

SOUTH AUSTRALIA

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2007

Tabled in the House of Assembly and ordered to be published, 16 October 2007

Second Session, Fifty-First Parliament

Part B: Agency Audit Reports

Volume I

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2007

**Report of the Auditor-General
Annual Report for the year ended 30 June 2007**

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AASB 2	Share-based Payment
AASB 3	Business Combinations
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APF II	General Purpose Financial Reporting Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

LEGISLATION

Reference	Title
PFAA	<i>Public Finance and Audit Act 1987</i>
PCA	<i>Public Corporations Act 1993</i>
PSMAAct	<i>Public Sector Management Act 1995</i>
SPA	<i>State Procurement Act 2004</i>
SPR	<i>State Procurement Regulations 2005</i>
BWCA	<i>Building Work Contractors Act 1995</i>
NRMA	<i>Natural Resources Management Act 2004</i>
OHSWA	<i>Occupational Health, Safety and Welfare Act 1996</i>
OHSAA	<i>Occupational Health Safety (SafeWork SA) Amendment Act 2005</i>
ITAA	<i>Income Tax Assessment Act 1997</i>
WRCA	<i>Workers Rehabilitation and Compensation Act 1986</i>

ACRONYMS

Reference	Title
AASs	Australian Accounting Standards ¹
AGAAP	Australian Generally Accepted Accounting Principles
AIFRS	Australian equivalents to International Financial Reporting Standards
APF	Accounting Policy Framework
APS	Accounting Policy Statement
CHRIS	Complete Human Resource Information System
CIO	Chief Information Officer
CPE	Computer Processing Environment
FBT	Fringe Benefits Tax
FMF	Financial Management Framework
GFS	Government Financial Statistics
GST	Goods and Services Tax
ICT	Information and Communications Technology
ISMF	Information Security Management Framework
LOTS	Land Ownership and Tenure System
Supply SA	Government Supplies Warehouse
TI	Treasurer's Instruction
TVSP	Targeted Voluntary Separation Package

¹ 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board and any of the following standards: AAS 25, AAS 29 and AAS 31 and associated amendments to transitional provisions (AAS 29A, AAS 31A) which are in force in relation to the reporting period to which the financial report relates.

VOLUMES I, II, III, IV AND V

REFERENCES TO MATTERS OF SIGNIFICANCE

Issues of importance which are included in this Part of the Report include matters which arose during the course of audit which have been referred to senior agency management, and other matters which are of public interest.

Those matters which are regarded as being more significant are listed below, together with a reference to the appropriate page number. This list is not exhaustive, as many other issues are reported in Volumes I, II, III, IV and V of Part B of this Report.

Reference should also be made to Part A — Audit Overview and Part C — State Finances and Related Matters which also contain comments on specific matters of importance and interest.

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VOLUMES I, II, III, IV and V

ACCOUNTS OF PUBLIC AUTHORITIES

INTRODUCTION

Part B — Volumes I, II, III, IV and V of the Report of the Auditor-General contains the Financial Statements of, and comments concerning, the operations of those public sector agencies that I am required by law to audit and that are defined by the PFAA as 'public authorities'. Where appropriate, charts and tables have been used to illustrate selected information.

AGENCIES NOT INCLUDED IN THIS REPORT

In preparing this Report every effort is made to ensure that only matters which are relevant, appropriate and timely are included. Subsection 36(2) of the PFAA provides the Auditor-General with a discretionary power to choose which agencies are excluded from this Report.

The following factors are taken into consideration in determining which agencies are to be included in this Report:

- Materiality of financial operations.
- Materiality of any impact on the public finances.
- Consolidation of the financial operations in the Parent Entity's Financial Statements included in this Report.
- Timeliness of information.
- Materiality of issues arising from the audit.
- Public interest.

A number of the agencies excluded from the Report are required to prepare an Annual Report in accordance with the requirements of the PSMAct. In addition, TI 19 requires that each Chief Executive Officer must ensure that the Annual Report, which is required to be submitted to the responsible Minister in accordance with the PSMAct and Regulations, or other legislation, includes the general purpose financial statements in the form in which they were presented to the Auditor-General, together with a copy of the Auditor-General's Independent Auditor's Report on the Financial Statements.

SUPPLEMENTARY REPORT

There are also agencies whose Financial Statements had not been finalised and the audit has not been completed in time for inclusion in this Report. The Financial Statements for and commentary on the operations of the following agencies will be included in a Supplementary Report to be presented to Parliament later this year.

- 2007 World Police and Fire Games Corporation
- Land Management Corporation.

AUDIT OF THE AUDITOR-GENERAL'S DEPARTMENT

The PFAA requires that the accounts of the Auditor-General's Department be audited by an auditor appointed by the Governor. The audit for the financial year ended 30 June 2007 was conducted by Edwards Marshall, Chartered Accountants, who have issued an unmodified Independent Auditor's Report on the Department's Financial Statements.

MODIFIED INDEPENDENT AUDITOR'S REPORTS

The expression of an opinion on an organisation's annual Financial Statements by an independent professional auditor adds credibility to those Financial Statements and ensures that an appropriate level of financial disclosure has been exercised.

For those agencies that I am required to audit, I issue an Independent Auditor's Report on the Financial Statements in accordance with professional requirements and standards. The opinion expressed in that Report is usually unmodified but, where, in my opinion, circumstances so warrant, a modified opinion is expressed. In extreme cases it may be necessary to decline to express an opinion.

In all cases where a modified opinion is given, the Independent Auditor's Report includes an explanatory paragraph clearly describing the reason for issuing a modified opinion.

For the financial year ended 30 June 2007 modified opinions were expressed on the Financial Statements of the following agencies:

- Environment and Heritage, Department for
- Local Government Finance Authority of South Australia
- South Australian Forestry Corporation
- South Australian Motor Sport Board
- Transport, Energy and Infrastructure, Department for
- University of South Australia.

CONTROLS OPINION

Subsection 36(1)(a)(iii) of the PFAA requires the Auditor-General to advise Parliament whether in his opinion the controls exercised by the Treasurer and by public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.

In accordance with that requirement a Controls Opinion has been expressed for each agency.

REFERENCES TO MATTERS OF SIGNIFICANCE

Matters which have arisen from the audit of agencies during this financial year are commented on in Volumes I, II, III, IV and V of Part B of this Report. Those issues that are regarded as either serious in nature or of public interest importance are listed separately under the heading 'References to Matters of Significance' immediately after the Table of Contents in each Volume.

2007 WORLD POLICE AND FIRE GAMES CORPORATION

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The 2007 World Police and Fire Games Corporation (the Corporation) was established on 1 October 2003 as a subsidiary of the Minister for Tourism pursuant to the Public Corporations Regulations 1993. The primary function of the Corporation was to organise and stage the 2007 World Police and Fire Games in March 2007.

AUDIT MANDATE AND COVERAGE

Audit Authority

Subsection 31(1)(b) of the PFAA and the Schedule to the PCA provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

STATUS OF THE FINANCIAL REPORT

The Corporation has provided Audit with its 2006-07 financial statements. At the date of preparation of this Report, the audit had not been finalised.

A summary of the audited financial reports of the Corporation for the years ended 30 June 2005, 2006 and 2007 will be included in a Supplementary Audit Report to Parliament.

ADELAIDE CONVENTION CENTRE CORPORATION

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Adelaide Convention Centre Corporation (the Corporation), a subsidiary to the Minister for Tourism, was established pursuant to regulations under the PCA.

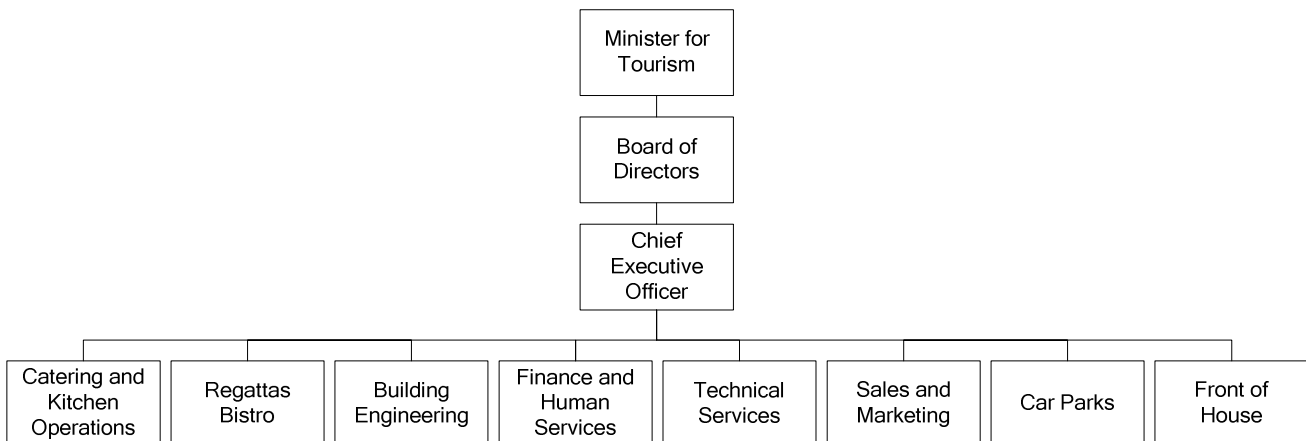
Functions

The functions of the Corporation are as follows:

- Manage and operate the Adelaide Convention Centre site, and to hold and manage assets associated with the Centre.
- Manage, promote and sponsor events at the Adelaide Convention Centre site or elsewhere.
- Foster and assist the commercial development of the Adelaide Convention Centre site in order to complement and enhance the commercial potential of the Adelaide Convention Centre.
- Carry out other functions conferred on the subsidiary by the Minister.

Structure

The structure of the Corporation at 30 June 2007 is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

The Schedule to the PCA and subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- revenue
- expenditure
- payroll
- inventory
- property, plant and equipment
- general ledger.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

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

Assessment of Controls

In my opinion, the controls exercised by the Adelaide Convention Centre Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Convention Centre Corporation have been conducted properly and in accordance with law.

Communication of Audit Matters

The outcome of the audit was satisfactory. Some opportunities were identified to enhance financial accounting and related processes. These were conveyed in a management letter to the Chief Executive and a satisfactory response was received.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Income Statement

Income

The Corporation's income from trading activities for the year increased by \$1.8 million to \$26.8 million. The increase is the result of an increase in facility charges income of \$1.6 million.

Income from property management activities decreased by \$1 million to \$5.1 million. The decrease is the result of a decrease in the contribution from the SA Government. For 2005-06 the contribution included a \$1 million one-off capital grant for upgrade works to the Riverbank promenade.

Expenses

The Corporation's expenses from trading activities increased by \$800 000 to \$22.3 million. The increase is principally the result of an increase of \$250 000 in employee expenses and \$200 000 in supplies and services.

Net Result

The Corporation achieved a profit of \$4.5 million (\$3.5 million) from trading activities for the year while property management activities realised a loss of \$3.4 million (\$2.4 million).

The Corporation reported a net profit of \$760 000 for the year compared to a profit of \$1.1 million in 2006. The major items contributing to this change is the decrease of \$1 million in contribution from the SA Government.

The following chart shows the total revenues, total expenses and profits/losses for the four years to 2007. Profits have been recorded in 2006 and 2007 compared to losses in 2004 and 2005.



Balance Sheet

The net assets of \$155 million include \$136 million for buildings, plant and equipment.

Cash Flow Statement

Cash held by the Corporation was \$25 million (\$20.3 million) and comprises \$12 million in cash on deposit, cash at bank and cash on hand; and \$13 million in specific purpose deposits of which \$11 million is earmarked for future assets replacement.

**Income Statement
for the year ended 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
INCOME FROM TRADING ACTIVITIES:			
Facility charges	5	25 912	24 339
Interest		723	560
Net gain from disposal of assets	6	-	13
Other income		117	77
Total Income from Trading Activities		26 752	24 989
EXPENSES FROM TRADING ACTIVITIES:			
Employee expenses	7	12 954	12 706
Supplies and services	10	7 457	7 254
Depreciation and amortisation	11	1 852	1 527
Net loss from disposal of assets	6	24	-
Total Expenses from Trading Activities		22 287	21 487
PROFIT FROM TRADING ACTIVITIES		4 465	3 502
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Contribution from SA Government		4 377	5 598
Interest		757	567
Total Income from Property Management Activities		5 134	6 165
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee expenses	7	1 867	1 431
Supplies and services	10	3 615	4 118
Depreciation and amortisation	11	3 034	2 989
Total Expenses from Property Management Activities		8 516	8 538
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		(3 382)	(2 373)
PROFIT BEFORE INCOME TAX EQUIVALENTS		1 083	1 129
Income tax equivalent expense	13	325	39
NET PROFIT AFTER INCOME TAX EQUIVALENTS IS ATTRIBUTABLE TO THE STATE GOVERNMENT AS OWNER		758	1 090

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash on deposit, at bank and on hand	24	11 992	9 409
Receivables	14	1 194	787
Inventories		237	322
Other current assets	15	144	328
Total Current Assets		13 567	10 846
NON-CURRENT ASSETS:			
Specific purpose deposits	16,24	13 030	10 890
Buildings, plant and equipment	17	136 430	137 870
Total Non-Current Assets		149 460	148 760
Total Assets		163 027	159 606
CURRENT LIABILITIES:			
Payables	18	2 881	891
Security deposits held	19	3 017	1 938
Employee benefits	20(a)	794	855
Total Current Liabilities		6 692	3 684
NON-CURRENT LIABILITIES:			
Payables	18	58	50
Employee benefits	20(a)	967	833
Total Non-Current Liabilities		1 025	883
Total Liabilities		7 717	4 567
NET ASSETS		155 310	155 039
EQUITY:			
Contributed capital		77 804	77 804
Retained earnings		77 506	77 235
TOTAL EQUITY		155 310	155 039
The total equity is attributable to the SA Government as owner			
Commitments	21		
Contingent assets and liabilities	22		

Statement of Changes in Equity for the year ended 30 June 2007

	Note	Contributed Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2005		77 804	76 070	153 874
Capitalisation of uniforms	3.21	-	133	133
Distributions to Equity Holders	3.5	-	(58)	(58)
Net profit after income tax equivalents for 2005-06		-	1 090	1 090
Balance at 30 June 2006		77 804	77 235	155 039
Distributions to Equity Holders		-	(487)	(487)
Net profit after income tax equivalents for 2006-07		-	758	758
Balance at 30 June 2007		77 804	77 506	155 310

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

Cash Flow Statement for the year ended 30 June 2007

	Note	2007 Inflows (Outflows) \$'000	2006 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Facility charges		26 611	24 386
Contribution from SA Government		4 377	5 598
Interest received		1 480	1 120
GST receipts on facility charges		2 650	2 464
Other receipts		117	77
Total Inflows from Operating Activities		35 235	33 645
CASH OUTFLOWS:			
Payments to employees		(14 738)	(13 771)
Payments to suppliers		(9 517)	(11 817)
GST payments on purchases		(1 125)	(1 122)
GST payments to taxation authority		(1 662)	(1 164)
Total Outflows from Operating Activities		(27 042)	(27 874)
Net Cash provided by Operating Activities	24	8 193	5 771
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of plant and equipment		28	104
Payments for property, plant and equipment		(3 498)	(2 870)
Net Cash used in Investing Activities		(3 470)	(2 766)
NET INCREASE IN CASH HELD		4 723	3 005
CASH AT 1 JULY		20 299	17 294
CASH AT 30 JUNE	24	25 022	20 299

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment and Functions of the Adelaide Convention Centre Corporation

1.1 Establishment

The Adelaide Convention Centre Corporation (the Corporation) was established as a subsidiary to the Minister for Tourism by Regulations issued under the PCA.

1.2 Functions

The functions of the Corporation are to:

- manage and operate the Adelaide Convention Centre site, and to hold and manage assets associated with the Corporation;
- manage, promote and sponsor events at the Adelaide Convention Centre site or elsewhere;
- attract economic benefits to the state of South Australia;
- foster and assist the commercial development of the Adelaide Convention Centre site in order to complement and enhance the commercial potential of the Corporation.

2. Funding

2.1 Funding

The SA Government (through the Minister for Tourism) provides funding to the Corporation for expenses relating to the maintenance of the common areas and the Riverbank Precinct, Exhibition Hall land rent, office accommodation rent and for replacement of assets.

The funding for asset replacement is transferred by the Department of Treasury and Finance into an interest bearing Special Deposit Account titled 'Adelaide Convention Centre Future Asset Replacement Account'. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor works.

Capital funding was also received directly from the Department of Treasury and Finance for the installation of stairs from the Promenade to the Parklands adjacent to the River Torrens.

All other financial activities of the Corporation are conducted through an interest bearing Special Deposit Account titled 'Adelaide Convention Centre Operating Account'.

3. Summary of Significant Accounting Policies

3.1 Basis of Accounting

The financial report is a general purpose financial report. The statements have been prepared in accordance with:

- TI and the APF promulgated under the provision of the PFAA;
- applicable Accounting Standards;
- other mandatory professional reporting requirements in Australia.

AASs include AIFRS and AAS 29. The Corporation has early adopted the amendments to AASB 101. Refer Note 4 'Changes in Accounting Policies'.

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 Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs 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. A threshold of \$100 000 for separate identification of these items applies;
 - (b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - (c) employee TVSP 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;
 - (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.

3.1 Basis of Accounting (continued)

The Corporation'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 12 month operating cycle and presented in Australian currency.

3.2 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or applicable Accounting Standard has required a change.

Comparative amounts are shown in brackets.

3.3 Rounding

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

3.4 Taxation

In accordance with TI issued under the PFAA, the Corporation is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Treasurer has exempted capital funding from the calculation of the income tax equivalents.

The Corporation is liable for payroll tax, FBT, GST, emergency services levy, land tax and local government rates.

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

- the amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- receivables and payables are stated with the amount of GST included.

Income tax equivalent payable for 2006-07 is \$325 000 (\$39 000).

3.5 Dividend Policy

The Department of Treasury and Finance has determined a distribution policy, which will apply to the Corporation as being 75 percent of the operating profit before income tax equivalents, less any capital funding. This distribution is reduced by the income tax equivalent expense plus the other Tax Equivalent Regime expenditure resulting in a dividend which is paid to the Department of Treasury and Finance. The deduction of income tax equivalent and other Tax Equivalent Regime expenditure from the gross 75 percent distribution ensures consistency with Competitive Neutrality and Department of Treasury and Finance policies concerning budget neutrality.

The dividend provided for 2006-07 is \$487 000 (\$58 000).

3.6 Income and Expenses

Income and Expenses are recognised in the Corporation's Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and Expenses have been classified according to their nature in accordance with APF II and have not been offset unless required or permitted by another accounting standard.

Income

Income from facility charges is derived from the provision of goods and services to the public and other SA Government agencies at the conclusion of an event or after a service has been provided. This income is driven by consumer demand.

The contribution from the SA Government is recognised as income when the Corporation obtains control over the assets. Control over this income is normally obtained upon receipt and they are accounted for in accordance with TI 3.

Interest income is recognised as it is accrued.

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

The Corporation undertakes major cyclical maintenance on its infrastructure assets. All costs involved with the major cyclical maintenance are recorded as an expense unless they add to the service potential of the existing infrastructure asset.

3.7 Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. The Corporation has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

3.8 Cash

For the purposes of the Cash Flow Statement, cash includes cash on deposit, at bank, and on hand and deposits at call that are readily converted to cash. Cash on deposit (specific purpose deposits) cannot be used for operational cash purposes. Security deposits held at bank can be used for operational purposes at the conclusion of an event. Cash is measured at nominal value.

3.9 Receivables

Trade receivables arise in the normal course of selling goods and services to the public and to other SA Government agencies. Trade receivables are payable within 14 days after the issue of a tax invoice or the goods/services have been provided under a contractual arrangement.

Based on an assessment of the collection of trade receivables at balance date, the Corporation has determined that a provision for doubtful debts is not warranted.

3.10 Inventories

Inventories are carried at cost as they are expected to be consumed in the holding of functions that will have a net realisable value that exceeds cost. Cost is assigned on a weighted average cost basis.

3.11 Non-Current Asset Acquisition and Recognition

Assets are initially recorded at cost plus any incidental cost involved with the acquisition.

The Corporation capitalises all non-current physical assets with a value equal or greater than \$300 or a useful life greater than three years.

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2007.

3.12 Revaluation of Non-Current Assets

In accordance with APF III all non-current physical assets are revalued every three years, with the last revaluation being undertaken as at 31 May 2005 by Rushton Valuers Pty Ltd with the fair value methodology of replacement cost less depreciation being adopted as the valuation basis.

Notwithstanding the above, all non-current assets are reviewed annually to ensure there are no material differences from their carrying amounts. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

All non-current tangible assets are tested for indication of impairment at each 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.

3.13 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 relates to leasehold improvements, while depreciation is applied to physical assets such as property, plant and equipment.

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

The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

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

<u>Class of Asset</u>	<u>Depreciation Method</u>	<u>Useful Life (Years)</u>
Buildings	Straight line	30-50
Leasehold improvements	Straight line	life of lease
Plant and equipment	Straight line	2-20

3.14 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 Corporation.

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.

3.14 Payables (continued)

All amounts are measured at their nominal amount and are normally settled within 30 days in accordance with TI 11 after the Corporation receives an invoice.

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

The Corporation makes contributions to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as the South Australian Superannuation Board (SASB) has assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

3.15 Security Deposits Held

The Corporation will hold all security deposits on behalf of the client/hirer and will not treat these monies as consideration until such time as the deposits are applied towards payment at the conclusion of the event/hiring period or are forfeited and applied towards a cancellation fee. Security deposits for car park cards are returned to the client when the card is returned.

3.16 Employee Benefits

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

Employer Superannuation

The Corporation made contributions of \$1.2 million (\$1.1 million) in respect of its employees for the financial year to several superannuation schemes operated by the SA Government.

Sick Leave

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

Accrued Salaries and Wages

Liability for salaries and wages is measured as the amount unpaid at 30 June 2007 at current remuneration rates.

Annual Leave

Provision has been made for the unused component of annual leave as at 30 June 2007. The liability is calculated at nominal amounts based on the 2007-08 pay rates and is expected to be paid during the next financial year.

Long Service Leave

A liability for long service leave is recognised and is measured as the current value of entitlements in respect of employees with six and a half (seven) or more year's service as advised by the Department of Treasury and Finance. This base provides a reasonable approximate of the present value of the estimated future cash outflows to be made for these entitlements. On-costs have been included in the provision and calculated in accordance with APF IV. The superannuation on-cost has been calculated on that component of long service leave that is expected to be taken as leave (35 percent of the liability at June 2007). This calculation is based upon an average percentage supplied by the Department of Treasury and Finance for long service leave that will be taken as a lump sum (65 percent). A weighted average superannuation contribution rate covering employees of various schemes of 11 percent was used as advised by the Department of Treasury and Finance.

The current component of long service leave is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the next financial year.

The change in estimate for long service leave to six and a half years has resulted in a \$28 000 increase to the liability.

3.17 Equity Contributed by the SA Government

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity. There was no additional capital contributed during 2006-07.

3.18 Leases

Finance Leases

The Corporation has no finance leases.

Operating Leases

The Corporation has entered into operating leases for the land on which the buildings are situated and for office accommodation. The leases are reviewed each year for adjustments in the consumer price index.

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are charged to the Income Statement on a basis, which is representative of the pattern of benefits derived from the leased assets.

3.19 Financial Instruments

The Corporation's accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised as at 30 June 2007, are as follows:

Financial Assets

The Corporation has interest bearing cash assets with the SA Government. Cash on deposit and at bank comprises deposits at call with the Westpac Banking Corporation and are recorded at cost. Interest income is recognised as it is accrued. For the deposit with the Westpac Banking Corporation, the interest rate ranged from 5.68 percent to 6.10 percent.

Specific Purpose Deposits comprise the Future Asset Replacement Deposit Account with the Department of Treasury and Finance and the Adelaide Railway Station Area Service Facilities maintenance monies at the South Australian Government Financing Authority (SAFA). Both deposits and interest income are recorded at cost and are recognised as they accrue. The interest rate on the Deposit Account with the Department of Treasury and Finance ranged from 5.68 percent to 6.10 percent and the average interest rate on the monies at SAFA ranged from 5.87 percent to 6.41 percent.

Total Receivables are reported at amounts due. There are no interest rate risks associated with these financial assets.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Financial Liabilities

Trade payables are recognised for goods and services that have been supplied but have not been paid for and are normally settled within 30 days or in accordance with the terms of credit offered by the trade payable.

Security deposits held are recorded at cost.

All financial instruments are valued at the carrying amount as per the Balance Sheet, which approximates net fair value.

3.20 Government/Non-Government Disclosures

In accordance with APF II, the Corporation has included details of income, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government and have been classified according to their nature in relevant notes to the accounts.

Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

3.21 Capitalisation of Uniforms

The Corporation previously expensed the costs of new uniforms as they were purchased. The practice ignored the asset represented by the uniforms at any balance date. It has been determined that uniforms fit within the definition of property, plant and equipment as per AASB 116. Consequently a \$133 000 adjustment to accumulated surplus in 2005-06 was made to recognise those uniforms previously expensed as an asset.

3.22 Interests in Joint Venture

During the 2006-07 financial year, the Corporation entered into a joint venture operation in relation to the catering for the 2007 World Police and Fire Games. The Corporation's share of the income and expenses incurred as part of the joint venture operations are included in the appropriate items of the Income Statement.

3.23 Program Information

The principle activity of the Corporation is to manage and operate the Adelaide Convention Centre site.

4. Changes in Accounting Policies

Except for the amendments to AASB 101, which the Corporation has early adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the reporting period ending 30 June 2007. The Corporation 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 Corporation.

5. Facility Charges

	2007	2006
	\$'000	\$'000
Facility Charges Received/Receivable from Entities external to the SA Government:		
Catering	12 640	11 953
Room hire	3 892	3 110
Technical services	3 922	3 607
Car park	4 370	4 175
Total Facility Charges - Non-SA Government Entities	24 824	22 845

5. Facility Charges (continued)	2007	2006
Facility Charges Received/Receivable from Entities within the SA Government:	\$'000	\$'000
Catering	605	1 149
Room hire	156	134
Technical services	281	211
Car park	46	-
Total Facility Charges - SA Government Entities	1 088	1 494
Total Facility Charges	25 912	24 339
6. Net Gain from Disposal of Assets		
Plant and Equipment:		
Proceeds from disposal	28	104
Net book value of assets disposed	52	91
Total Net (Loss) Gain from Disposal of Assets	(24)	13
7. Employee Expenses		
Employee expenses comprise:		
Trading Activities:		
Salaries and wages	10 425	10 072
Long service leave	224	211
Annual leave	516	613
Superannuation	1 030	1 030
Employment on-costs - Other	710	732
Board fees	49	48
Total Employee Expenses - Trading Activities	12 954	12 706
Property Management Activities:		
Salaries and wages	1 514	1 117
Long service leave	34	25
Annual leave	98	102
Superannuation	139	115
Employment on-costs - Other	82	72
Total Employee Expenses - Property Management Activities	1 867	1 431
Total Employee Expenses	14 821	14 137
8. Remuneration of Employees	2007	2006
The number of employees whose remuneration received or receivable falls within the following bands:	Number of Employees	Number of Employees
\$100 000 - \$109 999	1	-
\$110 000 - \$119 999	3	2
\$120 000 - \$129 999	-	2
\$150 000 - \$159 999	1	-
\$160 000 - \$169 999	-	1
\$170 000 - \$179 999	1	-
\$270 000 - \$279 999	1	-
\$400 000 - \$409 999*	-	1
Total Number of Employees	7	6
Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits and associated FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$1 050 000 (\$1 040 000).		
* The total includes employee leave entitlements to a former employee whose normal remuneration exceeded \$100 000.		
9. Remuneration of Board Members	2007	2006
The number of Board members whose remuneration received or receivable falls within the following bands:	Number of Members	Number of Members
\$0 (SA Government Employee)	1	1
\$0 - \$9 999	1	5
\$10 000 - \$19 999	4	1
	6	7
Remuneration of Board members reflects all costs of service including, Board fees and superannuation.		
The total remuneration received by these employees for the year was \$53 000 (\$53 000).		

10. Supplies and Services		2007	2006
Supplies and services comprises:		\$'000	\$'000
Supplies and services - Trading activities		7 457	7 254
Supplies and services - Property management activities		3 615	4 118
Total Supplies and Services		11 072	11 372
Supplies and Services provided by Entities external to the SA Government:			
Administration expenses and sundries		2 520	2 469
Direct materials		3 879	3 761
Building service costs		2 559	2 148
Maintenance		1 130	1 281
Marketing and promotions		440	792
Total Supplies and Services - Non-SA Government Entities		10 528	10 451
Supplies and Services provided by Entities within the SA Government:			
Building service costs		502	921
Administration expenses and sundries		42	-
Total Supplies and Services - SA Government Entities		544	921
Total Supplies and Services		11 072	11 372
The number and dollar amount of consultancies paid/payable that fell within the following bands:			
	2007		2006
	Number	\$'000	Number
			\$'000
Below \$10 000	-	-	1
Between \$10 000 and \$50 000	4	123	1
Above \$50 000	2	227	-
Total Paid/Payable to the Consultants Engaged	6	350	2
			23
Consultancy expenditure greater than \$10 000 and less than \$50 000 was for:			
<ul style="list-style-type: none"> Preparation of a redevelopment feasibility study by PricewaterhouseCoopers An environmental audit by AEC Environmental Building condition audit by Rushton Valuers Building services audit by Rushton Valuers 			
Consultancy expenditure greater than \$50 000 was for:			
<ul style="list-style-type: none"> Valuation services by Rushton Valuers Preparation of an outline business case by Ernst & Young 			
11. Depreciation and Amortisation		2007	2006
Depreciation and amortisation comprises:		\$'000	\$'000
Depreciation and amortisation - Trading activities		1 852	1 527
Depreciation and amortisation - Property management activities		3 034	2 989
Total Depreciation and Amortisation		4 886	4 516
Depreciation:			
Plant and equipment		1 835	1 510
Buildings		3 034	2 989
Total Depreciation		4 869	4 499
Amortisation:			
Leasehold improvements		17	17
Total Amortisation		17	17
Total Depreciation and Amortisation		4 886	4 516
12. Auditor's Remuneration			
Audit Fees paid/payable to the Auditor-General's Department		36	34
Total Audit Fees - SA Government Entities		36	34
13. Income Tax Equivalents			
Net Profit from Ordinary Activities		1 083	1 129
Less: Exempt income ^(a)		-	1 000
Net Profit Subject to Income Tax Equivalents		1 083	129
Total Income Tax Equivalents at 30 percent		325	39

(a) The Treasurer has exempted the capital funding from the calculation for income tax equivalents.

