



**Government
of South Australia**

Department of Treasury
and Finance

ANNUAL REPORT

2006-07

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UNDER TREASURER'S REPORT

The 2006-07 year was marked by a number of significant challenges for the Department of Treasury and Finance. As part of the 2006-07 State Budget the government announced a program of significant reform, including the abolition of the Department of Administrative and Information Services (DAIS) and commencement of the shared services reform. The department has been assigned a central role in supporting these reforms of the South Australian Public Sector. In addition, it is important to note that the department also supported the successful delivery of two State Budgets during the year.

The work undertaken by the department's staff in managing these challenges has been commendable and I think it is important to recognise the value of their contribution during this demanding period.

The Shared Services Reform Office was established within the department in October 2006 to support the government's commitment to shared services reform. The office has an important role to play in consolidating and improving the delivery of transaction based corporate services within the public sector. The office made significant progress during the year in the development of a strategy for reform. Shared services reform is central to the government's achievement of efficiencies across the public sector to allow further investment in the priority areas of health, education and law and order.

The abolition of DAIS was announced in October 2006 and resulted in a number of DAIS business units being incorporated into the Department of Treasury and Finance. The transferred business units formed the State Procurement and Support Operations Branch. The department has undertaken a significant amount of work on the transition of these business functions to Treasury and Finance during the year and will continue this work in 2007-08.

While the progress of these reforms has been a focus for 2006-07, the department has remained committed to its role in improving financial and policy accountability in the South Australian public sector. This has included assisting the Expenditure Review and Budget Cabinet Committee in reviewing government expenditure and developing budget strategies to support the maintenance of the AAA Credit Rating. The department has also continued its work to improve financial management and reporting across government, with particular focus on the enhancement of budget management systems and legislative reform.

The state is embarking on a major program of Public Private Partnership (PPP) projects. I am chairing the PPP Chief Executive Committee and the department has a major oversight and advisory role.

The performance of the department during the year has been particularly pleasing given the demands of government reform and the significant organisational changes that have taken place. I believe staff can take pride in what the department has achieved and I would like to take this opportunity to thank them for the ongoing support. The department will continue to face the ongoing challenge of implementing government reform and improving financial management and accountability across the public sector. I am confident we will make an important contribution to the success of these initiatives in 2007-08.



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 extensive range of knowledge and skills, including economics, finance, accounting, insurance, superannuation, administration 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 Finance and 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 of our services. 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 are 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 2006-07 year saw the Department of Treasury and Finance focus on its four main priorities:

- strengthen state finances;
- achieve performance improvements in the South Australian Public Sector;
- improve service delivery; and
- effective industry regulation.

The department's priorities support the South Australia Strategic Plan.

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

Supporting the successful delivery of two State Budgets was a significant achievement for the department in 2006-07.

The department continued to support the Expenditure Review and Budget Cabinet Committee (ERBCC) in developing budget strategies to support the maintenance of the state's AAA credit rating. Standard and Poor's and Moody's conducted their annual ratings review late in 2006 and affirmed the state's AAA credit rating.

The department also continued its work in improving financial management and accountability in government agencies, with further development and enhancement of its budget management systems during 2006-07. These enhancements are aimed at improving the quality of data available for government decision-making.

The department also continued to manage emerging issues in Commonwealth-State relations during the year. This included contributing to the Council of Australian Government's (COAG) National Reform Agenda, particularly in the area of human capital reform. The department also undertook a significant amount of work preparing state submissions to the Commonwealth Grants Commission's review of Horizontal Fiscal Equalisation methodology.

ACHIEVE PERFORMANCE IMPROVEMENTS IN SOUTH AUSTRALIAN PUBLIC SECTOR

The department played a central role in the significant government reforms announced in October 2006. Specifically, the department was charged with the responsibility of leading shared services reform across government and supporting the transition of services during the abolition process of DAIS.

The focus of the department's activities in shared service reform was the establishment of the Shared Service Reform Office, the collection of baseline data and the development of a strategy for the delivery of shared services.

The integration of a number of former DAIS business units also represented a significant body of work for the department during the year. This included the integration of financial accounting information and reviewing the operations of the transferred business units.

These government reforms are aimed at supporting the achievement of the South Australia's Strategic Plan priority of achieving performance improvements in the South Australian Public Sector.

IMPROVE SERVICE DELIVERY

The department undertook a significant amount of work in preparing a framework for a centralised funds management model for the SA Public Sector.

The department made significant progress toward procuring a system to replace the state's existing taxation revenue systems, with the RISTEC project moving into the evaluation stage of the procurement process.

The department also delivered a number of improved and expanded services to members of the state's superannuation schemes, particularly the Triple S scheme. These services included enhancements to the Triple S Scheme insurance arrangements, the introduction of services for the spouses of members and greater flexibility in the payment of member contributions.

EFFECTIVE INDUSTRY REGULATION

The branch continued to provide policy advice on industry regulation during 2006-07, including water pricing, the role of the Essential Services Commission of South Australia and economic, social and regulatory issues associated with Gambling.

Specifically this work included supporting:

legislative reform in relation to the *Essential Services Commission Act 2002*;

the completion of the Transparency Statement Water and Wastewater Prices in Metropolitan and Regional South Australia 2007-08; and

the establishment of the Responsible Gambling Working Party.

OTHER HIGHLIGHTS

Other achievements during the year included:

- finalisation of the state's first Public Private Partnership project. The regional police and courts facilities project was completed with the delivery of a new police complex for Port Lincoln in February 2007;
- continued improvements to internet based self-determined taxation system — 99 per cent of payroll tax taxpayers elected to lodge their annual reconciliation statement online; and
- implementation of initiatives that will lead to a 25 per cent reduction of red tape in the state taxation areas by 2008.

ENSURING ACCOUNTABILITY FOR PUBLIC SECTOR RESOURCES

REVENUE AND ECONOMICS BRANCH

The Revenue and Economics Branch played an important role in supporting Treasury and Finance's 2006-07 priorities of:

- strengthening State finances; and
- 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.

Commonwealth–State relations

A significant workload for the branch in 2006-07 was undertaken in the area of Commonwealth–State relations and focused on the Commonwealth Grants Commission's (CGC) 2010 review of horizontal fiscal equalisation (HFE) methods.

Review of horizontal fiscal equalisation methodology

The branch continued to participate in the CGC review of the HFE methodology in 2006-07. The review is aimed at simplifying the Commonwealth grant process consistent with HFE principles. The branch was involved in preparing State submissions to the review on the CGC's approach to aggregating assessments and specific revenue and expense assessment methods. The branch also participated in conferences and interjurisdictional meetings convened by the CGC on HFE architecture and specific assessment issues.

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; and
- 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. This included co-ordinating the State Government's input to a comprehensive paper prepared for COAG by the Australian Local Government Association concerning funding arrangements of local government in Australia. The branch also provided significant practical support to the Local Government Association's Financial Sustainability Program, which is helping councils to improve their financial governance and performance.

Gambling policy

The branch supported the introduction of the *Collections for Charitable Purposes (Miscellaneous) Amendment Bill 2007* during 2006-07. The Bill provides for increased disclosure requirements for charity collections and a number of other administrative and technical amendments. This followed an extensive consultation process with the charity sector.

The branch also supported the establishment of the Responsible Gambling Working Party during 2006-07. The Working Party, which has representatives from both industry and the community sector, will develop strategies that assist people gambling with electronic gaming machines to 'pre-commit' to spending and/or time limits.

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:

- active participation in an inter-jurisdictional payroll tax harmonisation project that aims to improve consistency in payroll tax administration. State Treasurers endorsed the recommendations from this project during the year. The recommended reforms will take effect from 1 July 2008 and were announced in the 2007-08 Budget;
- development of payroll tax relief options for inclusion in the 2007-08 Budget;
- further policy development in relation to specific taxation reforms under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*; and
- determining and implementing Emergency Services Levy (ESL) rate settings for the 2007-08 assessment year.

Economic regulation

Essential Services Commission Act 2002

The branch supported the introduction of a new regulation to the *Essential Services Commission Act 2002* (ESCOSA Act), following its 2005-06 review of the Act. The branch has also supported the development of further legislative amendments to the Act, which have been approved by Cabinet and are pending tabling in Parliament.

The branch continued its administration of provisions of the ESCOSA Act, including the implications for the Essential Services Commission of South Australia of the transfer of energy regulation responsibilities to new national energy regulators, and the reappointment of two Commissioners.

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 2007-08*.

As in previous years, the 2007-08 document outlined the government's urban water and wastewater 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 participated in an inter-jurisdictional Steering Group on Water Charging, chaired by the National Water Commission (NWC) during 2006-07. The group has been working towards the development of nationally consistent water pricing principles. To support this initiative the branch contributed to national stock takes on approaches to charging for the costs, storage and delivery of urban water. These stock takes are the basis for developing nationally consistent water pricing principles.

Other regulatory matters

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

- participating in an inter-jurisdictional group that developed nationally consistent benchmark indicators for urban water utilities as required by the National Water Initiative, resulting in the first *National Performance Report 2005-06 Major Urban Water Utilities* and the first *National Performance Report 2005-06 Non-major Urban Water Utilities* published in May 2007;
- participating in the development of the *National Performance Report 2006-07* for urban water utilities, incorporating the first comparative analysis of major and non-major urban water utilities;
- participating in the NWC National Water Initiative Biennial Assessment of Progress;
- commenting on water charging aspects of the proposed Commonwealth Water Act 2007; and
- participating in the Desalination Working Group.

Economic analysis

The branch completed 128 economic briefings during 2006-07 analysing major economic indicators as part of its ongoing role in monitoring and analysing state, national and international economic conditions and outlook. The impact of the drought on the South Australian economy was a specific focus of attention in 2006-07. The branch also provided briefings to the Treasurer and Cabinet on independent economic reports and publications.

The branch provided input to a range of emerging economic, environmental and social policy developments during 2006-07. This included the economic and fiscal impacts of the COAG National Reform Agenda, environmental issues (including emissions trading), population and housing issues and the economic and fiscal impacts of major projects.

The branch continued to manage the departmental relationship with ratings agencies as part of its role in supporting the maintenance of the State's AAA credit rating. The branch hosted three visits from ratings agencies in 2006-07. Standard & Poor's and Moody'sⁱⁱ both visited the department to conduct their respective annual rating review in October 2006. Both credit rating agencies affirmed their AAA credit rating for the state in November and December 2006, respectively. Moody's visited the State again in June 2007.

The branch also provided economic advice and data to support State Government submissions to the Industrial Relations Commission and the Australian Fair Pay Commission. This included submissions to the proceedings regarding minimum standards of remuneration and the State Wage Case.

Since 2002, the branch has provided advice on insurance policy matters. The branch continued to monitor and provide advice on trends in insurance markets, the implementation of national administration and approval arrangements for occupational liability capping schemes and ongoing advice on emerging policy issues associated with statutory classes of insurance.

The year ahead

- Providing advice on the budgetary and fiscal impacts of the proposed future expansion of the Olympic Dam mine.
- Implementing the recommendations of the review of the *Lottery and Gaming Regulations 1993*.
- Implementing amendments for increased disclosure to the *Collections for Charitable Purposes Act 1939*.
- Providing support to the Responsible Gambling Working Party.
- Continue to monitor and review revenue projections.
- Implement payroll tax harmonisation initiatives scheduled to take effect from 1 July 2008.
- Continue input to the CGC's 2010 methodology review.
- Continue to provide strategic policy advice on urban water and wastewater pricing issues, including options for increasing security of water supply.

ⁱⁱ Standard and Poor's and Moody's are international ratings agencies

FINANCE BRANCH

Finance Branch played an important role in supporting Treasury and Finance's 2006-07 priorities of:

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

Performance

The focus of the branch during 2006-07 continued to be management and improvement of the State Budget process with the purpose of maintaining the State's AAA credit rating. The branch also improved government financial management through monthly monitoring and Senior Finance Officer Forums, provided policy and costing advice to the government on a range of issues, and completed a significant project to improve budgeting for employee entitlements.

Budget

The branch's primary activity was management of the 2006-07 State Budget, delivered in September 2006 and the 2007-08 State Budget, delivered in June 2007.

The branch continued to provide financial and economic advice to assist the government to carry out its fiscal strategy and achieve South Australia's Strategic Plan targets, including:

- maintaining the AAA rating from Standard and Poors and Moody's;
- allocation of Future ICT contract savings across government and obtaining Cabinet's approval of the allocations;
- finalising budget adjustments for recipient agencies associated with the transfer of functions from the former DAIS. \$12 million of centrally held savings associated with structural changes to government were allocated to those agencies receiving the functions formerly undertaken by DAIS and the former Office of Public Employment; and
- continued refinements to the State Budget process were made during 2006-07, with improvements in the quality of agency forward estimates achieved through the introduction of improved processes and critical analysis of information submitted by agencies including on expenditure and fees and charges.

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

- completion of a substantial body of work to improve budgeting for employee entitlements and workers compensation and to clarify use of the accrual appropriation excess funds account;

- improvements to the quality and presentation of information relating to budget bids;
- development of fiscal modelling tools to assess the longer term financial implications of budget decisions; and
- improvements to the accuracy and timeliness of financial information and the quality of briefing materials provided to Ministers, Expenditure Review and Budget Cabinet Committee (ERBCC) and Cabinet.

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.

Full Time Equivalent (FTE) monitoring arrangements were introduced across government during 2006-07. The branch also assisted in the establishment of FTE caps for agencies (consistent with agency budgets) and timely collection of actual FTE data. These measures will provide robust FTE information that will enable agencies to more closely monitor staff numbers, improve knowledge of FTE movements in the workforce and assist in identifying expenditure trends.

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 Public Sector workgroups. Enterprise agreements were finalised for the wages parity salaried and weekly paid groups, which covers approximately 45 per cent of the government workforce.

The branch continued its focus on improving financial management within the Department of Health and the Families and Communities Portfolio in 2006-07.

In partnership with the Department of Health, the branch helped construct and review financial models on the operating and investing expenditure associated with the health reform initiatives outlined in the 2007-08 budget.

The branch supported the inter departmental committee responsible for developing the proposal for the Marjorie Jackson-Nelson Hospital.

Finance Branch developed a model to address financial viability issues facing South Australian Housing Trust (SAHT).

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

Other support initiatives undertaken by the branch in 2006-07 included:

- reissuing Treasurer's Instruction 17 and the Guidelines for the Evaluation of Public Sector Initiatives in response to recommendations from the Economic Development Board;
- introducing of a new carryover policy to ensure the carryover rules are well understood and that agencies are able to utilise available funding to achieve the desired outcomes over an appropriate timeframe; and
- representing the department on range of government committees including the Government Office Accommodation Committee, State Emergency Management Committee, the National Disaster Relief and Recovery Arrangements Stakeholder Committee, the State Recovery Committee and the State Mitigation Advisory Group.

The year ahead

- Production of the 2008-09 State Budget.
- Continued improvement of the annual state budget process to ensure outcomes are consistent with government priorities and delivery of budget strategies consistent with maintaining the government's AAA credit rating.
- Continued development of fiscal modelling tools to assess the longer term financial implications of budget decisions.
- Implementation of the new carryover policy for incorporation into the year end carryover process.
- Working with the Department of the Premier and Cabinet to improve budget performance information, including links to strategic plans.
- Implementation of new FTE monitoring requirements.
- Implementation of a new horizon year process to improve the quality of the base forward estimates and the associated record keeping.
- 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.

GOVERNMENT ACCOUNTING AND REPORTING BRANCH

The Government Accounting and Reporting (GAR) Branch played a direct role in supporting Treasury and Finance's 2006-07 priorities of:

- improving the budget and financial management process; and
- strengthening state finances.

GAR indirectly contributed to the priorities of achieving performance improvement and improving service delivery in the SA Public Sector.

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 and over the counter revenue collection contracts and the recruitment and development of accounting and finance graduates into the public sector.

Performance

The branch undertook a range of activities during the year aimed at improving government budget and financial management processes. Specifically, the branch achieved improvements to its budget management systems, supported the renewal of the state's banking arrangements and directly supported legislative reform to improve government financial management.

Improving the budget and financial management process

The branch continued the development and enhancement of its budget management systems during 2006-07. This work is aimed at supporting budgetary control and accountability in agencies, and producing high quality information to support government decision-making and the parliamentary appropriation process.

The major consolidated reporting obligations undertaken by the branch during 2006-07 included:

- 2006-07 Budget (September 2006);
- 2007-08 Budget (June 2007);
- Final Budget Outcome 2005-06;
- AAS 31 Consolidated Financial Statements 2005-06; and
- Mid-year Budget Review 2006-07.

The branch focused on data quality and process improvements to support the improved timeliness of annual actual consolidations. The branch is aiming to achieve improved timeliness in the production of the 2006-07 consolidated financial statements, and will finalise arrangements for quarterly monitoring of consolidated financial reports for the general government sector in 2007-08.

The branch also plays an important role in supporting the development of financial management within government agencies. In particular, it provides information and training on a wide range of issues concerning financial management practice. Specific activities undertaken during 2006-07 included:

- hosting two government Accounting Information Forums for accountants from across government during the year. The forums provided comprehensive technical updates on financial management practices. These included changes to accounting standards, revisions to Treasurer's Instructions and other contemporary accounting and financial management issues. Approximately 337 government accounting officers attended the forums;
- convening three taxation information sessions in relation to specific taxation matters with a total of 246 officers attending these sessions; and
- publishing four Government On Target (GOT) bulletins during the year. These bulletins are available to all South Australian public sector accounting staff, and provide important updates on a range of matters relating to financial management and governance.

In addition to the financial management help desk service GAR provides to agencies, Treasury executives contribute to Finance, Audit and financial management improvement committees in a number of public authorities.

The branch completed its review of the Financial Management Framework (FMF) in 2006-07 resulting in the release of new Treasurer's Instructions to replace the mandatory components of the FMF. Further work will be undertaken in 2007-08 to roll out these new aspects to agencies before their effective date of 1 July 2008.

The branch completed a detailed review of the three contracts forming the basis of the government's banking arrangements. The review recommended the extension of two of the contracts (transactional banking and purchase card) beyond the current expiry date of February 2008 and that the merchant card contract be put to tender. Cabinet endorsed the renewal of the two contracts and arrangements were finalised during the year. The tender process for merchant services is expected to be completed in late 2007.

The branch continued its role in supporting the use of common financial management software across government. This work included the provision of help desk and mainframe support for financial management systems to government agencies. The branch also managed the transition of all mainframe financial system users to new mainframe arrangements as part of the Future ICT initiative during 2006-07.

The branch assisted the government with financial management legislative reform through the passing of the *Public Finance and Audit (Refund and Recovery of Small Amounts) Amendment Act 2007* and the introduction of the *Public Finance and Audit (Certification of Financial Statements) Amendment Bill 2007*. These reforms are aimed at improving processes for dealing with minor under and over payments of statutory fees and with improved accountability in relation to the provision of public sector financial reporting respectively.

Strengthening State finances

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.

This advice was considered by ratings agencies as part of their annual ratings processes. This contributed to the maintenance of South Australia's AAA Credit Rating during the year.

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 2006-07, 24 graduates participated in the program with 12 training sessions provided.

In preparation for the 2008 graduate intake, branch representatives attended career sessions and spoke at career expos coordinated by the Universities and industry bodies, to promote the program. It is expected that approximately 20 graduates will be offered employment in 2008 as part of the program.

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.
- Finalising procurement options for merchant services as part of the review of government banking services.
- Completing a post implementation review of the panel arrangements for over the counter revenue collection.

POLICY ANALYSIS BRANCH

The Policy Analysis Branch played an important role in supporting Treasury and Finance's 2006-07 priorities of:

- achieving performance improvements in the South Australian public sector; and
- strengthening State finances including maintaining the AAA credit rating.

The Policy Analysis Branch provides strategic analysis and advice on policy issues that impact on government service provision, particularly longer term social policy issues in the areas of health, education, justice and community services.

