Government Entities</b>	<b>21,689</b>	<b>19,578</b>
<b>Fees and charges received/receivable from entities external to the SA Government</b>		
Support Services to Parliamentarians	132	123
Other	312	294
<b>Total Fees and Charges</b>	<b>444</b>	<b>417</b>
<b>Total Fees and Charges</b>	<b>22,133</b>	<b>19,995</b>

36	Other Revenues	2006	2005	
		\$'000	\$'000	
	Other revenues received/receivable from entities within the SA Government			
	Contribution towards public hospital costs	141,401	146,051	
	Repayment of advances	46,443	116,991	
	Return of cash to Consolidated Account - Cash Alignment policy	41,912	150,474	
	Return of capital	80,596	42,432	
	Return of deposit account balances	14,004	7,059	
	Essential Services Commission of SA	5,049	4,632	
	Light motor vehicle fleet - rental payment recoveries	341	3,026	
	Other	3,451	16,979	
	Total Other Revenues - SA Government Entities	333,197	487,644	
	Other revenues received/receivable from entities external to the SA Government			
	Return of deposit account balances	34,000	8,000	
	Proceeds from sale of residual Commonwealth Bank of Australia lease vehicles	11,108	-	
	Support Services to Parliamentarians	29	4	
	Discounted cash flow valuations for financial assistance loans	427	-	
	Other	4,584	6,912	
	Total Other Revenues - Non SA Government Entities	50,148	14,916	
	Total Other Revenues	383,345	502,560	
37	Employee benefits cost	2006	2005	
		\$'000	\$'000	
	Superannuation contributions to various schemes	259,959	241,779	
	Support Services to Parliamentarians	12,000	10,566	
	Minister's salary, electorate and expense allowance	241	233	
	Other employee related expenses	-	48	
	Total Employee Benefits cost	272,200	252,626	
38	Supplies and Services	2006	2005	
		\$'000	\$'000	
	Supplies and services provided by entities within the SA Government			
	Support Services to Parliamentarians	2,808	2,308	
	Unclaimed monies	7	-	
	General administration	525	696	
	Total Supplies and Services - SA Government Entities	3,340	3,004	
	Supplies and services provided by entities external to the SA Government			
	State's share of GST Administration	45,814	45,007	
	Support Services to Parliamentarians	1,939	1,322	
	Unclaimed monies	107	709	
	Consultants	23	4	
	General administration	-	2	
	Total Supplies and Services - Non SA Government Entities	47,883	47,044	
	Total Supplies and Services	51,223	50,048	
The number and dollar amount of Consultancies paid/payable that fell within the following bands:				
	2006	2005	2006	2005
	Number	Number	\$'000	\$'000
Below \$10,000	2	1	5	4
Between \$10,000 and \$50,000	1	-	18	-
	3	1	23	4

<b>39 Grants, Subsidies and Transfers</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Grants, subsidies and transfers paid to entities within the SA Government</b>		
Recurrent grants	<b>524,444</b>	410,521
<b>Total Grants, Subsidies and Transfers - SA Government Entities</b>	<b>524,444</b>	410,521
<b>Grants, subsidies and transfers paid to entities external to the SA Government</b>		
Recurrent grants	<b>129,723</b>	88,933
<b>Total Grants, Subsidies and Transfers - Non SA Government Entities</b>	<b>129,723</b>	88,933
<b>Total Grants, Subsidies and Transfers</b>	<b>654,167</b>	499,454
<b>40 Depreciation Expense</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Buildings	<b>13</b>	14
<b>Total Depreciation Expense</b>	<b>13</b>	14
<b>41 Other Expenses</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other expenses paid/payable to entities within SA Government</b>		
Repayment of borrowings	<b>18,026</b>	4,436
Other	<b>485</b>	8,960
<b>Total Other Expenses - SA Government Entities</b>	<b>18,511</b>	13,396
<b>Other expenses paid/payable to entities external to the SA Government</b>		
Refunds and remissions	<b>38,243</b>	39,458
Payments to the South Australian Superannuation Fund	<b>34,000</b>	8,000
Termination of State Vehicle Fleet Commonwealth Bank of Australia lease	<b>16,875</b>	-
Bad debts	<b>1,049</b>	-
Doubtful debts	<b>(2,208)</b>	-
Discounted cash flow valuations for financial assistance loans	<b>1,139</b>	-
Other	<b>2,404</b>	3,065
<b>Total Other Expenses - Non SA Government Entities</b>	<b>91,502</b>	50,523
<b>Total Other Expenses</b>	<b>110,013</b>	63,919
<b>42 Cash and Cash Equivalents</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	<b>855,705</b>	1,027,470
Other	<b>42,100</b>	42,400
<b>Total Cash and Cash Equivalents</b>	<b>897,805</b>	1,069,870

#### Interest rate risk

Deposits with the Treasurer includes both interest bearing and non interest bearing deposits. The interest bearing deposits earned floating interest rates between 5.35% and 5.68%. The other cash items represents promissory notes with the Local Government Finance Authority of South Australia and earned floating interest rates between 5.45% and 5.62%. The carrying amount of cash approximates net fair value.