14. Receivables		2007	2006
Receivables from Non-SA Government Entities:		\$'000	\$'000
Receivables		900	667
Accrued income		267	120
GST receivable		27	-
Total Receivables		1 194	787
Interest Rate and Credit Risk			
Receivables are raised for all goods and services provided for which payment has not been received.			
Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued income are non-interest bearing. It is not anticipated that counter-parties 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.			
15. Other Current Assets		2007	2006
Other Current Assets from Non-SA Government Entities:		\$'000	\$'000
Prepayments		144	322
Other current assets		-	6
Total Other Current Assets		144	328
16. Specific Purpose Deposits			
Specific Purpose Deposits with SA Government Entities:			
Investments with SAFA		1 853	1 742
Future assets replacement deposit account		11 177	9 148
Total Specific Purpose Deposits		13 030	10 890
17. Buildings, Plant and Equipment			
Buildings:			
Buildings		133 827	132 849
Accumulated depreciation		(6 267)	(3 233)
Total Buildings		127 560	129 616
Leasehold Improvements:			
Leasehold improvements		170	170
Accumulated amortisation		(35)	(18)
Total Leasehold Improvements		135	152
Plant and Equipment:			
Plant and equipment		10 739	9 432
Accumulated depreciation		(3 373)	(1 584)
Total Plant and Equipment		7 366	7 848
Work in Progress:			
Work in progress		1 369	254
Total Work in Progress		1 369	254
Total Buildings, Plant and Equipment		136 430	137 870

Valuation of Non-Current Assets

Valuation of buildings, plant and equipment was performed by Rushton (Australia) Pty Ltd as at 31 May 2005.

Reconciliation of Buildings, Plant and Equipment

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

	Buildings	Leasehold Improve- ments	Plant and Equipment	Work in Progress	2007 Total \$'000
	\$'000	\$'000	\$'000	\$'000	
Carrying amount at 1 July	129 616	152	7 848	254	137 870
Additions	236	-	849	2 413	3 498
Disposals	-	-	(52)	-	(52)
Depreciation and amortisation	(3 034)	(17)	(1 835)	-	(4 886)
Acquisition from transfer	742	-	556	(1 298)	-
Carrying Amount at 30 June	127 560	135	7 366	1 369	136 430

18. Payables		2007	2006
Current:		\$'000	\$'000
Creditors		1 668	407
Accrued expenses		177	152
Employment on-costs		127	125
GST liability		-	110
Income tax equivalent payable		364	39
Dividend payable		545	58
Total Current Payables		2 881	891
Non-Current:			
Employment on-costs		58	50
Total Non-Current Payables		58	50
Total Payables		2 939	941
Government/Non-Government Payables:			
Payables to non-SA Government entities:			
Creditors		1 668	407
Accrued expenses		177	152
GST liability		-	110
Total Payables to Non-SA Government Entities		1 845	669
Payables to SA Government entities:			
Income tax equivalent payable		364	39
Dividend payable		545	58
Employment on-costs		185	175
Total Payables to SA Government Entities		1 094	272
Total Payables		2 939	941

Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. 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.

19. Security Deposits Held		2007	2006
Security Deposits held from Entities external to the SA Government:	Note	\$'000	\$'000
Security deposits held		2 867	1 642
Total Security Deposits held external to the SA Government		2 867	1 642
Security Deposits Held from Entities within the SA Government			
Security deposits held		150	296
Total Security Deposits held from Entities within the SA Government		150	296
Total Security Deposits Held		3 017	1 938
20. (a) Employee Benefits			
Current:			
Accrued salaries and wages		215	182
Annual leave		484	496
Long service leave		95	177
Total Current Employee Benefits		794	855
Non-Current:			
Long service leave		967	833
Total Non-Current Employee Benefits		967	833
Total Employee Benefits		1 761	1 688
(b) Employee Benefits and Related On-costs			
Accrued Salaries and Wages:			
On-costs included in payables - Current	18	37	30
Employee benefits - Current	20(a)	215	182
		252	212
Annual Leave:			
On-costs included in payables - Current	18	84	85
Employee benefits - Current	20(a)	484	496
		568	581
Long Service Leave:			
On-costs included in payables - Current	18	6	10
Employee benefits - Current	20(a)	95	177
		101	187
Long Service Leave:			
On-costs included in payables - Non-current	18	58	50
Employee benefits - Non-current	20(a)	967	833
		1 025	883
Total Employee Benefits and Related On-Costs		1 946	1 863

21. Commitments		2007	2006
Operating Leases:		\$'000	\$'000
Not later than one year		472	450
Later than one year and less than five years		1 663	1 706
Later than five years		23 921	22 896
Total Commitments		26 056	25 052

22. Contingent Assets and Liabilities

The Corporation has no contingent assets or liabilities as at 30 June 2007.

23. Related Party

The names of each person holding the position as Board member of the Corporation during the financial year was as follows:

Ms J Jeffreys - Chairman	(appointed 1 December 1994)
Mr D Minear - Deputy Chairman	(appointed 1 October 2004 and resigned 28 February 2007)
Mr J Ellison	(appointed 1 October 2001)
Ms D Von Wald	(appointed 1 October 2005)
Ms J Jose	(appointed 1 October 2004)
Ms M Hender	(appointed 1 October 2005)

The members of the Board may use the services and facilities of the Adelaide Convention Centre under terms and conditions no more favourable than members of the public.

24. Cash Flow Reconciliation**Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash includes cash on deposit, at bank and on hand. Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the items in the Balance Sheet as follows:

		2007	2006
Current:	Note	\$'000	\$'000
Cash on deposit and at bank		11 883	9 322
Cash on hand		109	87
		11 992	9 409
Non-Current:			
Specific purpose deposits	16	13 030	10 890
		13 030	10 890
Cash as Recorded in the Balance Sheet		25 022	20 299

Reconciliation of Net Cash provided by Operating Activities to Net Profit:

Net cash provided by operating activities	8 193	5 771
Add (Less): Non-Cash Items:		
Depreciation and amortisation	(4 886)	(4 516)
Net (loss) gain from disposal of assets	(24)	13
Changes in Assets/Liabilities:		
Increase in receivables	407	262
(Decrease) Increase in inventories	(85)	104
(Decrease) in other current assets	(184)	(149)
(Increase) Decrease in payables	(1 511)	305
(Increase) in security deposits held	(1 079)	(372)
(Increase) in employee benefits	(73)	(328)
Net Profit	758	1 090

ADELAIDE ENTERTAINMENTS CORPORATION

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Adelaide Entertainments Corporation (the Corporation), a subsidiary to the Minister for Tourism, was established on 4 February 1999 pursuant to regulations under the PCA.

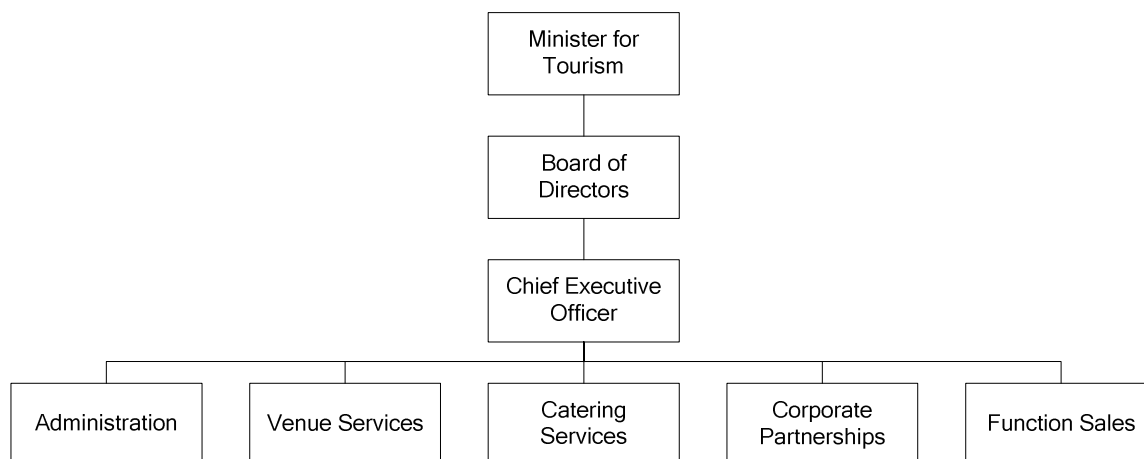
Functions

The functions of the Corporation are to:

- manage and operate the Adelaide Entertainment Centre (the Centre) site;
- manage, promote and sponsor events at the Centre site or elsewhere;
- foster and assist the commercial development of the Centre site in order to complement and enhance the commercial potential of the Centre;
- carry out other functions conferred on the subsidiary by the Minister.

Structure

The structure of the Corporation at 30 June 2007 is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 36(1)(b) of the PFAA and the Schedule to the PCA provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- Corporate Governance
- Risk Management
- Strategic Planning
- Revenue
- Payroll
- Expenditure
- Inventory
- Non-current assets
- Cash

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

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

Assessment of Controls

In my opinion, the controls exercised by the Adelaide Entertainments Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Entertainments Corporation have been conducted properly and in accordance with the law.

Communication of Audit Matters

The results of the audit of the specific areas of audit attention were satisfactory and the overall control environment of the Corporation was considered adequate.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Income Statement

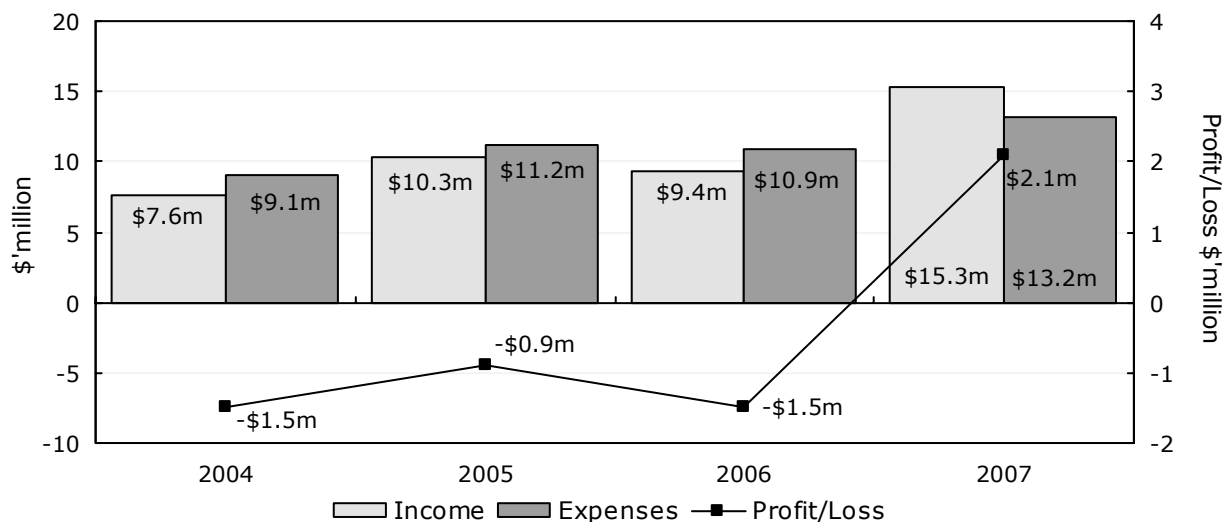
The Corporation's income of \$15.3 million in 2007 increased by \$5.9 million from \$9.4 million in 2006.

The Corporation's expenses of \$13.2 million in 2007 increased by \$2.3 million from \$10.9 million in 2006.

Operating Result

The Corporation recorded a profit of \$2.1 million for the year ended 30 June 2007 after a loss of \$1.5 million for the previous year. The Corporation has had a significantly strong event run during the financial year contributing to the net profit achieved. The Corporation reported a net loss for each of the past three years. This reflects the impact of depreciation expense associated with the Entertainment Centre building. These results are consistent with the Corporation's trading activities not fully recovering the capital cost of constructing the Centre. The Centre has covered its operating expenditure in all four years.

The following chart shows the income, expenses and profits/losses for the four years to 2007.



Balance Sheet

The Corporation's principal assets comprise land and buildings which were valued at \$65.9 million as at 30 June 2007. Receivables have increased by \$4.4 million, as a result of an increase of \$3.9 million in accrued revenue. Additionally other liabilities have increased by \$5.6 million. This relates to an increase in unearned lease revenue. These increases relate to a section of land that was leased for a period of 99 years. Under the lease arrangements, \$2 million was received during the year with the balance of \$3.7 million to be received in 2007-08. These funds are being brought to account as income (amortised) over the life of the lease.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2007.

	2007	2006	2005	2004
	\$'million	\$'million	\$'million	\$'million
Net Cash Flows				
Operations	3.9	0.8	1.3	(0.4)
Investing	0.9	(1.5)	(0.7)	(1.1)
Change in Cash	4.8	(0.7)	0.6	(1.5)
Cash at 30 June	7.3	2.5	3.2	2.6

The analysis of cash flows shows that the Corporation's cash holdings have increased from \$2.5 million in 2006 to \$7.3 million in 2007, reflecting principally the strong trading performance of the Corporation during the year, and the proceeds from the land lease.

**Income Statement
for the year ended 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
INCOME FROM TRADING ACTIVITIES:			
Revenues from fees and charges	6	486	357
Revenues from the provision of services	7	7 413	4 449
Revenues from sales	8	4 451	3 098
Interest revenues	9	403	203
Revenues from Government	10	787	36
Other revenues	12	1 609	1 184
Net gain from the disposal of assets	11	-	16
Total Income		15 149	9 343
EXPENSES FROM TRADING ACTIVITIES:			
Employee benefit expense	13	4 914	4 519
Raw materials and consumables used	22	1 462	1 065
Sales and marketing		1 386	859
Ticketing		761	296
Supplies and services	16	791	768
Depreciation and amortisation expense	17	270	245
Other expenses	18	467	390
Net loss from disposal of assets	11	3	-
Total Expenses		10 054	8 142
PROFIT FROM TRADING ACTIVITIES		5 095	1 201
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Other revenues	12	139	29
Total Income		139	29
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee benefit expense	13	183	211
Supplies and services	16	899	704
Depreciation and amortisation expense	17	1 742	1 727
Other expenses	18	353	97
Total Expenses		3 177	2 739
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		(3 038)	(2 710)
NET PROFIT (LOSS) ATTRIBUTABLE TO SA GOVERNMENT AS OWNER		2 057	(1 509)

Balance Sheet as at 30 June 2007

		2007	2006
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	20,32	7 356	2 536
Receivables	21	4 899	440
Inventories	22	106	78
Total Current Assets		12 361	3 054
NON-CURRENT ASSETS:			
Property, plant and equipment	23	65 909	54 413
Total Non-Current Assets		65 909	54 413
Total Assets		78 270	57 467
CURRENT LIABILITIES:			
Payables	24	2 033	1 480
Short-term employee benefits	25	349	278
Other liabilities	27	58	-
Total Current Liabilities		2 440	1 758
NON-CURRENT LIABILITIES:			
Payables	24	59	18
Long-term employee benefits	25	120	112
Other liabilities	27	5 591	-
Total Non-Current Liabilities		5 770	130
Total Liabilities		8 210	1 888
NET ASSETS		70 060	55 579
EQUITY:			
Contributed capital	28	55 536	55 536
Asset revaluation reserve	28	29 921	17 497
Accumulated deficit	28	(15 397)	(17 454)
TOTAL EQUITY		70 060	55 579
Total Equity is attributable to the SA Government as owner			
Commitments	29		
Contingent assets and liabilities	31		

Statement of Changes in Equity for the year ended 30 June 2007

	Asset			Total
	Contributed Capital \$'000	Revaluation Reserve \$'000	Retained Earnings \$'000	
Balance at 30 June 2005	55 536	17 497	(15 945)	57 088
Restated balance at 30 June 2005	55 536	17 497	(15 945)	57 088
Net loss for 2005-06	-	-	(1 509)	(1 509)
Total Recognised Income and Expense for 2005-06	-	-	(1 509)	(1 509)
Balance at 30 June 2006	55 536	17 497	(17 454)	55 579
Restated balance at 30 June 2006	55 536	17 497	(17 454)	55 579
Gain on revaluation of land during 2006-07	-	2 270	-	2 270
Gain on revaluation of building during during 2006-07	-	10 154	-	10 154
Net Income Recognised directly in Equity for 2006-07	-	12 424	-	12 424
Net profit for 2006-07	-	-	2 057	2 057
Total Recognised Income and Expense for 2006-07	-	12 424	2 057	14 481
Balance at 30 June 2007	55 536	29 921	(15 397)	70 060

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

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH INFLOWS:			
Receipts from the sale of goods and services		13 301	9 095
Interest received		403	203
Receipts from SA Government		787	36
GST receipts on receivables		1 343	902
Cash generated from Operations		15 834	10 236
CASH OUTFLOWS:			
Employee benefit payments		(5 018)	(4 639)
Supplies and services		(5 546)	(3 864)
GST payments on purchases		(573)	(495)
GST remitted to Australian Taxation Office		(771)	(399)
Cash used in Operations		(11 908)	(9 397)
Net Cash provided by Operating Activities	32	3 926	839
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the lease of land		1 981	-
Proceeds from the sale of property, plant and equipment		-	18
Cash generated from Investing Activities		1 981	18
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(1 087)	(1 531)
Cash used in Investing Activities		(1 087)	(1 531)
Net Cash provided by (used in) Investing Activities		894	(1 513)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4 820	(674)
CASH AND CASH EQUIVALENTS AT 1 JULY		2 536	3 210
CASH AND CASH EQUIVALENTS AT 30 JUNE	32	7 356	2 536

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Adelaide Entertainments Corporation

The Adelaide Entertainments Corporation (the Corporation), trading as the Adelaide Entertainment Centre, was established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the PCA.

The functions of the Corporation are to:

- manage and operate the Adelaide Entertainment Centre site;
- manage, promote and sponsor events at the Adelaide Entertainment Centre site or elsewhere;
- foster and assist the commercial development of the Adelaide Entertainment Centre site in order to complement and enhance the commercial potential of the Adelaide Entertainment Centre;
- carry out any other functions conferred on the subsidiary by the Minister.

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the PCA. The Act and the charter require the preparation of a general purpose financial report which reflects the performance and position of the Corporation for each financial year ended 30 June.

2. Summary of Significant Accounting Policies

(a) **Basis of Accounting**

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable AASs, TIs and APSs promulgated under the provision of the PFAA.

Statement of Compliance

AASs include AIFRS. The Corporation has early adopted the amendments to AASB 101. Refer Note 4 'Changes in Accounting Policies'.

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

The Corporation'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 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 Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs 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. A threshold of \$10 000 for separate identification of these items applies;
 - (b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - (c) employee TVSP 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.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

(b) **GST**

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (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.

(c) **Comparative Information**

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS have 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.

(d) **Rounding**

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

(e) **Taxation**

In accordance with TI 22, the Corporation is required to pay to the State Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. As a carried forward net deficit has been achieved by the Corporation, no tax equivalent liability has been recognised.

(f) 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 Corporation 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, classified according to their nature.

Transactions with SA Government entities below the threshold of \$10 000 have been included with the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Revenues from Fees and Charges and from the Provision of Services

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

Revenue from Sales

Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.

Rental Income

Rental income arising on investment properties is accounted for on a straight line basis over the lease term.

Revenues from the SA Government

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Income Statement over the period necessary to match them with the costs that they are intended to compensate.

Other Contributions

All contributions from non-government entities are recognised as income when the Corporation obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

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 at their fair value in the expense line items to which they relate.

Disposal of Non-Current Assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Maintenance Expenses

The Corporation undertakes major cyclical maintenance on its infrastructure assets. All costs involved with the major cyclical maintenance are recorded as an expense unless they add to the service potential of the existing infrastructure asset.

(g) Current and Non-Current Classification

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

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

(h) Cash and Cash Equivalents

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

Cash is measured at nominal value.

(i) 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.

Collectability 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 Corporation will not be able to collect the debt.

(j) Inventories

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distributing to customers.

The amount of any inventory write-down to net realisable value or 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.

Inventories include food and beverage stock held for resale.

(k) Non-Current Asset 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 minimal 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.

Where the payment for an asset is deferred, the Corporation measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

(l) 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 or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every three years, the Corporation revalues its land, buildings and leasehold improvements. 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.

The Corporation has taken the exemption available under APF III APS 3.10 to take asset revaluation adjustment to the asset revaluation reserve on a class basis rather than an individual asset basis.

Any revaluation increment is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement 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 revaluations 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. Previously this was accounted for using the gross method, where the gross carrying amounts of the assets and accumulated depreciation were disclosed.

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

(m) Impairment

All non-current assets are tested for indication of impairment at each 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.

(n) Depreciation and Amortisation of Non-Current Assets

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

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

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

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

<i>Class of Assets</i>	<i>Depreciation Method</i>	<i>Useful Life (Years)</i>
Buildings and improvements	Straight Line	24-140
Building improvements and fitouts	Straight Line	17-56
Plant and equipment	Straight Line	3-10
Furniture and fittings	Straight Line	3-10

(o) 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 Corporation.

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

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

The Corporation makes contributions to several 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. Prepaid contributions are recognised as an asset.

(p) 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.

Wages, Salaries, Annual Leave and Time Off in Lieu

Liability for salary and wages, annual leave and time off in lieu 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 12 months and is measured at the undiscounted amount expected to be paid.

Sick Leave

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

Long Service Leave

The liability for long service leave is recognised after an employee has completed five years of service in accordance with APF IV. An actuarial assessment of long service leave (LSL) undertaken by the Department of Treasury and Finance 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.

Long Service Leave (continued)

In the 2007 financial year, the LSL benchmark contained in the APF IV changed from seven to six and a half years. The Corporation has adopted five years as the benchmark for the measurement of the long service leave liability as of 2007, as this better reflects the Corporation's past experience of employee retention and the taking of leave.

The current component of LSL is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the 12 months ending 30 June 2008.

(q) Administered Items

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with APF II APS 3.10.2.

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in a separate Event Funds bank account. In any instance where a show does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

(r) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Corporation 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 Corporation has entered into operating leases.

Operating Leases

During the year a section of land was leased on a 99 year lease agreement. The funds for the lease are being recognised as income over the life of the lease.

(s) Insurance

The Corporation has arranged, through South Australian Government Financing Authority, SAICORP Division, to insure all major risk of the Corporation. The excess payable under this arrangement is \$5000 per claim made.

3. Financial Risk Management

The Corporation is exposed to a variety of financial risks, market risk (foreign exchange and price), credit risk and liquidity risk.

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with Australian Risk Management Standards and internal written policies approved by the Board.

The Corporation has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and held to maturity investments).

The Corporation's exposure to foreign exchange risk and cash flow interest risk is minimal.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

4. Changes in Accounting Policies

Except for the amendments to AASB 101, which the Corporation has early adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the reporting period ending 30 June 2007. The Corporation 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 Corporation.

5. Segment Information

The principle activity of the Corporation is to manage and operate the Adelaide Entertainment Centre.

6. Revenues from Fees and Charges

	2007	2006
	\$'000	\$'000
Fees and Charges received/receivable from Entities external to the SA Government:		
Merchandise revenues	486	253
Ticket sales revenues	-	104
Total Fees and Charges - Non-SA Government Entities	486	357

7. Revenues from the Provisions of Services

	2007	2006
Services Provided to Entities external to the SA Government:		
Corporate revenue	1 812	1 494
Equipment hire	252	209
Recoveries	1 871	1 057
Venue hire	3 439	1 493
Total Revenues from the Provision of Services - Non-SA Government Entities	7 374	4 253

	2007	2006
	\$'000	\$'000
7. Revenues from the Provisions of Services (continued)		
Services Provided to Entities within SA Government:		
Venue hire	39	196
Total Revenues from the Provision of Services - SA Government Entities	39	196
Total Revenues from the Provision of Services	7 413	4 449
8. Revenues from Sales		
Sales from Entities external to the SA Government:		
Beverage sales	1 675	1 151
Food sales	2 452	1 947
Total Revenues from Sales - Non-SA Government Entities	4 127	3 098
Sales from Entities within SA Government		
Beverage sales	97	-
Food sales	227	-
Total Revenues from Sales - SA Government Entities	324	-
Total Revenues from Sales	4 451	3 098
9. Interest Revenues		
Interest from entities external to the SA Government	209	132
Interest from entities within the SA Government	194	71
Total Interest Revenues	403	203
10. Revenues from SA Government		
Revenues from SA Government:		
Appropriations for Emergency Services Levy	37	36
Appropriations for seating upgrade	750	-
Total Revenues from SA Government	787	36
11. Net (Loss) Gain from Disposal of Assets		
Plant and Equipment:		
Proceeds from disposal	-	18
Less: Net book value of assets disposed	3	2
Net (Loss) Gain from Disposal of Plant and Equipment	(3)	16
Total Assets:		
Total proceeds from disposal	-	18
Less: Total value of assets disposed	3	2
Total Net (Loss) Gain from Disposal of Assets	(3)	16
12. Other Revenues		
Other Revenue:		
Car park	255	181
Inside charges	612	395
Other revenue	742	608
Total Other Revenues from Trading Activities	1 609	1 184
Property Management Activities:		
Property lease revenue	125	17
Other revenue	14	12
Total Other Revenues from Property Management	139	29
Total Other Revenues - Non-SA Government Entities	1 748	1 213
13. Employee Benefits Expenses		
Trading Activities:		
Salaries and wages	3 757	3 283
Long service leave	60	229
Annual leave	201	114
Employment on-costs - Superannuation	356	301
Employment on-costs - Other	332	365
Board fees	75	76
Other employee related expenses	133	151
Total Employee Benefits Expenses from Trading Activities	4 914	4 519

13. Employee Benefits Expenses (continued)	2007	2006
Property Management Activities:	\$'000	\$'000
Salaries and wages	171	204
Long service leave	1	1
Annual leave	11	6
Total Employee Benefits Expenses from Property Management Activities	183	211
Total Employee Benefits Expenses	5 097	4 730

During the year payments made to entities within SA Government include employment on-costs - other \$309 000 (\$336 000).

Remuneration of Employees	2007	2006
The number of employees whose remuneration received or receivable falls within the following bands:	Number of Employees	Number of Employees
\$100 000 - \$109 999	2	1
\$140 000 - \$149 999	-	1
\$150 000 - \$159 999	-	1
\$170 000 - \$179 999	-	1
\$180 000 - \$189 999	1	-
Total Number of Employees	3	4

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, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$402 000 (\$577 000).

14. Key Management Personnel

(a) Board Members

The following persons held the position of governing board member during the financial year:

R Foord (Chairperson)	G Wallace
J Bell	G Pitt
A Herald	J Staugas
W Spurr	

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly during the financial year:

Mr Anthony Kirchner	Chief Executive
Mr Tommy Pavic	Finance Manager
Ms Sally Arch	Manager - Venue Services
Mr Ross Beale	Manager - Corporate Relationships
Mr Peter Morrelli	Manager - Food and Beverage
Ms Coralie Cheney	Manager - Marketing

(c) Remuneration of Governing Board Members

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

	2007	2006
	Number of Members	Number of Members
\$0 - \$9 999	1	1
\$10 000 - \$19 999	6	6
Total Number of Governing Board Members	7	7

Remuneration of committee members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$71 000 (\$71 000).

Amounts paid to a superannuation plan for board/committee members was \$5000 (\$5000).

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

15. Related Party

Related parties include parties that control or have an interest in the entity that gives it significant influence over the Corporation.

The Corporation is controlled by the SA Government. Transactions and balances between the Corporation and related parties (other SA Government controlled entities) are disclosed in the notes accompanying the financial statements where appropriate.

16. Supplies and Services		2007	2006
Supplies and Services		\$'000	\$'000
Trading Activities:			
Supplies and services provided by entities external to the SA Government:			
Artist costs		-	101
Contractors		172	138
Equipment hire		75	75
Legal		14	28
Linen and laundry		81	72
Printing and stationery		61	43
Repairs and maintenance		135	76
Utilities		139	122
Total Supplies and Services - Non-SA Government Entities		677	655
Supplies and services provided by entities within the SA Government:			
Insurance		114	113
Total Supplies and Services - SA Government Entities		114	113
Total Supplies and Services from Trading Activities		791	768
Property Management Activities:			
Supplies and services provided by entities external to the SA Government:			
Repairs and maintenance		500	348
Utilities		259	223
Total Supplies and Services - Non-SA Government Entities		759	571
Supplies and services provided by entities within the SA Government:			
Utilities		140	133
Total Supplies and Services - SA Government Entities		140	133
Total Supplies and Services from Property Management Activities		899	704
Total Supplies and Services		1 690	1 472
The total supplies and services amount disclosed include GST amounts non-recoverable from the ATO due to the Corporation not holding a valid tax invoice or payments relating to third party arrangements.			
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:			
	2007		2006
	Number	\$'000	Number
			\$'000
Below \$10 000	3	19	3
Between \$10 000 and \$50 000	1	45	1
Above \$50 000	-	-	-
Total Paid/Payable to the Consultants Engaged	4	64	4
			18
17. Depreciation and Amortisation		2007	2006
Depreciation:		\$'000	\$'000
Trading activities:			
Plant and equipment		270	245
Total Depreciation for Trading Activities		270	245
Property management activities:			
Buildings		1 742	1 727
Total Depreciation for Property Management		1 742	1 727
Total Depreciation		2 012	1 972
18. Other Expenses			
Trading Activities:			
Other expenses paid/payable to entities external to the SA Government:			
Bad and doubtful debts expense		-	1
Other		440	363
Total Other Expenses - Non-SA Government Entities		440	364
Other expenses paid/payable to entities within the SA Government:			
Other		27	26
Total Other Expenses - SA Government Entities		27	26
Total Other Expenses from Trading Activities		467	390
Property Management Activities:			
Other expenses paid/payable to entities external to the SA Government:			
Other		353	97
Total Other Expenses - Non-SA Government Entities from Property Management Activities		353	97
Total Other Expenses		820	487

19. Auditors' Remuneration	2007	2006
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	27	26
Total Audit Fees - SA Government Entities	27	26

Other Services

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

20. Cash and Cash Equivalents		
Cash at bank and cash on hand	2 286	1 242
Short-term deposits with SAFA	5 070	1 294
Total Cash and Cash Equivalents	7 356	2 536

Short-term Deposits

The cash deposits are carried at cost in accordance with APF IV APS 2.1. They are on-call and carry an average variable interest rate of 6.25 percent (5.64 percent). The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest Rate Risk

Cash on hand is non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

21. Receivables	2007	2006
	\$'000	\$'000
Current:		
Receivables	881	294
Less: Provision for doubtful debts	8	8
Accrued revenues	3 919	10
Prepayments	100	138
GST receivable	7	6
Total Current Receivables	4 899	440
Government/Non-Government Receivables:		
Receivables from non-SA Government entities:		
Receivables	868	294
Less: Provision for doubtful debts	8	8
Accrued revenues	3 892	4
Prepayments	100	138
GST receivable	7	6
Total Receivables from Non-SA Government Entities	4 859	434
Receivables from SA Government entities:		
Receivables	13	-
Accrued revenues	27	6
Total Receivables from SA Government Entities	40	6
Total Receivables	4 899	440

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 impairment 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.