Performance

The provision of policy advice to the Treasurer in the social policy areas of health, education, housing, justice and community services was the focus of the branch's activities during 2006-07.

Policy advice

The branch provided advice on a range of issues related to the health and community services sector including:

- health system service improvements;
- mental health services;
- hospital activity;
- child protection;
- disability services; and
- Commonwealth-State agreements on health care and disability services.

The branch also undertook analysis of policy in relation to education services, including proposals to improve school retention, enrolments forecasts and the vocational educational and training system.

The branch continued to provide policy analysis in the area of justice. This specifically involved analysis related to court services and fines payment.

The branch also examined a range of issues related to the transfer of administration and information services within government as a result of the process to abolish DAIS.

Human capital — National Reform Agenda

The Policy Analysis Branch represented the department on the Human Capital Working Group and sub-groups that form part of the National Reform Agenda of the Council of Australian Governments (COAG). The aim of the Human Capital reform agenda is to increase productivity and workforce participation. The branch provided advice on data needed to support measurement of progress against Human Capital outcomes agreed by

COAG, contributed input to Productivity Commission modelling of the Human Capital elements of the National Reform Agenda, and contributed to discussion of potential improvements to the Australian Health Care Agreement.

The branch conducted research and analysed policy issues related to Human Capital including identifying the likely costs, benefits, and implications of proposals being put forward by other jurisdictions, and the compatibility of those proposals with existing state plans and current expenditure. In particular, the branch provided advice to agencies on South Australia's plans for action in the Human Capital priority areas of type 2 diabetes, early childhood and learning, and literacy and numeracy.

Performance measurement and evaluation

Policy Analysis Branch provided advice on proposals to support the revision of South Australia's Strategic Plan (SASP), including suitability of targets and proposed measures of achievement.

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 and the human capital reform agenda.

PROJECTS AND GOVERNMENT ENTERPRISES BRANCH

The Projects and Government Enterprises Branch (PGE) played an important role in supporting the Treasury and Finance 2006-07 priority of:

- achieving performance improvements in the South Australian public sector.

The Projects and Government Enterprises Branch facilitates private sector participation in infrastructure development under the Government's Partnerships SA policy. The Branch also provides advice to agencies on major capital investment proposals.

PGE operates as a consultative body to agencies seeking to engage with the private sector in developing infrastructure and delivering public services to the community. In particular, the branch provides an oversight function to ensure that projects conform to the policy guidelines on Public Private Partnership (PPP) procurement.

The Branch also ensures that the financial performance of major Government business enterprises such as SA Water, ForestrySA and SA Lotteries, amongst others, continues to meet the government's expectations

Performance

The key priority for the branch in 2006-07 was to improve the budget and financial management processes of government by:

- ensuring that the schools, prisons and youth detention centre projects conform to the guidelines and procurement processes as specified in the *Partnerships SA* guidelines;
- 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; and
- identifying options for the improvement of financial management practices within other government agencies.

The branch continues to develop a quality assurance process for investment business cases and to provide an advisory service to agencies developing infrastructure projects.

Public Private Partnership projects

A major milestone for the branch during 2006-07 was supporting the finalisation of South Australia's first PPP initiative. The successful completion of the regional police and court facilities project was achieved with hand over of the new police complex for Port Lincoln in February 2007.

As part of the 2006-07 Budget, the government committed to a range of large PPP projects including the procurement of new schools, prisons and a youth detention centre. The branch played a central role in supporting these projects in 2006-07, providing oversight and coordination of the initial project development, including the appointment of advisors and the establishment of project governance arrangements.

Government Business Enterprises

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. PGE ensured the requirements of the Government's Ownership Framework for Public Non-Financial Corporations (PNFCs) were met by SA Water and Forestry SA and is implementing the Ownership Framework across the public non-financial corporations.

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.

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 conjunction with the Department of Transport, Energy and Infrastructure (DTEI) and in accordance with the *State Infrastructure Plan*.

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.

Infrastructure development

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

Policy development

The branch was instrumental in establishing a new policy framework for the limitation of liability of suppliers of goods and services to government. The *Guidelines for the Limitation of Liability of Suppliers, Consultants and Contractors* was approved by the Government in May 2006 following extensive consultation with industry and relevant agencies.

The year ahead

- Progressing the implementation of the schools and prisons PPP projects through Expression of Interest and Request for Proposal stages.
- Assisting the Department of Health in developing the outline business case for the new Marjorie Jackson-Nelson hospital, including evaluation of procurement options.
- Evaluating large-scale infrastructure projects under consideration by the Major Proposals Review Committee of Cabinet.
- Monitoring the performance of Government Business Enterprises.

- Implementing the recommendations from the Review of HomeStart Finance.
- Applying the Government's Ownership Framework for Public Non-Financial Corporations to the Land Management Corporation.

FINANCIAL SERVICES PROVISION

REVENUESA

RevenueSA played an important role in supporting Treasury and Finance's 2006-07 priorities of:

- strengthening state finances; and
- improving service delivery.

RevenueSA is responsible for the management of taxation legislation, revenue collection and compliance systems that 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, rebates and subsidy schemes for the government.

Performance

During 2006-07, RevenueSA focused on effectively managing and enforcing taxation legislation, with a particular emphasis on compliance issues and identifying the best value for money solution for replacing its information technology systems.

RevenueSA collected approximately \$2.8 billion in revenue during 2006-07, as detailed in Appendix 8. The taxation revenue collected exceeded 2006-07 Budget estimates by approximately \$149 million, which is largely a consequence of the strong performance of the property market. Of particular significance is that RevenueSA collected \$53.1 million in tax due to compliance activity. It also approved and paid 10 494 First Home Owner Grant (FHOG) applications and rebated approximately \$9.9 million and \$5.1 million under the Payroll Tax Trainee and Export rebate schemes respectively.

Compliance activity

The government continues to focus resources to support compliance with the state's taxation laws, grant, rebate and subsidy schemes with risk based compliance programs conducted across the full range of taxes and schemes. Compliance activity focused on payroll tax, land tax, Emergency Services Levy and stamp duties in 2006-07. The total revenue collected from compliance enforcement activities for 2006-07 was \$53.1 million.

Fourteen additional full time equivalents (FTEs) were allocated to compliance and lodgement enforcement activities during 2006-07.

Ten of these additional FTEs were allocated to the following areas of compliance activity to address risk-assessed non-compliance, educate relevant sectors of the community and better secure State revenue:

- Payroll Tax unregistered entities;
- Stamp Duty - Insurance, Conveyance of Business;
- First Home Owner Grant; and
- Land Tax.

An increased number of staff were allocated to identifying 'land rich' transactions following the amendments to the 'stamp duty land rich' anti-avoidance provisions.

Revenue collected through Compliance and Debt Management Programs

Tax Head	Target \$000	Revenue collected \$000	Number of taxpayers investigated and completed
Payroll Tax	17 890	14 384	908
Land Tax	8 450	15 030	2 727
First Home Owners Grant	1 900	1 063	295
Stamp Duty Insurance	3 380	9 773	35
Stamp Duty Motor Vehicles	220	227	290
Stamp Duty Conveyance	10 785	9 596	778
Stamp Duty Rental Business	1 650	1 380	33
Stamp Duty Mortgages	—	280	1
Emergency Services Levy	1 600	1 019	3 882
Other (inc Petroleum, Debits & Liquidations)	225	347	127
Total	46 100	53 099	9 076

Taxation Management

During 2006-07, RevenueSA maintained its commitment to high service levels for taxpayers and their representatives, processing a large volume of transactions within tight time constraints. RevenueSA staff were engaged in a range of activities including lodgement, enforcement, compliance and dispute resolution.

Taxpayer information seminars were successfully conducted in Adelaide, Port Augusta and Port Lincoln. The sessions provided information on stamp duty, land tax and payroll tax. Attendee feedback indicated that the seminars were relevant and informative. Audit activity was also conducted in these regional areas further supporting and connecting with the local communities regarding their understanding and compliance with State revenue laws.

RevenueSA also conducted its annual taxpayer survey to obtain views from taxpayers on its performance and suggestions for further improvement. The majority of respondents to the survey rated highly RevenueSA staff courtesy, professionalism and understanding of relevant tax issues. The redesigned RevenueSA website was favourably regarded by respondents.

Internet based self-determination system — RevNet

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

The RevNet payroll tax monthly payment facility continued to be successfully marketed with over 3000 taxpayers electing to pay online. In addition, 99 per cent of payroll tax taxpayers lodged their annual reconciliation statement online.

The facility to allow new payroll taxpayers to register online was also successfully marketed with over 90 per cent of new registrations made online during 2006-07.

Development of the RevNet system continued during the year with new infrastructure being successfully deployed.

Red tape reduction

In accordance with the South Australian Government's commitment to a 25 per cent reduction of 'red tape' by 2008, RevenueSA identified and commenced implementation of initiatives approved by the Competitiveness Council, including greater flexibility to self determine and lodge documents over the internet, additional payment methods, and improvements to information accessibility.

Legislative reform

During 2006-07 RevenueSA managed legislative amendments culminating in the enactment of the Stamp Duties (Land Rich Entities) Amendment Act 2006.

Information Technology Services

RevenueSA made significant progress towards procuring a replacement information technology system during 2006-07. The RevenueSA information technology replacement project (RISTEC) entered the evaluation phase of the procurement process, with the majority of evaluation activities completed. This work involved the consideration and detailed assessment of highly complex proposals received in response to an open market request for proposals.

The year ahead

- Complete the procurement phase of RISTEC and commence the implementation phase with the successful supplier.
- Continue targeted compliance programs (\$53.1m collected per annum).
- Implement payroll tax harmonisation reforms.
- Continue to provide taxpayer education through information seminars in both regional and metropolitan areas.
- Implement red tape reduction initiatives approved by Competitiveness Council and Cabinet.
- Implement further anti avoidance legislation including land tax aggregation measures and stamp duty trust provisions.

SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY

The South Australian Government Financing Authority (SAFA) is a statutory authority constituted under the *Government Financing Authority Act 1982* (GFA Act) and resourced by Treasury and Finance staff.

SAFA played an important role in supporting Treasury and Finance's 2006-07 priorities of:

- strengthening state finances; and
- improving service delivery.

SAFA functions as the central financing authority for, and captive insurer of, the State of South Australia, its businesses and agencies, and plays an integral role in the overall management of the State's finances and risks. SAFA harnesses economies of scale and relevant expertise in wholesale financial markets and insurance markets. The Treasurer of South Australia guarantees SAFA's borrowings and general financial obligations.

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

On 1 July 2006, the *Government Financing Authority (Insurance) Amendment Act 2006* came into operation to amend SAFA's enabling legislation, the *Government Financing Authority Act*. The Amendment Act was introduced to incorporate the functions of the former South Australian Government Captive Insurance Corporation (SAICORP) into SAFA.

SAICORP was officially dissolved through The *Public Corporations (Dissolution of South Australian Government Captive Insurance Corporation) Regulations 2006* on 1 July 2006, and its assets, rights and liabilities transferred to SAFA. The insurance function within SAFA operates under the brand name of 'SAICORP'.

SAFA through SAICORP is South Australia's primary face to the domestic and international insurance markets for providing whole-of-government catastrophe reinsurance, and providing insurance cover, risk management advice and assistance to government agencies.

SAFA is also responsible for corporate governance, transaction management and support services for the leased electricity entities and for administration on behalf of the Treasurer of contracts associated with a number of industry assistance schemes.

Full details of SAFA's operations can be found in its annual report for 2006-07.

Performance

SAFA's major activities for the year focussed on achieving the key priorities contained in its Business Plan for 2006-07, 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.

Major achievements

The major achievements of SAFA over 2006-07 included:

- successfully integrating SAICORP's insurance activities into SAFA's operations;
- preparing the framework, including legislation, for a centralised funds management model for the South Australian public sector for consideration by government;
- implementing the government's commitment to the South Australian Private Equity Program;
- meeting the debt funding requirements of the government, facilitated in part by the issue of a new Select Line stock maturing in May 2013 to replace the maturing October 2007 Select Line;
- progressing the wind down of the Industry Investment Attraction Fund and the Rail Reform Transition Program and recovering in excess of \$10 million of debt over 2006-07 bringing the total recoveries to over \$14 million since the industry assistance portfolio was transferred to the Treasurer on 1 July 2005;
- continuing to manage the Structural Adjustment Fund for South Australia and the Strategic Industry Support Fund on behalf of the Treasurer; and
- assisting in the restructure of the Basketball Association of South Australia resulting in the sale of the licences of the Adelaide 36ers and Adelaide Quit Lightning, the sale of the Distinctive Homes Dome and the creation of a new entity, Basketball SA, which is responsible for managing 'grass roots' basketball in the State.

The year ahead

- Facilitate the government's funding, insurance and risk management requirements.
- Facilitate the government's debt and asset management objectives.
- Facilitate SAFA's lending, investment, advisory and treasury administration support services.
- Ensure the effective monitoring and management of contracts associated with the leased electricity entities.
- Take on administration of further 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 2006-07 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. Further, on 1 July 2006, Super SA took over administration of the SA Ambulance Superannuation Scheme with the South Australia Superannuation Board acting as trustee.

Full details of Super SA's operations can be found in its board's annual report for 2006-07.

Performance

Super SA continued to improve its service to government superannuation fund members in 2006-07. It further 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. Super SA also opened a state-of-the art member centre at its new premises on Pirie Street. Throughout the year Super SA has been preparing for the introduction of the Commonwealth Government's 'Better Super' superannuation reform, which was to be effective from 1 July 2007.

Superannuation Awareness

Super SA undertook extensive member research during the year, which has provided comprehensive information about the membership of its Schemes. This included information in relation to member satisfaction with Super SA's products and services. The research found that more than 80 per cent of members are satisfied with Super SA.

Super SA's Information Team visited a total of 1016 worksites and ran 135 scheduled seminars during 2006-07. This means Super SA was able to reach 18 per cent of its total active membership with these services, compared to 14 per cent last year.

Super SA also developed E-newsletters for Triple S Members, one specifically for female members and one tailored to Human Resources and Payroll staff. These publications contributed to a significant increase in visits to the Super SA website.

The new Super SA website went live in September 2006 and now provides a number of on-line calculators to assist members in determining the best options for them in relation to their superannuation.

Triple S Scheme

Super SA began a significant body of work in 2006-07 to expand the benefits of the Triple S Scheme. The measures to achieve this include:

- enhancements to the Triple S Scheme invalidity and death insurance arrangements;
- allowing a spouse to take out death insurance cover, and members who invest in a 'post retirement' investment product to have access to insurance; and
- introduction of Spouse Accounts and Contribution Splitting and, to compliment this, a new BPAY system was implemented, allowing for the acceptance of Spouse contributions via BPAY into Triple S and the Flexible Rollover Product.

Financial planning

Super SA continues to offer members a broad 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 is also working to expand the in-house provision of general financial product advice to Super SA members.

The table below illustrates the membership across each of the State Schemes.

Membership across government schemes

Scheme	Contributory Members	Non-Contributory Members	Preserved	Super annuants	Flexible Rollover Product	Allocated Pension	Total
Triple S Scheme (open)	29 241	70 180	55 710	^(a)	799	248	156 178
Pension Scheme (closed)	4 098	n.a.	1 471	14 940	—	—	20 509
Lump Sum Scheme (closed)	6 588	n.a.	2 210	n.a.	—	—	8 798
Parliamentary Superannuation Scheme	69	^(b)	4	107	—	—	180
Judges Pension Scheme	n.a.	44	—	54	—	—	98
Governor's Pension Scheme	n.a.	1	—	2	—	—	3
SA Ambulance Scheme	1 017	62	13	n.a.	—	—	1 092
Total	41 013	70 287	59 408	15 103	799	248	186 858

(a) These schemes are accumulation schemes and provide lump sums on retirement not pensions.

(b) All members of Parliament must contribute.

Legislative changes

Southern State Superannuation (Insurance, Spouse Accounts and Other Measures) Amendment Act 2006

The *Southern State Superannuation (Insurance, Spouse Accounts and Other Measures) Act 2006* was enacted by the Parliament in December 2006. The Act provided for enhancements to the Triple S invalidity and death insurance arrangements. The Act further provided for spouses of members to have their own superannuation account in the Triple S Scheme and to be able to access post retirement investment products. The Act also provided for members to split or share their contributions with their spouse in line with the principles introduced for the superannuation industry by the Commonwealth Government.

Finally, the Act provided for a spouse to take out death insurance cover, and members who invest in a 'post retirement' investment product to have access to insurance cover through the Triple S insurance arrangement.

The year ahead

- Implementing the Commonwealth Government's 'Better Super' initiatives.
- Continuing the superannuation awareness and information program for members.
- Planning for the replacement of the member database over the next three years with a technology solution to support the future strategic direction of Super SA.

CORPORATE SERVICES

Corporate Services played an important role in supporting Treasury and Finance's 2006-07 priorities of:

- improving service delivery;
- managing our people; and
- 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; and
- coordination of the departmental strategic management process, including the corporate budgeting and planning cycle.

Performance

This year Corporate Services has been heavily involved with the integration into the department of several business units from DAIS. The branch also continued with a number of other significant projects to improve the department's administrative and business processes in 2006-07. This included the further consolidation of the department's IT resources, progression of the Future ICT Transition Program, and various training courses to provide DTF staff with development opportunities in key areas.

Major projects

Department for Administrative and Information Services business unit transition

October 2006 saw the transfer of Contract and Procurement Services, Fleet SA and corporate functions (not including Parliamentary Network Support Group, Injury Management Unit and Placement Services) from DAIS to the Department of Treasury and Finance. The Corporate Services branch assisted in a review of the operations of these areas and consideration of how these services could be provided going forward. Significant work was performed to integrate financial accounting information to allow consolidated monthly reporting and to incorporate these functions into DTF's financial statements from 1 January 2007.

Shared Services Reform

Corporate Services coordinated the data collection exercise for the Treasury and Finance Portfolio to provide information to the Shared Services Reform Office to assist in the implementation of shared services across government. The branch is also providing a range of support services to the office and is proactively supporting the shared services initiative.

Future ICT transition

Future ICT Transition represents a major contract management and procurement program for the state. A range of new programs have been successfully commissioned to transition

from the former IT Services and State Economic Development contract with EDS to new contract arrangements, which have been awarded across a number of suppliers. The new arrangements are expected to deliver considerable cost savings across information technology services into the future.

Some of the larger programs implemented during the current year have been to transition services related to messaging (email) to Telstra, Managed Network Services (MNS) to Dimension Data, and Distributed Computing Support Services (DCSS) to EDS. Corporate Services were involved with the establishment of whole-of-government 'panel' contracts direct with manufacturers for the supply of desktop PC, notebooks, printers and photocopiers which will leverage improved pricing structures to the state.

Publications management

Corporate Services managed the publication of the 2006-07 and 2007-08 State Budget Papers in cooperation with other relevant branches. Other publications managed included the 2006-07 Mid Year Review and the 2005-06 Annual Report.

Electorate Office security

The branch continued to implement standardised security measures, as part of the project to improve the level of physical security in South Australian Electorate Offices. This work included the development of a stringent alarm testing regime in consultation with SA Police and the continuation of the significant ongoing works program to upgrade perimeter controls for all electorate offices.

ICT Strategic Plan

During the 2006-07 year a number of key initiatives were completed in alignment with the 2004-07 ICT Strategic Plan. These included the continued consolidation and integration of ICT activities across the department, development of an alternative ICT facility to support the department's Business Continuity Plan, implementation of improved records management systems, development of a five year strategic plan for the investment of ICT infrastructure to support key business operations, implementation of improved IT asset management frameworks and transitioning a number of key ICT services to new contract arrangements under the Future ICT Transition Program.

Significant operational programs

Departmental training

The branch developed and implemented a number of training sessions on departmental wide issues.

- **Freedom of Information (FOI) Awareness** — providing staff with an introduction to the principles of FOI and the departmental process for dealing with FOI applications.
- **Procurement Awareness** — covering the key principles of public sector procurement and the Department's procedural requirements.
- **Risk Management** — providing an overview of risk management essentials as part of updating skills and knowledge in that area.