<b>43 Receivables</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	6,641	47
Provision for doubtful debts	(6,287)	(4)
Accrued revenues	9,556	8,588
GST receivables	3,642	-
<b>Total Receivables</b>	<b>13,552</b>	<b>8,631</b>
<b>SA Government / Non SA Government Entities Receivables</b>		
<b>Receivables from SA Government entities</b>		
Receivables	65	40
Accrued revenues	9,212	8,259
<b>Total Receivables from SA Government Entities</b>	<b>9,277</b>	<b>8,299</b>
<b>Receivables from Non SA Government Entities</b>		
Receivables	289	3
Accrued revenues	344	329
GST receivables	3,642	-
<b>Total Receivables from Non SA Government Entities</b>	<b>4,275</b>	<b>332</b>
<b>Total Receivables</b>	<b>13,552</b>	<b>8,631</b>

#### Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally due within 30 days. Trade receivables and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

<b>44 Other Financial Assets</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Investment with Adelaide Bank	76	108
Loans for financial assistance	2,625	-
Provision for doubtful debts	(1,658)	-
<b>Total Current Other Financial Assets</b>	<b>1,043</b>	<b>108</b>
<b>Non-Current</b>		
Investment with Adelaide Bank	39	115
Loans for financial assistance	2,172	-
Provision for doubtful debts	(792)	-
<b>Total Non-Current Other Financial Assets - SA Government Entities</b>	<b>1,419</b>	<b>115</b>
<b>Total Other Financial Assets</b>	<b>2,462</b>	<b>223</b>

**SA Government / Non SA Government Entities Other Financial Assets**
**Other Financial Assets with SA Government Entities**

Loans for financial assistance	152	-
<b>Total Other Financial Assets with SA Government Entities</b>	<b>152</b>	<b>-</b>

**Other Financial Assets with Non SA Government Entities**

Investment with Adelaide Bank	115	223
Loans for financial assistance	4,645	-
Provision for doubtful debts	(2,450)	-
<b>Total Other Financial Assets with Non SA Government Entities</b>	<b>2,310</b>	<b>223</b>

<b>Total Other Financial Assets</b>	<b>2,462</b>	<b>223</b>
-------------------------------------	--------------	------------

**Interest Rate Risk**

The investment with Adelaide Bank earned a fixed interest rate of 5.50%. The loans for financial assistance comprises interest free and interest bearing loans. The interest bearing loans earned a weighted average interest rate of 6.30%.

<b>45 Property, Plant and Equipment</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Buildings</b>		
Buildings at fair value	539	539
Accumulated depreciation	(27)	(14)
<b>Total Buildings</b>	<b>512</b>	<b>525</b>
<b>Land</b>		
Land at fair value	13	13
<b>Total Land</b>	<b>13</b>	<b>13</b>
<b>Total Property, Plant and Equipment</b>	<b>525</b>	<b>538</b>

**Valuation of Non-Current Assets**

Valuation of the land and buildings transferred from the National Wine Centre was performed by Valcorp Australia Pty Ltd as at 30 June 2004. Due to the lease arrangement with the University of Adelaide for a period of 40 years for an upfront rent amount of \$1 million, a market value based on the income approach has been adopted in accordance with Accounting Policy Framework III *Asset Accounting Framework*. This approach resulted in the site being revalued downwards to \$552,000.

**Reconciliation of Property, Plant and Equipment**

The following table shows the movement of property, plant and equipment during 2005-06

	<b>Buildings</b>	<b>Land</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the financial year	525	13	538
Depreciation expense	(13)	-	(13)
<b>Carrying amount at the end of the financial year</b>	<b>512</b>	<b>13</b>	<b>525</b>

<b>46 Payables</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors - electricity entities lease proceeds	2,550	2,322
Creditors - revenue on behalf of the Consolidated Account	832,057	1,004,237
Creditors - other	-	40
Accrued expenses	9,432	16,055
GST payable	29	49
<b>Total Current Payables</b>	<b>844,068</b>	<b>1,022,703</b>

**Non-Current**

Creditors - Electricity Entities lease proceeds	<b>499,788</b>	502,338
<b>Total Non-Current Payables</b>	<b>499,788</b>	502,338

<b>Total Payables</b>	<b>1,343,856</b>	1,525,041
-----------------------	------------------	-----------

**SA Government / Non SA Government Entities Payables**

<b>Payables to SA Government entities</b>	<b>2006</b>	2005
	<b>\$'000</b>	<b>\$'000</b>
Creditors - electricity entities lease proceeds	<b>502,338</b>	504,660
Creditors - revenue on behalf of the Consolidated Account	<b>832,057</b>	1,004,237
Creditors - other	-	39
Accrued expenses	<b>9,161</b>	15,393
<b>Total Payables to SA Government Entities</b>	<b>1,343,556</b>	1,524,329

**Payables to Non SA Government Entities**

Creditors - other	-	1
Accrued expenses	<b>271</b>	662
GST payable	<b>29</b>	49
<b>Total Payables to Non SA Government Entities</b>	<b>300</b>	712

<b>Total Payables</b>	<b>1,343,856</b>	1,525,041
-----------------------	------------------	-----------

**Interest rate and credit risk**

Creditors are raised for all amounts billed but unpaid. Creditors - electricity entities lease proceeds are normally settled annually in June. Creditors - revenue on behalf of the Consolidated Account are normally settled by the 15th day of each month. Other creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

<b>47 Interest Bearing Liabilities - SA Government Entities</b>	<b>2006</b>	2005
	<b>\$'000</b>	<b>\$'000</b>

**Current**

Consolidated Account	<b>76</b>	108
<b>Total Current Interest Bearing Liabilities</b>	<b>76</b>	108

**Non-Current**

Consolidated Account	<b>39</b>	115
<b>Total Non-Current Interest Bearing Liabilities</b>	<b>39</b>	115

<b>Total Interest Bearing Liabilities</b>	<b>115</b>	223
---	------------	-----

**Interest Rate Risk**

The interest bearing liabilities represents monies owed to the Consolidated Account and corresponds with the investment with Adelaide bank shown in Note 44. The liabilities earned a fixed interest rate of 5.50%.

<b>48 Other Liabilities</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Unearned revenue	<b>1,835</b>	1,791
<b>Total Current Other Liabilities</b>	<b>1,835</b>	1,791
<b>Non-Current</b>		
Unearned revenue	<b>905</b>	930
<b>Total Non Current Other Liabilities</b>	<b>905</b>	930
<b>Total Other Liabilities</b>	<b>2,740</b>	2,721

#### 49 Commitments for Expenditure

Under the Memorandum of Lease between the Treasurer and the University of Adelaide, the Treasurer had an obligation to undertake certain maintenance work that existed at the time the lease arrangements commenced.