Movements in the Provision for Doubtful Debts (Impairment Loss)	2007	2006
	\$'000	\$'000
Carrying amount at 1 July	(8)	(8)
Increase in the provision	-	-
Amounts written off	-	-
Carrying Amount at 30 June	(8)	(8)

Interest Rate and Credit Risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. 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 Corporation has recognised no bad and doubtful debt expense in the Income Statement.

22. Inventories	2007	2006
Current - Inventories Held for Resale:	\$'000	\$'000
Beverages	92	68
Food	14	10
Total Inventories Held for Resale	106	78

Inventory Wastage

The Corporation has recognised an inventory wastage expense of \$28 000 (\$12 000) in the Income Statement.

Raw Materials and Consumables

The Corporation recognised an expense for raw materials and consumables of \$1.5 million (\$1.1 million).

23. Property, Plant and Equipment	2007	2006
Land and Buildings:	\$'000	\$'000
Land at fair value	18 320	16 050
Buildings at fair value - Net method	45 762	-
Buildings at fair value - Gross method	-	67 415
Accumulated depreciation	-	(31 328)
Total Land and Buildings	64 082	52 137
Building Improvements:		
Building improvements at fair value	-	748
Accumulated amortisation	-	(10)
Total Building Improvements	-	738
Work in progress	234	435
Total Work in Progress	234	435
Plant and Equipment:		
Plant and equipment at cost	3 783	3 431
Accumulated depreciation	(2 190)	(2 328)
Total Plant and Equipment	1 593	1 103
Total Property, Plant and Equipment	65 909	54 413

Carrying amount of property, plant and equipment that would have been recognised if these assets were stated at cost:

Land and buildings	34 161	35 813
Plant and equipment	1 827	1 103
Total Carrying Amount of Property, Plant and Equipment that would have been recognised if these Assets were stated at Cost	35 988	36 916

Valuation of Land and Buildings

The valuation of land and buildings was performed by Martin Burns, an independent valuer from Liquid Pacific as at 30 June 2007. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

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

Reconciliation of Non-Current Assets

The following table shows the movement of non-current assets during 2006-07.

	Land	Buildings	Building	Plant and	Work in	Non-Current
	\$'000	\$'000	Imprvmnts	Equipment	Progress	Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	16 050	36 087	738	1 103	435	54 413
Additions	-	-	-	-	1 087	1 087
Transfers in (out)	-	-	525	763	(1 288)	-
Disposals eg sales, write-off	-	-	-	(3)	-	(3)
Revaluation increment (decrement)	2 270	11 393	(1 239)	-	-	12 424
Depreciation and amortisation	-	(1 718)	(24)	(270)	-	(2 012)
Carrying Amount at 30 June	18 320	45 762	-	1 593	234	65 909

24. Payables	2007	2006
Current:	\$'000	\$'000
Creditors	759	397
Accrued expenses	822	667
Income received in advance	396	370
Employment on-costs	56	46
Total Current Payables	2 033	1 480

24. Payables (continued)	2007	2006
Non-Current:	\$'000	\$'000
Accrued Expenses	39	-
Employee on-costs	20	18
Total Non-Current Payables	59	18
Total Payables	2 092	1 498
Government/Non-Government Payables:		
Payables to non-SA Government entities:		
Creditors	742	371
Accrued expenses	702	633
Income received in advance	396	370
Employment on-costs	76	64
Total Payables to Non-SA Government Entities	1 916	1 438
Payables to SA Government entities:		
Creditors	17	26
Accrued expenses	159	34
Total Payables to other SA Government Entities	176	60
Total Payables	2 092	1 498

Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. 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 represents fair value due to the amounts being payable on demand.

25. Employee Benefits	2007	2006
Current:	\$'000	\$'000
Annual leave	156	110
Long-service leave	106	126
Accrued salaries and wages	87	42
Total Current Employee Benefits	349	278
Non-Current:		
Long-term long-service leave	120	112
Total Non-Current Employee Benefits	120	112
Total Employee Benefits	469	390

The total current and non-current employee benefits (ie aggregate employee benefit plus related on costs) for 2007 is \$405 000 and \$140 000 respectively.

26. Provisions**Dividend**

No dividend has been declared or paid in the financial year.

27. Other Liabilities

Current:	2007	2006
Unearned lease revenue	\$'000	\$'000
	58	-
Total Current Other Liabilities	58	-
Non-Current:		
Unearned lease revenue	5 591	-
Total Non-Current Other Liabilities	5 591	-
Total Other Liabilities	5 649	-

28. Equity

Contributed capital	55 536	55 536
Accumulated deficit	(15 397)	(17 454)
Asset revaluation reserve	29 921	17 497
Total Equity	70 060	55 579

The asset revaluation reserve is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed or written off.

29. Commitments

Capital Commitments

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

	2007	2006
	\$'000	\$'000
Within one year	1 720	450
Total Capital Commitments	1 720	450

The authority's capital commitments are predominantly for arena seats upgrade.

Remuneration Commitments

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

Within one year	312	353
Later than one year but not longer than five years	105	174
Total Remuneration Commitments	417	527

Amounts disclosed include commitments arising from executive and other service contracts. The Corporation does not offer remuneration contracts greater than five years.

Other Commitments

Within one year	-	56
Total Other Commitments	-	56

30. Administered Items

Event Funds

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with APF II APS 3.10.2.

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in a separate Event Funds bank account. In any instance where a show does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

Administered Revenues:	2007	2006
	\$'000	\$'000
Net box office receipts	25 244	16 462
Interest earned on event funds	428	284
Total Administered Revenues	25 672	16 746
Administered Expenses:		
Settlements paid	28 442	12 580
Total Administered Expenses	28 442	12 580
Movement in Administered Items during the Year	(2 770)	4 166
Administered Assets:		
Cash at bank	4 591	7 361
Total Administered Assets	4 591	7 361
Administered Liabilities:		
Funds held in trust	4 591	7 361
Total Administered Liabilities	4 591	7 361
Movement in administered items during the year	(2 770)	4 166
Total administered assets held at 1 July	7 361	3 195
Total Administered Assets held at 30 June	4 591	7 361

31. Contingent Assets and Liabilities

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

The Corporation has made no guarantees.

32. Cash Flow Reconciliation	2007	2006
Reconciliation of Cash and Cash Equivalents:	\$'000	\$'000
Cash Flow Statement	7 356	2 536
Balance Sheet	7 356	2 536
Reconciliation of Profit (Loss) to Net Cash provided by Operating Activities:		
Profit (Loss) for the year	2 057	(1 509)
Add (Less): Non-Cash Items:		
Depreciation and amortisation expense	2 012	1 972
Leased land income	(58)	-
(Profit) Loss on disposal of assets	3	(16)
Changes in Assets/Liabilities:		
Decrease (Increase) in receivables	(734)	48
Decrease (Increase) in inventories	(28)	37
(Decrease) Increase in payables	595	216
(Decrease) Increase in employee benefits	79	91
Net Cash provided by Operating Activities	3 926	839
33. Events after Balance Date		
There have been no after balance date events.		

ADELAIDE FESTIVAL CENTRE TRUST

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Adelaide Festival Centre Trust (the Trust) is a Body Corporate established pursuant to the *Adelaide Festival Centre Trust Act 1971* (the Act).

Regulations have been enacted under the PCA requiring that certain provisions of that Act be applied to the Trust. The applied provisions relate mainly to the governance and performance aspects of the Trust's operations.

Functions

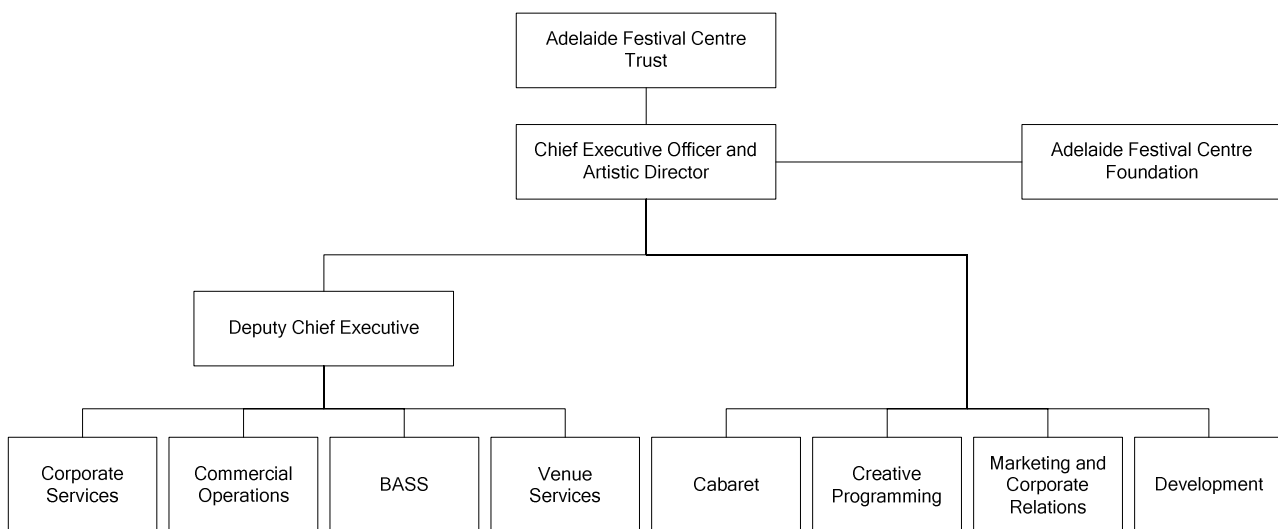
The Trust is charged with the responsibility of encouraging and facilitating artistic, cultural and performing arts activities throughout the State; and controlling, managing and maintaining the Adelaide Festival Centre and Her Majesty's Theatre.

In essence, the Trust is a presenter of arts programs and it aims to provide a balance of art forms for a variety of tastes and age levels. The major components of the Trust's operations include:

- management of various theatre facilities including the Adelaide Festival Centre complex comprising the Festival Theatre, the Space Theatre, the Amphitheatre and the Playhouse in addition to Her Majesty's Theatre;
- programming activities relating to the staging of various theatrical productions in Adelaide either as a producer or presenter;
- operation of the BASS ticketing system pursuant to a licence agreement;
- operating the car park located within the Adelaide Festival Centre complex;
- utilising the services of contractors to operate catering facilities on its behalf;
- operating a scenery building and a stage engineering workshop.

Structure

The structure of the Trust is illustrated in the following organisation chart.



The Trust has eight trustees and is subject to the general control and direction of the Minister for the Arts. To assist in its deliberations the Trust has established certain committees, one of which is a Risk and Audit Committee.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 25(2) of the *Adelaide Festival Centre Trust Act 1971* and subsection 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Trust for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- expenditure
- fixed assets
- payroll
- revenue
- financial accounting
- bank reconciliations.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Adelaide Festival Centre Trust and the consolidated entity as at 30 June 2007, and their financial performance and their 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).

Assessment of Controls

In my opinion, the controls exercised by the Adelaide Festival Centre Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to control environment; catering arrangements; access to finance system; requirements for a charter and performance statement; and procurement authority as outlined under 'Communication of Audit Matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Centre Trust have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive Officer. Responses to the management letters were considered to be satisfactory. The most important matters raised with the Trust were as follows:

Control Environment

In past years, Audit has reported opportunities to improve the Trust's controls. While the Trust had implemented a number of improvements in 2006-07, there remains a need to address aspects of its control environment.

The Trust's 'Handbook of Accounting Guidelines and Work Instructions' details its policies and procedures which in the main, establish the foundations for a satisfactory control environment. The 2006-07 audit identified a number of instances where controls required by the Trust's policies and procedures were not

being performed as intended. This matter is consistent with past year's reports. It was further recommended that the Trust implement appropriate mechanisms to ensure that weaknesses in the control environment are detected and satisfactorily addressed.

The Trust responded that it had recently appointed an officer whose role will include refining business processes and implementing a new management system to enable better monitoring and reporting. Further, the Trust responded that the Risk and Audit Committee will have a renewed focus on internal audit programs to monitor adherence to the policies and practices in the handbook.

Catering Arrangements

Audit review of contract management indicated delays in the Trust performing important verification procedures to ensure completeness of revenue. The Trust had identified a number of concerns with its contractual catering arrangements, instances of non-performance of contractor obligations and inadequacy of contractor records.

Some of these concerns are ongoing and being addressed by the Trust. Audit recommended that in resolving these matters, the Trust should formalise its control process to ensure there is timely monitoring and reporting of management clauses contained in catering contracts and that revenue raised from catering contractors is complete.

The Trust responded that it would provide for tighter control of contractual relationships, particularly in regard to catering operations. Further it responded that key performance measures were being established in accordance with contractual terms.

Expenditure Processing

Prior year reports have highlighted weaknesses in the segregation of important expenditure processing tasks and controls. During 2006-07 the Trust adopted procedures to address this weakness. Audit noted some gaps in the performance of the procedures during the year.

The Trust accepted the finding and responded that it would take steps to ensure procedures are operating as intended.

Access to Finance Systems

Audit review of access to the accounting systems noted that improvements could be made to limit user access for consistency with job requirements and segregation of duties.

The Trust responded that it would review system access.

Requirement for a Charter and Performance Statement

Regulations under the *Public Corporations (Adelaide Festival Centre Trust) Regulations Act 1998* require the Trust's Minister and the Treasurer to develop a charter and performance statement after consultation with the Trust. The Trust does not have a charter or a performance statement.

The Trust responded that management had commenced discussions with Arts SA to achieve the establishment of a charter and a performance statement.

Procurement Authority

The Trust was working towards necessary procurement authority from the State Procurement Board. However this authority was yet to be obtained.

The Trust responded that management has been working with Arts SA to establish a procurement authority.

BASS Ticketing System

In late 2006, the Trust implemented a replacement application system to support BASS ticketing services for the Trust and other promoter events.

During 2007, the Trust commissioned a review to evaluate the security and control arrangements for the BASS computer processing environment against the SA Government mandated ISMF.

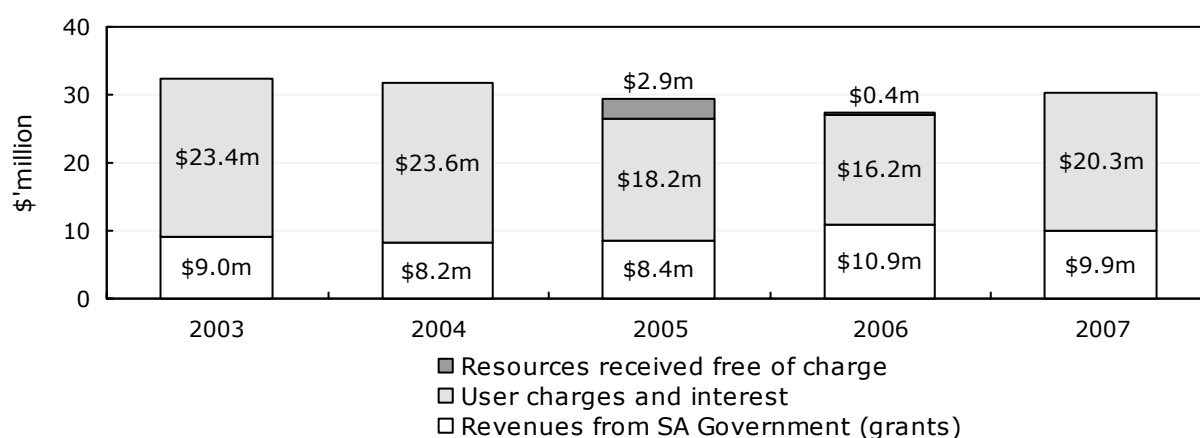
Action taken on matters and recommendations raised in the review will be followed up by Audit during 2007-08.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT**Highlights of the Financial Report (Consolidated)**

	2007	2006	Percentage
	\$'million	\$'million	Change
EXPENSES			
Staff benefit expenses	14.7	11.5	28
Depreciation	6.9	4.9	41
Other expenses	16.5	13.0	27
Total Expenses	38.1	29.4	30
INCOME			
User charges and interest	20.3	16.2	25
Resources received free of charge	-	0.4	-
Total Income	20.3	16.6	22
Net Cost of Providing Services	17.8	12.8	39
REVENUES FROM SA GOVERNMENT			
Revenues from SA Government	9.9	10.9	(9)
Net Result	(7.9)	(1.9)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(1.4)	4.8	-
ASSETS			
Current assets	8.3	10.6	(22)
Non-current assets	86.2	91.0	(5)
Total Assets	94.5	101.6	(7)
LIABILITIES			
Current liabilities	7.7	8.0	(4)
Non-current liabilities	29.5	28.4	4
Total Liabilities	37.2	36.4	2
EQUITY	57.3	65.2	(12)

Income Statement**Income**

A structural analysis of income for the Trust in the five years to 2007 is presented in the following chart.

**User Charges**

User charges includes numerous revenue generating activities including: theatre hire; programming activities including box office sales; BASS ticketing sales; scenery building and stage engineering; catering associated with on site cafes, bars and restaurants and car parking charges.

User fees increased by \$3.6 million to \$19.7 million reflecting changes and movements in a number of the Trust's revenue generating activities as follows:

Theatre activity resulted in increases in a number of revenue streams including:

- revenue from programming up \$1.6 million;
- theatre hire revenues up \$900 000;
- recoup of patron and production expenditure up \$500 000.

The increase in theatre activities also resulted in increased expenditure.

Scenery building and stage engineering workshop revenue increased by \$1.3 million with a proportionate increase in related expenses.

The preceding items are somewhat offset by a decrease in BASS ticketing sales and catering revenue of \$500 000.

Revenues from SA Government

Revenues from SA Government decreased by \$942 000 to \$9.9 million. This was due to \$1.9 million of 2006-07 funding being received by the Trust on 29 June 2006. As required by AASB 1004 this grant was recorded as revenue in 2005-06. Without the effect of the early receipt, revenues from SA Government would have increased by approximately \$1 million, principally relating to capital grants of \$1.2 million towards an upgrade of the Dunstan Playhouse. No capital grants were received in 2005-06.

Expenses

Expenses increased by \$8.7 million to \$38.1 million due mainly to the following changes/movements in activities.

Staff related expenses increased by \$3.2 million reflecting the following:

- an increase in theatre activity;
- increased activity within the scenery building and stage engineering workshops;
- BASS — including staffing costs related to the implementation of a new ticketing system;
- an increase in marketing staff.

Supplies and Services increased by \$3.7 million. This increase in part reflects the increase in theatre activity during the year. Items of particular note include:

- artistic production costs up \$1.6 million;
- advertising and marketing expenditure up \$1.1 million;
- supplies up \$886 000.

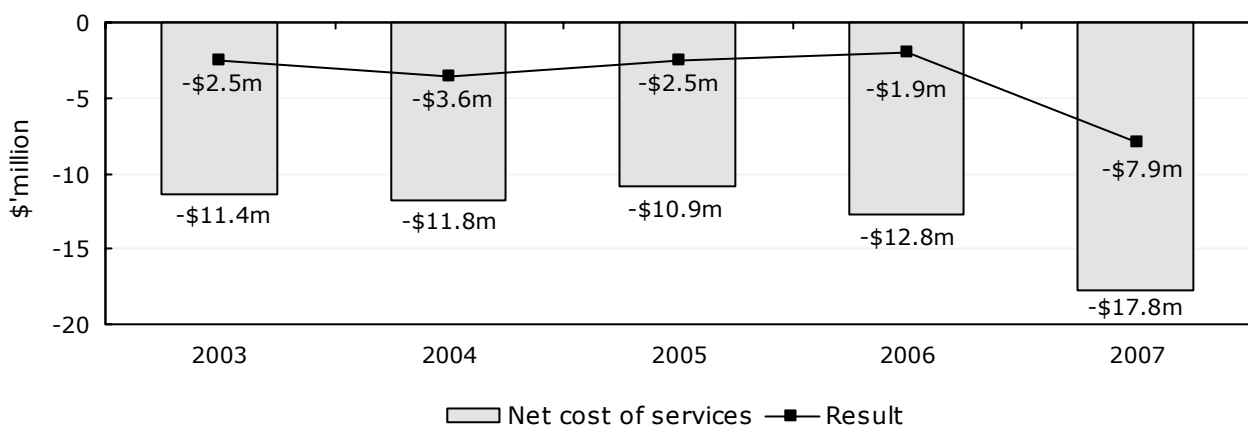
Depreciation and Amortisation

Depreciation and amortisation expense increased by \$2 million to \$6.9 million. This increase is attributable primarily to an increase in the value of the Trust's building assets which were revalued at 30 June 2006.

Net Cost of Services and Net Result

The net cost of services in 2006-07 was \$17.8 million, compared to \$12.8 million for 2005-06.

The following chart shows the net cost of services and net result for the five years to 2006-07.



The chart shows the net cost of services has increased significantly, up \$5 million from the previous year. The \$2 million rise in depreciation and amortisation expense accounts for a large part of this increase.

The chart also shows that revenues from SA Government have been insufficient to cover the net cost of services in any of the five years resulting in net deficits for all years, the largest being \$7.9 million in 2007.

The net deficit result for 2007 is exacerbated by the \$1.9 million 2006-07 operating grant from SA Government received and recognised in 2005-06 as described earlier. Had this funding been received in 2006-07, the net result would have been a deficit of \$6 million in 2007 and a deficit of \$3.8 million in 2006.

Balance Sheet

Current Assets and Liabilities – Solvency

As at 30 June 2007 current assets, \$8.3 million exceeded current liabilities, \$7.7 million.

Non-Current Assets

Non-current assets, \$86.2 million, dominate the Trust's asset balances. Land and buildings amount to \$73.6 million, 85 percent, of non-current assets. All non-current assets except for Works of Art were revalued as at 30 June 2006.

Borrowings

Borrowings increased by \$1.1 million to \$28.4 million during the year. The additional borrowing funded the implementation of a new BASS ticketing system. On 4 July 2007 the Premier announced that the State Government will forgive the Festival Centre's long standing debt. At the time of writing this report the debt forgiveness had not been effected.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2007.

	2007	2006	2005	2004
	\$'million	\$'million	\$'million	\$'million
Net Cash Flows				
Operations	(1.4)	4.8	(0.6)	0.1
Investing	(2.1)	(0.1)	(0.6)	(0.8)
Financing	1.2	-	(0.8)	(0.4)
Change in Cash	(2.3)	4.7	(2.0)	(1.1)
Cash at 30 June	6.3	8.6	3.9	5.9

While the 2006-07 net deficit result was \$7.9 million for 2006-07, net cash outflow used in operating activities was significantly less, \$1.4 million. This principally reflects significant non-cash expenses, including depreciation of \$6.9 million.

The table highlights a large increase in cash as at 30 June 2006. This increase resulted primarily from the receipt of \$1.9 million from the SA Government on 29 June 2006 and an increase in funds held on behalf of promoters, \$1.9 million.

**Income Statement
for the year ended 30 June 2007**

	Note	Consolidated		AFCT	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
EXPENSES:					
Staff benefit expenses	6	14 686	11 485	14 686	11 480
Supplies and services	7	14 655	10 909	14 653	10 794
Depreciation and amortised expense	8	6 894	4 853	6 894	4 853
Financing costs	9	1 861	2 105	1 861	2 105
Total Expenses		38 096	29 352	38 094	29 232
INCOME:					
User charges		19 747	16 133	19 704	15 943
Revenue received from Foundation	4	-	-	405	41
Interest	5	560	439	530	405
Total Income		20 307	16 572	20 639	16 389
NET COST OF PROVIDING SERVICES		17 789	12 780	17 455	12 843
REVENUES FROM/PAYMENTS TO SA GOVERNMENT:					
Revenues from SA Government	3	9 909	10 851	9 909	10 851
NET RESULT ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		(7 880)	(1 929)	(7 546)	(1 992)

Balance Sheet as at 30 June 2007

		Consolidated		AFCT	
		2007	2006	2007	2006
CURRENT ASSETS:	Note	\$'000	\$'000	\$'000	\$'000
Cash	10	6 295	8 635	6 166	8 155
Receivables	11	1 878	1 617	1 857	1 615
Inventories	12	65	65	65	65
Other current assets	13	13	323	13	323
Total Current Assets		8 251	10 640	8 101	10 158
NON-CURRENT ASSETS:					
Land and buildings		73 644	78 365	73 644	78 365
Plant and equipment		4 750	4 971	4 750	4 971
Intangibles		281	-	281	-
Leasehold improvements		750	878	750	878
Works of art		6 800	6 800	6 800	6 800
Total Non-Current Assets	14,15	86 225	91 014	86 225	91 014
Total Assets		94 476	101 654	94 326	101 172
CURRENT LIABILITIES:					
Payables	16	5 371	6 226	5 369	6 225
Borrowings	17,28	214	-	214	-
Staff benefits	18	1 451	1 214	1 451	1 214
Other current liabilities	19	619	538	619	538
Total Current Liabilities		7 655	7 978	7 653	7 977
NON-CURRENT LIABILITIES:					
Payables	16	135	125	135	125
Borrowings	17,28	28 184	27 250	28 184	27 250
Staff benefits	18	1 153	1 072	1 153	1 072
Total Non-Current Liabilities		29 472	28 447	29 472	28 447
Total Liabilities		37 127	36 425	37 125	36 424
NET ASSETS		57 349	65 229	57 201	64 748
EQUITY:					
Reserves	20	66 069	66 069	66 069	66 069
Accumulated Surplus (Deficit)		(8 720)	(840)	(8 868)	(1 321)
TOTAL EQUITY		57 349	65 229	57 201	64 748
Commitments	21				
Contingent liabilities and contingent assets	22				

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2005	47 939	1 089	49 028
Gain on revaluation of non-current assets	18 130	-	18 130
Loss for the period	-	(1 929)	(1 929)
Total Recognised Income and Expenses for 2005-06	18 130	(1 929)	16 201
Balance at 30 June 2006	66 069	(840)	65 229
Loss for the period	-	(7 880)	(7 880)
Total Recognised Income and Expense for 2006-07	-	(7 880)	(7 880)
Balance at 30 June 2007	66 069	(8 720)	57 349

Cash Flow Statement for the year ended 30 June 2007

	Note	Consolidated		AFCT	
		2007 Inflows (Outflows) \$'000	2006 Inflows (Outflows) \$'000	2007 Inflows (Outflows) \$'000	2006 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH OUTFLOWS:					
Interest paid		(1 861)	(1 892)	(1 861)	(1 892)
Staff benefit payments		(14 350)	(11 233)	(14 350)	(11 233)
Supplies and services		(14 416)	(10 789)	(14 396)	(10 810)
Decrease in funds held on behalf of promoters		(812)	-	(812)	-
GST payments on purchases		(1 391)	(1 004)	(1 391)	(1 004)
GST remitted to Australian Taxation Office		(396)	(297)	(396)	(297)
Cash used in Operations		(33 226)	(25 215)	(33 206)	(25 236)
CASH INFLOWS:					
Receipts from patrons/customers		19 587	15 500	19 948	15 350
Interest received		565	425	535	392
Increase in funds held on behalf of promoters		-	1 949	-	1 949
GST receipts on receivables		1 712	1 241	1 712	1 241
GST received from Australia Taxation Office		69	74	69	74
Cash generated from Operations		21 933	19 189	22 264	19 006
CASH FLOWS FROM GOVERNMENT:					
Receipts from SA Government		9 909	10 851	9 909	10 851
Cash generated from SA Government		9 909	10 851	9 909	10 851
Net Cash (used in) provided by Operating Activities	23	(1 384)	4 825	(1 033)	4 621
CASH FLOWS FROM INVESTING ACTIVITIES:					
CASH OUTFLOWS:					
Purchase of property, plant and equipment and works of art		(2 105)	(96)	(2 105)	(55)
Net Cash used in Investing Activities		(2 105)	(96)	(2 105)	(55)
CASH FLOW FROM FINANCING ACTIVITIES:					
CASH OUTFLOWS:					
Borrowings from SA Government		1 200	-	1 200	-
Repayment of borrowings		(51)	-	(51)	-
Net Cash provided by Financing Activities		1 149	-	1 149	-
NET (DECREASE) INCREASE IN CASH		(2 340)	4 729	(1 989)	4 566
CASH AT 1 JULY		8 635	3 906	8 155	3 589
CASH AT 30 JUNE	10	6 295	8 635	6 166	8 155

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Adelaide Festival Centre Trust Objectives

The objectives of the Adelaide Festival Centre Trust (the Trust) are to:

- (a) encourage and facilitate artistic, cultural and performing arts activities throughout the State;
- (b) be responsible for the care, control, management, maintenance and improvement of the Adelaide Festival Centre and its facilities;
- (c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities;
- (d) promote the involvement of young people and their families and extend activities into the school sector.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared on an accrual basis of accounting in accordance with applicable AASs, TIs and APSS promulgated under the provision of the PFAA, and other mandatory reporting requirements. The financial report has been prepared on the basis of historical costs and does not take into account changing money values except where it is specifically stated.

(b) Changes in Accounting Policy

Except for the amendments to AASB 101, which the Trust has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Trust for the reporting period ending 30 June 2007.

(c) Non-Current Asset 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 minimal value, they are recorded at their fair value in the Balance Sheet.

The Trust capitalises all non-current physical assets with a value of \$5000 or greater in accordance with APF III.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Trust as at 30 June 2007, and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. The controlled entity is listed at Note 31.

(e) Revaluation of Non-Current Assets

In accordance with APF III:

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

Every three years, the Trust revalues its land, buildings, leasehold improvements and works of art. However, if at any time management considers that the carrying amount of an asset class materially differs from its fair value then the asset class will be revalued regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Land and Buildings

The Her Majesty's Theatre and Adelaide Festival Centre sites are specialised assets because they are encumbered by heritage listed structures and the latter is also constructed on 'parklands', a designation under statute which would preclude sale and development. The land values consequently reflect these impediments to ownership and development.