- **Performance Management Program** — as part of the process of continuous improvement in the management, performance and development of our people, Corporate Services provided two targeted training programs in 2006-07. The first program captured all new recruits to the department since the last round of performance reviews in 2005-06 and the second program provided supervisors and managers with enhanced feedback skills as part of performance review processes.
- **Maximising Feedback** — in response to the summary results of the 2006 performance reviews this training program focussed on building existing communication skills and provided additional guidance in writing and implementing development plans.

Workforce Participation/Diversity

The department supports its diverse workforce in contributing to the government's commitment of making a better future for South Australia.

- **Cultural Inclusion** — in May 2007 the DTF Cultural Inclusion and Reconciliation Framework was endorsed. The Framework provides an overarching approach to developing and sustaining a culturally inclusive workplace environment, practices and service outcomes. It presents a synthesis of strategies and actions appropriate to the Department, which will expand the cultural competence of DTF employees, provide increased employment opportunities and establish effective monitoring and reporting systems.
- **Women in Treasury (WIT)** — is the principal vehicle for identifying gender related issues and providing recommendations on appropriate initiatives. The department recognises the benefits of this forum in progressing strategies to enable changes to employment practices and profiles of women. Support of women's programs has been specifically identified within the DTF Corporate Plan.
- **Disability (Promoting Independence)** — the department's Disability Action Plan outlines the actions that the department will take to continue to ensure that its services and products are accessible to people with disabilities.

The year ahead

- Implementation of revised corporate support arrangements for functions transferred from DAIS.
- Continue to work with the Shared Services Reform Office on the implementation of shared services reform.
- Complete the remaining Future ICT transition programs, implement improved supplier and contract management processes, and implement strategies to adjust IT budgets to realise the cost savings.
- Development a new three year ICT Strategic Plan.
- Implementation of intranet redevelopment program of the department's intranet infrastructure and software.

SHARED SERVICES REFORM

The Shared Services Reform Office was established in 2006-07 following the announcement of the shared services reform initiative in the 2006-07 Budget and supports the department's 2006-07 priorities of achieving performance improvements in the South Australian public sector.

Through the delivery of more efficient transaction-based corporate services to government, the broad aims of the reform are to:

- consolidate and improve the delivery of internal administrative services by developing simpler, faster, more robust and efficient processes and systems; and
- together with Future ICT and other management reforms, lead to savings to government that can be redirected to frontline services.

The reform is being undertaken through the department and overseen by the Minister for Finance.

Performance

The Shared Services Reform Office is working through a five phased approach to shared services reform in the South Australian public sector, including information gathering, strategy development, detailed design, implement and migrate and operate and improve.

During 2006-07, the focus of the office's work has been on:

- establishing a governance and consultation framework to oversee the consultation process including the formation of a Chief Executive Shared Services Steering Committee (CESSSC);
- gathering information to support shared services reform, including a whole of government data collection exercise, liaising with other governments and relevant private organisations and extensive consultation with agencies and other stakeholder groups; and
- developing a strategy for shared services reform, including identifying and prioritising potential in-scope services.

The year ahead

- Presenting an implementation strategy to Cabinet recommending an approach to proceed with the transition of the three priority services of Accounts Payable, Payroll Services and Accounts Receivable.
- Establishing the Shared Services Organisation and commencing the transition of the three priority services and supporting infrastructure in early 2008.

STATE PROCUREMENT AND SUPPORT OPERATIONS

State Procurement and Support Operations Branch (SPSO) played an important role in supporting Treasury and Finance's 2006-07 priorities of:

- achieving performance improvements in the South Australian public sector;
- improving service delivery; and
- managing our people.

The SPSO Branch was formed to accommodate business units transferring from DAIS as it transitioned to a non-trading entity. SPSO consists of former DAIS business units of Contract Services, Fleet SA, Support Services and Corporate Services.

The branch provides a range of services to other government agencies including contract and procurement management, light vehicle fleet management and corporate transaction services.

Specifically it provides:

- a broad range of corporate business services;
- comprehensive fleet management to government for its passenger and light commercial motor vehicle fleet;
- a chauffeur service to approved members of Parliament, together with an ad hoc chauffeur service to visiting dignitaries and VIPs;
- services and advice that promote the delivery of effective and efficient procurement processes across the public sector; and
- support and advisory services to the State Procurement Board in the delivery of its key objectives under the *State Procurement Act 2004*.

Performance

The branch faced the significant challenge of maintaining services to government agencies while supporting the integration of its business functions into the department.

In addition, the branch also managed a number of improvements in fleet management and ICT services and supported significant initiatives in across-government contract and procurement management.

Major projects

Abolition of DAIS

A significant body of work for the branch during the year involved supporting the transfer of business units to other government agencies following the transition of DAIS to a non-trading entity.

The changes of trading status for DAIS involved the transfer of the business units of DAIS to four recipient agencies, the Department of the Premier and Cabinet, the Department of Treasury and Finance, the Attorney-General's Department, and the Department for Transport, Energy and Infrastructure.

The branch continued to provide corporate support services to the business units formerly of DAIS and commenced a range of activities to support the integration of those business units into receiving agencies.

In particular, changes were made to the branch's financial management and payroll systems to ensure that accurate information was available to the receiving agencies.

These changes included:

- mapping the DAIS chart of accounts to those of the receiving agencies;
- modifying statistical reports to provide information to each receiving agency rather than the single DAIS reports that existed prior to the abolition;
- developing processes to manage the integration of the budgets previously allocated to DAIS business units into receiving agencies; and
- modifying the payroll records of employees to reflect their transfer to new agencies.

The branch also collated and assessed information about the flows of services between the business units of DAIS. This included identifying the type of work undertaken and estimating the number of resources and budget involved in delivering each service component.

The assessment of service flows assisted in determining how the budget and resources for DAIS should be divided up between the receiving agencies, as well as identifying the potential scope for savings.

Accommodation Projects

A major achievement for the branch in 2006-07 was the successful relocation of Public Sector Workforce Division to new accommodation, meeting the government's office accommodation standards.

The branch also successfully managed the first stage of SafeWork SA's refurbishment at Keswick. The refurbishment addressed occupational health and safety requirements and resulted in improved business operations.

The branch worked collaboratively with SafeWork SA's Mount Gambier office to significantly refurbish existing accommodation, improving the office's service delivery and business operations.

These accommodation projects were undertaken by Corporate Administration under the 'business as usual' arrangements that remain in place.

E-Financials (DAIS)

Significant enhancements were made to the branch's financial management reporting system, E-Financials. These included improvements to the system's reporting functionality, with users now able to choose from a variety of formats when viewing financial reports.

Upgrade for SA Tenders & Contracts Website

The branch commenced a project to upgrade the technology behind the SA Tenders and Contracts Website. The site advertises tender opportunities for both the SA Government and Local Government. The upgrade will include an update of computer hardware and will bring the website's software into line with current software standards. This project will provide improved stability and support for the website and is expected to be completed in 2007-08.

ICT Support Projects

The branch undertook a number of significant ICT support projects during 2006-07, including the:

- implementation of an Online Driver Licensing solution in the Service SA centres for Department of Transport, Energy and Infrastructure (DTEI);
- implementation of the Building Project and Information Management System (BPIMS) for Building Management and Asset Services Division DTEI; and
- delivery of a new application for the Land Services Group in DTEI called LTO Forms Online. LTO Forms Online is a web based application that provides conveyancers and the public with a simple and efficient method of producing Real Property Act documents.

Small Authorities Project

Contract Services completed a project to identify all small South Australian Government authorities to ensure they had established procurement authorities. This involved establishing procurement authorities where needed through the use of a combination of direct authority from the State Procurement Board and the development of over-arching arrangements with portfolio agencies.

Fleet SA Environmental Projects

Fleet SA continued to support the achievement of the government's target of ensuring 50 per cent of the State's vehicle fleet are using environmentally friendly fuels by 2010. Currently 28 per cent of vehicles are now using environmentally friendly fuels.

Fleet SA introduced specific environmental content to the Government Driver Training and Education program. The training now stresses the importance of environmentally friendly driving in reducing accidents and wear and tear, improving fuel economy and reducing greenhouse gas emissions.

Fleet SA continues to support the partnership between Mitsubishi Motors Australia Ltd and the Australian Carbon Biosequestration Initiative to provide 'carbon free' cars to the SA Government, the partnership has seen in excess of 10 000 tonnes of Carbon Dioxide (CO²) gas offset.

Fleet Data Extraction and Reporting Tools

Fleet SA introduced new data extraction reporting tools to improve reporting on the State's light vehicle fleet. The new reporting tools have resulted in improved reporting accuracy, greater flexibility in the format of reports and significant efficiencies in overall fleet management.

Other significant benefits from the improved system include:

- automatic email generation following receipt of online vehicle requests. Total emails to client Fleet Coordinators for vehicle orders is now over 3500; and
- automatic email generation to motor vehicle dealers. Emails sent via this process are over 1250.

Significant operational programs

Occupational Health, Safety and Welfare (OHS&W)

Support Operations coordinated a number of OHS&W initiatives during the year to improve staff wellbeing including:

- continuing to provide the Employee Assistance Program (EAP), through Davidson Trahaire Corpsych to the former DAIS employees;
- continuing to provide the Health and Lifestyle Program to former DAIS employees, which involved:
 - coordinating health checks for regional employees;
 - sponsoring onsite influenza vaccinations to former DAIS employees in DTF and DTEI;
 - launching Healthy Workplace Week, which involved the coordination of a Health and Lifestyle Expo and a range of workshops promoting a healthier lifestyle; and
- completing the OHS&W internal audit program for DAIS to ensure compliance with WorkCover performance standards and government's safe work strategies.

Human Resource Development Programs

A range of strategic training and development initiatives continued to be provided across the formerly DAIS business units including:

- coordinating the graduate and trainee recruitment and development programs;
- developing and implementing the Aboriginal Employment Strategy for DTF and DTEI; and
- developing a DTEI Training and Development Framework.

Security Review

In consultation with tenants of Wakefield House and Victoria Place, the branch formally reviewed the security arrangements of the two buildings in 2006-07. Specifically, the review:

- confirmed existing security arrangements for Wakefield House and Victoria Place;
- identified current tenants and categorised them by agency/floor; and
- identified tenants' security requirements with a view to implementing appropriate measures to meet realigned organisational arrangements.

ICT Infrastructure Strategy

The branch implemented its ICT Infrastructure Strategy during the year to provide improved business continuity for the business units that were formerly DAIS, and its clients. Specific activities included the implementation of a Storage Area Network (SAN), and the upgrade of infrastructure and network performance in 10 regional sites.

Fleet SA Fuel Site Upgrades

Fleet SA undertook work during the year to upgrade the pump management system of its fuel sites. The current pump management system is obsolete and not supported by any of the suppliers on the Across Government Fuel Contract. Under the upgraded system, Fleet SA fuel sites will be controlled and managed remotely from one location at Netley.

Fleet Management System Enhancements

During the year, Fleet SA moved from its contract with single provider for the retail provision of fuel to a multiple vendor panel. This change necessitated significant changes within the fleet management system. The multi-vendor fuel card option introduced as a result of the changes has greatly increased the coverage of retail fuel sites available to government drivers.

Whole of Government Programs

Across Government Contract Portfolio Expansion

The State Procurement Board's strategic plan identified the expansion of the portfolio of across government contracts as a key strategy contributing to improved efficiency and reduced red tape in the public sector. The branch undertook a significant body of work to support this project including:

- undertaking data reviews;
- identifying contract opportunities and developing acquisition strategies for potential new across government contracts; and
- commencing acquisition processes for across government contracts including Audit and Related Services, Printing Services, and House and Office Removal Services contracts.

The year ahead

- Supporting the further integration of SPSO business units into the department.
- Establishing government contracts for audit, printing, and removal services.
- Developing a procurement performance measurement framework to assist agencies to collect, analyse and report procurement information.
- Supporting the State Procurement Board in developing a government procurement workforce plan.
- Working towards an indicative target of 35 per cent of government vehicle fleet on environmentally friendly fuels by 30 June 2007.
- Improve customer information, access and reporting in relation to short-term hire, annual vehicle management report information and fleet management information.

OUR PEOPLE

EMPLOYEE NUMBERS, GENDER AND STATUS

Employee numbers

	Persons	FTEs
Total number of employees as at 30 June 2007	1 075	1 024.71
Female %	46.26	44.12
Male %	53.77	55.88

Recruitment and separations during 2006-07

	Persons
Number of employees recruited to agency	145
Number of employees separated from agency	141

Leave without pay

	Persons
Number of persons on leave without pay as at 30 June 2007	30

Number of employees by salary bracket (as at 30 June 2007)

	Male	Female	Total
\$0 – \$43 999	120	153	273
\$44 000 – \$56 999	124	165	289
\$57 000 – \$72 999	156	102	258
\$73 000 – \$91 999	140	65	205
\$92 000 +	38	12	50
Total	578	497	1075

Employee status by FTE (as at 30 June 2007)

	Ongoing	Short term contract	Long term contract	Casual	Total
Female	383.29	52.8	14.9	1.14	452.13
Male	483.83	31	55	2.75	572.58
Total	867.12	83.8	69.9	3.89	1024.71

Employee status by number of persons (as at 30 June 2007)

	Ongoing	Short term contract	Long term contract	Casual	Total
Female	424	54	15	4	497
Male	486	31	55	6	578
Total	910	85	70	10	1075

Number of Executives by status in current position, gender and classification (as at 30 June 2007)

Classification	Ongoing		Contract tenured		Contract untenured		Total		
	F	M	F	M	F	M	F	M	Total
EXEOA	—	—	1	9	10	13	11	22	33
EXECOB	—	—	—	2	—	7	—	9	9
EXECOC	—	—	1	1	—	6	1	7	8
EXECOD	—	—	—	1	—	1	—	2	2
EXECOF	—	—	—	—	—	1	—	1	1

Leave management (not including recreational leave)

	2003–04	2004–05	2005–06	2006–07
Average number of sick leave days taken per FTE	6.6	7.6	8.4	8.1
Average number of family carer's leave days taken per FTE	0.8	0.7	0.8	0.9
Average number of Special Leave with pay days taken per FTE for individual needs and responsibilities (as outlined on page 42 of Commissioner's Standard 3.4)	1.0	0.5	0.4	0.6
Total average leave per FTE	8.4	8.8	9.6	9.6

WORKFORCE DIVERSITY

Age profile (as at 30 June 2007)

Age	Female	Male	Total	% of all employees	% of SA workforce ^(a)
15 – 19	—	1	1	0.1	6.7
20 – 24	53	28	81	7.5	10.5
25 – 29	66	51	117	10.9	10.2
30 – 34	94	75	169	15.7	9.9
35 – 39	76	90	166	15.4	11.2
40 – 44	63	64	127	11.8	11.9
45 – 49	51	80	131	12.2	12.3
50 – 54	46	81	127	11.8	11.3
55 – 59	34	73	107	10.0	8.6
60 – 64	11	29	40	3.7	5.0
65 +	3	6	9	0.9	2.4
Total	497	578	1 075	100.0	100.0

Source: Australian Bureau of Statistics Australian Demographic Statistics, Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at March 2007.

Number of indigenous employees (as at 30 June 2007)

	Female	Male	Total	% of agency employees	Strategic benchmark ^(a)
Aboriginal/Torres Strait Islander	6	7	13	1.21	2%

(a) as per South Australia's Strategic Plan

Cultural and linguistic diversity (as at 30 June 2007)

	Female	Male	Total	% of agency employees	SA Community ^(a)
Number of employees born overseas	56	67	123	11.44	20.3%
Number of employees who speak language(s) other than English at home	23	30	53	4.93	15.5%

(b) Benchmarks from Australian Bureau of Statistics — Publication Basic Community Profile (SA) Cat No. 2001.0

Disability

	Female	Male	Total
Number of employees with ongoing disabilities requiring workplace adaptation	7	9	16

Number of employees using voluntary flexible working arrangements

	Female	Male	Total
Purchased Leave	9	13	22
Flexitime	447	464	911
Compressed Weeks	1	3	4
Part-time Job Share	21	2	23
Working from Home	3	5	8

Documented review of individual performance management^(c)

	% workforce
Employees with a plan reviewed within the past 12 months	100
Employees with a plan older than 12 months	—
Employees with no plan	—

(c) These figures do not include State Procurement and Support Operations Branch (SPSO) or other employees that have joined the department in the past 12 months. SPSO joined the department from 1 October 2006. The PMP reporting process is undertaken in July/August.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

	2004–05	2005–06	2006–07 ^(a)
1 OHS&W legislative requirements			
Number of notifiable occurrences or injuries pursuant to OHS&W Regulations Division 6.6	—	—	—
Number of notices served pursuant to OHS&W Act s35, s39 and s40	—	—	—
2 Injury Management legislative requirements			
Total number of employees who participated in a rehabilitation program	3	—	5
Total number of employees rehabilitated and reassigned to alternative duties	—	—	—
Total number of employees rehabilitated back to their original work	—	—	1
3 WorkCover Action Limits			
Number of open claims	6	7	22
Workers compensation expenditure as percentage of salaries	0.02	0.14	0.43
4 Number of injuries			
Number of new workers compensation claims	7	2	13
Number of new workers compensation claims relating to:			
Fatalities	—	—	—
Lost time injuries	2	1	3
Medical treatment only	5	1	10
Total number of whole working days lost	9	170	22.5
5 Cost of workers compensation (\$)			
Cost of new claims for financial year	6 849	173	32 227
Cost of all claims excluding lump sum payments	6 849	51 527	130 610
Amount paid for lump sum payments (s42, s43, s44)	—	—	92 214
Total cost of workers compensation claims	6 849	51 527	222 824
Total amount recovered from external sources (s54)	—	—	—
Budget allocation for workers compensation	134 000	140 000	562 133
6 Trends			
Injury frequency rate for new lost-time injury/disease for each million hours worked	1.9	0.9	1.77
Most frequent cause (mechanism) of injury	No most frequent cause	No most frequent cause	Falls, trips and slips
Most expensive cause (mechanism) of injury	Sprain/Strain	Body stressing	Body stressing

(d) The increase in this year's figures is due mainly to the inclusion of State Procurement and Support Operations from 1 October 2006.

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. This is an ongoing process and includes the provision of suitable facilities for the disabled.

As a tenant of leased accommodation, the department relies on the department for Transport, Energy and Infrastructure to conduct access audits to all existing and new tenancies.

Accessibility is audited 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 into new leases; and
- upgrading or refurbishment of facilities, including Occupational Health and Safety needs.

In addition, the department actively invites disability groups to working party meetings, seeking feedback on specific accessibility issues.

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's internet content management system provides rigid templates to ensure accessibility compliance. The department's internet site is monitored and regular upgrades ensure accessibility compliance is maintained.

Super SA and RevenueSA have continued to develop their client interface websites to ensure their information and services are accessible and inclusive for people with disabilities.

A review of the department's Disability Action Plan commenced to include an outcome area relating to the employment of people with disabilities. This in line with the target to double the number of people with disabilities employed by 2014 (South Australia's Strategic Plan target T6.22 People with disabilities).

Human Resources continue to work closely with organisations that refer people with disabilities for employment and provide the necessary support to branches.

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

Following the successful completion of disability awareness training in 2005-06 the department has committed to further training for customer service staff. Information on disability references is available and promoted via the intranet.

The results of the whole of government's 6th Progress Report — Promoting Independence Framework were promoted on the Intranet site and employees were encouraged to become familiar with the report and the department's progress in this area.

Through the department's internal disability working party, strong links have been established with key external disabilities groups, who provide information and feedback on improvements in the workplace to assist employees with disabilities.

The composition of the disability working party has expanded to include management and employee representatives from all areas of the organisation, including State Procurement and Support Operations Branch.

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

The Department has a Grievance Resolution Policy, with a focus on local resolution of complaints/grievances. This is available to all staff via the intranet.