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	-	14
	-	14

<b>50 Net Revenue from Administrative Restructure</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Financial assistance loans and receivables	<b>13,493</b>	-
Provision for doubtful debts	<b>(8,010)</b>	-
<b>Total Assets</b>	<b>5,483</b>	-
<b>Net Revenue from Administrative Restructure</b>	<b>5,483</b>	-

The Industry Investment Attraction Fund (IIAF) was transferred from the Department of Trade and Economic Development to the Department of Treasury and Finance, effective 1 July 2005.

#### 51 Contingent Assets and Liabilities

The Department is not aware of the existence of any contingent assets. However, the following contingent liabilities exist for the Administered Items:

- Under an agreement between National Power South Australia Investments Ltd and the Treasurer for Pelican Point, National Power is to undertake landscaping works and development of public amenities on certain leased land. The cost of these works is to be refunded to the lessee at the expiration of the initial five year term. The maximum exposure value of the contingent obligation at 30 June 2006 has been estimated at \$300,000. As the Electricity Reform and Sales Operating Account has been closed, this amount is to be paid from the Consolidated Account.
- Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.
- Under a Deed of Guarantee with the owners of the Snowdome facility at Thebarton, the Treasurer has guaranteed the rent obligations of the South Australian Ice Sports Federation relating to the initial 5 year term lease of the facility. The maximum exposure of the contingent liability at 30 June 2006 has been estimated at \$320,000 plus CPI per annum until 29 April 2010.

- Under an agreement, dated 9 May 1996, with the National Electricity Administrator (NECA), the Treasurer may be required to contribute to the winding up of NECA. The maximum exposure of the contingent liability at 30 June 2006 is capped at \$350,000.
- Under an agreement, dated 9 May 1996, with the National Electricity Market Management Company (NEMMCO), the Treasurer may be required to contribute to the winding up of NEMMCO. The maximum exposure of the contingent liability at 30 June 2006 is capped at \$1,500,000.

## 52 Lease

The Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of \$1,000,000. The effective commencement date for the lease was 9 September 2003. The lease has been treated as an operating lease in accordance with accounting standard AASB 1008 *Leases*. The consideration of \$1,000,000 has been recorded as unearned revenue and is being apportioned over the life of the lease.

## 53 Cash Flow Reconciliation

	2006	2005
	\$'000	\$'000
(a) <b>Reconciliation of Cash - Cash at year end as per:</b>		
Cash Flow Statement	897,805	1,069,870
Balance Sheet	897,805	1,069,870
(b) <b>Reconciliation of Net Cash Inflows/(Outflows) from Operating Activities to Operating Surplus</b>		
	2006	2005
	\$'000	\$'000
Net Cash Inflows/(Outflows) from Operating Activities	(175,198)	643,604
<b>Add Non cash items</b>		
Depreciation	(13)	(14)
Bad debts	(1,049)	-
Doubtful debts	2,208	-
Discounted cash flow adjustment	(712)	-
Loans converted to grants	(153)	-
<b>Change in Assets and Liabilities</b>		
Increase (decrease) in receivables	4,625	(4,634)
Increase (decrease) in other assets	(108)	(131)
(Increase) decrease in payables	181,184	(633,209)
(Increase) decrease in interest bearing liabilities	108	131
(Increase) decrease in other liabilities	(19)	(1,872)
<b>Operating Surplus</b>	<b>10,873</b>	<b>3,875</b>

## 54 Events after Balance Date

There were no events occurring after balance date that have material financial implications on these financial statements.





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

**TO THE UNDER TREASURER****SCOPE**

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2006. The financial report comprises:

- An Income Statement;
- A Balance Sheet;
- A Cash Flow Statement;
- A Statement of Changes in Equity;
- A Program Schedule of Expenses and Income;
- Notes to the Financial Statements;
- A Statement of Administered Income and Expenses;
- A Statement of Administered Assets and Liabilities;
- A Statement of Administered Changes in Equity;
- An Administered Cash Flow Statement;
- A Schedule of Administered Income and Expenses;
- Notes to the Administered Financial Statements;
- Certificate by the Under Treasurer and the Director, Financial Services.

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

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

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

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

**AUDIT OPINION**

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department of Treasury and Finance as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

A handwritten signature in blue ink, appearing to read "K I MacPherson".

**K I MacPherson**  
**Auditor-General**  
25 September 2006

## **Audit and Risk Management**

The Audit and Risk Management section of Corporate Services provided risk management, corporate governance, and internal audit services within the department in 2005-06. The role of the section was to provide assurance to the Under Treasurer that the internal controls and processes in the department were adequate to support the achievement of the department's operational and financial objectives.

The section provided executive officer support to the Audit Committee, one of the governance committees supporting the Under Treasurer. The terms of reference for the Audit Committee, include:

- overseeing the development and promulgation of appropriate policies and procedures for the proper managing internal audit, risk management, business continuity, and other related activities
- reviewing the Department's compliance with regulatory and legislative requirements
- overseeing the regular assessment of risks facing the Department achieving its organisational objectives
- overseeing the development and monitoring of the audit and risk management related services Work Plan
- providing advice to the Under Treasurer on any emerging issues and suggest strategies to address any issues in any of the above areas.

The section operated by supplementing internal resources with specialist contract service providers to undertake audits on an ad hoc basis.

## **Fraud**

The department has adopted and promoted the government's code of conduct, which provides guidance to staff on appropriate behaviour. In addition, the department has specific policies and procedures in relation to the identification and reporting of fraud and similar issues.

During the year the department conducted a high level fraud risk assessment to confirm that it had an appropriate fraud control framework in place. Findings from that review are being considered and monitored by the department's Audit Committee.

No instances of fraud were reported during the year.