(f) Comparative Amounts

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

(g) Depreciation

All depreciable plant and equipment, buildings and leasehold improvements are depreciated to estimated residual value over their estimated useful lives using the straight line method of allocation. Land and works of art are not depreciated.

Depreciation rates are reviewed annually.

Depreciation for non-current assets is determined as follows:

<i>Asset Class</i>	<i>Depreciation Method</i>	<i>Useful Life (Years)</i>
Buildings (substructure)	Straight line	60
Buildings (finishes)	Straight line	15
Buildings (fittings and services)	Straight line	25
Leasehold improvements	Straight line	10
Plant and equipment	Straight line	10-25

(h) Staff Benefits

Provision has been made in the financial report for the Trust's liability for staff benefits arising from services rendered by staff as at the reporting date. These benefits include accrued salaries and wages, annual leave and long service leave. Related on-costs consequential to the employment of the staff have been included in payables in accordance with APF IV APS 5.

Accrued Salaries and Wages

Accrued salaries and wages represents the amount of salaries and wages for services rendered by staff that are unpaid as at reporting date.

Annual Leave

Staff benefits for annual leave have been calculated by multiplying each staff's benefits by the remuneration rate expected when the leave is taken. The estimated rate of salary inflation is 4 percent. When leave loadings are paid these are included in the calculation.

Sick Leave

Staff sick leave benefits are non-vesting. No sick leave liability has been recorded as it is probable that sick leave taken in future periods will be less than the sick leave benefit accrued in those periods.

Long Service Leave

In calculating long service leave, the Trust has used a benchmark of six and a half years, based on an actuarial assessment undertaken by the Department of Treasury and Finance. The long service leave benefit estimated to be paid within the next 12 months of balance date is calculated by multiplying each staff's benefits by the remuneration rate expected when the leave is taken. The estimated rate of salary inflation is 4 percent.

Superannuation

Contributions are made by the Trust to a number of 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 superannuation schemes. The only liability outstanding at balance date relates to contributions due but not yet paid to the superannuation schemes. The total superannuation contributions paid this financial year was \$1 081 000.

(i) Workers Compensation

Contributions are made by the Trust to the WorkCover Corporation to provide insurance coverage in relation to workers compensation. These contributions are treated as an expense when they occur. There is no liability for payments to claimants as they have been assumed by WorkCover Corporation.

(j) Provision for Doubtful Debts

The Trust determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

(k) Inventories

Inventories are maintained for set building, production and merchandising activities and are valued at cost.

(l) Income and Expenses

Operating Grants

Grants, subsidies and funding for community service obligations received from SA Government are recognised as revenues when the Trust obtains control over the assets. Control over these revenues is normally obtained upon receipt and they are accounted for in accordance with TI 3.

Catering Revenues and Expenses

The Trust has a contractual arrangement in place for the provision of catering services.

Assets Received/Provided Free of Charge

Assets received/provided free of charge are recorded as revenue and expenditure in the Income Statement at their fair value.

Other Revenues:

The Trust's policy is to recognise revenue when a good is supplied or service completed.

(m) Income Tax Status

The activities of the entity are exempt from income tax.

(n) Accounting for the GST

In accordance with the requirements of Interpretation 1031 revenues, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by the Trust as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and receivables and payables are stated with the amount of GST Included;
- the net GST receivable/payable to the ATO has been recognised as a receivable/payable in the Balance Sheet.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

(o) Segment Information

The Trust has not established any partnership or body corporate to carry out any of its business operations. Business operations are conducted in the one business and geographical segment.

(p) Rounding

Unless otherwise indicated, all amounts have been rounded to the nearest thousand dollars (\$'000).

3. SA Government Grants

Included in Revenues from Ordinary Activities were the following government grants:

	Consolidated		AFCT	
	2007	2006	2007	2006
Operating Grants Received:	\$'000	\$'000	\$'000	\$'000
Operating base	7 077	9 348	7 077	9 348
Debt servicing - Interest	1 632	1 503	1 632	1 503
Total State Government Operating Grants	8 709	10 851	8 709	10 851
Capital Grants Received:				
Capital replacement	1 200	-	1 200	-
	9 909	10 851	9 909	10 851
4. Revenue from Foundation				
Revenue received	-	-	405	-
Indigenous Art Works received free of charge	-	-	-	41
	-	-	405	41
5. Interest Revenues				
Interest from entities within the SA Government	560	439	530	405
	560	439	530	405
6. Staff Expenses				
Salaries and wages	10 985	8 790	10 985	8 785
Termination payments	501	-	501	-
Long service leave	251	258	251	258
Annual leave	654	663	654	663
Employment on-costs - Superannuation	1 081	829	1 081	829
Employment on-costs - Other	903	663	903	663
Board fees	84	75	84	75
Other	227	207	227	207
	14 686	11 485	14 686	11 480

Changes to Staffing Arrangements

Pursuant to a proclamation, the *Statutes Amendment (Public Sector Employment) Act 2006* (PSE Act) came into operation on 1 April 2007.

The PSE Act amended the employment provisions of the *Adelaide Festival Centre Trust Act 1971* (AFCT Act) to provide that the Chief Executive of the Department of the Premier and Cabinet is to be the 'employing authority' of all staff of the Trust. Prior to the operation of the PSE Act, the Trust had the power to appoint staff.

Consistent with the PSE Act, the Chief Executive of the Department of the Premier and Cabinet has delegated all of his powers and functions relating to the employment of staff to the Trust. The Treasurer, pursuant to the PSE Act, has also issued a direction to the Trust to make payments with respect to any matter arising in connection with the employment of a person under the AFCT Act.

As a consequence of these changes, the total staffing expenses reflected in this financial report comprise the Staff expenses of the agency for the period 1 July 2006 to 31 March 2007 and the staffing expenses of the agency for the period 1 April to 30 June 2007.

7. Supplies and Services

	Consolidated		AFCT	
	2007	2006	2007	2006
Supplies and Services provided by Entities within the SA Government:	\$'000	\$'000	\$'000	\$'000
Contractors	77	80	77	80
Artistic production	29	30	29	30
Utilities	208	260	208	260
Financial transactions	181	183	181	183
Premises rental	149	133	149	133
Insurance	269	238	269	238
Equipment	124	69	124	69
Other	88	95	88	95
Total Supplies and Services - SA Government Entities	1 125	1 088	1 125	1 088

7.	Supplies and Services (continued)	Consolidated		AFCT	
		2007	2006	2007	2006
	Supplies and Services provided by Entities external to the SA Government:	\$'000	\$'000	\$'000	\$'000
	Supplies	2 497	1 611	2 496	1 542
	Contractors	531	404	531	383
	Artistic production	3 304	1 689	3 304	1 689
	Utilities	1 281	1 365	1 281	1 364
	Financial transactions	460	559	460	559
	Travel and accommodation	465	336	465	335
	Premises rental	1 024	776	1 024	776
	Insurance	12	15	12	15
	Doubtful debts	112	85	112	85
	Equipment	619	827	619	827
	Advertising and Marketing	2 167	1 073	2 167	1 073
	Other	1 058	1 081	1 057	1 058
	Total Supplies and Services - Non-SA Government Entities	13 530	9 821	13 528	9 706
	Total Supplies and Services	14 655	10 909	14 653	10 794
8.	Depreciation Expense				
	Buildings	4 878	3 362	4 878	3 362
	Plant and equipment	1 887	1 362	1 887	1 362
	Leasehold improvements	129	129	129	129
	Total Depreciation Expense	6 894	4 853	6 894	4 853
The Trust revalued its buildings and plant and equipment upward during 2006. As a result of the revaluation, depreciation expense on these assets has increased in the current reporting period.					
9.	Financing Costs				
	Interest paid	1 861	2 105	1 861	2 105
	Total Financing Costs	1 861	2 105	1 861	2 105
10.	Cash				
	Cash at bank and on hand	6 295	8 635	6 166	8 155
		6 295	8 635	6 166	8 155
Cash includes cash on hand, deposits held at call that are used in the cash management function on a day-to-day basis.					
11.	Receivables				
	Trade debtors - SA Government entities	56	82	56	82
	Interest receivable	31	37	31	37
	Total Receivables from SA Government Entities	87	119	87	119
	Trade debtors - Non-SA Government entities	1 957	1 651	1 936	1 649
	Less: Provision for doubtful debts	166	153	166	153
	Total Receivables from Non-SA Government Entities	1 791	1 498	1 770	1 496
	Total Receivables	1 878	1 617	1 857	1 615
12.	Inventories				
	Raw materials	65	65	65	65
		65	65	65	65
13.	Other Current Assets				
	Prepayments	13	11	13	11
	Works in progress	-	312	-	312
		13	323	13	323
14.	Property, Plant and Equipment, Leasehold Improvements and Works of Art				
	Land and Buildings:				
	Freehold land:				
	At independent valuation 2006	5 895	5 895	5 895	5 895
	Buildings:				
	At independent valuation 2006	146 980	146 980	146 980	146 980
	Less: Accumulated depreciation	79 388	74 510	79 388	74 510
		67 592	72 470	67 592	72 470
	At cost	157	-	157	-
	Total Land and Buildings	73 644	78 365	73 644	78 365

14. Property, Plant and Equipment, Leasehold Improvements and Works of Art (continued)	Consolidated		AFCT	
	2007	2006	2007	2006
Plant and Equipment:	\$'000	\$'000	\$'000	\$'000
At independent valuation 2006	21 198	21 198	21 198	21 198
Less: Accumulated depreciation	18 115	16 227	18 115	16 227
	3 083	4 971	3 083	4 971
At cost	1 667	-	1 667	-
Less: Accumulated depreciation	-	-	-	-
	1 667	-	1 667	-
Total Plant and Equipment	4 750	4 971	4 750	4 971
Intangibles:				
At cost	281	-	281	-
Total Intangibles	281	-	281	-
Leasehold Improvements:				
At independent valuation 2006	1 758	1 758	1 758	1 758
Less: Accumulated depreciation	1 008	880	1 008	880
Total Leasehold Improvements	750	878	750	878
Works of Art:				
At independent valuation 2005	6 765	6 765	6 765	6 765
At cost (2006)	35	35	35	35
Total Works of Art	6 800	6 800	6 800	6 800
Total Property, Plant and Equipment, Leasehold Improvements and Works of Art	86 225	91 014	86 225	91 014

The Trust's land and buildings and leasehold improvements valuation was undertaken at 30 June 2006 by Mr Martin S Burns MBA, BAppSc, Property Resource Management of Liquid Pacific. Plant and equipment was revalued as at 30 June 2006 by Mr Martin S Burns of Liquid Pacific. Works of Art were valued by James F B Bruce Valuer MSAV of Theodore Bruce Auctions Pty Ltd as at 30 June 2005.

15. Asset Movement Schedule	Freehold	Plant and	Works	Leasehold	2007		
	Land	Buildings	Equip	of Art	Intangibles	Imprvmnts	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Amount:							
Balance at 1 July	5 895	146 980	21 198	6 800	-	1 758	182 631
Additions	-	157	1 667	-	281	-	2 105
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Balance at 30 June	5 895	147 137	22 865	6 800	281	1 758	184 736
Accumulated Depreciation:							
Balance 1 July	-	74 510	16 227	-	-	880	91 617
Depreciation Expense	-	4 878	1 888	-	-	128	6 894
Revaluations	-	-	-	-	-	-	-
Balance at 30 June	-	79 388	18 115	-	-	1 008	98 511
Net Book Value	5 895	67 749	4 750	6 800	281	750	86 225

16. Payables	Consolidated		AFCT	
	2007	2006	2007	2006
Current Payables - SA Government Entities:	\$'000	\$'000	\$'000	\$'000
Unsecured creditors and accruals	1 155	1 068	1 155	1 068
Employment on-costs	81	74	81	74
	1 236	1 142	1 236	1 142
Current Payables - Other Non-SA Government Entities:				
Unsecured creditors and accruals	4 035	5 000	4 033	4 999
Employment on-costs	100	84	100	84
	4 135	5 084	4 133	5 083
Total Current Payables	5 371	6 226	5 369	6 225
Non-Current Liabilities - SA Government Entities:				
Employment on-costs	92	84	92	84
Non-Current Liabilities - Other Non-SA Government Entities:				
Employment on-costs	43	41	43	41
Total Non-Current Liabilities	135	125	135	125
Total Payables	5 506	6 351	5 504	6 350

17. Borrowings	Consolidated	AFCT
	2007	2006
Current Liabilities:		
Borrowings from Government	214	-
	214	-
Non-Current Liabilities:		
Borrowings from Government	28 184	27 250
Total	28 398	27 250

18. Staff Benefits	Consolidated		AFCT	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current Liabilities:				
Provision for annual leave	797	691	797	691
Provision for long service leave	220	205	220	205
Accrued salary and wages	434	318	434	318
	1 451	1 214	1 451	1 214
Non-Current Liabilities:				
Provision for long service leave	1 153	1 072	1 153	1 072
Total Provision Associated with Staff Benefits	2 604	2 286	2 604	2 286
19. Other Current Liabilities				
Venue hire deposits	249	240	249	240
Revenue in advance	370	298	370	298
	619	538	619	538
20. Reserves				
Asset Revaluation Reserve:				
Land:				
Opening balance	5 895	5 895	5 895	5 895
Movement	-	-	-	-
Closing balance	5 895	5 895	5 895	5 895
Buildings:				
Opening balance	45 414	45 414	45 414	45 414
Movement	-	-	-	-
Closing balance	45 414	45 414	45 414	45 414
Plant and Equipment:				
Opening balance	8 466	8 466	8 466	8 466
Movement	-	-	-	-
Closing balance	8 466	8 466	8 466	8 466
Works of Art:				
Opening balance	6 166	6 166	6 166	6 166
Revaluation	-	-	-	-
Closing balance	6 166	6 166	6 166	6 166
Leasehold Improvements:				
Opening balance	128	128	128	128
Revaluation	-	-	-	-
Closing balance	128	128	128	128
Total:				
Opening balance	66 069	66 069	66 069	66 069
Revaluation	-	-	-	-
Closing Balance	66 069	66 069	66 069	66 069
21. Commitments				
(a) Operating Leases				
Commitments under non-cancellable operating leases at reporting date are as follows:				
Not later than one year	130	80	130	80
Later than one year and not later than five years	94	109	94	109
Total Operating Lease Commitments	224	189	224	189
Equipment leases are for fixed lease periods. There are no contingent rental payments. There are options to extend the leases. Motor vehicle leases are for lease periods of two to three years. Rental payments are fixed.				
(b) Remuneration Commitments				
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:				
	Consolidated		AFCT	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Within one year	2 325	2 765	2 325	2 765
Later than one year and not later than five years	1 958	1 939	1 958	1 939
Total Remuneration Commitments	4 283	4 704	4 283	4 704

Amounts disclosed include commitments arising from executive and other service contracts.

The Trust does not offer remuneration contracts greater than five years.

(c) Other Commitments	Consolidated		AFCT	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments under non-cancellable maintenance agreements at reporting date are as follows:				
Not later than one year	763	411	763	411
Later than one year and not later than five years	261	127	261	127
Total Other Commitments	1 024	538	1 024	538

22. Contingent Liabilities

As at balance date there were no contingent liabilities or contingent assets.

23. Cash Flow Reconciliation

	Consolidated		AFCT	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Reconciliation of Cash - Cash at year end as per:				
Cash Flow Statement	6 295	8 635	6 166	8 155
Balance Sheet	6 295	8 635	6 166	8 155
Reconciliation of Net Cash provided by (used in) Operating Activities to Net Cost of Providing Services				
Net cash (used in) provided by operating activities	(1 384)	4 825	(1 033)	4 621
Less: Revenues from SA Government	9 909	10 851	9 909	10 851
Add (Less) Non-Cash Items:				
Depreciation	(6 894)	(4 853)	(6 894)	(4 853)
Resources free of charge	-	-	-	41
Cost of restructure of loan	-	(87)	-	(87)
Changes in Assets and Liabilities:				
Increase in receivables	261	671	242	771
Increase (Decrease) in other current assets	(310)	270	(310)	270
(Decrease) in inventories	-	(7)	-	(7)
Decrease (Increase) in payables	846	(2 599)	848	(2 599)
(Increase) in other current liabilities	(81)	(173)	(81)	(173)
Decrease (Increase) in employee benefits	(318)	24	(318)	24
Net Cost of Providing Services	(17 789)	(12 780)	(17 455)	(12 843)

24. Remuneration to Auditors and Consultants

Remuneration to Auditors:

Auditing the financial report

	84	84	84	84
	84	84	84	84

	Consolidated		AFCT	
	2007 Number of Consultants	2006 Number of Consultants	2007 Number of Consultants	2006 Number of Consultants
Number of Consultants:				
Under \$10 001	-	1	-	1
\$10 001 - \$50 000	-	1	-	1
\$50 001 - \$150 000	1	-	1	-
	1	2	1	2

	Consolidated		AFCT	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Payments to Consultants:				
Under \$10 001	-	6	-	6
\$10 001 - \$50 000	-	10	-	10
\$50 001 - \$150 000	136	-	136	-
	136	16	136	16

25. Remuneration of Staff

The number of staff whose annual remuneration was over \$100 000 fell within the following bands:

	2007 Number of Employees	2006 Number of Employees
\$100 000 - \$109 999	2	2
\$110 000 - \$119 999	1	1
\$130 000 - \$139 999	1	1
\$140 000 - \$149 999	1	1
\$160 000 - \$169 999	-	1
\$180 000 - \$189 999	2	-
\$190 000 - \$199 999	-	1
\$220 000 - \$229 999	-	1
\$260 000 - \$269 999	2	-

This table includes all staff who received remuneration of \$100 000 or more during the year.

25. Remuneration of Staff (continued)

Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits.

The total remuneration received by these staff for the year is \$1 511 000 (\$1 198 000).

The amount of \$136 245 was included for termination payment paid in the financial period.

26. Trustees' Remuneration and Related Party Disclosures**Trustees' Remuneration**

The number of Trustees with income in the following bands was:

	2007	2006
	Number of Trustees	Number of Trustees
\$0 - \$9 999	9	7
\$10 000 - \$19 999	2	1

The aggregate of the remuneration referred to in the above table for Trustees is \$83 845 (\$76 300) and includes \$6880 (\$4000) superannuation.

Related Party Disclosures

The members of the Trust are appointed by the Government in accordance with the provisions of the *Adelaide Festival Centre Trust Act 1971*.

During the year the following persons occupied the position of Trustee of the Trust:

Mr Barry Fitzpatrick AM (Chair)	Mr Richard Ryan AO (term completed 15 January 2007)
Ms Joanne Staugas	Mrs Fiona Adler (term completed 15 January 2007)
Mr Peter Goers	Ms Anne Moran (term completed 13 August 2006)
Mr Ian Kowalick	
Ms Caroline Cordeaux	
Councillor Richard Hayward (commenced 19 October 2006)	
Ms Zannie Flanagan (commenced 16 January 2007)	
Mr Bill Spurr (commenced 16 May 2007)	

The Trustees of the Trust, or their director related entities, have transactions with the Trust that occur within a normal staff, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonably expected the entity would have adopted if the transactions were undertaken with any other entity at arm's length in similar circumstances.

As a part of the duties of office, from time to time, Trustees receive complimentary tickets to shows and events conducted by or through the Trust. These benefits serve to involve the Trustees in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

27. Termination Payments

	Consolidated		AFCT	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Amount paid to these staff:				
Termination payments	356	-	356	-
Annual leave and long service leave paid on termination	145	-	145	-
Net Amount Paid to Employees	501	-	501	-

In 2006-07 nine termination payments totalling \$356 000 were paid and an additional \$145 000 was paid on account of accrued annual leave and long service leave.

There were no eligible recoveries due from the Office of the Commissioner of Public Employment.

28. Financial Instruments

Financial Instruments	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets			
		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	10	Deposits are recognised at their nominal amount. Interest is credited to revenue as it accrues.	
Receivables	11	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectibility of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less than likely.	Credit terms are net 30 days. The carrying amount of receivables approximates net fair value due to being receivable on demand. The Trust's maximum exposure to credit risk at the reporting date in relation to financial assets is the carrying amount of those assets as indicated in the Balance Sheet. The Trust has no significant exposure to any concentrations of credit risk.

28. Financial Instruments (continued)

Financial Instruments	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Liabilities			
		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	16	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.	Settlement is made net 30 days. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to being payable on demand.
Other liabilities	19	Monies held in trust being deposits held for other entities and revenues earned in advance are recognised as liabilities.	The Trust holds monies on behalf of other entities and revenues earned in advance.
Borrowings	17	Borrowings are recognised in accordance with APF IV at their nominal amounts.	The interest rate is determined by the Treasurer on borrowings from the Department of Treasury and Finance. The effective interest rate ranged from 5.8 percent to 6.75 percent. There are three elements to these borrowings, one with no maturity date (interest paid quarterly), \$19.8 million the second borrowing with a maturity date in 2015 (interest paid monthly), \$7.4 million and the third borrowing of \$1.2 million with a maturity date in 2012 (principal and interest paid monthly).

29. Staff Benefits and Related On-Cost Liabilities

	Note	Consolidated		AFCT	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current Liabilities:					
Provision for annual leave	18	797	691	797	691
Provision for long service leave	18	220	205	220	205
Accrued salaries and wages (accounted for in provisions)	18	434	318	434	318
Employment on-costs (accounted for in payables)	16	181	158	181	158
		1 632	1 372	1 632	1 372
Non-Current Liabilities:					
Provision for long service leave	18	1 153	1 072	1 153	1 072
Employment on-costs (accounted for in payables)	16	135	125	135	125
		1 288	1 197	1 288	1 197
Aggregate Staff Benefits and Related On-Cost Liabilities		2 920	2 569	2 920	2 569

30. Economic Dependency

A significant proportion of revenue is derived from government, without which the Trust would not be able to continue its operations. Revenue from Government grants was \$9.909 million in 2006-07.

31. Controlled Entity

The consolidated financial statements at 30 June 2007 include the following controlled entity:

<i>Name of Controlled Entity</i>	<i>Place of Incorporation</i>
The Adelaide Festival Centre Foundation Incorporated	Australia

ADELAIDE FESTIVAL CORPORATION

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Adelaide Festival Corporation (the Corporation) is a body corporate established pursuant to the *Adelaide Festival Corporation Act 1998*. The Corporation is an instrumentality of the Crown.

Functions

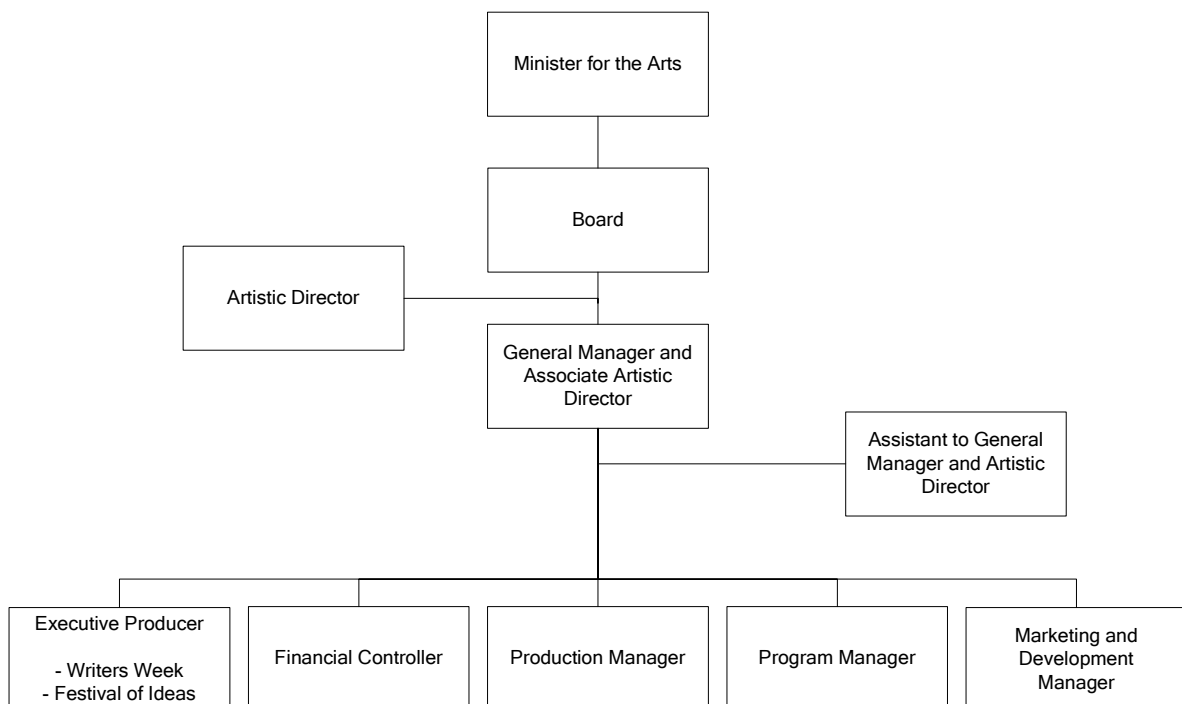
The functions of the Corporation, as set out in section 5 of the Act, are to:

- conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- continue to further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- conduct or promote other events and activities;
- provide advisory, consultative, managerial and support services within areas of the Corporation's expertise;
- undertake other activities that promote the arts or public interest in the arts, or that otherwise involve appropriate use of its resources;
- carry out other functions assigned to the Corporation by or under this or any other Act, or by the Minister.

The Adelaide Festival of Arts is a biennial event with 2007 being a non-Festival year.

Structure

The structure of the Corporation is illustrated in the following organisational chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

The Auditor-General audits the accounts of the Corporation pursuant to subsection 31(1)(b) of the PFAA and subsection 19(3) of the *Adelaide Festival Corporation Act 1998*.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily towards obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- revenue, including cash receipting and debtors
- expenditure, including accounts payable and salaries and wages
- general ledger
- contracts
- budgetary control.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Adelaide Festival Corporation 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).

Assessment of Controls

In my opinion, the controls exercised by the Adelaide Festival Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were detailed in a management letter to the General Manager and Associate Artistic Director of the Corporation. Response to the management letter was generally considered to be satisfactory.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Given the biennial nature of the Adelaide Festival of Arts, the financial results for the event are recorded mainly over a cycle of two financial years. As 2007 is midway through the 2008 Festival an analysis and interpretation on the biennial results of the Corporation has not been undertaken.

In reviewing the financial performance of the Corporation it should be noted that, although the predominant role of the Corporation is to conduct the Adelaide Festival of Arts, its functions also extend to the promotion and conduct of other festivals and events such as 'Writers' Week' and the 'Festival of Ideas'. The Income Statement includes the expenses and income associated with these events as well as the Adelaide Festival of Arts.

**Income Statement
for the year ended 30 June 2007**

	Note	2007 \$'000	2006 \$'000
EXPENSES:			
Staff expenses	3	1 276	2 373
Supplies and Services:			
Administration and marketing expenses	4	843	2 758
Programmed events	5	702	6 764
Total Supplies and Services	6	1 545	9 522
Total Expenses		2 821	11 895
INCOME:			
Grants from Non-SA Government	7	341	313
Box office		-	2 463
Interest		85	158
Sponsorship - Corporate		464	1 014
Sponsorship - Government		65	720
Other income	8	143	1 765
Total Income		1 098	6 433
Net Cost of Providing Services		(1 723)	(5 462)
Revenues from SA Government	7	3 080	3 502
NET RESULT		1 357	(1 960)
NET RESULT ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		1 357	(1 960)

**Balance Sheet
as at 30 June 2007**

	Note	2007 \$'000	2006 \$'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	9	1 628	38
Receivables	10	50	554
Total Current Assets		1 678	592
NON-CURRENT ASSETS:			
Plant and equipment	11	219	291
Total Non-Current Assets		219	291
Total Assets		1 897	883
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	12	363	722
Short-term staff benefits	13	82	57
Total Current Liabilities		445	779
NON-CURRENT LIABILITIES:			
Payables	12	104	139
Long-term staff benefits	13	67	41
Total Non-Current Liabilities		171	180
Total Liabilities		616	959
NET ASSETS		1 281	(76)
EQUITY:			
Retained earnings		1 281	(76)
TOTAL EQUITY		1 281	(76)
Commitments for expenditure	17		
Contingent assets and liabilities	18		

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Retained Earnings \$'000
Balance at 30 June 2005	1 884
Net Result for 2005-06	(1 960)
Balance at 30 June 2006	(76)
Net Result for 2006-07	1 357
Balance at 30 June 2007	1 281

**Cash Flow Statement
for the year ended 30 June 2007**

	2007	2006
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	
CASH INFLOWS:		
Receipts from Government	2 880	3 502
Receipts from patrons, sponsors, donors and others	962	5 064
Receipts from Commonwealth	394	231
Interest received	85	158
GST receipts on sales	94	318
GST input tax credits	110	191
GST received from ATO	97	57
Total Inflows from Operating Activities	4 622	9 521
CASH OUTFLOWS:		
Staff payments	(1 153)	(2 426)
Supplies and services	(1 697)	(8 339)
GST payments on purchases	(117)	(617)
GST remitted to ATO	(65)	-
Total Outflows from Operating Activities	(3 032)	(11 382)
Net Cash provided by (used in) Operating Activities	14	1 590 (1 861)
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Purchase of plant and equipment	-	(9)
Total Outflows from Investing Activities	-	(9)
Net Cash used in Investing Activities	-	(9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		1 590 (1 870)
CASH AND CASH EQUIVALENTS AT 1 JULY		38 1 908
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	1 628 38

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Functions of the Adelaide Festival Corporation

The functions of the Adelaide Festival Corporation (the Corporation), as prescribed under the *Adelaide Festival Corporation Act 1998*, are to:

- (a) conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- (b) continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- (c) conduct or promote other events and activities;
- (d) provide advisory, consultative, managerial or support services within areas of the Corporation's expertise;
- (e) undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources;
- (f) carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

2. Statement of Significant Accounting Policies

2.1 Basis of Accounting

The general purpose financial report has been prepared in accordance with applicable AASs and Tis and APSs promulgated under the provisions of the PFAA. AASs include AIFRS. Except for the amendments to AASB 101 which the Corporation has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2007. The Corporation has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Corporation.

The report has been prepared on the accrual basis of accounting and in accordance with conventional historical cost principles except where stated.

The financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

2.2 Foreign Exchange

Transactions in foreign currencies are translated at rates of exchange applicable at the date the foreign currency is acquired. Gains or losses arising from translation are taken directly to revenues or expenses.