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.

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 is framed to ensure that it meets the requirements of *Commonwealth Disability Discrimination Act 1992 and the SA Equal Opportunity Act 1984*.

Further review of the Disability Action Plan will promote continuous improvement in a range of areas including employment of people with a disability and the provision of services and that are inclusive and sensitive to the needs of people with a disability.

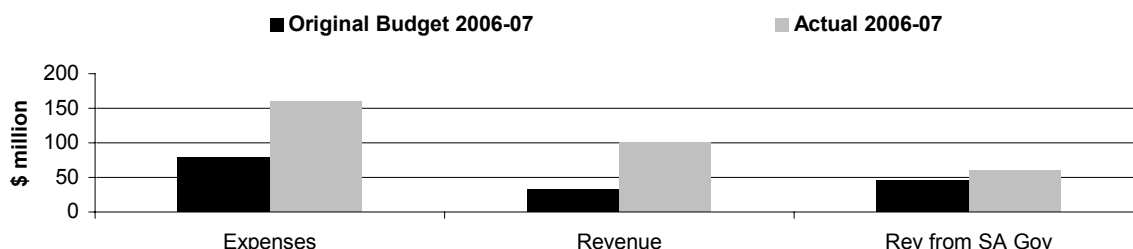
PERFORMANCE

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 2006–07, the results for 2006–07 and the results for 2005–06. The detailed Financial Statements for 2006–07 are presented later in this report.

Summary income statement

	Original Budget 2006–07 \$'000	Actual 2006–07 \$'000	Actual 2005–06 \$'000
Expenses from ordinary activities	78 688	159 997	71 585
Revenues from ordinary activities	33 062	99 997	30 263
Net cost of services for ordinary activities	(45 626)	(60 000)	(41 322)
Revenues from SA Government	45 722	60 818	39 949
Net result before restructure	96	818	(1 373)
Net revenue from administrative restructure	—	11 363	288
Net result after restructure	96	12 181	(1 085)
Income tax equivalent	—	162	—
Net result after restructuring and tax	96	12 019	(1 085)



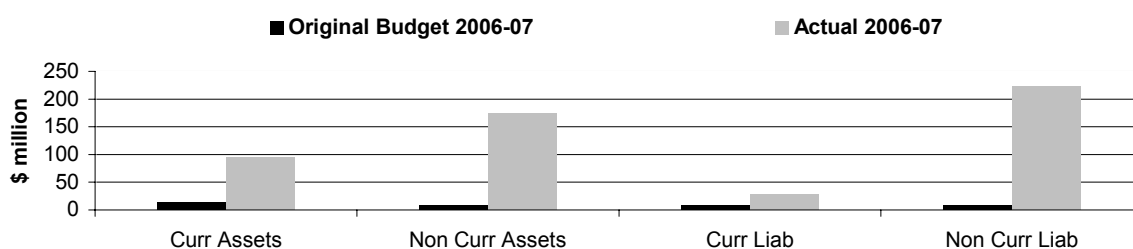
As reflected in the table, the 2006–07 Net Result After Restructuring and Tax of \$12.0 million represents a favourable variation of \$11.9 million from the original budget. This variation is summarised as follows:

- Expenses from Ordinary Activities were \$81.3 million higher than the original budget primarily due to the transfer of State Procurement and Support Operations Branch (SPSO) from DAIS to Treasury and Finance from 1 January 2007. The increase in expenditure by SPSO was partially offset by decreased employment costs attributable to staff vacancies and lower than anticipated depreciation in the other branches of DTF.
- Revenues from Ordinary Activities increased by \$66.9 million compared to budget primarily due to the transfer of SPSO from DAIS to Treasury and Finance.

- Revenues from the Government of South Australia were \$15.1 million higher than budget primarily due to the transfer of SPSO to Treasury and Finance, the formation of the Shared Services Reform Office and Enterprise Bargaining funding. This increase in appropriation was partially offset by adjustments to the timing of the Tax Revenue Management System project (RISTEC).

Summary balance sheet

	Original Budget 2006-07 \$'000	Actual 2006-07 \$'000	Actual 2005-06 \$'000
Current assets	12 937	95 184	13 071
Non current assets	8 282	173 446	8 500
Total assets	21 219	268 630	21 571
Current liabilities	8 122	27 744	5 746
Non current liabilities	8 422	222 029	8 987
Total liabilities	16 544	249 773	14 733
Net assets	4 675	18 857	6 838
Equity	4 675	18 857	6 838



Current assets were \$82.2 million more than budget due to the transfer of SPSO to Treasury and Finance and a higher than anticipated cash balance due to departmental underspend in 2006-07.

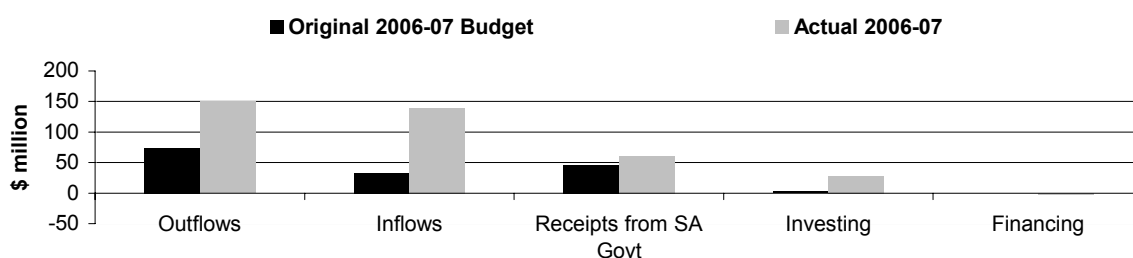
Non current assets were \$165.2 million more than budget due to the transfer of SPSO to Treasury and Finance and is primarily due to the inclusion of motor vehicles for Fleet SA.

Current liabilities were \$19.6 million more than budget due to the transfer of SPSO to Treasury and Finance and a higher than anticipated closing balance for creditors and accrued expenses.

Non current liabilities were \$213.6 million more than budget due to the transfer of SPSO to Treasury and Finance and is primarily due to borrowings for the government fleet replacement program.

Summary cash flow statement

	Original Budget 2006-07 \$'000	Actual 2006-07 \$'000	Actual 2005-06 \$'000
Cash flows from operating activities			
Cash outflows	(74 335)	(149 564)	(72 844)
Cash inflows	33 065	139 153	34 529
Cash flows from SA Government	45 722	60 712	39 949
Net cash inflows from operating activities	4 452	50 301	1 634
Cash flows from investing and financing activities			
Cash outflows	(2 821)	(57 018)	(791)
Cash inflows	—	29 020	—
Net cash outflows from investing	(2 821)	(27 998)	(791)
Cash flows from financing activities			
Cash outflows	—	(55 279)	—
Cash inflows	—	53 212	—
Net cash outflows from investing	—	(2 067)	—
Net increase/(decrease) in cash held	1 631	20 236	843
Cash at the beginning of the financial year	9 395	11 354	10 511
Cash at the end of the financial year	11 026	31 590	11 354



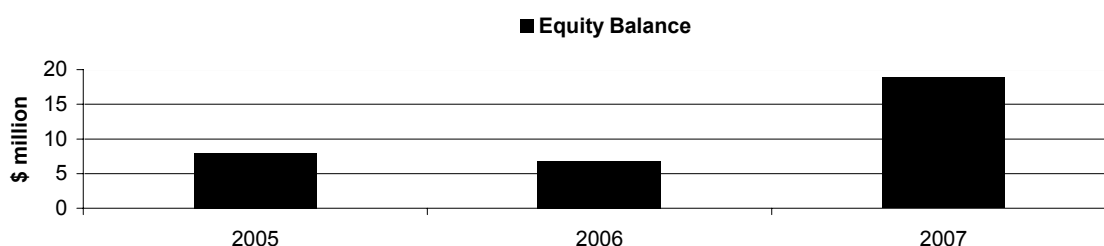
The operating activities result in the Cash Flow Statement is consistent with the details outlined for the Income Statement and the Balance Sheet.

The net cash outflows from investing activities were \$25.2 million more than budget mainly due to the transfer of SPSO to Treasury and Finance and relates to the impact of the purchase and sale of motor vehicles for the government fleet replacement program.

The net cash outflows from financing activities were \$2.1 million less than budget mainly due to the transfer of SPSO to Treasury and Finance and relates to the impact of borrowings for motor vehicles for the government fleet replacement program.

Summary statement of changes in equity

	Actual \$'000
Balance as at 30 June 2005	7 923
Balance as at 30 June 2006	6 838
Balance as at 30 June 2007	18 857



The changes in equity from year to year reflects the net result as reported in the income statement and adjustments to the balance sheet. The increase in equity of \$12.0 million from 2005–06 to 2006–07 is mainly due to net revenue from restructure for the transfer of SPSO to Treasury and Finance from 1 January 2007.

Trends

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

Key performance indicators

	2006–07 \$'000	2005–06 \$'000	2004–05 \$'000
Net Cost of Services	60 000	41 322	42 732
Revenues from Government as total Source of funding	37.82%	56.9%	59.43%
Average Employee Cost	80	78	76
Operating Expenses per Employee	203	127	130
Consultants as percentage of Operating	1.05%	0.72%	1.52%
Cash Balance	31 590	11 354	10 511
Net Assets	18 857	6 838	7 365
Increase/(Decrease) in Net Assets	12 019	(527)	(13 507)
Current Assets/Current Liabilities	3.43	2.27	1.92
% of Creditors paid within 30 days	88%	96%	94%

The Net Cost of Services increased from the previous year mainly due the transfer of SPSO from DAIS to Treasury and Finance and subsequent increase in operating expenses and revenue.

The proportion of revenue sourced from the government has decreased primarily due to higher operating revenue received by SPSO.

The average cost per employee did not change significantly from 2005-06 whilst the operating expenses per employee increased from 2005-06 as SPSO have higher operating

expenses. The consultancy costs as a percentage of operating costs increased primarily as a result of an increase in consultancy engagements for the implementation of shared services.

The increase in the cash balance and net assets is primarily due to the transfer of SPSO assets to Treasury and Finance.

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 88 per cent of all invoices for the portfolio by the due date. This number of accounts paid result is below the government benchmark of 90 per cent because of poor performance by business units transferred into Treasury and Finance during 2006-07.

Account payment performance

	Number paid	%	Amount paid \$'000	%
Paid by the due date	26 430	88	274 118	96
Paid less than 30 days after the due date	2 521	9	8 315	2
Paid more than 30 days after the due date	973	3	4 361	2
Total	29 924	100	286 794	100

Major contracts

There are six contractual arrangements with a value of over \$4 million each managed by the department.

There are three whole of government contracts for banking and related services: transaction banking services (Westpac Banking Corporation), purchase cards (ANZ) and merchant facilities (ANZ). These contracts were established on 29 November 2002 for an initial period of three years, and were extended for a further two years.

In February 2007, approval was granted to extend the transaction banking and purchase cards contracts for an additional period of two years each, with the option to extend for a further two years, which will come into effect 29 November 2007. The merchant facilities contract is currently being re-tendered.

The transactional banking services contract has an estimated value of \$12.1 million over a total of nine years. It is anticipated that the purchase cards contract will generate a rebate to government of around \$540 000 over a total of nine years (\$60 000 per annum). The merchant facilities contract has an estimated value of \$23.0 million over five 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. All three contracts are for an initial three year period with options to extend for a

further four years. The contracts have an estimated total value of \$12.0 million over a potential seven year period.

In November 2004 the department contracted with SSA Global Technology Australia Pty Ltd for a Financial Transactional Processing System. The contract is for an initial five year period with an option to extend for a further year.

The management of the contract for metropolitan crash repair network services with a panel of twenty suppliers transferred to the department following the dissolution of DAIS. The contract, which was executed in July 2006, is for an initial period of one year with an option to extend for a further three periods of one year each. The contract has an estimated total value of \$8.0 million over a total potential period of four years.

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 2007, 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
23 September 2007



Tony Brumfield
ACTING GENERAL MANAGER, CORPORATE SERVICES
21 September 2007

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$'000	2006 \$'000
EXPENSES			
Employee benefit expenses	6	63 298	43 983
Supplies and services	7	62 136	25 068
Depreciation and amortisation expense	8	22 758	2 528
Borrowing costs		6 291	—
Other expenses	9	5 514	6
Total Expenses		159 997	71 585
INCOME			
Revenues from fees and charges	11	98 289	29 119
Interest revenues	12	68	756
Net gain from disposal of assets	13	1 252	—
Other revenues	14	388	388
Total Income		99 997	30 263
NET COST OF PROVIDING SERVICES		(60 000)	(41 322)
REVENUES FROM SA GOVERNMENT	15	60 818	39 949
NET RESULT BEFORE RESTRUCTURE		818	(1 373)
Net Revenue from Administrative Restructure	29	11 363	288
NET RESULT AFTER RESTRUCTURING		12 181	(1 085)
Income tax equivalent	16	162	—
NET RESULT AFTER RESTRUCTURING AND TAX		12 019	(1 085)

THE NET RESULT AFTER RESTRUCTURING AND TAX 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 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash and cash equivalents	17	31 590	11 354
Receivables	18	16 744	1 717
Inventories	19	2 400	—
Property, plant and equipment	21	41 351	—
		<u>92 085</u>	13 071
Non-current assets classified as held for sale	20	3 099	—
Total Current Assets		<u>95 184</u>	13 071
NON-CURRENT ASSETS			
Receivables	18	136	2
Property, plant and equipment	21	167 123	1 601
Intangible assets	22	6 187	6 897
Total Non-Current Assets		<u>173 446</u>	8 500
TOTAL ASSETS		<u>268 630</u>	21 571
CURRENT LIABILITIES			
Payables	23	17 792	1 870
Borrowings	24	27	—
Employee benefits	25	7 308	3 822
Provisions	26	720	54
Other current liabilities	27	776	—
		<u>26 623</u>	5 746
Liabilities directly associated with non-current assets held for sale		1 121	—
Total Current Liabilities		<u>27 744</u>	5 746
NON-CURRENT LIABILITIES			
Payables	23	1 558	771
Borrowings	24	203 896	—
Employee benefits	25	16 242	8 069
Provisions	26	333	147
Total Non-Current Liabilities		<u>222 029</u>	8 987
TOTAL LIABILITIES		<u>249 773</u>	14 733
NET ASSETS		<u>18 857</u>	6 838
EQUITY			
Asset revaluation reserve	28	108	108
Retained earnings	28	18 749	6 730
TOTAL EQUITY		<u>18 857</u>	6 838
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			
Commitments	30		
Contingent Assets and Liabilities	31		

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Note	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2005		108	7 257	7 365
Changes in accounting policy		—	558	558
Restated balance at 30 June 2005		108	7 815	7 923
Net result after restructure for 2005-06		—	(1 085)	(1 085)
Total recognised income and expenses for 2005-06		—	(1 085)	(1 085)
Restated balance at 30 June 2006	28	108	6 730	6 838
Net result after restructure and tax for 2006-07		—	12 019	12 019
Total recognised income and expenses for 2006-07		—	12 019	12 019
Balance at 30 June 2007	28	108	18 749	18 857

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 2007

	Note	2007 \$'000	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(61 383)	(42 869)
Supplies and services		(57 972)	(25 823)
Interest paid		(6 291)	—
GST payments on purchases		(12 544)	(2 120)
GST remitted to Australian Taxation Office		(11 374)	(2 032)
Cash used in operations		(149 564)	(72 844)
Cash Inflows			
Fees and charges		102 047	29 260
Interest received		118	761
Proceeds from restructuring activities		12 720	—
GST receipts on receivables		13 215	2 021
GST input tax credits		10 665	2 070
Other receipts		388	417
Cash generated from operations		139 153	34 529
Cash Flows from SA Government			
Receipts from SA Government		60 818	39 949
Income tax equivalent paid		(106)	—
Cash generated from SA Government		60 712	39 949
NET CASH PROVIDED BY OPERATING ACTIVITIES	33(b)	50 301	1 634
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows			
Purchase of property, plant and equipment		(56 725)	(583)
Purchase of intangible assets		(293)	(208)
Cash used in investing activities		(57 018)	(791)
Cash Inflows			
Proceeds from sale of property, plant and equipment		29 020	—
Cash generated from investing activities		29 020	—
NET CASH USED BY INVESTING ACTIVITIES		(27 998)	(791)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflows			
Repayment of Borrowings		(55 279)	—
Cash used in financing activities		(55 279)	—
Cash inflows			
Proceeds from borrowing		53 212	—
Cash generated from financing activities		53 212	—
NET CASH USED IN FINANCING ACTIVITIES		(2 067)	—
NET INCREASE IN CASH AND CASH EQUIVALENTS		20 236	843
Cash and cash equivalents at the beginning of the financial year		11 354	10 511
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	33(a)	31 590	11 354

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

PROGRAM SCHEDULE OF EXPENSES AND INCOME FOR THE YEAR ENDED 30 JUNE 2007

	Program 1		Program 2		Program 3		Program 4		Program 5		Program Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES												
Employee benefit expenses	12 386	13 435	29 796	30 330	2 858	—	18 024	—	234	218	63 298	43 983
Supplies and services	4 006	4 649	20 778	20 395	1 482	—	35 861	—	9	24	62 136	25 068
Depreciation and amortisation expense	687	719	1 765	1 809	9	—	20 296	—	1	—	22 758	2 528
Borrowing costs	—	—	—	—	—	—	6 291	—	—	—	6 291	—
Other expenses	—	2	—	4	—	—	5 514	—	—	—	5 514	6
Total Expenses	17 079	18 805	52 339	52 538	4 349	—	85 986	—	244	242	159 997	71 585
INCOME												
Revenues from fees and charges	1 086	1 610	30 461	27 508	2	—	66 740	—	—	1	98 289	29 119
Interest revenues	—	309	—	445	—	—	68	—	—	2	68	756
Net Gain from disposal of assets	—	—	—	—	—	—	1 252	—	—	—	1 252	—
Other revenues	71	112	201	276	1	—	115	—	—	—	388	388
Total Income	1 157	2 031	30 662	28 229	3	—	68 175	—	—	3	99 997	30 263
NET COST OF PROVIDING SERVICES	(15 922)	(16 774)	(21 677)	(24 309)	(4 346)	—	(17 811)	—	(244)	(239)	(60 000)	(41 322)
REVENUES FROM SA GOVERNMENT	16 299	16 837	21 586	22 873	4 450	—	18 234	—	249	239	60 818	39 949
NET RESULT BEFORE RESTRUCTURE	377	63	(91)	(1 436)	104	—	423	—	5	—	818	(1 373)

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

- (1) Accountability for Public Sector Resources
- (2) Financial Services Provision
- (3) Shared Services Reform
- (4) State Procurement and Support Operations
- (5) Gambling Policy

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

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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 also supports the government's target for improved administrative efficiency within the public sector through implementation and provision of shared services and provision of procurement and fleet management further across the South Australian Government.

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; Strategic Infrastructure

Achieve performance improvements in the South Australian public sector

Related SASP Objective: Growing Prosperity

Target Area: Performance in the public sector – administrative efficiency; Government decision-making

Improve budget and financial management processes

Related SASP Objective: Growing Prosperity

Target Area: Performance in the public sector – Government Decision Making; Strategic Infrastructure

Improve service delivery

Related SASP Objective: Growing Prosperity

Target Area: Performance in the public sector – Customer and client satisfaction with government services; Government decision making.

Effective industry regulation

Related SASP Objective: Growing Prosperity

Target Area: Performance in the public sector – Government decision making

Corporate priorities

Related SASP Objective: Growing Prosperity

Target Area: Performance in the public sector – Productivity; Government 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*.

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.

Statement of Compliance

Australian accounting standards include Australian equivalents to International Financial Reporting Standards and AAS 29 *Financial Reporting by Government Departments*. The department has early-adopted the amendments to AASB 101 *Presentation of Financial Statements*. Refer to note 4.