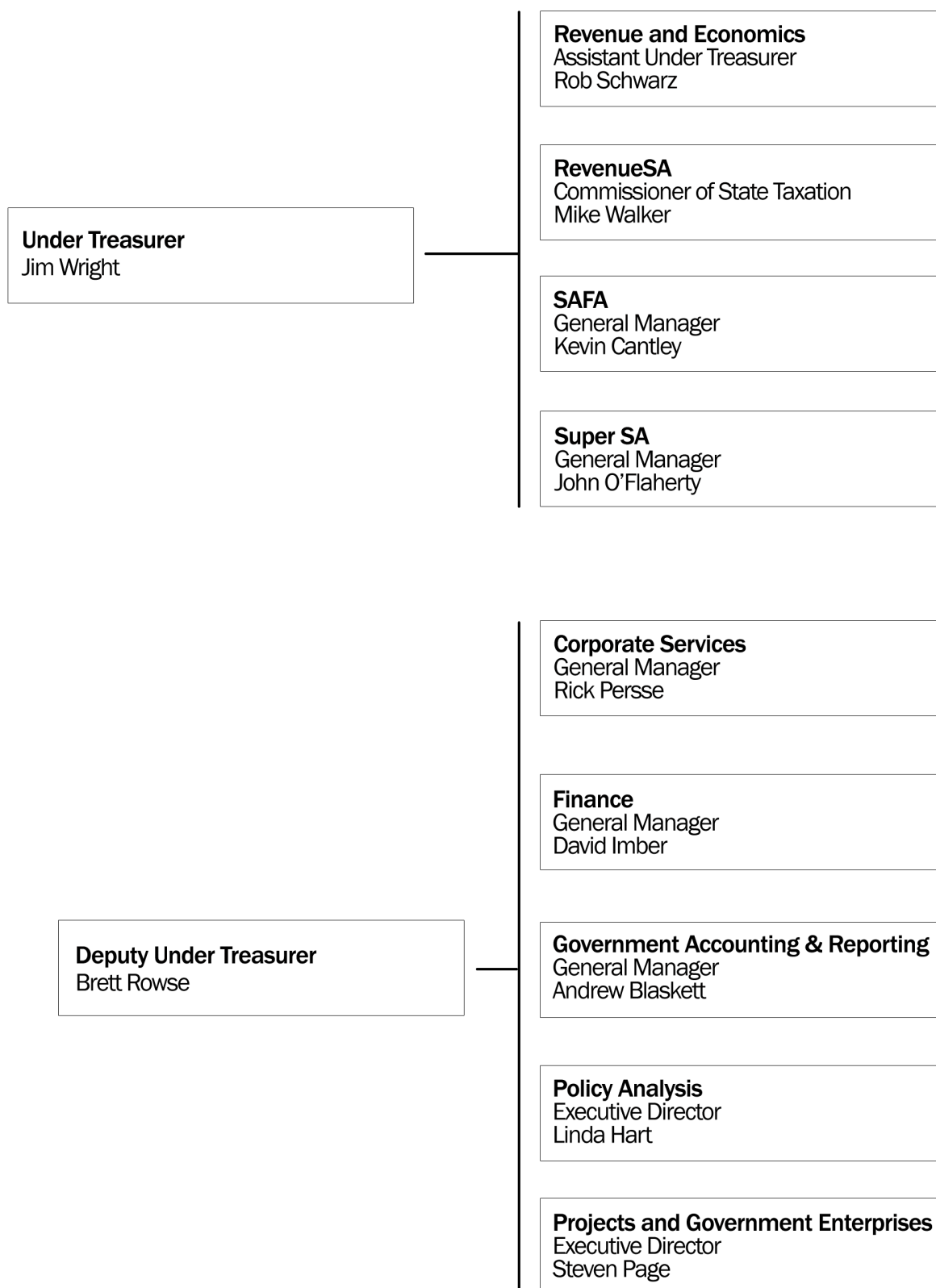
## **Asbestos management in government buildings**

The department does not own any non-residential buildings and therefore does not have any asbestos risk management activities to report.

## ***APPENDICES***

1. Department Structure as at 30 June 2006
2. Acts committed to the Ministers supported by the Department as at 30 June 2006
3. Legislative Measures
4. Occupational Health and Safety Statistics
5. Disability Action Plan
6. Major Boards and Committees as at 30 June 2006
7. Use of Consultants
8. Freedom of Information Statement
9. Overseas Travel 2005-06
10. Revenue Collections by RevenueSA
11. Energy Efficiency Report

## Appendix 1—Department Structure as at 30 June 2006



## Appendix 1—Department Structure as at 30 June 2006 (*continued*)

Branch	Function
Revenue and Economics	<ul style="list-style-type: none"> <li>• Provision of economic policy advice on a range of issues: <ul style="list-style-type: none"> <li>• revenue</li> <li>• Commonwealth–State relations</li> <li>• National Competition Policy</li> <li>• economic conditions</li> <li>• gambling</li> </ul> </li> <li>• Provision of policy advice on essential services regulation</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Provision of advice on budgetary and financial issues</li> <li>• Management of State Budget process</li> <li>• Monitoring financial performance of government agencies</li> <li>• Facilitation of best practice financial management</li> </ul>
Government Accounting and Reporting	<ul style="list-style-type: none"> <li>• Maintenance of government financial systems</li> <li>• Management of financial policy, legislation and governance framework</li> <li>• Provision of advice on Fiscal Policy</li> </ul>
Policy Analysis	<ul style="list-style-type: none"> <li>• Provision of strategic analysis of policy issues facing Government and development of appropriate policy frameworks</li> <li>• Evaluation of existing policy positions against these frameworks</li> </ul>
Projects and Government Enterprises Branch	<ul style="list-style-type: none"> <li>• Provision of advice to facilitate private sector participation in infrastructure development</li> <li>• Monitoring financial performance of Government businesses</li> </ul>
RevenueSA	<ul style="list-style-type: none"> <li>• Management of state revenue systems</li> <li>• Management of state taxation legislation</li> <li>• Provision of policy advice on taxation issues</li> </ul>
SAFA	<ul style="list-style-type: none"> <li>• Management of funding requirements and existing stock of Government liabilities</li> <li>• Provision of financial risk management and advisory services</li> <li>• Management of the insurance and reinsurance of Government risks</li> <li>• Provision of advice on insurance and risk management issues</li> </ul>
Super SA	<ul style="list-style-type: none"> <li>• Management of public sector superannuation schemes</li> <li>• Provision of advice on superannuation policy to Government</li> </ul>
Corporate Services	<ul style="list-style-type: none"> <li>• Provision of a range of business support services in the areas of: <ul style="list-style-type: none"> <li>• administration</li> <li>• audit and risk management</li> <li>• communications</li> <li>• financial services</li> <li>• human resources</li> <li>• information technology</li> <li>• security</li> </ul> </li> </ul>