2.3 Staff Benefits

Provision has been made in the financial report for the Corporation's liability for staff entitlements arising from services rendered by staff to balance date. Related on-costs consequential to the employment of staff have been included in payables.

Salaries and Wages

Salaries and wages have been recognised as the amount unpaid at the reporting date and have been calculated at nominal amounts based on current wage and salary rates.

Annual Leave

Provision has been made for the unused component of annual leave at balance date. The provision has been calculated at nominal amounts based on current salary rates plus a provision for increase of 4 percent.

Sick Leave

No provision has been made in respect of sick leave. As sick leave taken by staff is considered to be taken from the current year's accrual, no liability is recognised.

Long Service Leave

Provision has been made for staff entitlements to long service leave based on a benchmark of six and a half years service and represents the present value of the estimated future cash flows to be made for those entitlements. This provision has been calculated at nominal amounts based on current salary rates.

Superannuation

Contributions are made by the Corporation to a number of 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 superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the superannuation schemes.

2.4 Workers Compensation

Contributions are made by the Corporation to the WorkCover Corporation to provide insurance coverage in relation to workers compensation. These contributions are treated as an expense as they occur. There is no liability to claimants as they have been assumed by WorkCover Corporation.

2.5 Income Tax

The income of the Corporation is exempt from income tax.

2.6 Plant and Equipment

Office furniture and equipment is valued at cost.

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Depreciation of office furniture and equipment is calculated using the straight line method of allocation over a useful life of four years and is recognised from the date of acquisition.

2.7 Leasehold Improvements

Leasehold improvements have been valued at cost and amortised over the length of the lease (six years).

2.8 Deferred Rent Incentive

The Corporation received a rent incentive on its new premises lease, to be taken as a rent free period within the first two years of the lease. The benefit of this will be recorded as a reduction of rental expense over the lease term on a straight line basis.

2.9 Revenue Recognition*Operating and Performing Arts Grants*

In accordance with Department of Treasury and Finance APF V, all grants are recognised as revenue when received.

Sponsorship, Sundry Income and Interest

All income of this nature is recognised as revenue as it accrues.

Donations

All income of this nature is recognised as revenue when received.

2.10 Economic Dependency

The normal business activity of the Corporation is dependent on the contribution of grants from the State at the appropriate levels. The State Government has advised that funding will be maintained and accordingly this financial report has been prepared on a going concern basis.

2.11 Comparative Figures

Where applicable, comparative amounts have been adjusted to conform with changes in presentation and classification in the current financial year.

2.12 Changes in Accounting Policies

A number of AASs have been issued or amended and are applicable to the Corporation but are not yet effective. The Corporation has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Corporation.

2.13 Change in Accounting Estimates*Long Service Leave Liability Calculation*

The benchmark for the measurement of long service leave liability has been revised from seven years to six and a half years service. This benchmark revision has had no impact on the long service leave entitlements provision calculated.

2.14 Changes to Staffing Arrangements

Pursuant to a proclamation, the *Statutes Amendment (Public Sector Employment) Act 2006*, (the PSE Act), came into operation on 1 April 2007.

The PSE Act amended the employment provisions of the *Adelaide Festival Corporation Act 1998* to provide that the Chief Executive of the Department of the Premier and Cabinet is to be the 'employing authority' of all staff of the Corporation. Prior to the operation of the PSE Act, the Corporation had the power to appoint staff.

Consistent with the PSE Act, the Chief Executive of the Department of the Premier and Cabinet has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the PSE Act, has also issued a direction to the Corporation to make payments with respect to any matter arising in connection with the employment of a person under the *Adelaide Festival Corporation Act 1998*.

As a consequence of these changes, the total staffing expenses reflected in this financial report comprise the employee expenses of the agency for the period 1 July 2006 to 31 March 2007 and the staffing expenses of the agency for the period 1 April to 30 June 2007.

3. Staff Expenses

	Note	2007 \$'000	2006 \$'000
Salaries and wages		1 022	1 966
Long service leave		26	4
Annual leave		7	(4)
Staff on-costs - Superannuation		95	178
Staff on-costs - Other		70	157
Board fees	20	56	72
		1 276	2 373

4. Administration and Marketing Expenses

Marketing		144	1 575
Property lease	17	111	96
Development		48	270
Insurance		6	143
Communications		44	53
Depreciation/amortisation	11	72	64
Operating leases		49	40
Artistic Directorate		147	15
Other expenses		222	502
		843	2 758

5. Programmed Events	2007	2006
	\$'000	\$'000
Festival of Arts 2006	-	6 319
Festival of Arts 2008	461	-
Writers' Week 2006	6	369
Writers' Week 2008	11	-
Festival of Ideas 2005	-	76
Festival of Ideas 2007	224	-
	702	6 764
<hr/>		
6. Supplies and Services		
Supplies and Services provided by Entities within the SA Government:		
Insurance	6	143
Audit	21	25
Motor vehicle expenses	-	34
Other	-	4
Total Supplies and Services - SA Government Entities	27	206
<hr/>		
Supplies and Services provided by Entities external to the SA Government:		
Administration and marketing	816	2 552
Programmed events	702	6 764
Total Supplies and Services - Non-SA Government Entities	1 518	9 316
Total Supplies and Services	1 545	9 522
<hr/>		
7. Grants from Government		
Grants from SA Government		
	3 080	3 502
<hr/>		
Commonwealth grants	339	231
Grants from overseas governments	2	82
Grants from Non-SA Government	341	313
<hr/>		
8. Other Income		
Sponsorship - Contra	10	684
Sundry	55	659
Book and merchandise sales	6	318
Friends membership	34	67
Donations	38	37
	143	1 765
<hr/>		
9. Reconciliation of Cash		
For the purpose of the Cash Flow Statement, cash includes cash on hand, at bank and on deposit.		
Cash on hand	1	1
Cash at bank	273	36
SAFA deposit	1 354	1
	1 628	38
<hr/>		
Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.		
All deposited funds attract interest. Rates are determined by the bank and SAFA at their discretion. The interest rate as at 30 June 2007 was 2.8 percent at Adelaide Bank; 3.5 percent at Bank SA and 6.46 percent at SAFA. Interest is paid monthly.		
10. Receivables	2007	2006
	\$'000	\$'000
Trade debtors	20	373
Prepayments and accruals	30	181
	50	554
<hr/>		
Standard credit terms are 30 days.		
Receivables are recognised at their nominal amounts. Amounts are recognised when services are provided. Collectability of debts is assessed at balance date with any bad debts being written off prior to balance date.		
11. Plant and Equipment	2007	2006
	\$'000	\$'000
(a) Office equipment and furniture at cost	323	323
Less: Accumulated depreciation	279	260
Written Down Value	44	63
<hr/>		
(b) Leasehold improvements	316	316
Less: Amortisation of leasehold improvements	141	88
Written Down Value	175	228
Total Plant and Equipment Written Down Value	219	291
<hr/>		

(c) Reconciliation of Carrying Amounts of Plant and Equipment	Note	2007	2006
		\$'000	\$'000
Balance at 1 July		639	585
Add: Additions		-	54
Balance at 30 June		639	639
Accumulated Depreciation:			
Balance at 1 July		348	284
Add: Amortisation expense (Leasehold improvements)		53	53
Add: Depreciation expense (Plant and equipment)		19	11
Balance at 30 June		420	348
Net Book Value		219	291

12. Payables

Current:			
Trade creditors and accruals		314	672
Staff on-costs		9	10
Deferred rent incentive		40	40
		363	722
Non-Current:			
Staff on-costs		12	7
Deferred rent incentive		92	132
		104	139

Creditors are generally paid within 30 days.

Creditors are recognised at their nominal amounts. Liabilities are recognised once the goods or services have been received.

13. Staff Benefits**(a) Staff Benefits**

Current:			
Accrued salaries and wages		44	26
Annual leave		38	31
		82	57
Non-Current:			
Long service leave		67	41
		67	41

(b) Staff Benefits and Related On-Cost Liabilities

Accrued Salaries:			
On-costs included in payables - Current	12	3	5
Provision for staff benefits - Current	13(a)	44	26
		47	31
Annual Leave:			
On-costs included in payables - Current	12	6	5
Provision for staff benefits - Current	13(a)	38	31
		44	36
Long Service Leave:			
On-costs included in payables - Non-Current	12	12	7
Provision for staff benefits - Non-Current	13(a)	67	41
		79	48
Aggregate Staff Benefits and Related On-Cost Liabilities		170	115

14. Reconciliation of Net Result to Net Cash provided by (used in) Operating Activities

Net result		1 357	(1 960)
Items not involving cash:			
Depreciation/amortisation		72	64
Prepaid rent		-	96
Deferred rent incentive		40	40
Contra asset received		-	(45)
Changes in Assets and Liabilities:			
Decrease (Increase) in receivables		504	(416)
(Decrease) Increase in payables		(434)	396
Increase (Decrease) in provision for staff benefits		51	(36)
Net Cash provided by (used in) Operating Activities		1 590	(1 861)

15. Remuneration to Auditors

The amount due to and receivable by the Auditor-General's Department for auditing the accounts for the year was \$23 000 (\$25 000).

The auditors provided no other services.

16. Consultancies

During the year, the Board engaged consultants to assist in its operation. The costs of these consultancies was \$11 000 (\$1000).

	2007	2006
	Number of	Number of
	Consultancies	Consultancies
The number of consultancies which fell within the following bands were:		
\$nil - \$9 999	2	1

17. Commitments for Expenditure

Operating Leases:

Commitments under non-cancellable operating leases at the reporting date are payable as follows:

	2007	2006
	\$'000	\$'000
Not later than one year	36	34
Later than one year and not later than five years	22	37
	58	71

These operating lease commitments are not recognised in the financial report as liabilities.

The equipment leases are non-cancellable, payable monthly in advance.

The current property lease commenced 1 November 2004 for a six year period. The gross rental payable is \$146 000 plus indexation of 4 percent per annum. Property lease commitments have been excluded from the above figures.

A fitout incentive of \$239 000 was included in the lease to be taken as a rent free period within the first two years of the term of the lease. (Refer Note 2.8).

18. Contingent Assets and Liabilities

There are no known contingent assets and liabilities as at 30 June 2007.

19. Remuneration of Staff

The number of staff whose total remuneration fell within the following bands:

	2007	2006
	Number of	Number of
	Staff	Staff
\$100 000 - \$109 999	-	1
\$130 000 - \$139 999	1	1
\$140 000 - \$149 999	-	1
\$150 000 - \$159 999	-	1
\$160 000 - \$169 999	1	-

The aggregate remuneration referred to in the above table for staff who received remuneration of \$100 000 or more during the year is \$298 000 (\$528 000).

20. Remuneration of Board Members

Remuneration of the Board members fell between the following bands:

	2007	2006
	Number of	Number of
	Members	Members
\$nil	1	1
\$1 - \$9 999	8	6
\$10 000 - \$19 999	1	1

The aggregate remuneration referred to in the above table for Board members is \$56 000 (\$72 000).

The aggregate superannuation paid on behalf of the Board members referred to above was \$5000 (\$6000).

As at 30 June 2007 one member of the Board, who is a government employee, received no sitting fees from the Corporation.

The Board members are appointed by the Governor in accordance with the *Adelaide Festival Corporation Act 1998*.

During the period, the following persons occupied the position of Board members of the Corporation:

Mr R Adler AO, AC (Chair)	Ms Amanda Blair
Mr C Dunsford (Chair Finance Committee - Ceased April 2007)	Mr L Warren
Mr Brett Rowse (Chair Finance Committee - From April 2007)	Mr R Ryan (Appointed April 2007)
Ms S Sdraulig	Mr R Angove AM (Ceased August 2006)
Ms M Oates	Dr J Brine (Appointed December 2006)

As part of the duties of office, from time to time, Board members receive complimentary tickets to shows or events conducted by the Corporation. These benefits serve to involve the Board members in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

DEPARTMENT FOR ADMINISTRATIVE AND INFORMATION SERVICES

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Department for Administrative and Information Services (DAIS) is an Administrative Unit established under the PSMAct.

Transfer of Employees and Functions

On 28 September 2006, a proclamation under the PSMAct transferred the employees of DAIS to the Department for Transport Energy and Infrastructure (DTEI), Department of the Premier and Cabinet (DPC), Department of Treasury and Finance (DTF) and the Attorney-General's Department. The proclamation came into operation on 1 October 2006. The proclamation also determined that 'for financial accounting and reporting purposes, it is declared that the transfer of employees of DAIS, any associated assignments and any associated transfer of functions and duties may be taken to occur on 1 January 2007'.

To facilitate the aforementioned arrangements, Service Level Agreements were entered into between DAIS and the transferee departments to continue to operate DAIS until 31 December 2006.

As at 30 June 2007 DAIS continued as an Administrative Unit. Accordingly, the financial statements report the 12 month period to 30 June 2007, with the transfer of all assets and liabilities occurring on 31 December 2007 in line with the proclamation. The impact on the financial statements is that the Income Statement reports only six months of transactions and the Balance Sheet has all zero balances.

Functions

DAIS provided support to the Minister for Administrative Services and Government Enterprises, the Minister for Industrial Relations and the Minister for Recreation Sport and Racing. DAIS was responsible for a diverse range of government activities including:

- project risk management, building asset management, procurement and contract services;
- capital building works and major projects delivery;
- information technology policy, support and management services;
- internal services to government, for example forensic services and fleet management;
- land valuation, survey and registration;
- workplace registration and regulation and industrial relations services;
- administration and assistance to the recreation, sport and racing industries;
- public sector workforce relations.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of DAIS for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by DAIS in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The functional areas of DAIS audit were operationally diverse in nature and contained a mix of centralised and separate financial accounting systems and processes. The audit program covered the major financial systems to obtain sufficient evidence to form an opinion on the financial statements and internal controls.

In broad terms the audit included:

- revenue, expenditure, and payroll cycles
- maintenance of the general ledger and associated reconciliations and subsidiary systems
- asset and liability identification, valuation and management
- management of properties, motor vehicle fleet and other assets
- management of whole-of-government contracts, including maintenance and information technology projects and initiatives
- capital works and maintenance services.

As detailed above under 'Functional Responsibility and Structure' the employees and functions of DAIS were transferred to other government departments. Notwithstanding this transfer the underlying financial systems and processes remained largely unchanged. Consequently the assessment of internal controls over these financial systems covered the periods with DAIS and the transferee departments.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department for Administrative and Information Services 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).

Assessment of Controls

The audit was conducted after the transfer of DAIS employees and functions to other government departments on 1 October 2006. Internal control matters identified during the audit were communicated to those departments. Accordingly, my opinion on internal controls has been included in this Report under those departments.

The reader is referred to the controls assessment for the Department for Transport Energy and Infrastructure, Department of the Premier and Cabinet, Department of Treasury and Finance and the Attorney-General's Department.

**Income Statement
for the year ended 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
EXPENSES:			
Employee benefits expenses	6.1	74 902	149 530
Supplies and services	6.2	152 603	324 024
Depreciation and amortisation expense	6.3	34 144	64 577
Grants and subsidies	6.4	9 723	13 645
Finance costs		6 930	13 809
Other expenses	6.5	390	19 731
Total Expenses		278 692	585 316
INCOME:			
Revenues from fees and charges	8.1	215 672	421 746
Interest revenues	8.2	389	2 299
Other income	8.3	2 045	1 788
Total Income		218 106	425 833
NET COST OF PROVIDING SERVICES		60 586	159 483
REVENUES FROM SA GOVERNMENT	8.4	85 606	171 516
NET RESULT BEFORE RESTRUCTURE		25 020	12 033
Net expenses from administrative restructure	9	704 104	934
NET RESULT AFTER RESTRUCTURE		(679 084)	11 099
Income tax equivalent		1 597	2 758
NET RESULT AFTER RESTRUCTURE AND TAX		(680 681)	8 341

Net Result After Restructure and Tax is attributable to the SA Government as owner

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	10	-	59 307
Receivables	11	-	84 943
Inventories	12	-	2 484
Property, plant and equipment	16	-	99 189
Other current assets	18	-	7 900
		-	253 823
Non-current assets classified as held-for-sale	14	-	12 525
Total Current Assets		-	266 348
NON-CURRENT ASSETS:			
Financial assets	13	-	5 332
Property, plant and equipment	16	-	749 406
Capital works in progress	17	-	30 892
Intangible assets	15	-	11 024
Other non-current assets	18	-	973
Total Non-Current Assets		-	797 627
Total Assets		-	1 063 975
CURRENT LIABILITIES:			
Payables	19	-	73 702
Short-term borrowings	20	-	101 070
Short-term employee benefits	21	-	14 578
Short-term provisions	22	-	1 863
Other current liabilities	23	-	7 958
		-	199 171
Liabilities directly associated with non-current assets classified as held-for-sale		-	2 860
Total Current Liabilities		-	202 031
NON-CURRENT LIABILITIES:			
Payables	19	-	3 057
Long-term borrowings	20	-	142 947
Long-term employee benefits	21	-	32 394
Long-term provisions	22	-	2 865
Total Non-Current Liabilities		-	181 263
Total Liabilities		-	383 294
NET ASSETS		-	680 681
EQUITY:			
Contributed capital		-	217 710
Reserves		-	311 490
Retained earnings		-	147 005
		-	676 205
Amounts recognised directly in equity relating to non-current assets classified as held-for-sale		-	4 476
TOTAL EQUITY		-	680 681
The Total Equity is attributable to the SA Government as owner			
Commitments	25,26		
Contingent assets and liabilities	30		

Statement of Changes in Equity for the year ended 30 June 2007

	Note	Asset				Total \$'000
		Contributed Capital \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	
Balance at 30 June 2005		209 710	278 576	7 581	153 006	648 873
Error correction	5	-	-	-	(2 100)	(2 100)
Restated balance at 30 June 2005		209 710	278 576	7 581	150 906	646 773
Transfer between equity on disposal of revalued assets		-	(5 155)	-	5 155	-
Gain on revaluation of property during 2005-06		-	34 964	-	-	34 964
Net income recognised directly in equity for 2005-06		-	29 809	-	5 155	34 964
Net result after restructure and tax for 2005-06		-	-	-	8 341	8 341
Total recognised income/expense for 2005-06		-	29 809	-	13 496	43 305
Equity contribution from SA Government		8 000	-	-	-	8 000
Dividend payment to SA Government		-	-	-	(17 397)	(17 397)
Balance at 30 June 2006		217 710	308 385	7 581	147 005	680 681
Error correction		-	-	-	-	-
Restated balance at 30 June 2006		217 710	308 385	7 581	147 005	680 681
Transfer between equity on disposal of revalued assets		-	(124)	-	124	-
Transfer between equity due to restructuring		(217 710)	(308 261)	(7 581)	533 552	-
Net income recognised directly in equity for 2006-07		(217 710)	(308 385)	(7 581)	533 676	-
Net result after restructure and tax for 2006-07		-	-	-	(680 681)	(680 681)
Total recognised income/expense for 2006-07		(217 710)	(308 385)	(7 581)	(147 005)	(680 681)
Balance at 30 June 2007		-	-	-	-	-

All Changes in Equity are attributable to the SA Government as owner

Cash Flow Statement for the year ended 30 June 2007

	2007	2006
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH OUTFLOWS:		
Employee payments	(75 683)	(152 467)
Supplies and services	(196 988)	(484 785)
Grants and subsidies	(10 121)	(15 145)
Borrowing costs	(6 930)	(14 214)
GST payments on purchases	(44 364)	(75 517)
GST remitted to ATO	(2 602)	(2 857)
Construction work payments	(66 345)	(63 494)
Departmental restructuring	(40 865)	(646)
Cash used in Operations	(443 898)	(809 125)
CASH INFLOWS:		
Fees and charges	233 872	575 646
Receipts from Commonwealth	544	809
Construction work reimbursement	60 532	60 185
Interest received	519	2 791
GST receipts on receivables	38 572	69 773
GST input tax credits	4 263	8 602
Cash generated from Operations	338 302	717 806
CASH FLOWS FROM SA GOVERNMENT:		
Receipts from SA Government	87 997	186 513
Payments to SA Government	(4 018)	(8 935)
Cash generated from SA Government	83 979	177 578
Net Cash (used in) provided by Operating Activities	(21 617)	86 259
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Purchase of property, plant and equipment	(55 304)	(179 901)
Cash used in Investing Activities	(55 304)	(179 901)
CASH INFLOWS:		
Proceeds from sale of property, plant and equipment	31 790	74 157
Proceeds from repayment of leased assets	270	-
Cash generated from Investing Activities	32 060	74 157
Net Cash used in Investing Activities	(23 244)	(105 744)
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH OUTFLOWS:		
Distribution to Government/Dividends	-	(17 397)
Repayment of borrowings	(71 677)	(117 917)
Cash used in Financing Activities	(71 677)	(135 314)
CASH INFLOWS:		
Capital contributions from Government (not operations)	-	8 000
Proceeds from borrowings	57 231	136 292
Cash generated from Financing Activities	57 231	144 292
Net Cash (used in) provided by Financing Activities	(14 446)	8 978
NET DECREASE IN CASH AND CASH EQUIVALENTS	(59 307)	(10 507)
CASH AND CASH EQUIVALENTS AT 1 JULY	59 307	69 815
CASH AND CASH EQUIVALENTS AT 30 JUNE	-	59 307

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Role of the Department for Administrative and Information Services (DAIS)

Transfer of Employees and Associated Functions on 1 October 2006.

By way of the proclamation dated 28 September 2006, all DAIS' employees including duties and associated functions were transferred in October 2006 to the following agencies:

- Department for Transport, Energy and Infrastructure (DTEI)
- Department of Treasury and Finance (DTF)
- Department of the Premier and Cabinet (DPC)
- Attorney-General's Department (AGD).

Responsibility for managing DAIS' activities was transferred to the Chief Executives of the respective agencies. Further details are provided in Note 2.3.

For financial accounting and reporting purposes the proclamation declared that the transfer of employees and associated functions be taken on 1 January 2007.

Objectives

DAIS performed a broad range of responsibilities on behalf of the state government that delivered economic and social benefits to other state government agencies, industry and the general community through the following programs:

- Industrial Relations
- Employee Advocacy
- Recreation Sport and Racing
- Building Management
- Contract and Procurement Services
- Information and Communication Technology Services
- Community Services
- Support Services to Government
- Intra-agency Support Services.

These supported the delivery of the Government's broader strategic priorities, such as community services, project management, contract management, e-business, shared services and management of information technology and government assets.

DAIS provided direct support to the Minister for Administrative Services, the Minister for Industrial Relations, and the Minister for Recreation, Sport and Racing. In addition to the Ministers, DAIS' key stakeholders included the Government of South Australia, government agencies, key industry groups, government boards, committees and members of the public.

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

The financial report is a general purpose financial report. The Financial Statements have been prepared in accordance with:

- TIs and APSs promulgated under the provision of the PFAA;
- Applicable AASs.

Statement of Compliance

AASs include AIFRS and AAS 29. Except for the amendments to AASB 101, which DAIS has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by DAIS for the reporting period ended 30 June 2007. Refer 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 DAIS' accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs 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 TVSP 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;
 - (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.

Statement of Compliance (continued)

DAIS' 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 12 month operating cycle and presented in Australian currency.

2.2 Reporting Entity

DAIS produces both Departmental and Administered financial statements:

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

2.3 Transferred Functions

For financial and reporting purposes, all business units in DAIS were transferred to DTEI, DTF, DPC, and AGD on 1 January 2007. (Refer Notes 1 and 9).

The transfer of the business units/directorates of DAIS to the respective recipient agencies is as follows:

Transfer to DTF

- Contract and Procurement Services Business Units:
 - Contract Services
 - Supply SA warehouses
 - Government Auctions SA
- Fleet SA Business Units:
 - Fleet Management
 - Ministerial and VIP fleet
- Support Services Business Units:
 - ICT Support (excluding PNSG which transfers to DTEI)
 - Business Support
- Corporate Services Business Units:
 - Corporate Administration
 - Strategic Human Resources
 - Corporate ICT (excluding PNSG which transferred to DTEI)
 - Corporate Finance

Transfer to DPC

- Public Sector Workforce Relations
- SafeWork SA
- Employee Ombudsman
- Industrial Court and Commission
- Workers Compensation Tribunal
- Office of Recreation and Sport
- Office for Racing
- Government Publishing SA
- Placement Services
- Media Monitoring Business Unit
- Injury Management Unit
- Corporate Central Business Units:
 - Office of the Chief Executive
 - Office of the Minister
- Archives and Records Management

Transfer to DTEI

- Building Management Directorate:
 - Building Services (including Asset Services, Project Services, Policy Business Planning and Building Maintenance)
 - Commercial properties
 - Residential property management
- Government ICT Services Business Units, including Future ICT Business Unit
- Parliamentary Network Support Group (PNSG)
- Commercial and Government Services

Transfer to DTEI (continued)

- Land Services Group, including:
 - Registrar General (Land Titles Office)
 - Surveyor General
 - Valuer-General
- Service SA, including network of 'shop front' outlets throughout the state

Transfer to AGD

- Forensic Science SA

Transferred Functions in Prior Year

On 1 July 2005, the Office for Infrastructure Development (OFID) was transferred to DTEI (Gazette date of 18 April 2005).

On 1 July 2005, DAIS, through its business unit Service SA assumed responsibility for the operation of Transport SA Customer Service Centres located at Mt Gambier, Naracoorte, Berri, Kadina, Murray Bridge, Port Pirie, Adelaide CBD (North Terrace) and the Transport SA Call Centre. The expansion strategy was approved by Cabinet on 7 March 2005 and is in line with the South Australian Strategic Plan priority to extend Service SA across the State. This activity is shown as an Administered Item (refer Note A2.1).

On 24 October 2005, the Minister for Industrial Relations announced that Workplace Services, a business unit of DAIS, and the Government's existing occupational health and safety agency, would be known as SafeWork SA. Its primary role is to promote and encourage safe, fair and productive working lives in South Australia by working with employers, employees, unions and industry representatives.

2.4 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS 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 statements have been rounded to the nearest thousand dollars (\$'000).

2.6 Taxation Equivalents

The activities of DAIS are exempt from Commonwealth income tax but subject to other taxes such as FBT, payroll tax, goods and services tax and other state and local government taxes.

Several business units engage in trading activities in competition with private sector enterprises and are liable for equivalent tax payments to the SA Government.

Income Taxation Equivalents are required to be paid by the following business units of DAIS:

- Fleet SA
- Building Management
- Building Maintenance
- SA Government Employee Residential Properties
- SA Government Commercial Properties
- Supply SA

In relation to Income taxation equivalents the 'Accounting Profits' model is applied. Under the Accounting Profits Model, income tax expense is calculated separately for each business unit by applying the income tax rate (currently 30 percent) to the individual business unit's accounting profit for the year.

2.7 GST

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

- the amount of GST incurred by DAIS as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- receivables and payables 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. DAIS prepares a Business Activity Statement on behalf of its administered entities under the grouping provisions of the GST legislation. Under these provisions, DAIS is liable for the payments and entitled to the receipt of GST. As such the GST applicable to these entities forms part of the Balance Sheet and Cash Flow Statement of DAIS.

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.

2.8 Income and Expenses

Income and Expenses are recognised to the extent that it is probable that the flow of economic benefits to or from DAIS has occurred 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, classified according to their nature.

Fees and Charges

DAIS derived the majority of its revenue from fees and commissions for services rendered to other State Government agencies on a cost recovery basis.

Supplies and Services

The majority of expenditure incurred was associated with DAIS' service provision function to other State Government agencies.

Grants and Subsidies

Grants and subsidies are amounts provided by DAIS, to entities for general assistance or for a particular purpose. They may be for capital or recurrent purposes and the name or category reflects the use of the grant. They are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Finance Costs

All borrowing costs are recognised as expenses.

2.9 Revenues from SA Government

Appropriation

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

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

Intra-Government Transfers

Intra-Government transfers represent revenues collected on behalf of or passed on from other SA Government agencies for funding purposes.

2.10 Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. DAIS has a clearly identifiable operating cycle of 12 months. Therefore, the assets and liabilities that will be realised as part of the normal operating cycle are classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.11 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet includes cash at bank 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.

2.12 Receivables

Receivables include amounts receivable from trade and 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 and or the goods/services have been provided under a contractual arrangement.

Collectibility of trade receivables is reviewed at balance date. 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 DAIS will not be able to collect the debt.

Loan Receivables — DAIS measured financial assets and loans at historical cost, except for interest free loans, which are measured at the present value of expected repayments.

Finance Lease Receivable — DAIS has entered into a number of finance lease arrangements for the purpose of providing housing accommodation for government agencies.

2.13 Inventories

Inventories are mainly general Stock on Hand (other than those held for distribution at no or nominal consideration) held in 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 or 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.

2.14 Non-Current Assets Held-for-sale

Non-current assets are classified as held-for-sale and stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount would be recovered principally through sale rather than continuing use. Assets are not depreciated or amortised once they are transferred to held-for-sale.

Non-current assets classified as held-for-sale are presented separately from the other assets in the Balance Sheet. The related liabilities are presented separately from other liabilities in the Balance Sheet.

2.15 Project/Contract Management and Associated Agency Relationships

DAIS acts as agent on behalf of other SA Government agencies for the provision of project and contract management services.

DAIS acted as project manager for the construction of major capital works as well as minor and maintenance works (facilities management contract). Profits on contracts were brought to account on the percentage of completion basis, as determined by the current engineering estimates. Where losses were foreseeable, such losses were provided in full based on current engineering estimates. The total volume of the projects managed during the six months ended 31 December 2006 is:

- Major Works \$77.3 million (\$101.7 million)
- Facilities Management \$40.4 million (\$97.2 million)

Work in progress is stated at cost plus profit recognised to date less progress billings to the agencies. Excess of progress billings against cost plus profit is disclosed as other liabilities.

DAIS acted as contract manager for the EDS contract. The total value of contracts managed during the six months ended 31 December 2006 was \$34.9 million (\$84.6 million).

2.16 Property, Plant and Equipment*Acquisition and Recognition*

Property, plant and equipment is initially recognised at cost in the Balance Sheet except for items costing less than \$10 000, which are expensed in the year of acquisition. Where acquired for no value, or minimal value, non-current assets are recorded at their fair value in the Balance Sheet. If acquired as part of a restructuring of administrative arrangements, the assets are recorded at the amount recorded by the transferor prior to transfer.

Revaluations in General

All non-current tangible assets, subsequent to initial recognition, are carried at valuation. Revaluations have been undertaken for all assets where the fair value at the time of acquisition was greater than \$1 million and has an estimated useful life greater than three years. Under fair value methodology, the assets are valued at the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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 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.