The preparation of the financial report requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, by authority of Treasurer's Instruction 19 *Financial Reporting*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - c) employee target voluntary separation package information;
 - d) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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 *Public Sector Management (Abolition of Administrative Unit and Public Service Restructure) Proclamation 2006* (dated 28 September 2006) declared that the Contract and Procurement Services, Fleet SA, Support Services and Corporate Services (other than Parliamentary Network Support Group, Injury Management Unit and Placement Services) Business Units transferred from the Department for Administrative and Information Services (DAIS) to the department. This public sector restructure was effective from 1 January 2007 for financial reporting purposes. Refer to note 29.

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 the Income Statement for 2005-06.

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 has required a change.

Where presentation or classification of items in the financial report has been amended comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial report for the preceding period.

2.5 Rounding

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

2.6 Taxation

In accordance with Treasurer's Instruction 22 *Tax Equivalent Payments*, some business units are required to pay to the State Government income tax equivalents. The income tax liability is based on the Treasurer's accounting profit method, which requires the corporate tax rate be applied to the net profit. The current income tax liability relates to the income tax expense outstanding for the current period.

Income taxation equivalents are required to be paid by the following business units of the department:

- Fleet SA
- Government Supplies Warehouse (Supply SA)

The department is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

2.7 Income and Expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the department will occur and can be reliably measured.

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

The notes accompanying the financial statements disclose income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Transactions with SA Government entities and Non SA Government entities are classified according to their nature.

The following are specific recognition criteria:

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.

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.

Resources received/provided free of charge

Resources received/provided free of charge are recorded as revenue and expenditure in the Income Statement at their fair value. Resources provided free of charge are recorded in the expense line items to which they relate.

Contributions received/paid

Contributions are recognised as an asset and income when the department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, the department has obtained control or the right to receive for:

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met.

All contributions paid by the department have been contributions with unconditional stipulations attached.

2.8 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet includes cash on hand and deposits at call that are readily converted to cash and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

2.9 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.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt.

2.10 Inventories

Inventories are mainly general stock on hand (other than those held for distribution at no or nominal consideration) held by Supply SA and are valued at the lower of average cost or net realisable value, using the average weighted cost method.

The amount of any inventory write-down to net realisable value/replacement cost of inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

2.11 Other Financial Assets

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

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.

An increase in the capitalisation threshold from \$5,000 to \$10,000 occurred during 2006-07. All non-current tangible assets with a value of \$10,000 or greater are capitalised.

2.13 Revaluation of Non-Current Assets

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

Every three years, the Department revalues its land, buildings and fitouts over \$1 million. 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. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement.

Any revaluation decrease is recognised in the Income Statement, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset class.

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

Upon disposal or derecognition, any revaluation reserve relating to that asset is transferred to retained earnings.

2.14 Impairment

All non-current tangible and intangible assets are reviewed for indication of impairment through stocktaking processes or at the reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the asset revaluation reserve.

2.15 Non-Current Assets (or disposal groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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

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

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

The creation of new asset classes occurred during 2006-07 as a result of the restructure of DAIS.

Land and assets held for sale are not depreciated.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets. Depreciation rates were amended as a result of the change in useful lives.

Class of Asset	Depreciation Method	Useful Life (Years)
Buildings	Straight Line	20 - 40
Fitouts - owned buildings	Straight Line	3 - 10
Fitouts - leased buildings	Straight Line	Remaining life of lease
Furniture	Straight Line	10
Information Technology Equipment	Straight Line	3 - 5
Intangibles	Straight Line	3 - 10
Motor Vehicles	Straight Line	2 - 5
Office Equipment	Straight Line	3 - 5
Plant and Equipment	Straight Line	5 - 10

2.17 Intangible Assets

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

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

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

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

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

2.18 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, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

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

2.19 Interest Bearing Liabilities

Borrowings are recognised when issued at the amount of the net proceeds received and carried at cost less any repayments until the loan is settled.

Light Motor Vehicles - Loan Arrangements with SAFA

Arrangements for the ongoing acquisition of motor vehicles have existed with the South Australian Government Financing Authority since 2003. Funding has been provided through a loan facility direct to Fleet SA. The vehicle purchases are financed on a credit foncier basis of three year fixed periods from October 2005 with balances of loans maturing in either two or three years. During the reporting period an amount of \$53,211,862 was borrowed.

2.20 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.

Salaries and wages, annual leave and 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 twelve months, the liability will be measured at present value.

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

Long service leave

The liability for long service leave is recognised after an employee has completed 6.5 years (7 years) of service. An actuarial assessment of long service leave 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 department'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*.

2.21 Provisions

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

When the department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Workers Compensation

The department is responsible for Workers Compensation with an actuarial estimate of the outstanding liability as at June 2007 provided by a consulting actuary through the Public Sector Workforce Division of the Department of the Premier and Cabinet.

Procurement of Testing Services - Removal of Underground Fuel Tanks and Site Remediation

A provision is in place for the procurement of testing services (relating to the costs associated with the removal of underground fuel tanks previously owned by Mobil Australia including the remediation of sites). The provision specifically includes the procurement of assessment, drilling and analytical services.

2.22 Leases

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

Finance Leases

Finance leases, which transfer to the department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities are classified as both current and non-current.

Where there is no reasonable assurance that the department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Operating leases

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

The aggregate benefit of lease incentives received by the department in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

3 Financial Risk Management

The department has significant non-interest bearing assets (cash on deposit and receivables) and liabilities (payables) and interest bearing liabilities (borrowings from SAFA). 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 SA Government policy and on continuing appropriations by Parliament for the department's administration and programs.

4 Changes in Accounting Policies

Except for the amendments to AASB 101 Presentation of Financial Statements, which the department has early-adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the department for the reporting period ending 30 June 2007. The department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial report of the department.

A change in accounting policy was adopted for these financial statements in relation to the recording of property, plant and equipment and intangible assets. From 1 July 2006 the capitalisation limit for property, plant and equipment and intangible assets was increased from \$5,000 to \$10,000. This increase in capitalisation amount is within the threshold noted in paragraph 2.15 of Accounting Policy Framework III *Asset Accounting Framework*. Items acquired in the past years at a cost below \$10,000 have been expensed in the current reporting period. The change in accounting policy resulted in a decrease in the carrying amount of property, plant and equipment and intangible assets of \$115,000 and \$61,000 respectively.

5 Programs of the department

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

Program 1: 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 and insurance and superannuation administration.

Program 3: Shared Services Reform

Design, development and implementation of shared services across government.

Program 4: State Procurement and Support Operations

The department has a role of providing a range of services to other government agencies including contract and procurement management, fleet management and a range of corporate transaction services.

Program 5: Gambling Policy

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

6 Employee Benefit Expenses	2007	2006
	\$'000	\$'000
Salaries and wages	45 211	31 820
TVSPs (refer below)	—	183
Long service leave	2 080	1 363
Annual leave	4 538	3 036
Employment on-costs - superannuation	6 137	4 210
Employment on-costs - other	3 275	2 249
Board fees	198	188
Other employee related expenses	1 859	934
Total Employee Benefit Expenses	63 298	43 983

Targeted Voluntary Separation Packages (TVSPs)	2007	2006
	\$'000	\$'000
Amount paid to these employees:		
TVSPs	—	183
Annual leave and long service leave accrued over the period	—	10
	—	193
	2007	2006
	Number of	Number of
	Employees	Employees
Number of employees who were paid TVSPs during the reporting period	—	1

Remuneration of Employees	2007	2007	2006
	State	Department	
	Procurement	of Treasury	
	and Support	and Finance	
	Operations	(excl SPSO	
		employees)	
	Number of	Number of	Number of
	Employees	Employees	Employees
The number of employees whose remuneration received or receivable falls within the following bands:			
\$100 000 - \$109 999	17	9	9
\$110 000 - \$119 999	5	4	4
\$120 000 - \$129 999	1	8	3
\$130 000 - \$139 999	—	10	16
\$140 000 - \$149 999	1	10	7
\$150 000 - \$159 999	2	5	1
\$160 000 - \$169 999	1	1	5
\$170 000 - \$179 999	—	3	1
\$180 000 - \$189 999	—	2	1
\$200 000 - \$209 999	—	1	2
\$210 000 - \$219 999	—	2	2
\$220 000 - \$229 999	1	2	—
\$250 000 - \$259 999	1	—	—
\$260 000 - \$269 999	—	—	1
\$270 000 - \$279 999	—	1	1
\$320 000 - \$329 999	—	—	1
\$340 000 - \$349 999	—	1	—
Total Number of Employees	29	59	54

The table includes all employees who received remuneration of \$100,000 or more during the year. The State Procurement and Support Operations values reflect six months for DAIS and six months for the Department. 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 \$8,981,000 (\$7,967,000).

7 Supplies and Services	2007	2006
	\$'000	\$'000
Supplies and services provided by entities within the SA Government		
Accommodation and telecommunication	6 008	4 273
Information technology expenses	5 019	2 782
Cost of goods	1 724	—
Motor vehicle expenses	1 614	—
Minor works, maintenance and equipment	1 207	247
Legal costs	846	721
Valuation fees	3 846	3 687
General administration and consumables	37	76
Other	2 323	2 209
Total Supplies and Services - SA Government Entities	22 624	13 995
Supplies and services provided by entities external to the SA Government		
Accommodation and telecommunication	279	103
Information technology expenses	6 946	2 989
Cost of goods	6 662	—
Motor vehicle expenses	12 193	—
Minor works, maintenance and equipment	594	415
Legal costs	38	31
Consultants	1 675	515
Contractors	3 193	3 029
General administration and consumables	3 408	2 361
Other	4 524	1 630
Total Supplies and Services - Non SA Government Entities	39 512	11 073
Total Supplies and Services	62 136	25 068

The total supplies and services amount disclosed includes GST amounts not-recoverable from the ATO due to the department not holding a valid tax invoice for 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:

	2007	2006	2007	2006
	Number	Number	\$'000	\$'000
Below \$10,000	16	15	78	51
Between \$10,000 and \$50,000	11	5	266	93
Above \$50,000	5	3	1 331	371
	32	23	1 675	515

8 Depreciation and Amortisation Expense	2007	2006
	\$'000	\$'000
Depreciation		
Buildings	7	—
Plant and equipment	319	—
Motor vehicles	19 314	—
Furniture	16	21
Information technology equipment	241	154
Office equipment	107	105
Total Depreciation	20 004	280
Amortisation		
Intangible assets	2 222	2 102
Building fitouts	519	146
Leased plant and equipment	13	—
Total Amortisation	2 754	2 248
Total Depreciation and Amortisation Expense	22 758	2 528

9 Other Expenses	2007	2006
	\$'000	\$'000
Other expenses paid/payable to entities external to the SA Government		
Property, plant and equipment write-offs	—	6
Bad and doubtful debts (write-back) expenses	348	—
Impairment loss	5 166	—
Total Other Expenses - Non SA Government Entities	5 514	6
Total Other Expenses	5 514	6
10 Auditor's Remuneration	2007	2006
	\$'000	\$'000
Audit Fees paid / payable to the Auditor-General's Department	462	374
Total Audit Fees	462	374
No other services were provided by the Auditor-General's Department.		
11 Revenue from Fees and Charges	2007	2006
	\$'000	\$'000
Fees and Charges received/receivable from entities within the SA Government:		
Agencies for the provision of corporate services	1 997	1 816
South Australian Government Captive Insurance Corporation	—	1 972
South Australian Government Financing Authority	7 958	5 735
Community Emergency Services Fund	5 926	6 100
Banking administration fees	14	457
Land tax certificates	475	431
Service provision	14 074	—
Fleet management	43 034	—
Sale of goods	6 325	—
Other recoveries	1 177	1 683
Total Fees and Charges - SA Government Entities	80 979	18 194
Fees and Charges received/receivable from entities external to the SA Government:		
South Australian Superannuation Board	13 127	10 149
Land tax certificates	216	214
Regulatory fees	186	197
Service provision	483	—
Fleet management	387	—
Sale of goods	1 839	—
Other recoveries	1 072	365
Total Fees and Charges - Non SA Government Entities	17 309	10 925
Total Fees and Charges	98 289	29 119
12 Interest Revenues	2007	2006
	\$'000	\$'000
Interest from entities within the SA Government	68	756
Total Interest Revenues	68	756
13 Net Gain from Disposal of Assets		
Plant and equipment		
Proceeds from disposal	29 020	—
Net book value of assets disposed	(27 768)	—
Total Net Gain from Disposal of Assets	1 252	—

14 Other Revenues	2007	2006
	\$'000	\$'000
Other Revenues received/receivable from entities within the SA Government:		
Other reimbursements	4	3
Other revenue	—	1
Total Other Revenues - SA Government Entities	4	4
Other Revenues received/receivable from entities external to the SA Government:		
Commissions	133	141
Banking recoveries	59	52
Other reimbursements	—	—
Other revenue	192	191
Total Other Revenues - Non SA Government Entities	384	384
Total Other Revenues	388	388
15 Revenues from SA Government	2007	2006
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	60 818	39 949
Total Revenues from SA Government	60 818	39 949
16 Income Tax Equivalent	2007	2006
	\$'000	\$'000
Income tax equivalent payment - Fleet SA	162	—
Total Income Tax Equivalent	162	—
17 Cash and Cash Equivalents	2007	2006
	\$'000	\$'000
Deposits with the Treasurer	31 470	11 351
Cash on hand	120	3
Total Cash and Cash Equivalents	31 590	11 354
Deposits with the Treasurer		
Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of this fund is not available for general use.		
Interest rate risk		
The Deposits with the Treasurer were non interest bearing from 1 July 2006 and the department received additional appropriation to supplement the interest revenue. Deposits with the Treasurer are bearing a floating interest rate between 5.35% and 5.68% in 2005-06. Cash on hand is non-interest bearing. The carrying amount of cash approximates net fair value.		
18 Receivables	2007	2006
	\$'000	\$'000
Current		
Receivables	13 826	166
Provision for doubtful debts	(72)	—
Accrued revenues	1 004	445
Prepayments	1 491	914
GST receivable	495	192
Total Current Receivables	16 744	1 717
Non -Current		
Prepayments	136	2
Total Non-Current Receivables	136	2
Total Receivables	16 880	1 719

SA Government / Non SA Government entities Receivables	2007	2006
Receivables from SA Government Entities	\$'000	\$'000
Receivables	12 199	43
Accrued revenues	549	377
Prepayments	454	20
Total Receivables from SA Government	13 202	440
Receivables from Non SA Government Entities		
Receivables	1 556	123
Accrued revenues	455	68
Prepayments	1 173	896
GST receivable	494	192
Total Receivables from Non SA Government Entities	3 678	1 279
Total Receivables	16 880	1 719

Provision for doubtful debts

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

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

	2007	2006
	\$'000	\$'000
Carrying amount at the beginning of the period	—	—
Increase in provision	72	—
Carrying amount at the end of the period	72	—

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.

Bad and doubtful debts

The department has recognised a bad and doubtful debt expense of \$23,000 in the Income Statement.

19 Inventories	2007	2006
	\$'000	\$'000
Current:		
Other than those held for distribution at no or nominal amount	2 400	—
Total Inventories	2 400	—

20 Non-current Assets classified as held for sale

Motor Vehicles	3 099	—
Total Non-Current Assets Classified as Held for Sale	3 099	—

Non-current assets classified as held for sale comprise Fleet SA motor vehicles which are expected to be sold within 4 weeks.

21 Property, Plant and Equipment

	2007	2006
	\$'000	\$'000
Current:	\$'000	\$'000
Motor Vehicles		
At cost	64 196	—
Accumulated Depreciation	(19 240)	—
Impairment loss	(3 605)	—
Total Current Property, Plant and Equipment	41 351	—
Non Current:		
Land		
At valuation	45	—
Total Land	45	—
Buildings		
At valuation	290	—
Accumulated depreciation	(26)	—
Total Buildings	264	—
Building Fitouts		
At valuation	6 631	783
Accumulated amortisation	(3 765)	(178)
Total Building Fitouts	2 866	605
Assets under Finance Lease		
Plant and equipment at valuation	2 525	—
Accumulated amortisation	(2 484)	—
Total Assets under Finance Lease	41	—
Plant and Equipment		
Plant and equipment at cost	2 937	—
Accumulated depreciation	(1 922)	—
Total Plant and Equipment	1 015	—
Motor Vehicles		
Motor vehicles at cost	189 151	—
Accumulated depreciation	(22 902)	—
Impairment loss	(4 234)	—
Total Motor Vehicles	162 015	—
Furniture		
Furniture at cost (deemed fair value)	168	168
Accumulated depreciation	(99)	(83)
Total Furniture	69	85
Information Technology Equipment		
Information technology equipment at cost (deemed fair value)	1 372	1 171
Accumulated depreciation	(694)	(461)
Total Information Technology Equipment	678	710
Office Equipment		
Office equipment at cost (deemed fair value)	421	455
Accumulated depreciation	(291)	(254)
Total Office Equipment	130	201
Total Non Current Property, Plant and Equipment	167 123	1 601
Total Property, Plant and Equipment	208 474	1 601

The capitalisation threshold was increased during 2006-07 to \$10,000 which resulted in the derecognition of assets with a carrying amount of \$118,000 in the prior year.

Impairment

There were indications of impairment of motor vehicles at 30 June 2007. The value by which the asset's carrying amount exceeded the recoverable amount has been recorded as an impairment loss in the Income Statement.

There were no indications of impairment for the remaining property, plant and equipment, and intangible assets at 30 June 2007.

Resources received Free of Charge

There were no resources received free of charge.

Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2006-07:

	Land	Buildings	Building Fitouts	Assets Under Finance
	\$'000	\$'000	\$'000	Lease \$'000
Carrying amount at the beginning of the financial year	—	—	605	—
Additions	—	—	759	—
Assets classified as held for sale	—	—	—	—
Disposals	—	—	(26)	—
Impairment loss	—	—	—	—
Acquisition through transfer	45	271	2 047	54
Depreciation expense	—	(7)	(519)	(13)
Carrying amount at the end of the financial year	45	264	2 866	41

	Plant and Equipment	Motor Vehicles	Furniture	Information Technology Equipment
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the financial year	—	—	85	710
Additions	184	55 530	—	216
Assets classified as held for sale	—	(3 099)	—	—
Disposals	—	(23 763)	—	(5)
Impairment loss	—	(5 166)	—	—
Acquisition through transfer	1 150	199 178	—	—
Depreciation expense	(319)	(19 314)	(16)	(243)
Carrying amount at the end of the financial year	1 015	203 366	69	678

	Office Equipment	Total
	\$'000	\$'000
Carrying amount at the beginning of the financial year	201	1 601
Additions	36	56 725
Assets classified as held for sale	—	(3 099)
Disposals	—	(23 794)
Impairment loss	—	(5 166)
Acquisition through transfer	—	202 745
Depreciation expense	(107)	(20 538)
Carrying amount at the end of the financial year	130	208 474

22 Intangible Assets

	2007	2006
	\$'000	\$'000
Internally developed computer software	10 694	9 102
Accumulated amortisation	(7 436)	(5 714)
Computer software	5 998	5 491
Accumulated amortisation	(3 069)	(1 982)
Total Intangible Assets	6 187	6 897

Reconciliation of Intangible Assets

The following table shows the movement of intangible assets during 2006-07:

	\$'000
Carrying amount at the beginning of the financial year	6 897
Additions	278
Acquisition through transfer	1 235
Amortisation expense	(2 223)
Carrying amount at the end of the financial year	6 187

The internally developed computer software primarily relates to the department's RevenueSA databases and Technical Architecture Specification database with a remaining useful life of 3 years for each asset and a carrying amount of \$1,130,000 and \$773,000 respectively.