## Appendix 2—Acts committed to the Ministers supported by the Department as at 30 June 2006

### Treasurer

	<i>Committed</i>
Appropriation Acts .....	
ASER (Restructure) Act 1997 .....	5/2/98
Bank Merger (BankSA and Advance Bank) Act 1996.....	28/11/96
Bank Mergers (South Australia) Act 1997 .....	19/3/98
Benefit Associations Act 1958 .....	20/10/97
Commonwealth Places (Mirror Taxes Administration) Act 1999.....	19/10/00
Debits Tax Act 1994.....	13/2/97
Electricity Corporations Act 1994 .....	18/4/02
Electricity Corporations (Restructuring and Disposal) Act 1999.....	18/4/02
Emergency Services Funding Act 1998 .....	7/11/02
Essential Services Commission Act 2002 .....	12/9/02
* Financial Agreement Act 1994 .....	5/2/98
Financial Institutions Duty Act 1983.....	13/2/97
Financial Sector (Transfer of Business) Act 1999 .....	12/8/99
Financial Transaction Reports (State Provisions) Act 1992.....	20/10/97
First Home Owner Grant Act 2000.....	29/6/00
Gift Duty Act 1968.....	13/2/97
Government Financing Authority Act 1982.....	14/12/93
Governors' Pensions Act 1976 .....	20/10/97
Hindmarsh Island Bridge Act 1999 .....	17/8/00
Housing Loans Redemption Fund Act 1962.....	20/10/97
Interest on Crown Advances and Leases Act 1944.....	20/10/97
Judges' Pensions Act 1971 .....	20/10/97
Land Tax Act 1936.....	13/2/97
Motor Accident Commission Act 1992.....	14/12/93
National Tax Reform (State Provisions) Act 2000 .....	29/6/00
National Wine Centre Act (Restructuring and Leasing) Act 2004 .....	6/5/04
New Tax System Price Exploitation Code (South Australia) Act 1999 .....	9/12/99
Parliamentary Superannuation Act 1974 .....	20/10/97
Pay-roll Tax Act 1971 .....	13/2/97
Petroleum Products Regulation Act 1995 .....	13/2/97
Police Superannuation Act 1990 .....	20/10/97
Public Corporations Act 1993 .....	14/12/93
Public Finance and Audit Act 1987 .....	20/10/97
Rural Advances Guarantee Act 1963 .....	20/10/97

SGIC (Sale) Act 1995 .....	29/6/95
Southern State Superannuation Act 1994 .....	20/10/97
Stamp Duties Act 1923 .....	13/2/97
State Bank (Corporatisation) Act 1994 .....	12/5/94
State Bank of South Australia Act 1983 .....	14/12/93
Succession Duties Act 1929 .....	13/2/97
Superannuation Act 1988.....	20/10/97
Superannuation Funds Management Corporation of South Australia Act 1995 .....	13/2/97
* Supplementary Financial Agreement (Soldiers Settlement Loans) Act 1934 .....	5/2/98
Supply Acts.....	
Tab (Disposal) Act 2000.....	
Taxation Administration Act 1996.....	13/5/03
Taxation (Reciprocal Powers) Act 1989 .....	13/2/97
Unclaimed Moneys Act 1891 .....	20/10/97
Unclaimed Superannuation Benefits Act 1997 .....	29/1/98
Westpac/Challenge Act 1996 .....	5/2/98

## Minister for Gambling

	<i>Committed</i>
Casino Act 1997 .....	4/12/01
Gaming Machines Act 1992.....	4/12/01
Independent Gambling Authority Act 1995 .....	4/12/01
Authorised Betting Operations Act 2000 .....	5/9/02
Lottery and Gaming Act 1936.....	5/9/02
Collections for Charitable Purposes Act 1939 .....	5/9/02
Problem Gambling Family Protection Orders Act 2004.....	3/6/04

\* Act of limited application

## **Appendix 3—Legislative Measures**

### **Amendments of the Taxation Administration Regulations 1997**

#### ***Taxation Administration Variation Regulations 2005 (No 161 of 2005)***

The Regulations amend regulation 3 – permitted disclosure of information, of the *Taxation Administration Regulations 1997*. The variation regulations delete reference to the Chairperson of the National Crime Authority and substitute the Chief Executive Officer of the Australian Crime Commission.

In addition, the Regulations deletes and replaces subregulation 3(2) which now permits a tax officer to disclose information obtained under or in relation to the administration or enforcement of a taxation law in connection with the administration or enforcement of:

- (a) the *First Home Owner Grant Act 2000*; and
- (b) the *Emergency Services Funding Act 1998*.

Date of operation: 7 July 2005

### **Amendments of the Land Tax Regulations 1999**

#### ***Land Tax Variation Regulations 2005 (No 133 of 2005)***

The Regulations delete regulation 8, which contained additional eligibility criteria for the principal place of residence exemption. In line with the *Statutes Amendment (Budget 2005) Act 2005*, which provided that property owners conducting a business from their principal place of residence are able to claim a full or partial land tax exemption depending on the proportion of the house area used for the business activity, the regulation was no longer required.

Date of operation: Midnight 30 June 2005

### **Emergency Services Funding (Remissions - Land) Variation Regulations 2005 (No 159 of 2005)**

#### ***Emergency Services Funding Act 1998***

The Regulations amend the prescribed levy rate for the 2005-06 financial year from 0.001232 to 0.001160.