Valuation Methodology – Property, Plant and Equipment

- Recreation, Sporting and Stadia Infrastructure is revalued to fair value at least every three years. The latest independent valuations were made at 30 June 2005.
- Commercial Properties are revalued to fair value every two years.
- Residential Properties, inclusive of fit outs, are revalued to fair value annually using estimated values provided by the Valuer-General and then adjusted by management for the average gains/losses experienced over an average of the previous four years. There has not been any revaluation in the reporting period (increase of 10.2 percent in 2005-06).
- Office fitouts are valued at cost.
- Plant and Equipment is brought to account at cost. PABX equipment is independently revalued to fair value. Independent valuations were obtained as at 30 June 2005.
- Motor Vehicles owned by DAIS are brought to account at cost.
- Government Radio Network assets were independently revalued to fair value as at 30 June 2005.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each 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. Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

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

Disposal

Income (loss) from disposal of property, plant and equipment, including revalued assets, is recognised when the control of the asset has passed to the buyer and is determined by comparing proceeds with the carrying amount. When revalued assets are sold or derecognised, the revaluation reserves relating to that asset are transferred to retained earnings.

Depreciation and Amortisation

All non-current assets, having a limited useful life, are depreciated/amortised using the straight-line method over their useful lives in a manner that reflects the consumption of their service potential, commencing from the time the asset is held ready for use. 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 residual values and useful lives of all major assets held by DAIS are reassessed on an annual basis, while Land is not depreciated.

The following ranges of years are generally used for the life of assets:

Buildings and Fitouts:	<i>Years</i>
Recreation, sporting and stadia infrastructure	3-72
Commercial and heritage properties	40
Residential properties	66
Office fit outs	3-10
Motor Vehicles	2-4
Intangibles	5
Government Radio Network:	
Buildings and towers/masts	30-40
Data and voice network equipment	10-15
Other plant and equipment	3-10
Plant and Equipment:	
Computers	3-5
PABX	3-7
Transmission equipment	5-20
State core net	3-5
Office equipment	5
Sporting equipment	2-10
Scientific equipment	3-10
Other equipment	3-10

2.17 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance and is measured at cost. The intangible assets of DAIS are primarily software.

The acquisition of or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to \$10 000, in accordance with APF III APS 2.15. These costs are amortised over their estimated useful life.

Costs associated with researching or maintaining the software is expensed in accordance with AASB 138 and APF III APS 12.

2.18 Payables

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

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

Accrued expenses represent goods and services provided by other parties during the period, which are unpaid at balance date and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days in accordance with TI 11 after DAIS received an invoice.

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

2.18 Payables (continued)

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

2.19 Other Liabilities*Income Received in Advance*

Income received in advance has been recognised where monies have been received but work has not been performed at balance date.

Lease Incentives

DAIS' Commercial Property Management program receives incentive payments from building owners that are applied towards the office fit out costs on behalf of other agencies. The amounts received are initially recorded in the Balance Sheet until completion with any unspent amounts transferred to the Income Statement as revenues or expenses. The balance of monies unspent on open fit out works at the end of the financial year is included as lease incentives owing in the Balance Sheet.

EDS Centre Incentives

During the 1998-99 to 2001-02 financial years monies are receipted into DAIS' operating account on behalf of the Minister for Administrative Services for the management and administration of the design and construction of the EDS fit out works. Approval was required from the Minister before these monies can be committed for expenditure in relation to fit out works in the EDS Centre.

2.20 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 had been approved with the South Australian Financing Authority (SAFA) since 2003. Funding has been provided through a loan facility direct to Fleet SA, through the Minister for Administrative Services. The vehicles 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 \$57.2 million (\$136.3 million) was borrowed.

Other Loans

This represents loans underwritten by DAIS as guarantor to external organisations. These are recognised as liabilities because DAIS is servicing the interest and loan repayments.

2.21 Employee Benefits

These benefits accrued for employees as a result of services provided up to the reporting date that remain unpaid.

The liability for salary and wages was measured as the amount unpaid at reporting date at remuneration rates current at reporting date. The annual leave liability was expected to be payable within 12 months and is measured at the nominal amount expected to be paid.

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

The liability for long service leave is recognised after an employee has completed seven years of service as advised in APF IV. An actuarial assessment of long service leave undertaken by the DTF 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 DAIS' experience of employee retention and leave taken.

2.22 Provisions

Provisions are recognised when DAIS has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits as a result of a past transaction or event, and it was probable that a future sacrifice of economic benefits will arise and a reliable estimate can be made of the obligation. However the amount or timing of the present obligation was uncertain.

Workers Compensation

DAIS' liability of \$4 million at 30 June 2006 reflected an apportionment of the whole-of-government estimate of workers compensation liability according to the Public Sector Injury Prevention and Management Unit experience of claim numbers and payments over the period 1 July 1987 to 30 June 2006. A separate valuation of the liabilities of DAIS has not been undertaken prior to the restructure transfer.

The whole-of-government estimate at 30 June 2006 can be found in a report prepared by Taylor Fry Consulting Actuaries, dated 24 July 2006, and submitted to the Public Sector Injury Prevention and Management Unit of DAIS.

This report conforms to WorkCover Guidelines for Actuaries, AASB 137 and Professional Standard PS 300 'Actuarial Reports and Advice on General Insurance Technical Liabilities', of the Institute of Actuaries of Australia.

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

A provision of \$764 000 was established during 2005-06 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 procurement specifically includes the provision of assessment, drilling and analytical services. The work has not been completed prior to the restructure transfer of DAIS at 31 December 2006 with a balance of \$674 000.

2.23 Leases

DAIS has made a distinction between finance leases and operating leases in accordance with AASB 117. Finance leases effectively transfer from the lessor to the lessee substantially all risks and benefits/rewards incidental to ownership of leased assets. In operating leases, the lessor effectively retains all such risks and benefits.

DAIS as Lessee

- **Operating Leases**
DAIS' operating leases included office accommodation and state government car parking facilities. These operating lease payments are expensed in the period they are incurred, and are representative of the pattern of benefits derived from the leased assets.

Numerous lease arrangements have been entered into with private sector organisations for office accommodation in which the terms range from monthly to 10 years. Generally leases are for a fixed term. Terms for renewal generally range from monthly up to five years.

The operating lease in relation to state government car parking facilities remains in a hold over period while negotiations have been conducted for the future provision of these facilities.

- **Finance Leases**
DAIS has entered into finance leases. The leased asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease term. Leased assets are amortised over the period of the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease. Lease liabilities are classified as both current and non-current.

DAIS expenses contingent rental payments in the reporting period in which they are incurred, similar to interest expenses. Contingent rentals arise from a movement in the base lease payment as a result of factors occurring subsequent to the inception of the lease. Increases or decreases in lease payments arising from subsequent changes to factors after the inception of the lease are excluded from the minimum lease payments.

- **Plant and Equipment**
DAIS has progressively taken up numerous leases with EDS for information technology computer hardware and associated software. The lease terms are generally three or five years and are non-cancellable. At the end of the lease term, ownership is transferred to DAIS upon payment of a nominal sum.

- **Accommodation Leases**
DAIS is responsible for the finance lease in relation to office accommodation for the Roma Mitchell House, North Terrace. The lease, which commenced in July 1987, was for a term of forty years with ownership transferring on payment of a nominal sum at the end of the period and includes a halfway buy-out option at 1 July 2007. This fixed price option was not pursued.

Under the lease arrangements, a contingent rental is paid for the building based on the Adelaide Consumer Price Index. Contingent rental payments for the period prior to the restructure transfer of DAIS at 31 December 2006 are \$800 000 (\$1.51 million).

DAIS as Lessor

- **Operating Leases**
DAIS leases motor vehicles to the SA Government and space in commercial property to external parties through operating leases. Income from operating leases is recognised as rental income in the period incurred, and is representative of the pattern of benefits derived from the leased assets.
- **Finance Leases**
DAIS provides housing services through mortgaging the owned residential properties to country employees of the SA Government. DAIS recognises assets held under finance lease in the Balance Sheet and presents them as a receivable at an amount equal to the net investment in the lease. Finance lease income was recognised based on the periodic rate of return on the lessor's net investment in the finance lease. Lease payments are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

3. Financial Risk Management

DAIS has significant non-interest bearing assets (mainly receivables) and liabilities (mainly payables) and interest bearing assets (cash) and liabilities (mainly borrowing from the SA Government) that bear certain interest-rate risk. DAIS' exposure to market risk and cash flow risk is minimal.

3. Financial Risk Management (continued)

DAIS has no significant credit risk. The financial assets are generally the carrying amount, net of any provision of doubtful debts. DAIS has policies and procedures in place to ensure that transactions occur with appropriate credit history.

With the functions transferred, all financial risks are now with the recipient agencies.

4. Changes in Accounting Policy**Statement of Compliance**

Except for the amendments to AASB 101, which DAIS has early-adopted, AAS and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by DAIS for the reporting period. DAIS 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 DAIS.

5. Correction of Error

The Department identified a land asset of \$2.1 million that was under the care, control and management of the Courts Administration Authority. The land has now been derecognised, resulting in an error correction prior to 1 July 2005. Retained earnings and property, plant and equipment were adjusted by \$2.1 million.

The Department has identified an error in the calculation for the impairment of motor vehicles as at 30 June 2006. The error resulted in an overstatement of the impairment of motor vehicles of \$2.5 million. The 2006 comparative disclosures have been adjusted to correct this error.

6. Expenses**6.1 Employee Benefits Expenses**

	Note	2007 \$'000	2006 \$'000
Payments to parties external to SA Government:			
Wages and salaries	2.21	58 270	110 897
TVSP	6.1.1	-	1 719
Long service leave		1 630	4 951
Annual leave		3 862	10 171
Payments to SA Government:			
Employment on-costs - Superannuation		6 999	13 720
Employment on-costs - Other		4 141	8 072
Total Employee Expenses		74 902	149 530

6.1.1 TVSPs

TVSPs paid to employees during the reporting period	-	1 719
Annual leave and long service leave paid/acrued during the reporting period	-	524
Recovery from the DTF	-	(1 719)
	-	524

Number of employees who were paid TVSPs during the period was nil (21).

Annual leave of \$89 000 and long service leave of \$63 000 were paid to employees who took the TVSP during the year 2005-06.

6.1.2 Remuneration of Employees

Amounts received or receivable by employees of DAIS whose remuneration is greater than \$100 000. The amounts include salaries and related payments, superannuation benefits and motor vehicle benefits:

2 877 15 121

	2007 Number of Employees	2006 Number of Employees
The number of employees of DAIS whose remuneration falls within the following bands for the year ended were:		
\$100 000 - \$109 999	6	39
\$110 000 - \$119 999	8	9
\$120 000 - \$129 999	3	13
\$130 000 - \$139 999	2	13
\$140 000 - \$149 999	-	4
\$150 000 - \$159 999	-	7
\$160 000 - \$169 999	1	1
\$170 000 - \$179 999	2	3
\$180 000 - \$189 999	1	2
\$190 000 - \$199 999	-	2
\$200 000 - \$209 999	-	2
\$210 000 - \$219 999	-	1
\$220 000 - \$229 999	-	5
\$230 000 - \$239 999	-	2
\$260 000 - \$269 999	-	3
\$270 000 - \$279 999	-	1
\$290 000 - \$299 999	-	1
Total Number of Employees	23	108

The number of full time equivalent employees at reporting date is nil (2136.7).

6.2	Supplies and Services	Note 2.8	2007 \$'000	2006 \$'000
	Supplies and services provided by Entities within the SA Government:			
	IT and Telecommunication expenses		603	740
	Insurance		2 454	4 034
	Repairs and maintenance		52	1 100
	Rent		3 485	6 159
	Consultancy, contractors and temp staff		17	949
	Accommodation		3 192	6 874
	Motor vehicles expenses		1 117	2 086
	Cost of goods		135	136
	Others		3 832	5 868
	Total Supplies and Services - SA Government Entities		14 887	27 946
	Supplies and services provided by Entities external to the SA Government:			
	IT and Telecommunication expenses		24 755	50 478
	Repairs and maintenance		32 438	73 804
	Rent		34 079	67 195
	Consultancy, contractors and temp staff		7 245	22 732
	Accommodation		8 837	15 649
	Motor vehicles expenses		10 414	19 914
	Cost of goods		7 387	14 500
	Others		12 561	31 806
	Total Supplies and Services - Non-SA Government Entities		137 716	296 078
	Total Supplies and Services Expenses		152 603	324 024
	The number and dollar amount of consultancies paid/payable that fell within the following band:			
		2007		2006
		Number	\$'000	Number
	Below \$10 000	37	107	72
	Between \$10 000 and \$50 000	8	227	18
	Above \$50 000	1	65	7
	Total Paid/Payable to the Consultants Engaged	46	399	97
				2 143
6.3	Depreciation and Amortisation Expenses	Note 2.16	2007 \$'000	2006 \$'000
	Amortisation:			
	Leased plant and equipment		206	338
	Leased buildings		235	469
	Intangible assets		1 513	2 624
	Total Amortisation		1 954	3 431
	Depreciation:			
	Building, plant and equipment and fitouts		13 525	26 004
	Motor vehicles		18 665	35 142
	Total Depreciation		32 190	61 146
	Total Amortisation and Depreciation		34 144	64 577
6.4	Grants and Subsidies	2.8		
	Grants and Subsidies paid/payable to Entities external to the SA Government:			
	Recurrent		8 678	8 908
	Capital		472	2 982
	Others		573	1 755
	Total Grants and Subsidies		9 723	13 645
6.5	Other Expenses			
	All Other Expenses paid/payable to Entities external to the SA Government:			
	Bad and doubtful debts (write-back) expenses		33	(361)
	Loss from disposal of fixed assets		-	3 465
	Impairment loss ^(a)		-	8 987
	Write-off of fixed assets		22	475
	Relief for bush fire		335	876
	Donation of assets ^(b)		-	6 289
	Total Other Expenses		390	19 731

(a) Impairment loss during 2005-06 represents drop in residual values in the fleet vehicles on hand, corrected with over impaired error of \$2.5 million.

(b) Donation of assets in 2005-06 represents the release of the Southern Sports Complex to South Adelaide Football Club on a 99 year lease.

7. Auditor's Remuneration			2007	2006
	Note		\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department			345	669
The Auditor-General's Department received no other benefits.				
8. Income				
8.1 Revenues from Fees and Charges	2.8			
Fees and Charges received/receivable from Entities within the SA Government:				
Regulatory fees			9 839	12 166
Maintenance services			27 200	62 255
Fleet management			38 629	76 744
IT and Telecommunication services			24 992	52 920
Service provision fees			13 332	20 834
Rental income			44 512	87 213
Sales of goods			5 750	12 949
Others			17 461	41 410
Total Fees and Charges - SA Government Entities			181 715	366 491
Fees and Charges received/receivable from Entities external to the SA Government:				
Regulatory fees			5 110	5 915
Maintenance services			697	1 643
IT and Telecommunication services			2 369	1 174
Service provision fees			8 436	16 477
Rental income			10 358	16 747
Sales of goods			3 710	5 339
Others			3 277	7 960
Total Fees and Charges - Non-SA Government Entities			33 957	55 255
Total Fees and Charges			215 672	421 746
8.2 Interest Revenues				
Interest from entities within the SA Government			389	2 299
Total Interest Received			389	2 299
8.3 Other Income				
Gain from disposal of assets			1 108	-
Grant revenue from external parties			544	979
Commonwealth revenue			393	809
Total Other Income			2 045	1 788
8.4 Revenues from SA Government	2.9			
Appropriations pursuant to the <i>Appropriation Act</i>			80 724	159 046
Contingency provisions			5 748	13 721
			86 472	172 767
Less: Appropriation for other government agencies:				
Government Workers Rehabilitation and Compensation Fund			-	3 882
Major Administrative Project			1 000	1 000
State Procurement Board			229	447
Net Appropriations of DAIS			85 243	167 438
Intra-government transfers			363	4 078
Total Revenue from SA Government			85 606	171 516
9. Net Revenues (Expenses) from Restructuring				
The net revenues (expenses) relating to the restructuring of administrative arrangements are the following:				
(a) Administrative transfer of DAIS			(704 104)	-
(b) OFID			-	205
(c) Transport SA Customer Service Centres			-	(1 139)
(d) SafeWork SA			-	-
			(704 104)	(934)
(a) Administrative Transfer of DAIS				
On 28 September 2006, the Government announced the administrative restructure of DAIS with its business units transferred to DTEI, DPC, DTF and AGD. For accounting and reporting purposes, the transfer of net assets was effective 1 January 2007.				

(a) Administrative Transfer of DAIS (continued)

The following assets, liabilities and equities were transferred out of DAIS prior to the administrative restructure:

	DTEI	DPC	DTF	AGD	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets:					
Current assets	120 627	11 090	100 642	1 447	233 806
Non-current assets	553 499	129 163	142 544	5 281	830 487
Total Assets	674 126	140 253	243 186	6 728	1 064 293
Liabilities:					
Current liabilities	59 572	12 962	89 019	1 171	162 724
Non-current liabilities	37 521	15 157	142 803	1 984	197 465
Total Liabilities	97 093	28 119	231 822	3 155	360 189
Net Assets	577 033	112 134	11 364	3 573	704 104

(b) Office for Infrastructure Development (OFID) (2006 Comparative Only)

On 18 April 2005, the Government announced the transfer of OFID to DTEI. For accounting and reporting purposes the transfer of net liabilities of \$205 000 was effective on 1 July 2005.

The following assets and liabilities were transferred from DAIS:

	2006
	\$'000
Assets:	
Current assets	(643)
Non-current assets	(17)
Total Assets	(660)
Liabilities:	
Current liabilities	252
Non-current liabilities	613
Total Liabilities	865
Net Liabilities	205

(c) Transport SA Customer Service Centres (2006 Comparative Only)

On 7 March 2005, Cabinet approved a joint Service SA Expansion submission in line with the South Australian Strategic Plan priority action to extend Service SA across South Australia. The submission has enabled Service SA to assume seven Transport SA Customer Service Centres. For accounting and reporting purposes the transfer of net liabilities of \$1.139 million was effective on 1 July 2005.

The following liabilities were transferred to DAIS:

	2006
	\$'000
Liabilities:	
Current liabilities	413
Non-current liabilities	726
Total Liabilities	1 139
Net Liabilities	1 139

(d) SafeWork SA (2006 Comparative Only)

On 1 December 2005, in accordance with Ministerial Instruction, all the existing occupational health and safety functions performed by WorkCover were transferred to SafeWork SA (formerly known as Workplace Services). For financial accounting and reporting purposes the transfer of the WorkCover functions and staff was effective 1 January 2006.

The following assets and liabilities were transferred to DAIS:

	2006
	\$'000
Assets:	
Current assets	519
Total Assets	519
Liabilities:	
Current liabilities	214
Non-current liabilities	305
Total Liabilities	519
Net Liabilities	-

	Note	2007	2006
		\$'000	\$'000
10. Cash and Cash Equivalents			
Deposit with the Treasurer*	2.11	-	58 995
Imprest account/cash on hand		-	312
Total Cash		-	59 307

* Deposits with the Treasurer include Funds of \$nil (\$6.5 million) held in the Accrual Appropriation Account. The balances of the funds are not available for general use and used in accordance with the Treasurer's/Under Treasurer's approval.

	Note	2007	2006
	2.12	\$'000	\$'000
11. Receivables			
Current:			
Trade debtors		-	47 568
Less: Provision for doubtful debts		-	558
		<u>-</u>	<u>47 010</u>
Finance lease receivable	2.23,25.2	-	424
GST receivable		-	2 347
Workers compensation recoveries		-	29
Accrued revenue		-	35 003
Accrued interest income		-	130
Total Current Receivables		<u>-</u>	<u>84 943</u>
Receivables from SA Government Entities:			
Trade debtors and finance lease receivable		-	40 876
Accrued revenues		-	32 628
Total Receivables from SA Government Entities		<u>-</u>	<u>73 504</u>
Receivables from Non-SA Government Entities:			
Trade debtors		-	6 558
Accrued revenues		-	2 505
GST receivable		-	2 347
Workers compensation recoveries		-	29
Total Receivables from Non-SA Government Entities		<u>-</u>	<u>11 439</u>
Total Current Receivables		<u>-</u>	<u>84 943</u>

Movements in Provisions

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

	2007
	\$'000
Carrying Amount at 1 July	558
Additional provisions recognised	28
Amounts written off	(191)
Restructure transfer	(395)
Carrying Amount at 30 June	<u>-</u>

	Note	2007	2006
	2.13	\$'000	\$'000
12. Inventories			
Current:			
Other than those held for distribution		-	2 484
Total Current Inventories		<u>-</u>	<u>2 484</u>
13. Non-Current Financial Assets	2.12		
Receivable from Non-SA Government Entities:			
Loans		-	1 276
Workers compensation recoveries		-	90
Finance lease receivable from SA Government entities	25.2	-	3 966
Total Non-Current Financial Assets		<u>-</u>	<u>5 332</u>
14. Non-Current Assets Classified as Held-for-Sale	2.14		
Land		-	4 281
Buildings		-	3 544
Motor vehicles		-	4 700
Total Non-Current Assets Classified as Held-for-Sale		<u>-</u>	<u>12 525</u>

Land and Buildings to be disposed included mainly nil (2) commercial properties of 81 Osmond Terrace and West Lakes Boulevard and nil (38) residential properties.

	2.17	2007	2006
		\$'000	\$'000
15. Intangible Assets			
Computer Software:			
Internally developed computer software		-	12 925
Accumulated amortisation		-	(3 422)
Other computer software		-	12 428
Accumulated amortisation		-	(10 907)
Total Intangible Assets		<u>-</u>	<u>11 024</u>

15. Intangible Assets (continued)

The internally developed computer software primarily relates to DAIS' Strategic Asset Management Information System (SAMIS) which has a remaining useful life of four years and a carrying amount of \$6.4 million (\$7.036 million) being transferred to DTEI at 1 January 2007.

The following table shows the movements of intangibles assets:

	Note	Internally Developed Computer Software \$'000	Other Computer Software \$'000	2007 Total Intangible Assets \$'000
Carrying amount as at 1 July	2.17	9 503	1 521	11 024
Additions		37	84	121
Transfer from WIP		686	30	716
Amortisation		(1 232)	(281)	(1 513)
Restructure transfer		(8 994)	(1 354)	(10 348)
Carrying Amount as at 30 June		-	-	-

	Note	Internally Developed Computer Software \$'000	Other Computer Software \$'000	2006 Total Intangible Assets \$'000
Carrying amount as at 1 July	2.17	1 842	958	2 800
Additions		915	709	1 624
Transfer from WIP		8 987	237	9 224
Depreciation and amortisation		(2 241)	(383)	(2 624)
Carrying Amount as at 30 June		9 503	1 521	11 024

16. Property, Plant and Equipment

Current:

	Note	2007 \$'000	2006 \$'000
Motor Vehicles	2.16		
At cost		-	120 177
Less: Accumulated depreciation		-	14 855
Less: Impairment loss		-	6 133
		-	99 189

Correction of Error

Motor vehicles over-impaired by \$2.5 million at 30 June 2006 has now been restated.

Non-Current:

(a) Land, Buildings and Fitouts

Land, Buildings and Improvements - At valuation:

Land	-	152 746
Buildings and facilities	-	400 038
Less: Accumulated depreciation	-	8 085
	-	544 699

Fit Outs:

In owned buildings - At cost	-	2 177
Less: Accumulated depreciation	-	1 953
	-	224
In leased buildings - At cost	-	20 816
Less: Accumulated depreciation	-	11 543
	-	9 273
Total Fit Outs	-	9 497
Total Land, Buildings and Fitouts	-	554 196

Correction of Error

Land valued at \$2.1 million belonging to other agency has now been removed and restated in prior year.

(b) Assets under Finance Lease

2.23

Accommodation:

At valuation	-	19 300
Less: Accumulated amortisation	-	468
	-	18 832

Plant and Equipment:

At valuation	-	3 989
Less: Accumulated amortisation	-	2 714
	-	1 275
Total Assets under Finance Lease	-	20 107

	Note	2007 \$'000	2006 \$'000
(c) Plant and Equipment	2.16		
At cost		-	25 369
At valuation		-	3 122
Less: Accumulated depreciation		-	14 668
		-	13 823
(d) Government Radio Network			
At cost		-	3 594
At valuation		-	70 292
Less: Accumulated depreciation		-	10 397
		-	63 489
(e) Motor Vehicles			
At cost		-	119 003
Less: Accumulated depreciation		-	19 021
Less: Impairment loss		-	2 191
		-	97 791
Total Non-Current Property, Plant and Equipment		-	749 406
Total Property, Plant and Equipment		-	848 595

The following tables show the movements of property, plant and equipment:

	2007			Assets Under Finance Lease \$'000
	Land \$'000	Buildings & Improvements \$'000	Fitouts \$'000	
Carrying amount at 1 July	152 746	391 953	9 497	20 107
Additions	-	1 015	96	-
Disposals	(140)	-	-	-
Transfer from WIP	-	-	887	-
Depreciation and amortisation	-	(4 636)	(1 543)	(441)
Others	-	(432)	-	432
Restructure transfer	(152 606)	(387 900)	(8 937)	(20 098)
Carrying Amount at 30 June	-	-	-	-

	2007			Total Property Plant & Equipment \$'000
	Plant & Equipment \$'000	Motor Vehicles \$'000	Govt Radio Network \$'000	
Carrying amount at 1 July	13 823	196 980	63 489	848 595
Additions	1 484	51 196	908	54 699
Assets classified as held-for-sale	-	(3 839)	-	(3 839)
Disposals	(20)	(26 493)	-	(26 653)
Transfer from WIP	508	-	4 275	5 670
Depreciation and amortisation	(1 996)	(18 665)	(5 352)	(32 633)
Restructure transfer	(13 799)	(199 179)	(63 320)	(845 839)
Carrying Amount at 30 June	-	-	-	-

	2006			Assets under Finance Lease \$'000
	Land \$'000	Buildings & Improvements \$'000	Fitouts \$'000	
Carrying amount at 1 July	145 115	367 285	10 140	33 194
Additions	2 075	17 121	1 557	1 362
Assets classified as held-for-sale	(4 281)	(3 544)	-	-
Disposals	(1 659)	(5 470)	-	(13 642)
Transfer from WIP	-	322	785	-
Revaluation-increment (decrement)	11 496	24 879	-	-
Restructure transfer	-	-	(18)	-
Depreciation and amortisation	-	(8 640)	(2 967)	(807)
Others	-	-	-	-
Carrying Amount at 30 June	152 746	391 953	9 497	20 107

	2006			Total Property Plant & Equipment \$'000
	Plant & Equipment \$'000	Motor Vehicles \$'000	Govt Radio Network \$'000	
Carrying amount at 1 July	12 796	180 165	70 292	818 987
Additions	3 012	137 850	-	162 977
Assets classified as held-for-sale	-	(4 700)	-	(12 525)
Disposals	-	(72 206)	-	(92 977)
Transfer from WIP	2 641	-	3 714	7 462
Revaluation-increment (decrement)	-	-	(120)	36 255
Impairment loss	-	(8 987)	-	(8 987)
Restructure transfer	-	-	-	(18)
Depreciation and amortisation	(4 000)	(35 142)	(10 397)	(61 953)
Write-offs/others	(626)	-	-	(626)
Carrying Amount at 30 June	13 823	196 980	63 489	848 595

17. Capital Work in Progress

The following table shows the movements of Capital Work in Progress:

	Note	Buildings & Fitouts \$'000	Plant & Equipment \$'000	Govt Radio Network \$'000	2007 Total Capital WIP \$'000
Carrying amount at 1 July	2.16	23 836	4 339	2 717	30 892
Additions		2 227	1 142	2 171	5 540
Transfer (to) property, plant and equipment		(887)	(508)	(4 275)	(5 670)
Transfer (to) intangibles		-	(716)	-	(716)
Transfer (to) receivables		(1 800)	-	-	(1 800)
Restructure transfer		(23 376)	(4 257)	(613)	(28 246)
Carrying Amount as at 30 June		-	-	-	-

	Note	Buildings & Fitouts \$'000	Plant & Equipment \$'000	Govt Radio Network \$'000	2006 Total Capital WIP \$'000
Carrying amount at 1 July	2.16	9 388	11 328	1 603	22 319
Additions		15 555	4 876	4 828	25 259
Transfer (to) property, plant and equipment		(1 107)	(2 641)	(3 714)	(7 462)
Transfer (to) intangibles		-	(9 224)	-	(9 224)
Carrying Amount as at 30 June		23 836	4 339	2 717	30 892

18. Other Assets

	Note	2007 \$'000	2006 \$'000
Current:			
Prepaid expenses		-	7 900
Non-Current:			
Prepaid expenses		-	973
Total Other Assets		-	8 873

19. Payables

	Note	2007 \$'000	2006 \$'000
Current:	2.18		
Trade creditors		-	26 060
Accrued expenses		-	42 890
Income tax equivalents		-	1 998
Employment on-cost		-	2 754
Total Current Payables		-	73 702
Non-Current:			
Employment on-cost		-	3 057
Total Payables		-	76 759

Payables to SA Government Entities:

Trade creditors	-	1 242
Accrued expenses	-	4 696
Income tax equivalents	-	1 998
Employment on-cost	-	5 811
Total Payables to SA Government Entities	-	13 747

Payables to Non-SA Government Entities:

Trade creditors	-	24 818
Accrued expenses	-	38 194
Total Payables to Non-SA Government Entities	-	63 012
Total Payables	-	76 759

20. Borrowings

	Note	2007 \$'000	2006 \$'000
Current:	2.20		
Finance leases		-	878
Borrowings from State Government		-	99 931
Other		-	261
Total Current Borrowings		-	101 070
Non-Current:			
Finance leases		-	20 508
Borrowings from State Government		-	118 129
Other		-	4 310
Total Non-Current Borrowings		-	142 947
Total Borrowings		-	244 017