23 Payables	2007	2006
	\$'000	\$'000
Current		
Creditors	10 099	68
Accrued expenses	5 825	1 193
Employment on-costs	1 812	609
Income tax equivalents	56	—
Total Current Payables	17 792	1 870
Non-Current		
Employment on-costs	1 508	771
Funds held in trust	50	—
Total Non-Current Payables	1 558	771
Total Payables	19 350	2 641
SA Government / Non SA Government Entities Payables	2007	2006
	\$'000	\$'000
Payables to SA Government Entities		
Creditors	43	68
Accrued expenses	1 742	1 008
Employment on-costs	1 806	692
Income tax equivalents	56	—
Total Payables to SA Government Entities	3 647	1 768
Payables to Non SA Government Entities		
Creditors	10 105	—
Accrued expenses	4 083	185
Employment on-costs	1 515	688
Total Payables to Non SA Government Entities	15 703	873
Total Payables	19 350	2 641

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.

24 Borrowings	2007	2006
	\$'000	\$'000
Current		
Finance Leases	27	—
Total Current Borrowings	27	—
Non-Current		
Finance Leases	19	—
Borrowings from SAFA	203 877	—
Total Non-Current Borrowings	203 896	—
Total Borrowings	203 923	—

Borrowings are recognised at cost in accordance with Accounting Policy Framework IV *Financial Assets and Liability Framework* paragraph APS 2.1 and have no maturity date. The interest rate is determined by the Treasurer. The rate was 6.65% in 2007.

25 Employee Benefits	2007	2006
	\$'000	\$'000
Current		
Accrued salaries and wages	1 149	632
Annual leave	5 082	2 593
Long service leave	1 077	597
Total Current Employee Benefits	7 308	3 822
Non-Current		
Long service leave	16 242	8 069
Total Non-Current Employee Benefits	16 242	8 069
Total Employee Benefits	23 550	11 891

The total current and non-current employee benefit plus related on costs for 2007 is \$9,120,000 and \$17,750,000 respectively.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has been revised from 7 to 6.5 years.

26 Provisions	2007	2006
	\$'000	\$'000
Current		
Provision for workers compensation	123	54
Procurement of testing services to SA Government entity	597	—
Total Current Provisions	720	54
Non-Current		
Provision for workers compensation	333	147
Total Non-Current Provisions	333	147
Total Provisions	1 053	201
Reconciliation of Provisions	2007	2006
	\$'000	\$'000
Carrying amount at the beginning of the financial year	201	171
Payments/other sacrifices of future economic benefits	(281)	(62)
Additional provisions recognised	1 133	92
Carrying amount at the end of the financial year	1 053	201

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 Workforce Division of the Department of the Premier and Cabinet. These claims are expected to be settled within the next financial year.

27 Other liabilities	2007	2006
	\$'000	\$'000
Current		
Unearned revenue	776	—
Total Current Other liabilities	776	—
Total Other Liabilities	776	—
28 Equity	2007	2006
	\$'000	\$'000
Asset revaluation reserve	108	108
Retained earnings	18 749	6 730
Total Equity	18 857	6 838

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

29 Net Revenue from Administrative Restructure

The Public Sector Management (Abolition of Administrative Unit and Public Service Restructure) Proclamation 2006, dated 28 September 2006, declared that the Contract and Procurement Services, Fleet SA, Support Services and Corporate Services (other than Parliamentary Network Support Group, Injury Management Unit and Placement Services) business units transferred from the Department of Administrative and Information Services (DAIS) to the department, effective from 1 January 2007 for financial reporting purposes. The new branch designation is State Procurement and Support Operations.

On transfer of the State Procurement and Support Operations business units, the department recognised the following assets and liabilities.

	\$'000
Cash	12 720
Receivables	18 396
Assets held for sale	3 837
Property, plant and equipment	202 745
Intangibles	1 235
Other	4 252
Total assets	243 185
Payables	14 297
Employee benefits	10 102
Provisions	312
Borrowings	207 111
Total liabilities	231 822
Net Assets	11 363

Total income and expenses attributable to State Procurement and Support Operations for 2006-07 were:

	Department of Administrative and Information Services	Department of Treasury and Finance	Total
	1/7/06 to 31/12/06 \$'000	1/1/07 to 30/06/07 \$'000	01/07/06 to 30/06/2007 \$'000
Appropriation	85 243	11 889	97 132
Revenue from fees and charges	68 061	66 683	134 744
Other income	—	3 216	3 216
Total income	153 304	81 788	235 092
Employee benefit expenses	15 717	15 838	31 555
Supplies and services	36 309	38 885	75 194
Depreciation and amortisation	19 505	20 153	39 658
Borrowing costs	—	6 292	6 292
Other expenses	8 955	2 974	11 929
Total expenses	80 486	84 142	164 628
Net result	72 818	(2 354)	70 464

The former DAIS reported appropriation at a corporate level. DAIS corporate was transferred to the department effective 1 January 2007. Appropriation received during 1 July to 31 December 2006 cannot be reasonably allocated across all former DAIS business units. Therefore, all appropriation relating to the former DAIS received during this period will be reported by the department.

30 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:

	2007	2006
	\$'000	\$'000
Not later than one year	9 240	6 412
Later than one year but not longer than five years	19 274	11 675
Total Remuneration Commitments	28 514	18 087

(b) Operating Lease Commitments

The department as Lessee

At the reporting date, the department has operating leases for office accommodation.

Office accommodation is leased from the Real Estate Management business unit of the Department of Transport, Energy and Infrastructure. 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 department also had operating leases for motor vehicles from Fleet SA. The leases are non-cancellable with terms ranging up to 5 years. There are no purchase options available to the department. Due to the transfer of functions from DAIS, the department is now the lessor.

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

	2007	2006
	\$'000	\$'000
Not later than one year	5 148	3 046
Later than one year but not longer than five years	9 476	7 852
Later than five years	758	—
Total Non-Cancellable Operating Lease Commitments	15 382	10 898

The Department as Lessor

Leases receivable contracted for at the reporting date but not recognised as assets

Vehicle Hire:

	2007	2006
	\$'000	\$'000
Not later than one year	50 373	—
Later than one year but not later than five years	50 129	—
Total Non-Cancellable Operating Lease Receivables	100 502	—

(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.

	2007	2006
	\$'000	\$'000
Not later than one year	1 128	1 530
Later than one year and not later than five years	591	3 030
Total Other Commitments	1 719	4 560

(d) Finance Lease Commitments

The Department as Lessee

Plant and Equipment		
Not later than one year	29	—
Later than one year and not later than five years	19	—
	<u>48</u>	—
Future finance charges and contingent rentals	(2)	—
Total Lease Liabilities	<u>46</u>	—
Present value of finance leases payable as follows		
Not later than one year	27	—
Later than one year but not longer than five years	19	—
Total Non-Cancellable Operating Lease Commitments	<u>46</u>	—
Representing		
Current	27	—
Non-current	19	—
	<u>46</u>	—

31 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.

32 Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during 2006-07 financial year were:

South Australian Government Financing Advisory Board

Mr J Wright (Presiding Member)*
Mr B Brownjohn
Mr L Foster
Ms A Howe*
Mr C Long
Ms Y Sneddon
Mrs J Tongs

**South Australian Government
Financing Authority Audit Committee**

Ms Y Sneddon
Mr L Foster (appointed 31/8/06)
Mr P Mendo*

South Australian Superannuation Board

Mr H Bachmann
Mr K Cantley*
Ms V Deegan*
Ms J McMahon
Ms R Sumner
Ms L York

	2007	2006
The number of members whose remuneration received or receivable falls within the following bands:		
\$0	5	3
\$1 - \$9,999	1	2
\$20,000 - \$29,999	7	5
\$30,000 - \$39,999	1	2
Total Number of Members	<u>14</u>	<u>12</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$211,000 (\$184,000).

Amounts paid to a superannuation plan for board/committee members was \$16,000 (\$14,000).

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

* In accordance with the Department of Premier and Cabinet Circular Number 16, government employees did not receive any remuneration for board/committee duties during the financial year.

33 Cash Flow Reconciliation	2007	2006
	\$'000	\$'000
(a) Reconciliation of Cash - Cash at year end as per:		
Cash Flow Statement	31 590	11 354
Balance Sheet	31 590	11 354
(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services		
Net cash provided by operating activities	50 301	1 634
Add revenues from SA Government	(60 818)	(39 949)
Add income tax equivalent	162	—
Add cash on restructure	(12 720)	—
Add Non cash items		
Depreciation and amortisation expense	(22 758)	(2 528)
Asset write-offs	—	(6)
Net assets on restructure impacting operating cashflows	2 331	(288)
Non-current assets accrual in payables	(15)	(32)
Gain on disposal of assets	1 252	—
Impairment loss	(5 166)	—
Changes in Assets / Liabilities		
Increase (decrease) in receivables	15 027	(147)
(Increase) decrease in payables	(16 709)	834
(Increase) decrease in employee benefits	(11 659)	(810)
(Increase) decrease in provisions	(852)	(30)
(Increase) decrease in other liabilities	(776)	—
Increase (decrease) in inventories	2 400	—
Net Cost of Providing Services	(60 000)	(41 322)

34 Events after Balance Date

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

STATEMENT OF ADMINISTERED ITEMS INCOME AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
Taxation	36	2 993 421	2 682 398
Commonwealth revenues	37	3 644 548	3 573 578
Dividends	38	309 581	435 968
Interest revenues	39	132 137	140 003
Revenues from SA Government	40	1 190 411	1 176 282
Grants and contributions	41	132 964	104 971
Revenues from fees and charges	42	30 903	22 133
Other revenues	43	254 048	383 345
Total Income		8 688 013	8 518 678
EXPENSES			
Payments to SA Government	40	7 295 602	7 159 601
Employee benefit expenses	44	264 151	272 200
Supplies and services	45	63 104	51 223
Interest expense		219 682	261 241
Grants, subsidies and transfers	46	687 883	653 514
Depreciation expense	47	89	13
Other expenses	48	138 021	110 013
Total Expenses		8 668 532	8 507 805
OPERATING SURPLUS		19 481	10 873
Net revenue from administrative restructure	59	—	5 483
NET RESULT AFTER RESTRUCTURE		19 481	16 356

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 2007

	Notes	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash and cash equivalents	49	1 070 465	897 805
Receivables	50	18 373	13 467
Other financial assets	51	856	1 424
Total Current Assets		1 089 694	912 696
NON-CURRENT ASSETS			
Other financial assets	51	294	1 419
Property, plant and equipment	52	1 052	525
Total Non-Current Assets		1 346	1 944
TOTAL ASSETS		1 091 040	914 640
CURRENT LIABILITIES			
Payables	53	999 996	844 068
Employee benefits	54	966	—
Provisions	55	10	—
Interest bearing liabilities	56	39	76
Other current liabilities	57	4 483	1 835
Total Current Liabilities		1 005 494	845 979
NON-CURRENT LIABILITIES			
Payables	53	497 009	499 788
Employee benefits	54	219	—
Provisions	55	28	—
Interest bearing liabilities	56	—	39
Other non-current liabilities	57	880	905
Total Non-Current Liabilities		498 136	500 732
TOTAL LIABILITIES		1 503 630	1 346 711
NET ASSETS		(412 590)	(432 071)
EQUITY			
Accumulated deficit		(412 590)	(432 071)
TOTAL EQUITY		(412 590)	(432 071)

THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

Commitments 58

Contingent Assets and Liabilities 60

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

STATEMENT OF ADMINISTERED CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Accumulated Deficit \$'000
Balance at 30 June 2005	(448 723)
Error corrections	296
Restated balance at 30 June 2005	(448 427)
Net result after restructure for 2005-06	16 356
Total recognised income and expenses for 2005-06	16 356
Restated balance at 30 June 2006	(432 071)
Net result after restructure for 2006-07	19 481
Total recognised income and expenses for 2006-07	19 481
Balance at 30 June 2007	(412 590)

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 2007

	Notes	2007 \$'000	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Taxation received		2 993 421	2 682 397
Receipts from Commonwealth		3 644 548	3 573 578
Dividends		309 581	435 968
Interest received		132 059	139 971
Receipts from SA Government		1 190 411	1 176 282
Grants and contributions		133 334	105 055
Fees and charges		30 864	22 088
GST receipts on receivables		8 524	5 145
GST input tax credits		2 362	4 987
Other receipts		252 194	379 630
Cash generated from operating activities		8 697 298	8 525 101
Cash Outflows			
Payments to SA Government		(7 196 338)	(7 330 820)
Employee benefit payments		(263 763)	(272 200)
Supplies and services		(62 353)	(51 257)
Interest payments		(177 256)	(261 241)
Grants, subsidies and transfers		(682 321)	(653 390)
GST payments on purchases		(2 617)	(8 035)
GST remitted to Australian Taxation Office		(4 773)	(5 751)
Other payments		(140 993)	(117 605)
Cash used in operating activities		(8 530 414)	(8 700 299)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	62(b)	166 884	(175 198)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows			
Purchase of property, plant and equipment		(458)	—
Cash used in investing activities		(458)	—
NET CASH USED IN INVESTING ACTIVITIES		(458)	—
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Proceeds from other financial assets		5 144	3 754
Proceeds from restructure activities		1 177	—
Cash generated from financing activities		6 321	3 754

STATEMENT OF ADMINISTERED CASH FLOWS CONTINUED

Cash Outflows

Other financial assets granted	(87)	(513)
Repayment of interest bearing liabilities	—	(108)
Cash used in financing activities	(87)	(621)

NET CASH PROVIDED BY FINANCING ACTIVITIES	6 234	3 133
--	--------------	--------------

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HEL	172 660	(172 065)
Cash and cash equivalents at the beginning of the financial year	897 805	1069 870
CASH AND CASH EQUIVALENTS AT THE END OF THE	62(a) 1 070 465	897 805

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

SCHEDULE OF ADMINISTERED INCOME AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2007

	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	State Government Auctions
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME									
Taxation	2 921 274	—	—	72 147	—	—	—	—	—
Commonwealth revenues	3 624 887	19 661	—	—	—	—	—	—	—
Dividends	309 581	—	—	—	—	—	—	—	—
Interest revenues	127 847	—	—	135	—	—	682	2 659	—
Revenues from SA Government	73 485	—	—	—	—	—	—	—	—
Grants and Contributions	—	—	20 000	75 414	—	—	18 550	—	—
Fees and charges	17 968	—	—	—	—	—	11	—	2 169
Other revenues	100 939	—	—	333	2 550	143 593	311	—	—
Total Income	7 175 981	19 661	20 000	148 029	2 550	143 593	19 554	2 659	2 169
EXPENSES									
Payments to SA Government	7 102 496	19 661	—	—	—	143 593	—	—	—
Employee benefit expenses	257	—	—	—	—	—	—	—	—
Supplies and services	—	—	—	—	—	—	—	40	2 169
Interest	—	—	—	—	—	—	—	—	—
Grants, subsidies and transfers	73 228	—	20 000	148 059	—	—	6 692	4 909	—
Depreciation	—	—	—	—	—	—	—	—	—
Other expenses	—	—	—	—	—	—	(4 351)	—	—
Total Expenses	7 175 981	19 661	20 000	148 059	—	143 593	2 341	4 949	2 169
OPERATING SURPLUS / (DEFICIT)	—	—	—	(30)	2 550	—	17 213	(2 290)	—

SCHEDULE OF ADMINISTERED INCOME AND EXPENSES CONTINUED

	State Supply Board - Gaming Machines	Support Services to Parliamentari ans	Treasury and Finance Administered Items Account	Treasurer's Interest in the National Wine Centre Account	Treasury Working Account	Other ⁽¹⁾	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME							
Taxation	—	—	—	—	—	—	2 993 421
Commonwealth revenues	—	—	—	—	—	—	3 644 548
Dividends	—	—	—	—	—	—	309 581
Interest revenues	58	—	—	—	—	756	132 137
Revenues from SA Government	—	—	1 116 926	—	—	—	1 190 411
Grants and Contributions	—	16 773	—	—	—	2 227	132 964
Fees and charges	9 492	1 263	—	—	—	—	30 903
Other revenues	—	47	—	25	6 250	—	254 048
Total Income	9 550	18 083	1 116 926	25	6 250	2 983	8 688 013
EXPENSES							
Payments to SA Government	—	—	29 846	—	—	6	7 295 602
Employee benefit expenses	—	11 829	252 065	—	—	—	264 151
Supplies and services	9 550	4 250	47 063	32	—	—	63 104
Interest	—	—	219 682	—	—	—	219 682
Grants, subsidies and transfers	—	—	433 029	—	—	1 966	687 883
Depreciation	—	75	—	14	—	—	89
Other expenses	—	881	135 241	—	6 250	—	138 021
Total Expenses	9 550	17 035	1 116 926	46	6 250	1 972	8 668 532
OPERATING SURPLUS / (DEFICIT)	—	1 048	—	(21)	—	1 011	19 481

⁽¹⁾ 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
- 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
- Treasury and Finance Administered Items Account (from 1 July 2006)
- Support Services to Parliamentarians (from 1 July 2006)
- State Supply Board - Gaming Machines Account (from 1 January 2007)
- State Government Auctions Account (from 1 January 2007)

The transactions of the Treasury and Finance Administered Items Account and the Support Services to Parliamentarians was previously included in the Consolidated Account.

35 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.

35.1 Administrative Restructure

The *Public Sector Management (Abolition of Administrative Unit and Public Service Restructure) Proclamation 2006* (dated 28 September 2006) declared that:

- the State Supply Board - Gaming Machines Account was transferred from the Department for Administrative and Information Services to the Department of Treasury and Finance, effective from 1 January 2007 (refer to note 59); and
- State Government Auctions was transferred from the Department for Administrative and Information Services to the Department of Treasury and Finance, effective from 1 January 2007 (refer to note 59).