Date of operation: 1 July 2005



## **Government Finance Authority (Insurance) Amendment Act 2006**

The above Act was introduced to amend the *Government Financing Authority Act 1982* to expand SAFA's functions to act as Captive insurer of the Crown, so as to facilitate the amalgamation of the South Australian Government Captive Insurance Corporation with the South Australian Government Financing Authority.

Assented to: 15 June 2006

Date of operation: 1 July 2006

## **Regulations under the Southern State Superannuation Act 1994 (No 209 of 2005)**

### *Southern State Superannuation Act 1994*

These regulations introduced significantly reduced insurance premiums and significantly increased insurance cover for Triple S members.

Assented to: 29 September 2005

Date of operation: 2 October 2005

## **Regulations under the Superannuation Act 1988 (No 245 of 2005)**

### *Superannuation Act 1988*

These regulations provide for the calculation of salary for superannuation purposes in regard to certain employment transfers.

Assented to: 24 November 2005

Date of operation: 24 November 2005

## **Regulations under the Superannuation Act 1988 (No 23 of 2006)**

### *Superannuation Act 1988*

These regulations provide that a certain allowance will be recognised as a component of 'salary' for the purposes of contributions and benefits. The regulations also enable a member who has more than one concurrent employer to have the aggregate of salaries paid or payable by those employers to be taken to be 'salary' for the purposes of the Act.

Assented to: 9 February 2006

Date of operation: 9 February 2006

## **Regulations under the Superannuation Act 1988 (No 59 of 2006)**

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

These regulations make some minor amendments to the rules and processes in relation to the election of member representatives of the SA Superannuation Board.

Assented to: 25 May 2006

Date of operation: 25 May 2006

## **Superannuation (Administered Schemes) Amendment Act 2006**

This legislation amended the *Superannuation Act 1988*, to establish a framework that enables a public sector scheme operating in the Commonwealth regulated superannuation environment to be brought in under State Government regulation if it chooses to do so.

The legislation also provides for some minor technical amendments to be made which clarify the SA Superannuation Board's powers when resolving any doubt or difficulty that arises in the application of the Act.

Assented to: 23 June 2006

Date of operation: 23 June 2006

## Appendix 4—Occupational Health and Safety Statistics

		2003-04	2004-05	2005-06
1	OHS&W legislative requirements			
	Number of notifiable occurrences or injuries pursuant to OHS&W Regulations Division 6.6	0	0	0
	Number of notices served pursuant to OHS&W Act s35, s39 and s40	0	0	0
2	Injury Management legislative requirements			
	Total number of employees who participated in a rehabilitation program	3	3	0
	Total number of employees rehabilitated and reassigned to alternative duties	0	0	0
	Total number of employees rehabilitated back to their original work	0	0	0
3	WorkCover Action Limits			
	Number of open claims	2	6	7
	Workers compensation expenditure as percentage of salaries	1.13	0.02	0.14
4	Number of injuries			
	Number of new workers compensation claims	1	7	2
	Number of new workers compensation claims relating to:			
	Fatalities	0	0	0
	Lost time injuries	1	2	1
	Medical treatment only	0	5	1
	Total number of whole working days lost	145	9	170
5	Cost of workers compensation (\$)			
	Cost of new claims for financial year	291	6 849	173
	Cost of all claims excluding lump sum payments	75 284	6 849	51 527
	Amount paid for lump sum payments (s42, s43, s44)	248 323	0	0
	Total cost of workers compensation claims	323 607	6 849	51 527
	Total amount recovered from external sources (s54)	0	0	0
	Budget allocation for workers compensation			
6	Trends			
	Injury frequency rate for new lost-time injury/disease for each million hours worked	0.9	1.9	0.9
	Most frequent cause (mechanism) of injury	Work Pressure	No Most Frequent Cause	No Most Frequent Cause
	Most expensive cause (mechanism) of injury	Work Pressure	Sprain/ Strain	Body stressing

## Appendix 5— Disability Action Plan

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

### Outcome 1 - Access to Services

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

As part of the department's accommodation strategy, tenancies are being modified in line with Government Office Accommodation Guidelines and occupational health and safety requirements. These fit outs are designed to meet the business requirements of the department, which includes the provision of suitable facilities for the disabled.

Accessibility is addressed through the:

- consideration of the needs of those with disabilities or impairments in the development of the Emergency Response Procedures
- investigation of accessibility options when entering new leases
- upgrade or refurbishment of existing tenancies.

Security access upgrades to the State Administration Centre have considered issues related to access for the disabled and included the installation of a new ‘wing stile’ for wheelchair access.

### Outcome 2 - Information is inclusive

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

The department continued work to improve the accessibility of the department’s Internet site, including modifications to allow better navigation of the site for users on non-scripted browsers.

The department’s Disability Awareness Plan was placed on the Human Rights and Equal Opportunity Commission (HREOC) web site to promote the department’s commitment to a workplace inclusive of people with disabilities. The Plan is provided in a broadly accessible format and designed with consideration for people with disabilities.

The department’s Disability and Awareness Action Plan Intranet site was improved and now includes information on services in the community and provides up to date information on the activities of the disability working party.

Strong links have been established with other agencies and key personnel across government to share information about disability issues and contacts in the community. Information on disability awareness has also been included in induction packs for new employees.

Ongoing support continues to be provided by the Human Resources Group on recruitment and work experience placements involving people with special needs.

### **Outcome 3 - Disability awareness**

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

A significant achievement for the department was the delivery of disability awareness training for all staff and managers in 2005-06.

The training was developed to provide staff with:

- an understanding of roles and responsibilities under State legislation and the Disability Action Plan for South Australia framework
- an awareness of the issues effecting people with disabilities as colleagues or clients
- an understanding of the issues to consider when working with people with disabilities

Further training is being developed for staff members that have direct contact with the general public.