21. Employee Benefits	Note	2007	2006
	2.21	\$'000	\$'000
Current:			
Accrued salaries and wages		-	2 297
Annual leave		-	9 933
Long service leave		-	2 348
Total Current Employee Benefits		-	14 578
Non-Current:			
Long service leave		-	32 394
Total Non-Current Employee Benefits		-	32 394
Total Employee Benefits		-	46 972
22. Provisions	2.22		
Current:			
Workers compensation to non-SA Government entities		-	1 099
Procurement of testing services to SA Government entity		-	764
Total Current Provisions		-	1 863
Non-Current:			
Workers compensation		-	2 865
Total Provisions		-	4 728
Movements in Provisions			
		Workers Compensation	Procurement of Testing Services
		\$'000	\$'000
Carrying amount at 1 July		3 964	764
Additional provisions recognised		1 209	-
Amount utilised/paid		(468)	(90)
Restructure transfer		(4 705)	(674)
Carrying Amount at 30 June		-	-
23. Other Liabilities		2007	2006
Current:	Note	\$'000	\$'000
Income received in advance	2.19	-	3 409
Lease incentives	2.19	-	3 197
Contractor reimbursements in advance	2.15	-	1 352
Total Other Liabilities		-	7 958
24. Statement of Cash Flows	10		
(a) Reconciliation of Cash			
Cash at 30 June as per Cash Flow Statement		-	59 307
(b) Reconciliation of Net Cash (used in) provided by Operating Activities to Net Cost of Providing Services			
Net cash provided by operating activities		(21 617)	86 259
Less: Revenues from SA Government		(85 606)	(171 516)
Add: Payments to SA Government (Income tax expense)		1 597	2 295
Less: Net expense on restructuring		704 104	934
Add (Less): Non-Cash Items:			
Depreciation of property, plant and equipment		(33 703)	(63 771)
Asset donated		-	(6 289)
Gain (Loss) on disposal of assets		1 108	(3 465)
Amortisation of finance lease		(441)	(806)
Asset write-off		(22)	(475)
Impairment loss		-	(8 987)
Doubtful debts (expense) recovery		(37)	361
Non-cash items on restructure		(663 239)	-
Change in Assets and Liabilities:			
(Decrease) Increase in receivables		15 044	4 069
(Decrease) Increase in inventories		1 927	413
(Decrease) in prepayments		3 815	(2 476)
Decrease (Increase) in payables and employee benefits		16 309	(887)
Decrease in provisions		(848)	4 264
Decrease in other liabilities		1 023	594
Net Cost of Providing Services		(60 586)	(159 483)

	Note	2007	2006
	2.23	\$'000	\$'000
25. Finance Lease Commitments			
25.1 DAIS as Lessee			
Accommodation:			
Not later than one year		-	3 299
Later than one year and not later than five years		-	13 197
Later than five years		-	49 490
		-	65 986
Less: Future finance charges and contingent rentals		-	45 856
Sub-Total Lease Liabilities		-	20 130
Plant and Equipment:			
Not later than one year		-	377
Later than one year and not later than five years		-	1 060
		-	1 437
Less: Future finance charges and contingent rentals		-	181
Sub-Total Lease Liabilities		-	1 256
Finance Leases:			
Not later than one year		-	3 676
Later than one year and not later than five years		-	14 257
Later than five years		-	49 490
		-	67 423
Less: Future finance charges and contingent rentals		-	46 037
Total Finance Lease Liabilities		-	21 386
Present value of finance leases payable as follows:			
Not later than one year		-	878
Later than one year and not later than five years		-	3 594
Later than five years		-	16 914
Present Value of Finance Leases Payable		-	21 386
Representing:			
Current		-	878
Non-current		-	20 508
		-	21 386
25.2 DAIS as Lessor			
Accommodation:			
Not later than one year		-	913
Later than one year and not later than five years		-	2 926
Later than five years		-	3 314
		-	7 153
Less: Future finance charges		-	2 251
Total Finance Lease Receivables	11,13	-	4 902
Present value of finance leases receivable as follows:			
Not later than one year		-	513
Later than one year and not later than five years		-	1 869
Later than five years		-	2 520
Present Value of Finance Lease Receivables		-	4 902
Representing:			
Current		-	513
Non-current		-	4 389
		-	4 902
26. Other Commitments on Expenditures			
26.1 Operating Lease Commitments			
<i>DAIS as Lessee</i>			
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:			
Accommodation:			
Not later than one year		-	68 405
Later than one year and not later than five years		-	140 485
Later than five years		-	53 472
Total Operating Lease Commitments - All Non-Cancellable		-	262 362

<i>DAIS as Lessor</i>	2007	2006
Leases receivable contracted for at the reporting date but not included as assets:	\$'000	\$'000
Vehicles Hire:		
Not later than one year	-	42 920
Later than one year and not later than five years	-	37 349
Sub-Total Operating Lease Receivables - All Non-Cancellable	-	80 269
Commercial Accommodation:		
Not later than one year	-	77 345
Later than one year and not later than five years	-	147 180
Later than five years	-	42 856
Sub-Total Operating Lease Receivables - All Non-Cancellable	-	267 381
Total Operating Lease Receivables - All Non-Cancellable	-	347 650

26.2 Capital Commitments

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

Property, Plant and Equipment:

Not later than one year	-	5 227
Later than one year and not later than five years	-	695
Total Capital Commitments (including GST)	-	5 922

26.3 Other Commitments

Grants and other commitments contracted for at the reporting date but are not recognised as liabilities:

Not later than one year

Later than one year and not later than five years

Total Other Commitments (including GST)

-	1 658
-	1 787
-	3 445

27. Interest Rate Risk (2006 Comparative only)

DAIS' exposure is interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

	Floating Interest rate \$'000	Fixed Interest Maturing in 2006				Total \$'000	Weighted average interest rate percent
		One year or less \$'000	Over one to five years \$'000	More than five years \$'000	Non-interest bearing \$'000		
Financial Assets:							
Cash and cash equivalents	58 995	-	-	-	312	59 307	5.4
Finance lease receivable	-	424	2 021	1 945	-	4 390	7.0
Receivables	-	-	-	-	85 885	85 885	
Total Financial Assets	58 995	424	2 021	1 945	86 197	149 582	
Financial Liabilities:							
Borrowings from State Government	-	99 931	118 099	-	30	218 060	5.8
Finance lease liabilities	-	878	3 594	16 914	-	21 386	5.9
Other loans	-	261	1 264	3 046	-	4 571	7.9
Borrowings related to NCA held-for-sale	-	2 860	-	-	-	2 860	5.8
Payables	-	-	-	-	76 759	76 759	
Total Financial Liabilities	-	103 930	122 957	19 960	76 789	323 636	
Net Financial Assets (Liabilities)	58 995	(103 506)	(120 936)	(18 015)	9 408	(174 054)	

28. Programs of DAIS

In achieving its objectives DAIS performed a range of functions and services classified into the following program and sub-programs. The functions for the year ended 30 June 2007 were as follows:

Program	Sub-Program	Description/Objective
<i>Industrial Relations</i>	SafeWork SA	SafeWork SA promotes and encourages safe, fair, productive workplaces and high standards of public safety for all South Australians through the provision of a range of services including information, education, assistance, compliance and enforcement.
	Public Sector Workforce Relations	Assists the Government to achieve its economic development and social goals, working within the parameters of relevant legislation and government policy, by providing industrial relations services, occupational health, safety and injury management and strategic workforce policy and projects.

28.	Programs of DAIS (continued) Program	Sub-Program	Description/Objective
	<i>Employee Advocacy</i>	Employee Ombudsman Services	The employee ombudsman is appointed to assist in ensuring that the rights of employees under the South Australian Law are protected. This entails promoting the principles of fairness, equity and justice for all employees.
		Conciliation and Arbitration	Provision of industrial conciliation and arbitration services through the Industrial Relations Court and Commission and Workers Compensation Tribunal, for the resolution of workplace disputes.
	<i>Recreation Sport and Racing</i>	Recreation and Sport	Provision of programs, services and policy to facilitate the delivery and strategic development of active recreation and sport facilities, services, programs and infrastructure across the state. It is aimed at enhancing the quality and extent of opportunities for participation and fostering continued sustainability of the industry, as well as providing targeted strategies and support for specific populations including the development of high performance athletes.
		Racing Policy	Provision of strategic policy advice to the Government through the Minister for Recreation, Sport and Racing on matters relating to, and affecting, the South Australian racing industry. To achieve this, the Office for Racing facilitates and builds alliances with individuals and organisations involved in the South Australian racing and wagering industries.
	<i>Building Management</i>	Building Services	Provision of building maintenance and asset management services including building project risk management to the State Government.
		Commercial Property Management	Provision of lease administration and management services in relation to commercial tenancies provided to State Government agencies.
		Government Employees Residential Property Management	Procures and manages regional housing for SA Government employees.
	<i>Information and Communication Technology Services</i>		Provides strategic government information and communication technology initiatives, primarily across the public sector. Provides strategic advice and coordination on agency and sector specific information and communication technology (ICT) initiatives to assist agencies in the efficient delivery of services to the Government and the community.
	<i>Contract and Procurement Services</i>		Management of procurement, disposal and across-government contract services for the provision of a wide range of government goods and services.
	<i>Community Services</i>	Service SA	South Australia's gateway to government services and information through a comprehensive integrated network of customer service centres, rural agents, call centres and website.
		Land Services	Provides a government-guaranteed system of land titling and land boundary security, and a viable and impartial property valuation service for the benefit of business, government and the community.
		Archives and Records Management	Provides records management services across all State Government agencies and local councils and provides a range of archival services for preservation of and access to official records.
		Government Publishing SA	Manages the publication and dissemination of a range of key parliamentary and government publications for the SA Government.
	<i>Support Services to Government</i>	Forensic Services	Provision of forensic science services, primarily in relation to coronial and police investigations.
		Light Motor Vehicle Fleet	Provision of fleet management services to state government agencies including policy advice, vehicle leasing, maintenance, accident and fuel management, vehicle fit out and disposals preparation.

28. Programs of DAIS (continued)

Program	Sub-Program	Description/Objective
<i>Support Services to Government (continued)</i>	Vehicles for Ministers, Parliamentarians and VIPs	Provision of a motor vehicle service to ministerial representatives, VIP dignitaries and members of parliament on official State Government business.
	Shared Corporate Services	Provision of a comprehensive range of shared corporate services to various government agencies including the provision of payroll, redeployment, IT support and financial transactional processing.
<i>Intra-Agency Support</i>		The centralised provision of support services to DAIS' various business units within its portfolio including human resources, payroll management, financial management, facilities management, internal audit, administrative support, policy advice and executive and ministerial governance.

Program Schedule of Expenses and Income - 2007

Program	Sub-program	2007				Total Expenses \$'000
		Employee Benefits Expenses \$'000	Supplies and Services \$'000	Depreciation and Amortisation \$'000	Others \$'000	
Industrial Relations:						
	SafeWork SA	9 946	6 154	47	313	16 460
	Public Sector Workforce Relations	1 649	1 285	-	-	2 934
	Sub-Total	11 595	7 439	47	313	19 394
Employee Advocacy:						
	Employee Ombudsman Services	86	102	-	-	188
	Conciliation and Arbitration	2 526	1 712	(12)	-	4 226
	Sub-Total	2 612	1 814	(12)	-	4 414
Office for Recreation and Sport:						
	Recreation and Sport	3 983	4 063	1 103	9 536	18 685
	Racing Policy	163	72	-	-	235
	Sub-Total	4 146	4 135	1 103	9 536	18 920
Building Management:						
	Building Services	8 118	29 865	927	29	38 939
	Commercial Property Management	1 386	49 618	2 696	556	54 256
	Government Employees Residential Property Management	590	6 621	1 297	1 153	9 661
	Intra-program elimination	-	(3 370)	-	-	(3 370)
	Sub-Total	10 094	82 734	4 920	1 738	99 486
Contract and Procurement Services		3 939	8 527	50	335	12 851
Information and Communication Technology Services		6 042	25 021	6 838	42	37 943
Community Services:						
	Service SA	4 599	2 931	154	66	7 750
	Land Services	10 132	8 968	206	6	19 312
	Archives and Records Management	1 542	1 642	371	-	3 555
	Government Publishing SA	474	593	28	-	1 095
	Sub-Total	16 747	14 134	759	72	31 712
Support Services to Government:						
	Forensic Services	4 366	3 043	823	8	8 240
	Light Motor Vehicle Fleet	1 238	16 252	18 708	6 154	42 352
	Vehicles for Ministers, Parliamentarians and VIPs	1 223	1 695	-	-	2 918
	Shared Corporate Services	6 911	8 107	594	2	15 614
	Intra-program elimination	-	(1 085)	-	-	(1 085)
	Sub-Total	13 738	28 012	20 125	6 164	68 039
Intra-agency Services		6 166	3 708	314	2 464	12 652
Inter-program eliminations		(177)	(22 921)	-	(3 621)	(26 719)
Consolidation		74 902	152 603	34 144	17 043	278 692

Program	Sub-program	2007			Net Result Before Restructuring and Tax \$'000
		Total Income \$'000	Net Cost of (Revenue from) Providing Services \$'000	Revenues from SA Govt \$'000	
Industrial Relations:					
	SafeWork SA	9 114	7 346	-	(7 346)
	Public Sector Workforce Relations	766	2 168	-	(2 168)
	Sub-Total	9 880	9 514	-	(9 514)
Employee Advocacy:					
	Employee Ombudsman Services	-	188	-	(188)
	Conciliation and Arbitration	2 716	1 510	-	(1 510)
	Sub-Total	2 716	1 698	-	(1 698)
Office for Recreation and Sport:					
	Recreation and Sport	2 038	16 647	-	(16 647)
	Racing Policy	-	235	-	(235)
	Sub-Total	2 038	16 882	-	(16 882)

Program Schedule of Expenses and Income - 2007 (continued)

Program	Sub-program	2007			Net Result Before Restructuring and Tax \$'000
		Total Income \$'000	Net Cost of (Revenue from) Providing Services \$'000	Revenues from SA Govt \$'000	
Building Management:					
	Building Services	35 576	3 363	-	(3 363)
	Commercial Property Management	58 357	(4 101)	-	4 101
	Government Employees Residential Property Management	13 377	(3 716)	-	3 716
	Intra-program elimination	(3 370)	-	-	-
	Sub-Total	103 940	(4 454)	-	4 454
	Contract and Procurement Services	9 337	3 514	-	(3 514)
	Information and Communication Technology Services	32 558	5 385	-	(5 385)
Community Services:					
	Service SA	5 454	2 296	363	(1 933)
	Land Services	18 369	943	-	(943)
	Archives and Records Management	283	3 272	-	(3 272)
	Government Publishing SA	1 193	(98)	-	98
	Sub-Total	25 299	6 413	363	(6 050)
Support Services to Government:					
	Forensic Services	1 425	6 815	-	(6 815)
	Light Motor Vehicle Fleet	44 275	(1 923)	-	1 923
	Vehicles for Ministers, Parliamentarians and VIPs	189	2 729	-	(2 729)
	Shared Corporate Services	12 402	3 212	-	(3 212)
	Intra-program elimination	(1 085)	-	-	-
	Sub-Total	57 206	10 833	-	(10 833)
	Intra-agency Services	1 851	10 801	-	(10 801)
	Whole of DAIS appropriation	-	-	85 243	85 243
	Inter-program eliminations	(26 719)	-	-	-
	Consolidation	218 106	60 586	85 606	25 020

Program Schedule of Expenses and Income - 2006

Program	Sub-program	Employee Benefits Expenses \$'000	Supplies and Services \$'000	2006		Total Expenses \$'000
				Depreciation and Amortisation \$'000	Others \$'000	
Industrial Relations:						
	SafeWork SA	17 872	11 458	61	319	29 710
	Public Sector Workforce Relations	3 293	1 684	120	50	5 147
	Sub-Total	21 165	13 142	181	369	34 857
Employee Advocacy:						
	Employee Ombudsman Services	254	255	-	-	509
	Conciliation and Arbitration	5 101	3 739	126	367	9 333
	Sub-Total	5 355	3 994	126	367	9 842
Office for Recreation and Sport:						
	Recreation and Sport	7 632	10 577	2 234	19 443	39 886
	Racing Policy	314	135	-	341	790
	Sub-Total	7 946	10 712	2 234	19 784	40 676
Building Management:						
	Building Services	15 441	70 375	1 777	(254)	87 339
	Commercial Property Management	2 459	97 365	5 134	890	105 848
	Government Employees Residential Property Management	1 253	14 068	2 297	274	17 892
	Intra-program elimination	-	(6 871)	-	-	(6 871)
	Sub-Total	19 153	174 937	9 208	910	204 208
	Contract and Procurement Services	7 445	18 869	97	742	27 153
	Information and Communication Technology Services	12 590	51 999	12 672	75	77 336
Community Services:						
	Service SA	8 685	6 055	244	78	15 062
	Land Services	20 663	17 239	353	(2)	38 253
	Archives and Records Management	2 829	3 062	713	-	6 604
	Government Publishing SA	928	1 066	54	-	2 048
	Sub-Total	33 105	27 422	1 364	76	61 967
Support Services to Government:						
	Forensic Services	8 067	5 475	1 832	26	15 400
	Light Motor Vehicle Fleet	2 277	31 169	35 216	24 533	93 195
	Vehicles for Ministers, Parliamentarians and VIPs	2 414	3 147	-	-	5 561
	Shared Corporate Services	14 389	20 952	1 119	211	36 671
	Intra-program elimination	-	(1 796)	-	-	(1 796)
	Sub-Total	27 147	58 947	38 167	24 770	149 031
	Intra-agency Services	15 629	11 621	528	2 778	30 556
	Inter-program eliminations	(5)	(47 619)	-	(2 686)	(50 310)
	Consolidation	149 530	324 024	64 577	47 185	585 316

Program Schedule of Expenses and Income - 2006 (continued)

Program	Sub-program	2006			Net Result Before Restructuring and Tax \$'000
		Total Income \$'000	Net Cost of (Revenue from) Providing Services \$'000	Revenues from SA Govt \$'000	
Industrial Relations:					
	SafeWork SA	13 041	16 669	-	(16 669)
	Public Sector Workforce Relations	1 102	4 045	-	(4 045)
	Sub-Total	14 143	20 714	-	(20 714)
Employee Advocacy:					
	Employee Ombudsman Services	-	509	-	(509)
	Conciliation and Arbitration	5 132	4 201	-	(4 201)
	Sub-Total	5 132	4 710	-	(4 710)
Office for Recreation and Sport:					
	Recreation and Sport	4 167	35 719	3 590	(32 129)
	Racing Policy	-	790	-	(790)
	Sub-Total	4 167	36 509	3 590	(32 919)
Building Management:					
	Building Services	81 092	6 247	-	(6 247)
	Commercial Property Management	116 158	(10 310)	-	10 310
	Government Employees Residential Property Management	21 959	(4 067)	95	4 162
	Intra-program elimination	(6 871)	-	-	-
	Sub-Total	212 338	(8 130)	95	8 225
Contract and Procurement Services		20 173	6 980	-	(6 980)
Information and Communication Technology Services		63 243	14 093	-	(14 093)
Community Services:					
	Service SA	10 991	4 071	222	(3 849)
	Land Services	25 486	12 767	-	(12 767)
	Archives and Records Management	524	6 080	-	(6 080)
	Government Publishing SA	1 761	287	-	(287)
	Sub-Total	38 762	23 205	222	(22 983)
Support Services to Government:					
	Forensic Services	3 444	11 956	-	(11 956)
	Light Motor Vehicle Fleet	84 352	8 843	-	(8 843)
	Vehicles for Ministers, Parliamentarians and VIPs	257	5 304	-	(5 304)
	Shared Corporate Services	28 505	8 166	-	(8 166)
	Intra-program elimination	(1 796)	-	-	-
	Sub-Total	114 762	34 269	-	(34 269)
Intra-agency Services		3 423	27 133	171	(26 962)
Whole of DAIS appropriation		-	-	167 438	167 438
Inter-program eliminations		(50 310)	-	-	-
Consolidation		425 833	159 483	171 516	12 033

Balance Sheet - 2006

Program	Sub-program	2006		
		Current Assets \$'000	Non- Current Assets \$'000	Total Assets \$'000
Industrial Relations:				
	SafeWork SA	7 874	379	8 253
	Public Sector Workforce Relations	1 182	-	1 182
	Sub-Total	9 056	379	9 435
Employee Advocacy:				
	Employee Ombudsman Services	94	-	94
	Conciliation and Arbitration	1 469	128	1 597
	Sub-Total	1 563	128	1 691
Office for Recreation and Sport:				
	Recreation and Sport	4 304	126 504	130 808
	Racing Policy	130	-	130
	Sub-Total	4 434	126 504	130 938
Building Management:				
	Building Services	47 122	9 638	56 760
	Commercial Property Management	22 826	241 112	263 938
	Government Employees Residential Property Management	7 347	224 977	232 324
	Intra-program elimination	(3 996)	-	(3 996)
	Sub-Total	73 299	475 727	549 026
Contract and Procurement Services		7 525	824	8 349
Information and Communication Technology Services		37 043	78 533	115 576
Community Services:				
	Service SA	3 640	951	4 591
	Land Services	9 756	1 625	11 381
	Archives and Records Management	1 014	3 465	4 479
	Government Publishing SA	505	159	664
	Sub-Total	14 915	6 200	21 115

Balance Sheet - 2006

Program	Sub-program	2006 Assets		
		Current Assets \$'000	Non-Current Assets \$'000	Total Assets \$'000
Support Services to Government:				
	Forensic Services	2 014	5 464	7 478
	Light Motor Vehicle Fleet	144 875	98 138	243 013
	Vehicles for Ministers, Parliamentarians and VIPs	713	-	713
	Shared Corporate Services	6 540	3 499	10 039
	Sub-Total	154 142	107 101	261 243
	Intra-agency Services	(33 903)	42 231	8 328
	Inter-program eliminations	(1 726)	(40 000)	(41 726)
	Consolidation after Eliminations	266 348	797 627	1 063 975

Program	Sub-program	2006 Liabilities			Net Assets \$'000
		Current Liabilities \$'000	Non-Current Liabilities \$'000	Total Liabilities \$'000	
Industrial Relations:					
	SafeWork SA	3 551	4 702	8 253	-
	Public Sector Workforce Relations	459	723	1 182	-
	Sub-Total	4 010	5 425	9 435	-
Employee Advocacy:					
	Employee Ombudsman Services	51	43	94	-
	Conciliation and Arbitration	665	932	1 597	-
	Sub-Total	716	975	1 691	-
Office for Recreation and Sport:					
	Recreation and Sport	3 370	5 331	8 701	122 107
	Racing Policy	72	58	130	-
	Sub-Total	3 442	5 389	8 831	122 107
Building Management:					
	Building Services	29 942	6 214	36 156	20 604
	Commercial Property Management	8 550	20 077	28 627	235 311
	Government Employees Residential Property Management	3 025	33 369	36 394	195 930
	Inter-program elimination	(3 996)	-	(3 996)	-
	Sub-Total	37 521	59 660	97 181	451 845
	Contract and Procurement Services	2 923	2 001	4 924	3 425
	Information and Communication Technology Services	21 673	3 884	25 557	90 019
Community Services:					
	Service SA	1 247	3 344	4 591	-
	Land Services	5 480	5 901	11 381	-
	Archives and Records Management	536	350	886	3 593
	Government Publishing SA	293	371	664	-
	Sub-Total	7 556	9 966	17 522	3 593
Support Services to Government:					
	Forensic Services	1 105	1 815	2 920	4 558
	Light Motor Vehicle Fleet	116 751	123 762	240 513	2 500
	Vehicles for Ministers, Parliamentarians and VIPs	180	532	712	1
	Shared Corporate Services	3 913	4 954	8 867	1 172
	Sub-Total	121 949	131 063	253 012	8 231
	Intra-agency Services	3 967	2 900	6 867	1 461
	Inter-department eliminations	(1 726)	(40 000)	(41 726)	-
	Consolidation after Eliminations	202 031	181 263	383 294	680 681

29. Remuneration of Board and Committee Members

DAIS has established a number of boards and committees where members receive or are entitled to receive remuneration for their membership. Members that were entitled to receive remuneration for membership during the 2006-07 financial year were:

State Records Council

M Anderson*
H Croucher
J Ellis
S Farrimond
M Feltus
S Froude*
R Green*
M Moore*
K Percival

**Petroleum Products Retail
Outlets Board**

J Hamilton
C Jones
N Thredgold

Remuneration Tribunal

H Bachmann
J Meeking
D Smythe

Privacy Committee of SA

G Mailes*
B Quirke*
N Rogers*
T Ryan*
A Stanley*
L Thomas*

Asbestos Advisory Committee

C Brown

29. Remuneration of Board and Committee Members (continued)

Public Employees Housing Advisory Committee

B Griffin*
C Bittoto*
M Papps*
D Patriarca*
J O'Malley*
R Bown*
M Cassetta*
M Knill
T Scheffler
G Peak

Government Office

Accommodation Committee

D McArdle
P Case*
M Lusic*
E Bensted*
A Francis*
J Riedstra*
D Contala*
K Phillips*
R Faggotter*
L Oxlad*
B Griffin*

Safework SA Advisory Committee

J Cavanagh
J Davison*
D Farrell
D Frith
J Giles
M Heylen
M Howard
M O'Malley
M Patterson*
T Phillips
A Wood

Physical Activity Councils

P Brooks
J Dry
P Hamilton
C Sanders
J Williams

Forensic Science Advisory Committee

C Lenehan
J Lyons
E Mullighan
H Kobus*
S Pallaras*
T Harrison*
G Martin*

Industrial Relations Advisory Committee

M Butler
A Dennard
P Eblen
M Fisher
J Giles
W Hanson
M Howard
N Kitchin
B McIntosh
M Patterson*
B Smedley
C Starr
C Vincent
M Wright*

Boxing and Martial Arts Advisory Committee

R Soulio
S McDonald
A Wong
T Ferrauto
J Leondaris
J Cheesman
R Lee
D Casey
J Williams
N McCleave
C Gauvin

Occupational Health, Safety and Welfare Review Committee

W Cornish
I Law
K Edwards
J Brownsea

J Bradshaw
D Frith
S Sampson
B Smedley

A Gleeson
J Halls
J Cavanough
M O'Malley

P Farmer
J Giles
A Alcock
J Wilder

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

	2007	2006
	Number of	Number of
	Members	Members
\$0 - \$9 999	32	43
\$10 000 - \$19 999	2	4
Total Number of Members	34	47

Remuneration of members, reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$107 000 (\$149 000)

Total amount paid to a superannuation plan for board/committee members was \$16 000 (\$11 000).

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

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

30. Contingent Assets and Liabilities (2006 Comparative Only)

30.1 Contingent Assets

DAIS is not aware of any contingent assets.

30.2 Contingent Liabilities

(i) Guarantees

In 1997 the Government entered into formal arrangements with the South Australian Netball Association (SANA), regarding the construction of a netball stadium at Mile End. The arrangements resulted in the SANA securing a loan of \$3.5 million from an external banking institution to be applied with Government funding toward the stadium construction. As part of the arrangements the loan of SANA is underwritten by the Government. As such DAIS is contingently liable for the outstanding balance of the SANA loan. At balance date the outstanding balance of the loan was \$2.78 million. DAIS was not required to make any contributions during the reporting period.

(ii) Financial Support

As part of the disengagement process from the 'Information Technology Services and State Economic Development Agreement' with EDS (Australia) Pty Ltd and transition to new service provider arrangements, DAIS may be liable to contribute towards their set up costs. At balance date it was not possible to reliably estimate the dollar effect.

(iii) Legal Proceedings

The Department (SafeWork SA) is involved in prosecuting breaches under the *Occupational Health Safety and Welfare Act*. At balance date there were several matters before the courts which are yet to be resolved. In the event decisions are awarded in favour of the defendants, DAIS will be liable for the courts costs, which at present cannot be reliably estimated.

Statement of Administered Income and Expenses for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INCOME:			
Revenues from SA Government	A4	3 880	13 555
Revenues from fees and charges	A5	180 856	352 050
Interest	A6	245	108
Total Income		184 981	365 713
EXPENSES:			
Employee benefit expenses	A8	1 946	3 577
Supplies and services	A9	120 882	252 324
Grants	A10	-	3 500
Payments to Consolidated Account	A11	58 314	102 572
Total Expenses		181 142	361 973
OPERATING SURPLUS BEFORE RESTRUCTURING		3 839	3 740
(Decrease) in net assets due to administrative restructure	A7	(370)	(2 398)
OPERATING SURPLUS AFTER RESTRUCTURING		3 469	1 342

Operating Surplus is attributable to the SA Government as owner

Statement of Administered Assets and Liabilities as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	A12	-	22 242
Receivables	A13	-	1 444
Total Current Assets		-	23 686
NON-CURRENT ASSETS:			
Receivables	A13	-	86
Total Non-Current Assets		-	86
Total Assets		-	23 772
CURRENT LIABILITIES:			
Payables	A14	-	14 014
Short-term employee benefits	A14	-	157
Prepaid revenue	A14	-	1 532
Short-term provisions	A15	-	875
Outstanding claims	A16	-	3 208
Total Current Liabilities		-	19 786
NON-CURRENT LIABILITIES:			
Long-term employee benefits	A14	-	156
Outstanding claims	A16	-	7 299
Total Non-Current Liabilities		-	7 455
Total Liabilities		-	27 241
NET (LIABILITIES)		-	(3 469)
EQUITY:			
Funds held in trust		-	5 344
Accumulated deficit		-	(8 813)
TOTAL EQUITY		-	(3 469)

Statement of Changes in Administered Equity for the year ended 30 June 2007

	Funds Held in Trust \$'000	Accumulated Surplus (Deficit) \$'000	Total \$'000
Balance at 30 June 2005	5 344	(10 155)	(4 811)
Operating surplus	-	1 342	1 342
Balance at 30 June 2006	5 344	(8 813)	(3 469)
Operating surplus after restructure	-	3 469	3 469
Balance at 30 June 2007	5 344	(5 344)	-

All Changes in Equity are attributable to the SA Government as owner

Statement of Administered Cash Flows for the year ended 30 June 2007

	2007 Inflows (Outflows) \$'000	2006 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH INFLOWS:	Note	
Receipts from SA Government	4 838	14 368
Taxes, fees and charges	60 268	106 515
State auctions	3 461	6 754
Gaming machines	10 809	22 101
Service SA	106 000	215 550
Other receipts	245	108
Total Cash Inflows	185 621	365 396
CASH OUTFLOWS:		
Employees payments	1 921	(3 588)
Grants	-	(3 500)
Payment to Consolidated Account	(56 866)	(103 984)
State auctions	(3 429)	(6 548)
CBA vehicles	(253)	-
Gaming machines	(11 401)	(21 977)
Service SA	(106 001)	(215 551)
Payments of outstanding claims	(3 219)	(7 370)
Payments to suppliers	(2 597)	(4 369)
Payment due to administrative restructure	(22 176)	(2 398)
Total Cash Outflows	(207 863)	(369 285)
Net Cash Outflows from Operating Activities	(22 242)	(3 889)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22 242)	(3 889)
CASH AND CASH EQUIVALENTS AT 1 JULY	22 242	26 131
CASH AND CASH EQUIVALENTS AT 30 JUNE	-	22 242

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Summary of Significant Accounting Policies

All significant accounting policies for DAIS are contained in Note 2 'Summary of Significant Accounting Policies'. The policies outlined in Note 2 apply to both DAIS and the Administered Financial Statements.