36 Taxation	2007	2006
	\$'000	\$'000
Taxation received/receivable from entities within the SA Government		
Stamp duties	3 781	3 806
Payroll tax	193 299	176 576
Land tax	156 317	120 932
Emergency Services levy	1 859	1 814
Local Government rate equivalents	1 633	852
Income tax equivalents	180 906	157 252
Contributions from Lotteries Commission	78 882	76 454
Total Taxation - SA Government Entities	616 677	537 686
Taxation received/receivable from entities external to the SA Government		
Stamp duties	1 248 597	1 120 214
Commonwealth Places Mirror - stamp duties	662	652
Payroll tax	840 939	783 105
Commonwealth Places Mirror - payroll tax	18 095	16 789
Land tax	175 907	130 774
Commonwealth Places Mirror - land tax	904	754
Debits tax	(2)	5 552
Commonwealth Places Mirror - debits tax	—	38
Emergency Services levy	70 288	66 627
Local Government rate equivalents	189	—
Save the River Murray levy	21 113	20 143
Hindmarsh Island Bridge levy	52	64
Total Taxation - Non SA Government Entities	2 376 744	2 144 712
Total Taxation	2 993 421	2 682 398
37 Commonwealth Revenues	2007	2006
	\$'000	\$'000
Commonwealth General Purpose Grants		
GST revenue grants	3 604 924	3 454 608
Competition grants	—	51 349
Commonwealth Places Mirror taxes	19 661	18 233
Total Commonwealth General Purpose Grants	3 624 585	3 524 190
Commonwealth Specific Purpose Grants		
Concessions to pensioners and others	19 963	19 538
Debt redemption assistance	—	29 850
Total Commonwealth Specific Purpose Grants	19 963	49 388
Total Commonwealth Revenues	3 644 548	3 573 578

38 Dividends	2007	2006
	\$'000	\$'000
Administrative and Information Services	21 254	17 670
Forestry SA	34 903	34 665
Land Management Corporation	36 439	35 686
Public Trustee Office	2 100	1 195
SA Water Corporation	208 059	6 000
South Australian Asset Management Corporation	—	217 455
South Australian Government Employee Residential Property	1 156	—
South Australian Government Financing Authority	—	87 553
TransAdelaide	5 296	34 757
Transport SA	374	987
Total Dividends	309 581	435 968
39 Interest Revenues	2007	2006
	\$'000	\$'000
Interest from entities within the SA Government	126 295	133 776
Other	5 842	6 227
Total Interest Revenues	132 137	140 003
40 Revenues from/Payments to SA Government	2007	2006
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 116 926	1 107 341
Appropriations under other Acts	73 485	68 941
Total Revenues from SA Government	1 190 411	1 176 282
Payments to SA Government		
Transfer of revenue received on behalf of Consolidated Account	7 132 342	6 999 046
Payment to SAFA for retirement of state debt	—	909
Other payments to the Consolidated Account	163 260	159 646
Total Payments to SA Government	7 295 602	7 159 601
41 Grants and Contributions	2007	2006
	\$'000	\$'000
SA Government entities	128 371	104 949
Non SA Government entities	4 593	22
Total Grants and Contributions	132 964	104 971

42 Revenues from fees and charges	2007	2006
	\$'000	\$'000
Fees and charges received/receivable from entities within the SA Government		
Guarantee fees	17 979	19 860
Support Services to Parliamentarians	1 144	1 829
Total Fees and Charges - SA Government Entities	19 123	21 689
Fees and charges received/receivable from entities external to the SA Government		
State Government Auctions	2 143	—
State Supply Board - Gaming Machines	9 492	—
Support Services to Parliamentarians	119	132
Other	26	312
Total Fees and Charges - Non SA Government Entities	11 780	444
Total Fees and Charges	30 903	22 133
43 Other Revenues	2007	2006
	\$'000	\$'000
Other revenues received/receivable from entities within the SA Government		
Contribution towards public hospital costs	143 593	141 401
Repayment of advances	11 888	46 443
Return of cash to Consolidated Account - cash alignment policy	19 982	41 912
Return of capital	19 695	80 596
Return of deposit account balances	1 622	14 004
Essential Services Commission of SA	5 769	5 049
Support Services to Parliamentarians	2	—
Light motor vehicle fleet - rental payment recoveries	—	341
Other	8 252	3 451
Total Other Revenues - SA Government Entities	210 803	333 197
Other revenues received/receivable from entities external to the SA Government		
Repayment of advances	3 896	—
Return of deposit account balances	31 955	34 000
Proceeds from sale of residual Commonwealth Bank of Australia lease vehicles	—	11 108
Support Services to Parliamentarians	45	29
Discounted cash flow valuations for financial assistance loans	311	427
Other	7 038	4 584
Total Other Revenues - Non SA Government Entities	43 245	50 148
Total Other Revenues	254 048	383 345
44 Employee benefit expenses	2007	2006
	\$'000	\$'000
Superannuation contributions to various schemes	252 065	259 959
Salaries and wages	9 221	8 882
Long service leave	268	683
Annual leave	690	531
Employment on-costs - superannuation	927	874
Employment on-costs - other	614	610
Minister's salary, electorate and expense allowance	257	241
Other employee related expenses	109	420
Total Employee Benefit expenses	264 151	272 200

Remuneration of Employees

	2007 Number of Employees	2006 Number of Employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$110 000 - \$119 999	2	—
\$120 000 - \$129 999	1	1
	3	1

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 \$353,000 (\$139,000).

45 Supplies and Services

	2007 \$'000	2006 \$'000
Supplies and services provided by entities within the SA Government		
Support Services to Parliamentarians	2 553	2 808
Gaming machines	130	—
State Government auctions	2 152	—
Unclaimed monies	119	7
General administration	87	525
Total Supplies and Services - SA Government Entities	5 041	3 340
Supplies and services provided by entities external to the SA Government		
State's share of GST administration	46 765	45 814
Support Services to Parliamentarians	1 697	1 939
Gaming machines	9 420	—
State Government auctions	17	—
Unclaimed monies	152	107
Consultants	—	23
General administration	12	—
Total Supplies and Services - Non SA Government Entities	58 063	47 883
Total Supplies and Services	63 104	51 223

The number and dollar amount of Consultancies paid/payable that fell within the following bands:

	2007 Number	2006 Number	2007 \$'000	2006 \$'000
Below \$10,000	-	2	—	5
Between \$10,000 and \$50,000	-	1	—	18
	-	3	—	23

46 Grants, Subsidies and Transfers

	2007 \$'000	2006 \$'000
Grants, subsidies and transfers paid to entities within the SA Government		
Recurrent grants	568 687	524 444
Total Grants, Subsidies and Transfers - SA Government Entities	568 687	524 444
Grants, subsidies and transfers paid to entities external to the SA Government		
Recurrent grants	119 196	129 070
Total Grants, Subsidies and Transfers - Non SA Government Entities	119 196	129 070
Total Grants, Subsidies and Transfers	687 883	653 514

47 Depreciation Expense	2007	2006
	\$'000	\$'000
Buildings	14	13
Building fit-outs	75	—
Total Depreciation Expense	89	13

48 Other Expenses	2007	2006
	\$'000	\$'000
Other expenses paid/payable to entities within SA Government		
Repayment of borrowings	3 629	18 026
SAICORP Fund 2 - Treasurer's indemnity payment	67 358	—
Other	2 153	485
Total Other Expenses - SA Government Entities	73 140	18 511

Other expenses paid/payable to entities external to the SA Government

Refunds and remissions	33 674	38 243
Payments to the South Australian Superannuation Fund	30 000	34 000
Termination of State Vehicle Fleet Commonwealth Bank of Australia lease	—	16 875
Bad debts	3 848	1 049
Doubtful debts	(2 404)	(2 208)
Discounted cash flow valuations for financial assistance loans	(5 795)	1 139
Other	5 558	2 404
Total Other Expenses - Non SA Government Entities	64 881	91 502

Total Other Expenses

138 021 110 013

49 Cash and Cash Equivalents	2007	2006
	\$'000	\$'000
Deposits with the Treasurer	1 026 865	855 705
Other	43 600	42 100
Total Cash and Cash Equivalents	1 070 465	897 805

Interest rate risk

Deposits with the Treasurer earn the average overnight cash deposit rate and is calculated on the average daily balances. The carrying amount of cash and cash equivalents represents fair value.

50 Receivables	2007	2006
	\$'000	\$'000
Current		
Receivables	20 160	6 556
Provision for doubtful debts	(1 902)	(6 287)
Accrued revenues	59	9 556
GST receivables	56	3 642
Total Receivables	18 373	13 467

SA Government / Non SA Government Entities Receivables

Receivables from SA Government entities

Receivables	17 018	65
Accrued revenues	23	9 212
Total Receivables from SA Government Entities	17 041	9 277

Receivables from Non SA Government Entities

Receivables	1 240	204
Accrued revenues	36	344
GST receivables	56	3 642
Total Receivables from Non SA Government Entities	1 332	4 190
Total Receivables	18 373	13 467

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.

51 Other Financial Assets	2007	2006
	\$'000	\$'000
Current		
Investment with Adelaide Bank	39	76
Loans for financial assistance	817	3 006
Provision for doubtful debts	—	(1 658)
Total Current Other Financial Assets	856	1 424
Non-Current		
Investment with Adelaide Bank	—	39
Loans for financial assistance	4 458	2 172
Provision for doubtful debts	(4 164)	(792)
Total Non-Current Other Financial Assets	294	1 419
Total Other Financial Assets	1 150	2 843
SA Government / Non SA Government Entities Other Financial Assets		
Other Financial Assets with SA Government Entities		
Loans for financial assistance	155	152
Total Other Financial Assets with SA Government Entities	155	152
Other Financial Assets with Non SA Government Entities		
Investment with Adelaide Bank	39	115
Loans for financial assistance	5 120	5 026
Provision for doubtful debts	(4 164)	(2 450)
Total Other Financial Assets with Non SA Government Entities	995	2 691
Total Other Financial Assets	1 150	2 843

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 10.23%.

52 Property, Plant and Equipment	2007	2006
	\$'000	\$'000
Buildings		
Buildings at fair value	539	539
Accumulated depreciation	(41)	(27)
Total Buildings	498	512
Building Fit-outs		
Buildings fit-outs at cost	631	—
Accumulated depreciation	(90)	—
Total Building Fit-outs	541	—
Land		
Land at fair value	13	13
Total Land	13	13
Total Property, Plant and Equipment	1 052	525

Valuation of Non-Current Assets

An internal assessment of the valuation of the land and buildings for the National Wine Centre was performed as at 30 June 2007. The assets will continue to be measured using the income approach, in accordance with Accounting Policy Framework III *Assets Accounting Framework*. The existing internal discount rate is still appropriate for the measurement of this asset. As a consequence, there has been no change to the value of the assets.

Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2006-07.

	Buildings	Fit outs	Land	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the financial year	512	-	13	525
Additions	-	481	—	481
Depreciation expense	(14)	(75)	—	(89)
Other movement	-	135	—	135
Carrying amount at the end of the financial year	498	541	13	1 052

53 Payables	2007	2006
	\$'000	\$'000
Current		
Creditors - electricity entities lease proceeds	2 800	2 550
Creditors - revenue on behalf of the Consolidated Account	911 433	832 057
Creditors - other	84 902	—
Accrued expenses	713	9 432
Employment on-costs	148	—
GST payable	—	29
Total Current Payables	999 996	844 068
Non-Current		
Creditors - Electricity Entities lease proceeds	496 988	499 788
Employment on-costs	21	—
Total Non-Current Payables	497 009	499 788
Total Payables	1 497 005	1 343 856

SA Government / Non SA Government Entities Payables	2007	2006
Payables to SA Government entities	\$'000	\$'000
Creditors - electricity entities lease proceeds	499 788	502 338
Creditors - revenue on behalf of the Consolidated Account	911 433	832 057
Creditors - other	80 419	—
Accrued expenses	272	9 161
Employment on-costs	68	—
Total Payables to SA Government Entities	1 491 980	1 343 556
Payables to Non SA Government Entities		
Creditors - other	4 483	—
Accrued expenses	441	271
Employment on-costs	101	—
GST payable	—	29
Total Payables to Non SA Government Entities	5 025	300
Total Payables	1 497 005	1 343 856

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.

54 Employee Benefits	2007	2006
	\$'000	\$'000
Current		
Accrued salaries and wages	178	—
Annual leave	495	—
Long service leave	293	—
Total Current Employee Benefits	966	—
Non-Current		
Long service leave	219	—
Total Non-Current Employee Benefits	219	—
Total Employee Benefits	1 185	—

The total current and non-current employee benefit plus related on costs for 2007 is \$1,114,000 and \$240,000 respectively.

Based on an actuarial assessment performed by the Department, the benchmark for the measurement of the long service leave liability has been revised from 7 to 6.5 years.

55 Provisions	2007	2006
	\$'000	\$'000
Current		
Provision for workers compensation	10	—
Total Current Provisions	10	—
Non-Current		
Provision for workers compensation	28	—
Total Non-Current Provisions	28	—
Total Provisions	38	—
Reconciliation of Provisions	2007	2006
	\$'000	\$'000
Carrying amount at the beginning of the financial year	—	—
Additional provisions recognised	63	—
Payments/other sacrifices of future economic benefits	(25)	—
Carrying amount at the end of the financial year	38	—

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 Wellbeing branch of the Department of the Premier and Cabinet. These claims are expected to be settle within the next financial year.

56 Interest Bearing Liabilities - SA Government Entities	2007	2006
	\$'000	\$'000
Current		
Consolidated Account	39	76
Total Current Interest Bearing Liabilities	39	76
Non-Current		
Consolidated Account	—	39
Total Non-Current Interest Bearing Liabilities	—	39
Total Interest Bearing Liabilities	39	115

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 51. The liabilities earned a fixed interest rate of 5.50%.

57 Other Liabilities	2007	2006
	\$'000	\$'000
Current		
Unearned revenue	4 483	1 835
Total Current Other Liabilities	4 483	1 835
Non-Current		
Unearned revenue	880	905
Total Non Current Other Liabilities	880	905
Total Other Liabilities	5 363	2 740

58 Commitments for Expenditure

(a) Remuneration Commitments

Amounts disclosed include commitments arising from employment contracts for the Support Services to Parliamentarians. No remuneration contracts greater than 5 years are offered.

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

	2007 \$'000	2006 \$'000
Not later than one year	1 348	—
Later than one year but not later than five years	1 774	—
Total Remuneration Commitments	3 122	—

(b) Operating Lease Commitments

At the reporting date, the Support Services for Parliamentarians had operating leases for the lease of office accommodation.

Office accommodation is leased from the Real Estate Management business unit of DTEI. The leases are non-cancellable with terms ranging up to 5 years.

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

	2007 \$'000	2006 \$'000
Not later than one year	1 274	—
Later than one year and not later than five years	2 528	—
Total Operating Lease Commitments	3 802	—

59 Net Revenue from Administrative Restructure

As a result of the transfer of functions from DAIS effective 1 January 2007, the State Supply Board - Gaming Machines Account and State Government Auctions transferred to the department.

The Department recognised the following assets and liabilities:

	State Supply Board - Gaming Machines	State Government Auctions	Total
	\$'000	\$'000	\$'000
Cash	991	186	1 177
Total assets	991	186	1 177
Payables	33	186	219
Other	958	—	958
Total liabilities	991	186	1 177
Net Assets	—	—	—

Total income and expenditure attributable to the State Supply Board - Gaming Machines for 2006/07 were:

	Department of Administrative and Information Services	Department of Treasury and Finance	Total
	1/7/06 to 31/12/06 \$'000	1/1/07 to 30/06/07 \$'000	\$'000
Fees and Charges	10 809	9 492	20 301
Interest	51	58	109
Total income	10 860	9 550	20 410
Supplies and services	10 860	9 550	20 410
Total expenses	10 860	9 550	20 410
Net Result	—	—	—

Total income and expenses attributable to State Government Auctions for 2006-07 were:

	Department of Administrative and Information Services	Department of Treasury and Finance	Total
	1/7/06 to 31/12/06 \$'000	1/1/07 to 30/06/07 \$'000	\$'000
Fees and Charges	3 461	2 169	5 630
Total income	3 461	2 169	5 630
Supplies and Services	3 461	2 169	5 630
Total expenses	3 461	2 169	5 630
Net Result	—	—	—

60 Contingent Assets and Liabilities

The following contingent liabilities and assets 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 2007 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 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 2007 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 2007 is capped at \$1,500,000.
- Under an agreement between Osborne Cogeneration Pty Ltd and the Treasurer for the Osborne Generation Plant, the Treasurer has guaranteed the performance of certain obligations as to the Osborne arrangements. In addition, Babcock and Brown Power Limited has provided an indemnity to the Treasurer. The maximum exposure of the guarantee is estimated at \$150 million - \$200 million.
- Under an agreement with the South Australian Netball Association, the Treasurer has guaranteed the repayment of a loan, which the South Australian Netball Association has with an external banking institution with a total exposure value of \$1,800,000.

61 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 117 *Leases*. The consideration of \$1,000,000 has been recorded as unearned revenue and is being apportioned over the life of the lease.

62 Cash Flow Reconciliation

	2007	2006
	\$'000	\$'000
(a) Reconciliation of Cash - Cash at year end as per:		
Cash Flow Statement	1 070 465	897 805
Balance Sheet	1 070 465	897 805
(b) Reconciliation of Net Cash provided by (used in) Operating Activities to Operating Surplus		
	2007	2006
	\$'000	\$'000
Net cash provided by (used in) operating activities	166 884	(175 198)
Add Non cash items		
Depreciation	(89)	(13)
Bad debts	(3 848)	(1 049)
Doubtful debts	2 404	2 208
Discounted cash flow adjustment	6 106	(712)
Loans converted to grants	(937)	(153)
Grants converted to Loans	75	—
Non-current assets accrual in payables	23	—
Assets recognised for the first time	135	—
Change in Assets and Liabilities		
Increase (decrease) in receivables	4 545	4 625
Increase (decrease) in other assets	(76)	(108)
(Increase) decrease in payables	(152 929)	181 184
(Increase) decrease in employee benefits	(1 185)	—
(Increase) decrease in provisions	(38)	—
(Increase) decrease in interest bearing liabilities	76	108
(Increase) decrease in other liabilities	(1 665)	(19)
Operating Surplus	19 481	10 873

63 Events after Balance Date

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



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TO THE UNDER TREASURER DEPARTMENT OF TREASURY AND FINANCE

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 2007. The financial report comprises:

- An Income Statement;
- A Balance Sheet;
- A Statement of Changes in Equity;
- A Cash Flow Statement;
- 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;
- A Statement of Administered Cash Flows;
- A Schedule of Administered Income and Expenses;
- Notes to the Administered Financial Statements;
- Certificate by the Under Treasurer and the Acting General Manager, Corporate Services.

The Responsibility of the Under Treasurer and the Acting General Manager, Corporate Services for the Financial Report

The Under Treasurer and the Acting General Manager, Corporate Services are responsible for the preparation and fair presentation of the financial report in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Under Treasurer, as well as the overall presentation of the financial report.

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department of Treasury and Finance as at 30 June 2007, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations).



S O'Neill
Auditor-General
26 September 2007

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 2006-07. 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; and
- 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 completed a high level fraud risk assessment to confirm that it had an appropriate fraud control framework in place. Findings from that review were considered and monitored by the department's Audit Committee.

No instances of fraud were reported during the year.

APPENDICES

Appendix 1 — Department structure as at 30 June 2007

Appendix 2 — Acts committed to the Ministers supported by the DTF as at 30 June 2007

Appendix 3 — Legislative measures

Appendix 4 — Major Boards and Committees as at 30 June 2007

Appendix 5 — Use of consultants

Appendix 6 — Freedom of Information statement

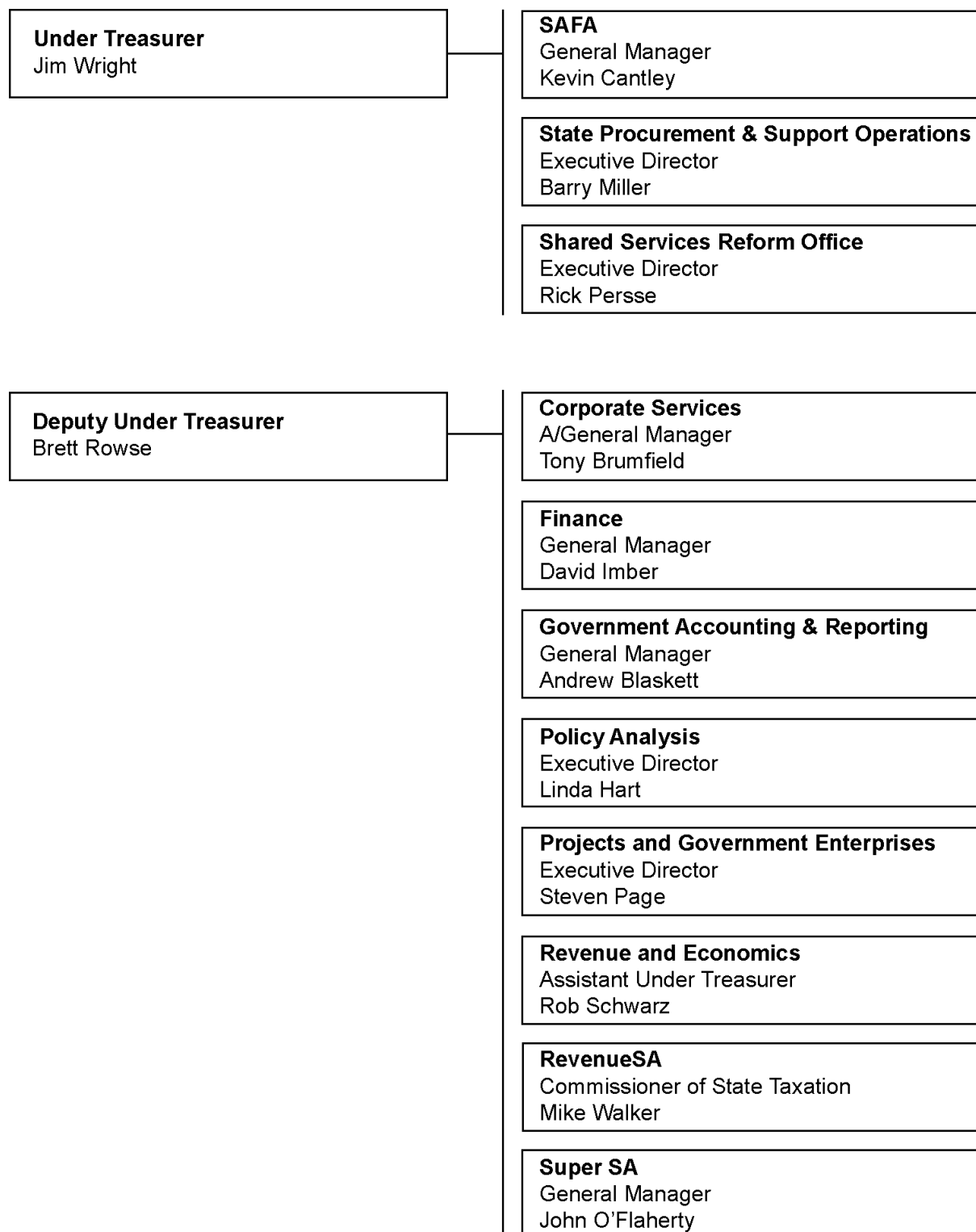
Appendix 7 — Overseas travel 2006-07

Appendix 8 — Revenue collections by RevenueSA

Appendix 9 — Energy efficiency report

Appendix 10 — Asbestos management report 2006-07

APPENDIX 1 — DEPARTMENT STRUCTURE AS AT 30 JUNE 2007



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

APPENDIX 2 — ACTS COMMITTED TO THE MINISTERS SUPPORTED BY THE DTF AS AT 30 JUNE 2007

<i>Treasurer</i>	<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 (Restructuring and Leasing Arrangements) Act 2002	6/5/04
New Tax System Price Exploitation Code (South Australia) Act 1999	9/12/99
Parliamentary Superannuation Act 1974	20/10/97
Payroll 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	13/5/03
Taxation Administration Act 1996	13/2/97
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

* Act of limited application

APPENDIX 3 — LEGISLATIVE MEASURES

Amendments to the Government Financing Authority Act, 1982

Government Financing Authority (Insurance) Amendment Act 2006 (No 2 of 2006)

The Amendment Act was introduced to incorporate the functions of the former South Australian Government Captive Insurance Corporation (SAICORP) into the South Australian Government Financing Authority (SAFA). The Amendment Act, as well as expanding the functions of SAFA to act as captive insurer of the State, also expanded the membership of the SAFA Advisory Board to include a requirement that one member must have expertise in insurance.