The department's disability working party met on a regular basis during the year and promoted its activities on the department's intranet. The working party has a broad representation of managers and employees across the department.

### **Outcome 4 - Consultation and complaints process**

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

There are established mechanisms for customers to provide direct feedback to service areas of the department. The department's service areas also regularly survey their customers on service delivery issues.

The department promoted its complaint resolution and grievance process through the disability awareness training it conducted during the year. The department also has a Grievance Resolution Policy, which is available to staff on its intranet site.

### **Outcome 5 - Compliance with relevant Acts**

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

The department's Disability Action Plan has been placed on the HREOC site and this furthers supports the department's commitment to people with disabilities that use the services we provide, those seeking employment within the department or those already active in its workforce.

The department's existing disability policies were reviewed during 2005-06 and comply with the requirements of the *Disability Discrimination Act 1992*, *Equal Opportunity Act 1994* and *Occupational Health Safety and Welfare Act 1986*.

## **Appendix 6— Major Boards and Committees as at 30 June 2006**

- South Australian Asset Management Corporation (SAAMC)
- South Australian Government Captive Insurance Corporation (SAICORP) Board
- South Australian Government Captive Insurance Corporation (SAICORP) Board - Audit Sub-Committee
- South Australian Government Financing Advisory Board (SAFA)<sup>i</sup>
- South Australian Government Financing Advisory Board – Audit Committee
- South Australian Superannuation Board
- Parliamentary Superannuation Board
- Police Superannuation Board
- Transmission Lessor Corporation
- Transmission Leasing Corporation Ltd
- Distribution Lessor Corporation
- Generation Lessor Corporation
- RESI Corporation Board
- South Australian Finance Trust Ltd
- Electricity Industry Superannuation Board

---

<sup>i</sup> SAFA is established under the Government Financing Authority Act, as is the South Australian Government Financing Advisory Board. The function of the board is to advise the Authority (& Treasurer) on the exercise of its powers

## Appendix 7—Use of Consultants

Note: Payments to consultants include amounts paid and payable at 30 June 2006

### Controlled

Consultant	Purpose of Consultancy	Number	Total \$
Value Below \$10 000			
Various	Various	15	50 388
Value \$10 000 - \$50 000			
Acumen Alliance	Review of RevenueSA Information System Project to Enable Compliance (RISTEC) Procurement		
Local Government Association	Review of State Based Property Concessions		
Mercer Human Resource Consulting	Provision of Actuarial Valuation Services		
PriceWaterhouseCoopers	Comparison of SA Compulsory Third Party Scheme with Victorian No Fault Scheme. Compulsory Third Party Options in Context of No Fault Catastrophic GST Review		
WR & EM Jackson	Strategic analysis and advice associated with the operations and future of the Basketball Association of South Australia	5	93 356
Value Above \$50 000			
Ferrier Hodgson	Professional services to administer the operations of the Basketball Association of South Australia		
	Provision of debt collecting services for industry financial assistance		
Greg Smith	Provision of fiscal strategy advisory services		
PPB	Financial Analysis of the Basketball Association of South Australia	3	370 939
<b>Total</b>		<b>23</b>	<b>514 683</b>

### Administered Items

Consultant	Purpose of Consultancy	Number	Total \$
Value below \$10 000			
		2	4 500
Value \$10 000 - \$50 000			
Big Picture Solutions	Provision of media support to the Leader of the Opposition	1	18 181
<b>Total</b>		<b>3</b>	<b>22 681</b>

## **Appendix 8—Freedom of Information Statement**

Freedom of Information Act 1991  
(FOI Agency G298)

### **Introduction**

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

### **Section 1 - Structure and Functions**

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

### **Section 2 - How the Agency’s Functions affect Members of the Public**

The department’s functions affect the public through its support of the development and implementation of the Government’s budget strategy, the provision of whole of government financial management support services, policy advice and infrastructure reform and direct service delivery in areas such as state taxation and the administration of superannuation schemes.

### **Section 3 - Arrangements for Public Participation in Policy Formulation**

The public are able to participate in policy development in a number of ways including through community consultation, membership of government boards and committees and consultation with representatives of interest groups on particular policy issues.

### **Section 4 - Description of the Kinds of Documents held by Treasury and Finance**

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

- (a) department files (known as dockets), official files containing correspondence on all aspects of the department’s operations
- (b) taxation documents including applications and returns required for the purpose of administering State Taxation legislation
- (c) accounting records including monthly and quarterly financial statements, and the Treasurer’s annual financial statements and accounts
- (d) personnel files relating to Treasury and Finance employees
- (e) superannuation files relating to the administration of member superannuation benefits
- (f) Treasurer’s Instructions<sup>(i)</sup>



(g) Treasury circulars and RevenueSA Circulars<sup>(i)</sup>

(h) publications/papers/reports

(i) actuarial files

(j) procedure manuals.

(i) Available on the Internet at [www.treasury.sa.gov.au](http://www.treasury.sa.gov.au)

## **Section 5 - Making an Application**

Applications under the FOI Act, either for access to information or to amend official records about personal affairs, must be made in accordance with the requirements of the act, details of which can be found at [www.archives.sa.gov.au](http://www.archives.sa.gov.au) or by contacting:

The Accredited FOI Officer  
Department of Treasury and Finance  
GPO Box 1045  
ADELAIDE SA 5001  
Telephone 8226 9500

## **Where to Inspect Documents**

Documents can be available for inspection at:

Level 3, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000  
Telephone 8226 9500

9.00 am to 5.00 pm Monday to Friday.