Date of operation: 1 July 2006

Dissolution of the South Australian Government Captive Insurance Corporation

Public Corporations (Dissolution of South Australian Government Captive Insurance Corporation) Regulations 2006 (No 184 of 2006)

The Regulations officially dissolved the former South Australian Government Captive Insurance Corporation (SAICORP) as a legal entity and its assets, rights and liabilities transferred to the South Australian Government Financing Authority (SAFA). SAFA's enabling legislation was amended to incorporate the functions of SAICORP into SAFA.

Date of operation: 1 July 2006

Amendments of the Emergency Services Funding (Remissions – Land) Regulations 2000

Emergency Services Funding (Remissions – Land) Variation Regulations 2006 (No 179 of 2006)

The Regulations amend the prescribed levy rate for the 2006-07 financial year from 0.001160 to 0.001189.

Date of operation: 1 July 2006

Stamp Duties (Land Rich Entities) Amendment Act 2006 (No. 27 of 2006)

Stamp Duties Act 1923

The Stamp Duties (Land Rich Entities) Amendment Act 2006, assented to on 23 November 2006 made a number of amendments to Part 4 of the Stamp Duties Act 1923 (the “land rich provisions”) to give effect to certain 2006-07 State Budget measures and applies to transactions entered into on or after 22 September 2006.

The measures were introduced to restore the integrity of the land rich provisions to ensure equitable tax treatment of transactions, which in substance relate to the transfer of interests in land.

Stamp duty provisions relating to transfers of significant interests in land rich entities were strengthened by:

- lowering the land to total asset test from 80 per cent to 60 per cent (except for primary production companies where the 80 per cent test continues); and
- amending the ownership test to apply duty to transfers of 50 per cent interests in addition to interests greater than 50 per cent (previous test).

Date of operation: 22 September 2006

Amendments to the Electricity Corporations Act 1994 and the Electricity Corporations (Restructuring and Disposal) Act 1999

Statutes Amendment (Electricity Industry Superannuation Scheme) Act 2006

This legislation makes various technical amendments to the provisions of the Acts dealing with the Electricity Industry Superannuation Scheme.

Clarifying the meaning of provisions the Electricity Industry Superannuation Scheme Trust Deed contained in Schedule 1 of the *Electricity Corporations Act* that deal with the cessation of employment by a member of the scheme with one employer in the electricity industry and the commencement of employment by that member with another employer in the electricity industry. The amendments address some technical difficulties and questions of interpretation that have become apparent where an employee changes or switches employment between employers in the industry, referred to in the Act as a ‘transfer of employment’.

Assented to: 14 December 2006

Date of operation: 1 February 2007

Amendments to the Southern State Superannuation Act 1994

Southern State Superannuation (Insurance, Spouse Accounts and Other Measures) Amendment Act 2006

This legislation makes various amendments that deal with invalidity and death insurance arrangements in the Southern State Superannuation Scheme (known as the Triple S scheme):

- amended definition of salary in the Act to provide that in all cases, superannuation will be based on a member's salary before any component is sacrificed and taken in a non-monetary form;
- provision for spouses of members to have their own superannuation account in the Triple S scheme and access to 'post-retirement' investment products; and
- enabling a spouse to take out death insurance cover in the Triple S arrangement.

Assented to: 14 December 2006

Date of operation: 1 February 2007 with the following provisions:

- (a) Sections 4(4), 4(8), 5, 7, 8, 9, 18, 24, 26, 27, 28, 29, 30(2), 30(3) and 32 of the Amendment Act; and
- (b) Paragraph (b) of section 21(2) of the Act (inserted into the Act by section 12 of the Amendment Act); and
- (c) Paragraph (a) of section 33A(14) of the Act (inserted into the Act by section 20 of the Amendment Act),

suspended until a subsequent proclamation.

Amendments to the Public Finance and Audit Act 1923

Public Finance and Audit (Refund or Recovery of Small Amounts) Amendment Act 2007

This legislation establishes a procedure for dealing with small overpayments or underpayments of a fee, charge or other amount that is required to be paid to a public officer under an Act.

Assented to: 5 April 2007

Date of operation: 3 December 2007

Variation of the Essential Services Commission Regulations 2004

Essential Services Commission Variation Regulations 2006

The regulation specifies arrangements for disclosure of confidential information to consultants.

Date of operation: 16 March 2007

Amendment to the Motor Vehicles Act 1959

Motor Vehicles (Third Party Insurance) Amendment Act (2007)

This Act amends the Motor Vehicles Act 1959 to exclude Compulsory Third Party cover for acts of terrorism involving the use of a motor vehicle.

Date of operation: 5 April 2007

Statutes Amendment (Domestic Partners) Act 2006 (No 43 of 2006)

First Home Owner Grant Act 2000, First Home Owner Grant Regulations 2000, Land Tax Act 1936, Stamp Duties Act 1923, Emergency Services Funding (Remissions – Land) Regulations 2000, and Rates and Land Tax Remissions Regulations 2005

The amendments provide for the recognition of certain domestic relationships of non-married couples, covering people who live in an opposite sex de facto relationship, in a same-sex de facto relationship or together as close companions or life partners.

Date of operation: 1 June 2007

APPENDIX 4 — MAJOR BOARDS AND COMMITTEES AS AT 30 JUNE 2007

- Distribution Lessor Corporation
- Essential Services Commission of SA
- Generation Lessor Corporation
- Parliamentary Superannuation Board
- Police Superannuation Board
- RESI Corporation Board
- South Australian Asset Management Corporation (SAAMC)
- South Australian Centre for Trauma and Injury Recovery (SACTIR)
- South Australian Government Financing Advisory Board (SAFA)
- South Australian Government Financing Advisory Board – Audit Committee
- South Australian Superannuation Board
- South Australian Superannuation Board Member Services Committee
- Superannuation Funds Management Corporation of South Australia Board (Funds SA)
- Superannuation Funds Management Corporation of South Australia Board (Funds SA) – Audit Committee
- Superannuation Funds Management Corporation of South Australia Board (Funds SA) – Human Resources Committee
- Transmission Lessor Corporation

APPENDIX 5 — USE OF CONSULTANTS

Consultant	Purpose of consultancy	Number	Total \$
Value below \$10 000			
Various	Various	16	78 238
Value \$10 000 – \$50 000			
Abbotsbury Consulting Services Pty Ltd	Development of a service delivery cost framework		
Bonita Kennedy	Development of records disposal schedule		
Connell Wagner Pty Ltd	Provision of services in relation to the State Aquatic Centre project		
Figtree Systems Pty Ltd	Review of insurance systems		
Finity Consulting Pty Ltd	Professional services in relation to a review of insurance		
Gartner Australasia Pty Ltd	Provide high level strategic opinion on the information and communication technology systems and implementation approach in a shared services context		
IBM Australia Ltd	Strategic overview of information technology server consolidation options		
Infact Consulting Pty Ltd	Review of the South Australian Government Financing Authority's Treasury Management system		
Intec Recruitment	Provision of services in relation to the CHRIS (Frontier) contract negotiation		
Key Energy & Resources Pty Ltd	Provide assistance with the whole of government electricity supply contract		
Lodestar Advisory Services	Professional negotiation services		
		11	266 247
Value above \$50 000			
Trudy Coad Consulting	Provision of services to assist with the Banking Procurement process		
Ernst and Young	Professional services for the review of industry financial assistance contracts		
Ferrier Hodgson	Professional services to administer the operations of the Basketball Association of South Australia		
	Provision of debt collection services for industry financial assistance		
McLachlan Hodge Mitchell Pty Ltd	Professional services to assist in data collection, assurance and analysis for the development of a shared service strategy		
PricewaterhouseCoopers	Professional services to assist in budget review process		
		5	1 330 522
Total		32	1 675 007

APPENDIX 6 — FREEDOM OF INFORMATION STATEMENT

Freedof 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 the Department of 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 (available on the internet at www.treasury.sa.gov.au)
- (g) Treasury circulars and RevenueSA Circulars (available on the internet at www.treasury.sa.gov.au)
- (h) publications/papers/reports
- (i) actuarial files
- (j) procedure manuals

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 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 7 — OVERSEAS TRAVEL 2006-07

Destination	Number of employees	Reason for travel	Travel costs \$
San Diego, New York, Washington, Seattle, California, Dallas, Los Angeles, Houston, Santa Monica ^(a)	2	Visited United States defence companies to further South Australia's reputation in the defence sector	22 151
Chicago, New York, Los Angeles ^(b)	1	To attend the Conference of Major Superannuation Funds Global Dialogue.	3 555
Victoria BC, Seattle, San Francisco, Chicago, New York, London	1	To research delivery of international information technology arrangements. Travelled with the Hon Patrick Conlon MP	16 081
London, Munich	1	Reinsurance Program renewal	5 369
Los Angeles, Atlanta ^(c)	1	Attendance at the Annual Venture Capital Institute Conference to provide the South Australian Government Financing Authority with an opportunity to obtain exposure into the aspects of the venture capital industry at an International level	3 348
London, Norfolk, Washington ^(a)	1	Followed up with defence companies that were visited in June and July this year and met with key VIP's and US Government defence officials to further SA's reputation in the defence sector. Also attended the Association of United States Army (AUSA) exhibition	3 254
Spain, Bahrain, Dubai ^(a)	2	For industry, defence and motor sports related matters	16 032
New York ^(a)	2	Visited the United States to support South Australia's trade involvement in Australia Week, G'Day New York	6 057
China ^(d)	2	To lead an automotive trade mission	13 992
Singapore, London, Frankfurt, Dublin	1	To view Public Private Partnership project prisons in the United Kingdom, Germany and Ireland	7 350
TOTAL	14		97 188

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

(b) This trip occurred during July 2006 resulting in costs being expensed in both the 2005-06 and 2006-07 financial years. Costs totalling \$4627 were reported in the 2005-06 annual report.

(c) The airfares and incidental costs were shared with Attorney General's Department.

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

APPENDIX 8 — REVENUE COLLECTIONS BY REVENUE SA

	2004-2005 Number of Taxpayers / Transactions	Amount \$	2005-2006 Number of Taxpayers / Transactions	Amount \$	2006-2007 Number of Taxpayers / Transactions	Amount \$
Debits Tax		60 063 065		5 551 926		-2 007
Financial Institutions Duty						
Financial Institutions	—	—	—	—	—	—
Short Term Money Market Operators	—	—	—	—	—	—
Exempt-Charitable Organisations Accounts	—	—	—	—	—	—
Total Financial Institutions Duty		—		—		—
Land Tax	167 464	274 523 092	123 820	251 706 113	159 458	332 223 553
Payroll Tax	8 478	894 973 755	8 596	959 680 998	9 053	1 034 238 248
Stamp Duty						
Adhesive Stamps		594 875		29 068		6 250
Annual Licences (Insurance)		221 442 790		223 767 696		235 897 568
Applications to Register or Transfer Motor Vehicles		139 431 652		133 595 475		132 979 189
Cheques		315 372		—		—
Conveyance of Property on Sale		566 566 713		619 118 274		725 391 785
Conveyance of Shares on Stock Exchange ¹		—		—		—
Conveyance of Shares (Excluding Stock Exchange)		12 635 313		7 210 979		12 524 316
Hospital Fund MV Third Parties		55 376 095		56 225 311		57 700 200
Insurance Effected Outside SA		9 206 875		7 631 466		7 761 212
Leases		294 665		28 947		2 678
Mortgages		76 727 587		50 195 956		56 217 180
Rental Business		14 612 388		14 989 761		15 478 889
Voluntary Conveyances of Property		5 054 600		4 532 042		5 205 596
Other		1 835 624		6 694 682		3 212 835
Less Refunds, Commissions etc		—		—		—
Total Stamp Duty	371 878	1 104 094 549	358 854	1 124 019 659	329 476	1 252 377 698
Contribution from small lotteries	2 506	594 712	—	—	—	—
Mirror Taxes						
Debits Tax		414 905		38 578		—
Land Tax		808 406		754 385		904 360
Payroll Tax		15 660 487		16 788 547		18 094 634
Conveyance of Property on Sale		285 752		263 252		263 252
Leases		27 479		2 699		250
Rental Business		376 214		385 930		398 523
Total Mirror Taxes		17 573 242		18 233 391		19 661 019
Emergency Services Levy (Fixed Property)						
ESL Payments		64 342 157		69 093 502		72 147 025
Remission & Concession		68 729 070		68 411 519		75 413 411
Total ESL		133 071 227		137 505 022		147 560 436
Total RevenueSA Collections		2 484 893 642		2 496 697 109		2 786 058 947

APPENDIX 9 — GREENING OF GOVERNMENT OPERATIONS

The department formed a Greening of Government Operations (GoGO) Implementation Committee in April 2005 to support the implementation of the Cabinet approved GoGO Framework in DTF.

The committee oversaw the development of the DTF GoGO Implementation Plan 2006-09, which was endorsed by the Under Treasurer in February 2006. The development of the plan involved a review of the department's environmental impact and outlined a number of initiatives across the eight GoGO priority areas to be actioned within the department.

The integration of a number of business units of the former Department of Administrative and Information Services into the Strategic Procurement and Support Operations (SPSO) Branch of the department broadened the profile of the department's environmental impact. The department will review its GoGO Implementation Plan and governance arrangements in 2007-08 in light of these significant changes.

Energy Management — GoGO Priority Area 1

The energy use of the Department of Treasury and Finance (DTF) consists of light and power primarily in leased office premises in the central business district of Adelaide. The major buildings used are the State Administration Centre and Wakefield House. The department also has a range of other tenancies varying in size and use.

The department also supports the Treasurer in the administration of the Electorate offices of State Members of Parliament. These offices are scattered throughout South Australia and generally comprise leased small shops in urban complexes where there are limited opportunities for energy savings.

The energy usage and intensity data included in the table below includes adjustments to the department's baseline to reflect the inclusion of the SPSO Branch. The department also formed the Shared Service Reform Office during 2006-07, which will significantly impact its energy usage profile in future years.

Energy Performance

	Energy use (GJ)	Greenhouse gas emissions (Tonnes CO ₂)	KWH	Business Measures
Energy Usage ¹				
Base Year 2000-01				
DTF	5 767		1 601 925	556.70 (FTE)
SPSO	4 344		1 206 541	8 090.91 (M ²)
Electorate Offices	2 110		585 995	100.40 (FTE)
Portfolio Total	12 220	3 418	3 394 461	
Report Year 2006-07				
DTF	5 102		1 417 084	608.60 (FTE)
SPSO	4 319		1 199 788	10 705.00 (M ²)
Electorate Offices	2 293		636 970	187.80 (FTE)
Portfolio	11 714	3 277	3 253 842	

Energy Intensity ²		
Energy Efficiency		
Base Year 2000-01		
DTF	799.32	MJ per FTE
SPSO	41.42	MJ per M ²
Electorate Offices	1 621.28	MJ per FTE
Report Year 2006-07		
DTF	646.79	MJ per FTE
SPSO	31.13	MJ per M ²
Electorate Offices	942.15	MJ per FTE
Portfolio Targets 2006-07³		
DTF	707.09	MJ per FTE
SPSO	36.64	MJ per M ²
Electorate Offices	1 434.21	MJ per FTE
Portfolio Targets 2013-14³		
DTF	599.49	MJ per FTE
SPSO	31.07	MJ per M ²
Electorate Offices	1 215.96	MJ per FTE

¹Calculated on the following assumptions:
 CO2 Intensity 1.007kg per kWh
 3.6 megajoule(MJ) per KWhr
 1000 MJ per Gigajoule (GJ)

²Energy Intensity equals the energy used per unit of business measure. DTF is using the business measure of number of full time equivalents against DTF corporate and electorate office energy consumption. DTF is using the business measure of occupied floor area measured in square metres against SPSO Branch energy consumption.

³Portfolio targets are calculated on a 25% reduction in energy intensity (2000–01) by 2013–14. Energy intensity is a key performance indicator for energy efficiency. 2006–07 is the sixth year of expected reduction toward target. This is inline with the South Australia Strategic Plan Target T3.13 – Improve the energy efficiency of Government Buildings by 25% from 2000-01 levels by 2014.

Water Conservation and Wastewater Management — GoGO Priority Area 2

The department does not currently have data available for performance reporting in the GoGO areas of Water Conservation and Wastewater Management. The department will work on developing these reporting mechanisms in 2007-08.

Waste Management — GoGO Priority Area 3

The department does not currently have data available for performance reporting in the GoGO areas of Waste Management. The department will work on developing these reporting mechanisms in 2007-08.

APPENDIX 10 — ASBESTOS MANAGEMENT REPORT 2006-07

Category	Category description	Number of sites		Interpretation: One or more items at these sites...
		At year start	At year end	
1	Remove	—	—	should be removed promptly.
2	Remove as soon as practicable	—	—	should be scheduled for removal at a practicable time.
3	Use care during maintenance	—	1	may need removal during maintenance works.
4	Monitor condition	—	—	has asbestos present. Inspect according to legislation and policy.
5	No asbestos identified / identified asbestos has been removed	—	—	has had all asbestos identified as per OHS&W 4.2.10(1) and it has been removed.
6	Further information required	—	—	(These sites are not yet categorised)

Definitions

Category: The site performance score, determined by the lowest item performance score at each site.

Category Description: Indicates the recommended action corresponding to the lowest item performance score (recorded in the asbestos register by a competent person, as per OHS&W Regulations (SA) 1995, 4.2.10).

Number of Sites in Category: A count of how many sites have the corresponding site performance score, with separate counts done at the start and the end of each year.

Interpretation: A brief real-world example of what each category implies for a site.