## Appendix 9—Overseas Travel 2005-06

Destination	Number of Employees	Reason for Travel	Travel Costs \$
Chicago, New York <sup>(1)</sup>	1	To attend the Conference of Major Superannuation Funds Global Dialogue	4 627
Hong Kong, Frankfurt, Berlin, London, Washington DC, New York	1	To attend the Deutsche Bank 2005 International Investment Briefing Mission	19 600
Munich, London	2	To meet with existing and potential underwriters on the renewal of the Government's reinsurance program	10 677
Canada <sup>(2)</sup>	2	To attend the World Police and Fire Games, to participate in official functions and promote the 2007 World Police and Fire Games which is due to be held in Adelaide. To also visit local police agencies to gain information and explore topical issues	1 114
Kuala Lumpur <sup>(3)</sup>	2	To attend the Malaysian Defence Services Expo	11 178
Edinburgh, London	1	To review Public Private Partnership school projects to produce an outline business case for the Major Projects and Infrastructure Committee	7 628
<b>TOTAL</b>	<b>9</b>		<b>54 824</b>

(1) Preliminary costs expensed during 2005-06 for trip taken in July 2006.

(2) This trip occurred during June – July 2005 resulting in costs being expensed in both the 2004-05 and 2005-06 financial years. Costs totalling \$27 127 were reported in the 2004-05 annual report.

(3) The above costs were paid by the Department of Treasury and Finance and fully reimbursed by the Department of Trade and Economic Development.

## Appendix 10—Revenue Collections by RevenueSA

	2003-04		2004-05		2005-06	
	Number of Taxpayers / Transactions	Amount \$	Number of Taxpayers / Transactions	Amount \$	Number of Taxpayers / Transactions	Amount \$
<b>Debits Tax</b>		59 900 770		60 063 065		5 551 926
<b>Land Tax</b>	96 256	199 781 186	167 464	274 523 092	123 820	251 706 113
<b>Payroll Tax</b>	8 108	855 730 676	8 478	894 973 755	8 596	959 680 998
<b>Stamp Duty</b>						
Adhesive Stamps		679 054		594 875		29 068
Annual Licences (Insurance)		205 942 850		221 442 790		223 767 696
Applications to Register or Transfer Motor Vehicles		138 972 121		139 431 652		133 595 475
Cheques		3 437 812		315 372		-
Conveyance of Property on Sale		585 015 020		566 566 713		619 118 274
Conveyance of Shares on Stock Exchange		36		-		-
Conveyance of Shares (Excl Stock Exchange)		16 018 895		12 635 313		7 210 979
Hospital Fund MV Third Parties		54 203 116		55 376 095		56 225 311
Insurance Effected Outside SA		8 851 154		9 206 875		7 631 466
Leases		2 453 790		294 665		28 947
Mortgages		77 917 140		76 727 587		50 195 956
Rental Business		16 146 153		14 612 388		14 989 761
Voluntary Conveyances of Property		4 745 040		5 054 600		4 532 042
Other		6 240 921		1 835 624		6 694 684
Less Refunds, Commissions etc		-		-		-
<b>Total Stamp Duty</b>		1 120 623 102		1 104 094 549		1 124 019 659
<b>Contribution from small lotteries</b>	7 755	1 064 272	2 506	594 712	-	-
<b>Mirror Taxes</b>						
Debits Tax		413 781		414 905		38 578
Land Tax		704 991		808 406		754 385
Payroll Tax		14 974 329		15 660 486		16 788 547
Conveyance of Property on Sale		755 248		285 752		263 252
Leases		228 957		27 479		2 699
Rental Business		415 703		376 214		385 930
<b>Total Mirror Taxes</b>		17 493 009		17 573 242		18 233 391

	2003-04		2004-05		2005-06	
	Number of Taxpayers / Transactions	Amount \$	Number of Taxpayers / Transactions	Amount \$	Number of Taxpayers / Transactions	Amount \$
<b>Emergency Services Levy (Fixed Property)</b>						
ESL Payments		57 392 124		64 342 157		69 093 502
Remission & Concession		70 316 753		68 729 070		68 411 519
<b>Total ESL</b>		127 708 877		133 071 227		137 505 022
<b>Total RevenueSA Collections</b>		2 382 301 892		2 484 893 642		2 496 697 109

## Appendix 11—Energy Efficiency Report

Performance Against Annual Energy Use Targets			
	Energy Use (GJ)*	Expenditure (\$)	GHG Emissions (Tonnes CO2)*
* Calculated on the following assumptions:			
<ul style="list-style-type: none"> <li>▪ CO2 Intensity 1.007 kg per kWh</li> <li>▪ 3.6 megajoule(MJ) per kWh.</li> <li>▪ 1000 MJ per GJ</li> </ul>			
Base Year 2000-01			
DTF	5 767	217 751	
Electorate Offices	2 110	87 605	
Portfolio Total	7 877	305 357	2 203
Report Year 2004-05			
DTF	5 010	221 406	
Electorate Offices	2 047	96 899	
Portfolio Total	7 057	318 305	1 974
Report Year 2005-06			
DTF	4 922	214 241	
Electorate Offices	2 096	109 789	
Portfolio Total	7 019	324 030	1 963
Portfolio Target 2005-06 <sup>#</sup>	7 168		
Portfolio Target 2009-10 <sup>^</sup>	6 538		
Final Portfolio Target 2013-14 <sup>-</sup>	5 908		
<sup>#</sup> Based on a 9 % reduction from the base year <sup>^</sup> Based on a 17 % reduction from the base year <sup>-</sup> Based on a 25 % reduction from the base year			

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

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

The departmental energy use is approximately 0.3% of the total energy use of the Government in South Australia. Fluctuations in energy use are likely on a year to year basis as individual branches expand or reduce their office requirements.

### Energy Management Activities

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

- Participating in the cross government Energy Efficiency Group
- Developed a Greening of Government Operations Implementation Plan
- Further investigating options for reducing the power consumption of computer equipment.

## For More Information

### Contact Details

Department of Treasury and Finance

State Administration Centre

200 Victoria Square

Adelaide, South Australia 5000

GPO Box 1045, Adelaide SA 5001

DX56205

Telephone            08 8226 9500

Facsimile            08 8211 7755

[www.treasury.sa.gov.au](http://www.treasury.sa.gov.au)

ISSN 1324-8375