A2. Administered Items

The following funds and financial transactions were administered by DAIS. They do not represent controlled transactions of DAIS. As such, they are not recognised in the financial statements of DAIS.

A2.1 Commonwealth Bank of Australia (CBA) Deposit Account

This account was established in May 1996 as a result of the sale and leaseback of the light motor vehicle fleet. This account is non-interest bearing and is utilised to collect the proceeds from sales of vehicles on behalf of the fleet owner. In April 2003 a voluntary termination effective over a 24 month period from 10 July 2003 to 10 July 2005 was agreed ahead of the contemplated 2011 expiry.

A2.2 Gaming Machines Operations Deposit Account

Contract Services holds funds on behalf of the State Procurement Board for the purchase and sale of gaming machines as provided for under section 26 of the *Gaming Machines Act 1992*.

A2.3 Government Workers Rehabilitation and Compensation Fund

The Government Workers Rehabilitation and Compensation Fund (the GWRC Fund) was established to provide for the funding of rehabilitation programs and payment of workers compensation benefits for government workers in accordance with current workers compensation legislation and in respect of claims for damages at common law for injury and disease suffered as a result of work.

A2.4 Land Services Regulatory Fees

The Land Services Group collects regulated fees and charges revenue through various land administration Acts administered under the statutory authority of the Registrar-General and the Surveyor-General. The revenue is collected through the following legislation:

- *Real Property Act 1886*, Regulation 3
- *Strata Titles Act 1988*, Regulation 4
- *Community Titles Act 1996*, Schedule 2
- Real Properties (Land Division) Regulations 1995, Schedule 1
- *Bills of Sale Act 1886*, Regulation 4
- *Registration of Deeds Act 1935*, Regulation 3, Schedule 1
- *Workers Liens Act 1893*, Regulation 3, Schedule 1

A2.5 Land Services Trust Funds

DAIS administers the following trust accounts in accordance with:

- Real Property Act Assurance Fund (RPAAF) - Section 201 *Real Property Act 1886*
- Real Property Act Trust Accounts - Section 146 *Real Property Act 1886*
- Workers Liens Trust Account - Section 16 *Workers Liens Act 1893*.

A2.6 Major Administered Projects

DAIS holds funds in trust for capital works on behalf of other agencies for certain major projects. DAIS holds any carried forward funds on behalf of the government and applies expenditure to these projects subject to project manager approval.

This arrangement has been established for the following projects with DAIS as the controlling agency:

- Asbestos and Heritage Maintenance Program
- Building Security Program for Whole of Government

A2.7 Recreation and Sport Fund

DAIS administers this fund on behalf of the Minister for Recreation, Sport and Racing. In accordance with provisions of the *Soccer Football Pools Act 1981*, *Racing Act 1976*, and *State Lotteries Act 1966*, monies are paid into the Fund for the purpose of supporting and developing such recreational and sporting facilities and services within the state, as are approved by the Minister.

The major sources of annual income are receipts from licensees to promote, conduct and operate soccer pools, and income derived from designated sports lotteries. Soccer pool income is returned to the Treasurer at the end of each financial year under an administrative arrangement agreed to in 1995.

A2.8 Special Acts Salaries

DAIS receives a separate appropriation for the payment of salaries in relation to:

- Minister for Administrative Services
- Presidents, Deputy Presidents and Magistrates of the Industrial Relations Court and Commission and Workers Compensation Tribunal
- Valuer-General
- Employee Ombudsman

Funding is provided under 'Recurrent Expenditure - Special Acts'. DAIS has no control over the use of these funds.

A2.9 Sport and Recreation Fund

DAIS administers this fund on behalf of the Minister for Recreation, Sport and Racing. In accordance with provisions of the *Gaming Machines (Miscellaneous Amendments) Act 1966*, gaming tax paid to the Treasurer by holders of Gaming Machine licences, is paid into the Sport and Recreation Fund to provide assistance to sport and recreation organisations. Funds are allocated under the directions of the Minister for Recreation, Sport and Racing in consultation with the Economic and Finance Committee of Parliament. Funding can only be provided to organisations that do not hold Gaming Machine licences.

A2.10 Service SA

Service SA provides a range of services to the South Australian public on behalf of other SA Government Departments. All monies collected by Service SA are deposited into a DAIS bank account and disbursed to the appropriate department.

A2.11 State Government Auctions

Contract and Procurement Services (a program within DAIS) holds proceeds on behalf of agencies from the auction of government motor vehicles and other plant and equipment.

A3. Transferred Functions

For financial and reporting purposes, all administered items in DAIS were transferred to DTEI, DTF, DPC, and Attorney-General's Department on 1 January 2007.

The transfer of the administered items of DAIS to the respective recipient agencies is as follows:

- Transfer to DPC
 - Recreation and Sport Fund
 - Sport and Recreation Fund
 - Special Acts Salaries
 - Government Workers Rehabilitation and Compensation Fund
- Transfer to DTEI
 - Land Services Regulatory Fees
 - Land Services Trust funds
 - Special Acts Salaries for Valuer-General
 - Major Administered Projects
 - Service SA
- Transfer to DTF
 - Gaming Machines Operations Deposit Account
 - State Government Auctions
 - Commonwealth Bank of Australia (CBA) Deposit Account

A4. Revenues from SA Government	2007	2006
Appropriation and Funding:	\$'000	\$'000
Special Acts	279	6 473
GWRC Fund	1 988	3 882
Major projects	1 613	3 200
Total Revenues from SA Government	3 880	13 555

A5. Fees and Charges		
Fees and charges received/receivable from entities within the SA Government:		
State Government auctions	331	-
Project revenue	-	65
Betting and gaming revenue	1 686	3 703
Total Fees and Charges - SA Government	2 017	3 768

Fees and charges received/receivable from entities external to the SA Government:		
Regulatory fees	58 304	102 569
State Government auctions	3 130	6 664
Gaming machines	10 809	22 098
Service SA	105 431	216 425
Other	1 165	526
Total Fees and Charges - Non-SA Government Entities	178 839	348 282
Total Fees and Charges	180 856	352 050

A6. Other Revenues from SA Government		
Interest	245	108
	245	108

A7. Net Revenue (Expenses) from Administrative Restructure

On 28 September 2006, the Government announced the transfer of all Administered items of DAIS to DTEI, DPC and DTF. For accounting and reporting purposes, the transfer of net assets were effective 1 January 2007.

	DTEI	DPC	DTF	2007 Total
The following assets, liabilities and equities were transferred out of DAIS prior to the administrative restructure:	\$'000	\$'000	\$'000	\$'000
Assets:				
Current	20 155	1 647	1 177	22 979
Non-current	-	86	-	86
Total Assets	20 155	1 733	1 177	23 065
Liabilities:				
Current	12 887	2 702	1 177	16 766
Non-current	28	5 901	-	5 929
Total Liabilities	12 915	8 603	1 177	22 695
Net Assets (Liabilities)	7 240	(6 870)	-	370

On 18 April 2005, the government announced the transfer of OFID to DTEI. The administered major projects, of OFID were also transferred to DTEI. For accounting and reporting purposes the transfer of funds for \$2.4 million was effective on 1 July 2005.

	2007	2006
The following administered assets and liabilities were transferred to DTEI	\$'000	\$'000
Assets:		
Current	-	2 398
Total Assets	-	2 398

A8. Employee Benefit Expenses

Payments to Parties external to SA Government:

Wages and salaries	1 453	2 744
Long service leave	42	3
Annual leave	51	72
Payments to SA Government:		
Employment on-costs - Superannuation	300	577
Employment on-costs - Other	100	181
Total Employee Benefit Expenses	1 946	3 577

A9. Supplies and Services

Supplies and Services provided by Entities within the SA Government:

Professional fees	10	5
State Government auctions	3 439	6 631
Project expenditure	377	3 574
Gaming machine expenditure	136	280
Service SA	105 293	216 425
Others	488	214
Total Supplies and Services - SA Government Entities	109 743	227 129

Supplies and Services provided by Entities external to the SA Government:

Professional fees	4	61
Gaming machines	10 724	19 124
Gaming licences	-	2 800
Service SA	138	-
Project expenditure	-	4
Others	273	3 206
Total Supplies and Services - Non-SA Government Entities	11 139	25 195
Total Supplies and Services	120 882	252 324

A10. Grants

Grants paid/payable to Entities within the SA Government:

Grants	-	3 500
Total Grants - SA Government Entities	-	3 500

A11. Payment to Consolidated Account

Payment to Consolidated Account

Total Payment to Consolidated - SA Government Entities	58 314	102 572
	58 314	102 572

A12. Cash

Deposits with the Treasurer

	-	22 242
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A13. Receivables	2007	2006
	\$'000	\$'000
Current:		
Receivables	-	1 379
Accrued revenue	-	65
Total Current Receivables	<u>-</u>	<u>1 444</u>
Non-Current:		
Receivables	-	86
Total Non-Current Receivables	<u>-</u>	<u>86</u>
Total Receivables	<u>-</u>	<u>1 530</u>
Receivables from SA Government Entities:		
Receivables	-	132
Accrued revenue	-	65
Total Receivables from SA Government Entities	<u>-</u>	<u>197</u>
Receivables from Non-SA Government Entities:		
Receivables	-	1 333
Accrued revenue	-	-
Total Receivables from Non-SA Government Entities	<u>-</u>	<u>1 333</u>
Total Receivables	<u>-</u>	<u>1 530</u>
A14. Liabilities		
Current:		
Payables	-	14 014
Employee benefits	-	157
Prepaid revenue	-	1 532
Provision for legal fees	-	875
Outstanding claims (refer to the GWRC Fund)	-	3 208
Total Current Liabilities	<u>-</u>	<u>19 786</u>
Non-Current:		
Employee benefits	-	156
Outstanding claims (refer to the GWRC Fund)	-	7 299
Total Non-Current Liabilities	<u>-</u>	<u>7 455</u>
Total Administered Liabilities	<u>-</u>	<u>27 241</u>
Liabilities to SA Government Entities:		
Payables	-	12 248
Provision for legal fees	-	875
Total Liabilities to SA Government Entities	<u>-</u>	<u>13 123</u>
Liabilities to Non-SA Government Entities:		
Payables	-	1 766
Employee benefits	-	313
Prepaid revenue	-	1 532
Outstanding claims (refer to the GWRC Fund)	-	10 507
Total Liabilities to Non-SA Government Entities	<u>-</u>	<u>14 118</u>
Total Liabilities	<u>-</u>	<u>27 241</u>
A15. Provisions		
Current:		
Legal fees	-	875
Total Current Provisions	<u>-</u>	<u>875</u>
Movement in Provisions:		
Balance at 1 July	875	1 600
Less: Payments	-	(725)
Reversal of provision no longer required	(875)	-
Balance at 30 June	<u>-</u>	<u>875</u>
Major Projects has fully settled the obligation relating to legal costs		
A16. Outstanding Claims		
Current	-	3 208
Non-current	-	7 299
Total Outstanding Claims	<u>-</u>	<u>10 507</u>

A16. Outstanding Claims (continued)	2007	2006
Movement in Outstanding Claims:	\$'000	\$'000
Balance at 1 July	10 507	16 117
Less: Settlement	(2 218)	(8 439)
Add: Gain from claims liability estimate	-	2 829
Less: Restructure transfer	(8 289)	-
Balance at 30 June	-	10 507
A17. Cash Flow Reconciliation		
(a) Reconciliation of Cash		
Reconciliation of Cash - Cash at 30 June per:		
Statement of Administered Cash Flows	-	22 242
Statement of Administered Assets and Liabilities	-	22 242
(b) Reconciliation of Net Cash Outflows from Operating Activities to Operating Surplus		
Net cash used in operating activities	(22 242)	(3 889)
Net expenses from administrative restructure	370	2 398
Change in Assets/Liabilities:		
(Decrease) Increase in receivables	(1 530)	318
Decrease (Increase) in payables	14 014	(1 262)
Decrease in employee benefits	313	11
Decrease (Increase) in prepaid revenue	1 532	(171)
Decrease in provisions	875	725
Decrease in outstanding claims	10 507	5 610
Operating Surplus	3 839	3 740

A18. Statement of Administered Income and Expenses

	Administered Income			Administered Expenses			Operating Surplus (Deficit) \$'000
	Receipts & Other Revenue	Revenues from SA Govt	Total Administered Income	Employee Expenses	Other Operating Expenses	Total Administered Expenses	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
CBA vehicles	-	-	-	-	253	253	(253)
Gaming machines	10 860	-	10 860	-	10 860	10 860	-
GWRC Fund	-	1 988	1 988	-	26	26	1 962
Land Services Group regulatory fees	58 314	-	58 314	-	58 314	58 314	-
Land Services Group Trust Funds	474	-	474	-	474	474	-
Major administered projects	875	1 613	2 488	-	377	377	2 111
Rec and Sport Fund	228	-	228	-	-	-	228
DPC Special Acts salaries	-	265	265	1 866	-	1 866	(1 601)
DTEI Special Acts salaries	-	14	14	80	-	80	(66)
Sport and Rec Fund	1 458	-	1 458	-	-	-	1 458
Service SA	105 431	-	105 431	-	105 431	105 431	-
State Government auctions	3 461	-	3 461	-	3 461	3 461	-
Total	181 101	3 880	184 981	1 946	179 196	181 142	3 839
	Administered Income			Administered Expenses			
	Receipts & Other Revenue	Revenues from SA Govt	Total Administered Income	Employee Expenses	Other Operating Expenses	Total Administered Expenses	Operating Surplus (Deficit)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CBA vehicles	-	-	-	-	-	-	-
Gaming machines	22 204	-	22 204	-	22 204	22 204	-
GWRC Fund	-	3 882	3 882	-	2 928	2 928	954
Land Services Group regulatory fees	102 572	-	102 572	-	102 572	102 572	-
Land Services Group Trust Funds	525	-	525	-	525	525	-
Major administered projects	65	3 200	3 265	-	3 578	3 578	(313)
Rec and Sport Fund	203	-	203	-	-	-	203
Special Acts salaries	-	6 473	6 473	3 577	-	3 577	2 896
Sport and Rec Fund	3 500	-	3 500	-	3 500	3 500	-
Service SA	216 425	-	216 425	-	216 425	216 425	-
State Government auctions	6 664	-	6 664	-	6 664	6 664	-
Total	352 158	13 555	365 713	3 577	358 396	361 973	3 740

A19. Statement of Administered Assets and Liabilities

	2006							Net (Liabilities) Assets \$'000
	Current Assets \$'000	Non- Current Assets \$'000	Total Assets \$'000	Current Liabilities \$'000	Non- Current Liabilities \$'000	Total Liabilities \$'000		
CBA vehicles	253	-	253	-	-	-	253	
Gaming machines	1 532	-	1 532	1 532	-	1 532	-	
GWRC Fund	(444)	86	(358)	4 559	7 299	11 858	(12 216)	
Land Services Group regulatory fees	9 149	-	9 149	9 149	-	9 149	-	
Land Services Group Trust Funds	6 642	-	6 642	1 297	-	1 297	5 345	
Major administered projects	1 493	-	1 493	1 683	-	1 683	(190)	
Rec and Sport Fund	444	-	444	-	-	-	444	
Special Acts salaries	837	-	837	157	156	313	524	
Sport and Rec Fund	2 371	-	2 371	-	-	-	2 371	
Service SA	1 255	-	1 255	1 255	-	1 255	-	
State Government auctions	154	-	154	154	-	154	-	
Total	23 686	86	23 772	19 786	7 455	27 241	(3 469)	

A20. Remuneration of Employees

Amounts received or receivable by employees as Administered Items whose remuneration is greater than \$100 000. The amounts include salaries, related payments and superannuation benefits.

2007 \$'000	2006 \$'000
1 665	3 191

The number of employees of DAIS whose remuneration falls within the following bands for the year ended were:

\$120 000 - \$129 999
\$130 000 - \$139 999
\$150 000 - \$159 999
\$160 000 - \$169 999
\$170 000 - \$179 999
\$180 000 - \$189 999
\$200 000 - \$209 999
\$240 000 - \$249 999
\$290 000 - \$299 999
\$310 000 - \$319 999
\$350 000 - \$359 999
\$380 000 - \$389 000

2007 Number of Employees	2006 Number of Employees
2	-
-	1
1	-
2	-
1	-
3	1
1	-
-	2
-	1
-	2
-	3
-	1
10	11

ART GALLERY BOARD

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Art Gallery Board (the Board) was established under subsection 4(1) of the *Art Gallery Act 1939*.

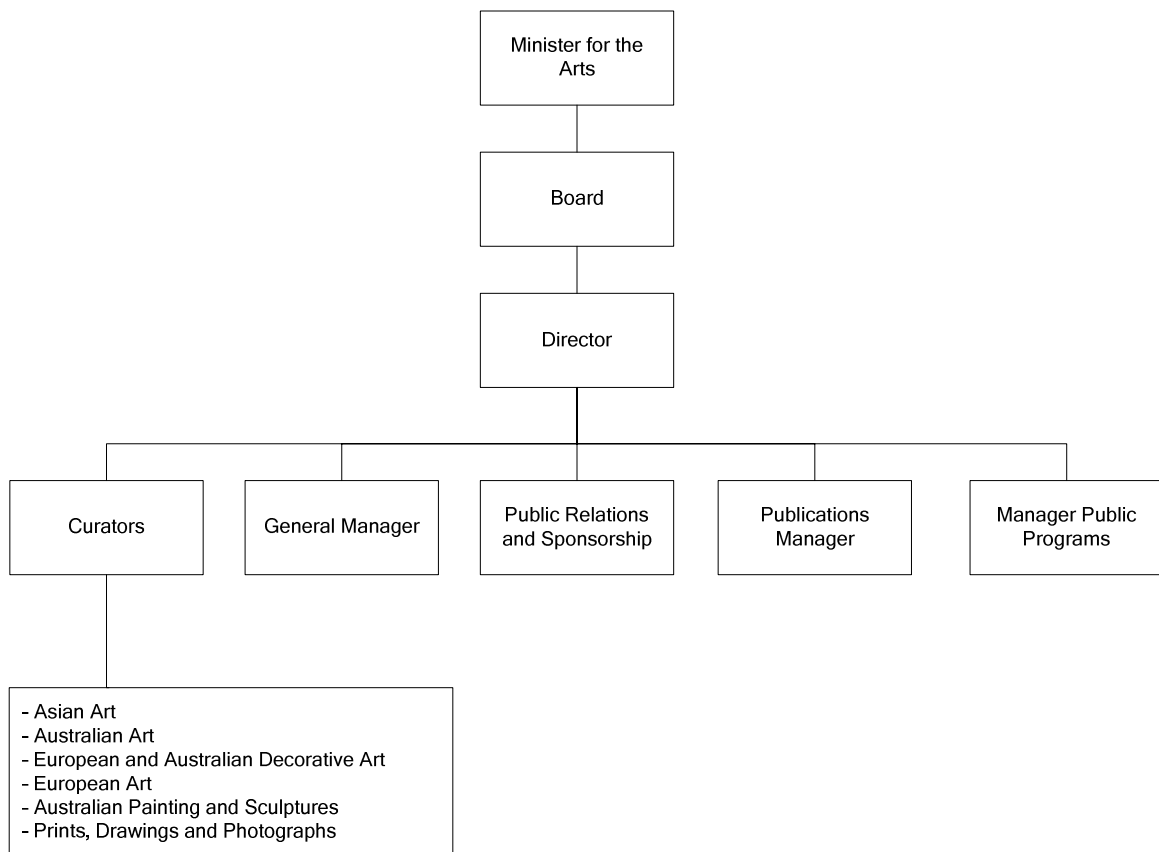
Functions

The functions of the Board are:

- Undertake the care and control of the Art Gallery and of all the lands and premises placed under the care and control of the Board.
- Undertake the care and control of all works of art, exhibits and other personal property acquired for the purposes of the Art Gallery.
- Assist in the promotion and supervision of art galleries, and collections of art, and any body or association established for the promotion of art within the State.

Structure

The structure of the Art Gallery of South Australia is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the PFAA and subsection 26(2) of the *Art Gallery Act 1939* provide for the Auditor-General to audit the accounts of the Board for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- expenditure, including accounts payable and payroll
- revenue, including cash receipting and banking and bookshop operations
- budgetary control and financial management reporting
- risk management
- property, plant and equipment
- heritage collections.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Art Gallery Board 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).

Assessment of Controls

In my opinion, the controls exercised by the Art Gallery Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Art Gallery Board have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were raised in a management letter to the Director. The main matters raised included the need to establish a Risk Management Framework and to strengthen controls over the receipt of cash at exhibitions. The Director has advised that the Board is considering the issues raised by Audit.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Highlights of the Financial Report

	2007	2006	Percentage
	\$'million	\$'million	Change
INCOME			
State Government grants	5.5	6.0	(8)
Other income	11.8	7.5	57
Total Income	17.3	13.5	28
EXPENSES			
Employee benefits expense	3.2	3.0	7
Other expenses	6.2	6.7	(7)
Total Expenses	9.4	9.7	(3)
NET RESULT	7.9	3.8	108

	2007	2006	Percentage
	\$'million	\$'million	Change
NET CASH FLOWS FROM OPERATING ACTIVITIES	2.8	2.9	(3)
ASSETS			
Current assets	5.6	4.5	24
Non-current assets	635.1	629.2	1
Total Assets	640.7	633.7	1
LIABILITIES			
Current liabilities	1.3	2.2	(41)
Non-current liabilities	0.6	0.5	20
Total Liabilities	1.9	2.7	(30)
EQUITY	638.8	631.0	1

Income Statement

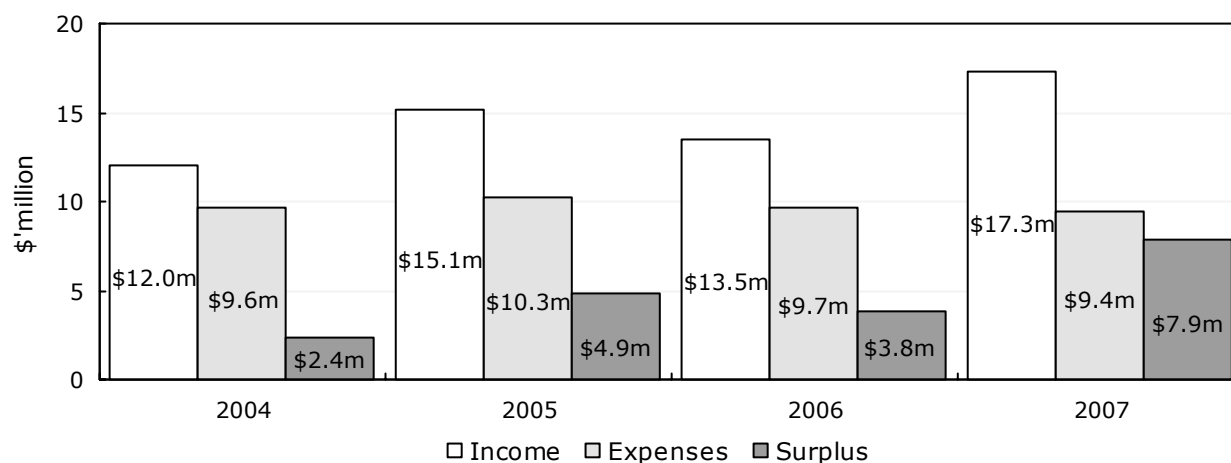
Income

Income for the year totalled \$17.3 million (\$13.5 million). The increase is attributable mainly to the increase of \$3.9 million in the value of donated heritage assets.

Net Result

The net result for the year was a surplus of \$7.9 million (\$3.8 million). The increase of \$3.9 million in the value of donated heritage assets is the major contributing factor in the increased surplus.

The following chart shows the income, expenses and surpluses for the four years to 2007.



Balance Sheet

The total assets of the Art Gallery Board at 30 June 2007 were \$641 million, of which \$603 million (94 percent) relates to the Board's heritage collections.

**Income Statement
for the year ended 30 June 2007**

	Note	2007	2006
EXPENSES:		\$'000	\$'000
Employee benefits	4	3 205	2 954
Supplies and services	6	3 213	3 390
Accommodation and facilities	7	2 027	2 367
Depreciation	8	992	993
Total Expenses		9 437	9 704
INCOME:			
Sale of goods		1 200	1 086
Fees and charges	9	657	946
Bequests and donations		1 917	1 784
Donations of heritage assets		5 722	1 810
Sponsorships		60	69
Resources received free of charge	2.3	465	255
Interest and investment income	10	674	872
Rent and facilities hire		250	360
Net gain on sale of assets	11	411	114
Other	12	449	187
Total Income		11 805	7 483
NET INCOME FROM (COST OF) PROVIDING SERVICES		2 368	(2 221)
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government		5 498	6 061
Total Revenues from SA Government		5 498	6 061
NET RESULT		7 866	3 840

Net Result is attributable to the SA Government as owner

**Balance Sheet
as at 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	23	4 089	3 622
Receivables	14	921	283
Inventories		622	585
Total Current Assets		5 632	4 490
NON-CURRENT ASSETS:			
Property, plant and equipment	15	28 119	29 096
Heritage collections	16	603 435	596 190
Investments	17	3 541	3 920
Total Non-Current Assets		635 095	629 206
Total Assets		640 727	633 696
CURRENT LIABILITIES:			
Payables	18	914	1 847
Short-term employee benefits	19	308	293
Short-term provisions	20	45	36
Total Current Liabilities		1 267	2 176
NON-CURRENT LIABILITIES:			
Payables	18	43	42
Long-term employee benefits	19	456	412
Long-term provisions	20	125	96
Total Non-Current Liabilities		624	550
Total Liabilities		1 891	2 726
NET ASSETS		638 836	630 970
EQUITY:			
Retained earnings		395 845	387 979
Asset revaluation reserve		242 991	242 991
TOTAL EQUITY		638 836	630 970

Total Equity is attributable to the SA Government as owner

Commitments for expenditure	21
Contingent assets and liabilities	22

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Asset		Total \$'000
	Revaluation Reserve \$'000	Retained Earnings \$'000	
Balance at 30 June 2005	198 251	383 147	581 398
Changes in Accounting Policy	198	-	198
Restated Balance at 30 June 2005	198 449	383 147	581 596
Gain on revaluation of heritage collections	45 241	-	45 241
Changes in Accounting policy	(699)	992	293
Net income/expense recognised directly in equity for 2005-06	44 542	992	45 534
Net result for 2005-06	-	3 840	3 840
Total recognised income and expense for 2005-06	-	3 840	3 840
Balance at 30 June 2006	242 991	387 979	630 970
Net result for 2006-07	-	7 866	7 866
Total recognised income and expense for 2006-07	-	7 866	7 866
Balance at 30 June 2007	242 991	395 845	638 836

All Changes in Equity are attributable to the SA Government as owner

**Cash Flow Statement
for the year ended 30 June 2007**

	2007	2006
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH OUTFLOWS:		
Employee benefits	(3 033)	(2 802)
Supplies and services	(2 842)	(3 358)
Accommodation and facilities	(1 988)	(2 333)
Cash used in Operations	(7 863)	(8 493)
CASH INFLOWS:		
Sale of goods	1 186	1 072
Fees and charges	626	962
Bequests and donations	1 917	1 784
Sponsorships	47	69
Interest and investment income	641	965
Rent and facilities hire	248	355
Admission receipts held on behalf of third party	159	-
Other receipts	341	168
Cash generated from Operations	5 165	5 375
CASH FLOWS FROM SA GOVERNMENT:		
Receipts from SA Government	5 498	6 061
Cash generated from SA Government	5 498	6 061
Net Cash provided by Operating Activities	2 800	2 943
	23	
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Repayment of imprest account	(2)	-
Purchase of investments	(351)	(861)
Purchase of property, plant and equipment	(15)	(23)
Purchase of heritage collections	(2 807)	(2 213)
Cash used in Investing Activities	(3 175)	(3 097)
CASH INFLOWS:		
Proceeds from sales/maturities of investments	842	415
Proceeds from the sale of heritage collections	-	106
Cash generated from Investing Activities	842	521
Net Cash used in Investing Activities	(2 333)	(2 576)
NET INCREASE IN CASH AND CASH EQUIVALENTS	467	367
CASH AND CASH EQUIVALENTS AT 1 JULY	3 622	3 255
CASH AND CASH EQUIVALENTS AT 30 JUNE	4 089	3 622
	23	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Art Gallery Board (The Board)

The Board is charged with the management of the Art Gallery of South Australia, as prescribed under the *Art Gallery Board Act 1939*.

The Art Gallery of South Australia's objectives are to:

- collect heritage and contemporary works of art of aesthetic and art historical or regional significance;
- ensure the preservation and conservation of the Gallery collections;
- display the collections and to program temporary exhibitions;
- research and evaluate the collections, and to make the collections and documentation accessible to others for the purposes of research, as a basis for teaching and communications;
- document the collections within a central cataloguing system;
- provide interpretative information about collection displays and temporary exhibitions and other public programs;
- promote the Gallery's collections and temporary exhibitions;
- ensure that the Gallery's operations, resources and commercial programs are managed efficiently, responsibly and profitably;
- advise the SA Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

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 AASs, TIs and APSs promulgated under the provision of the PFAA.

Statement of Compliance

AASs include AIFRS and AAS 29. The Board has early-adopted the amendments to AASB 101. Refer to Note 3 'Changes in Accounting Policies'.

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 Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, and greater than \$100 000, are separately identified and classified according to their nature;
 - (b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - (c) employee TVSP 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;
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board'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 applicable valuation policy.

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

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

2.2 Sources of Funds

The Board's principal source of funds consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships and other receipts, and uses the monies for the achievement of its objectives.

2.3 Income and Expenses

Income and expenses are recognised in the Board's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured. Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard.

Income from the sale of goods is recognised at the point of sale. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Income from the rendering of a service is recognised when the Board obtains control over the income. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Resources received Free of Charge

Resources received free of charge are recorded as revenue and expenditure in the Income Statement at their fair value.

Under an arrangement with Arts SA and Artlab Australia, divisions of the Department of the Premier and Cabinet, Artlab Australia receives SA Government appropriation to perform conservation services on the Art Gallery's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in 'Supplies and Services' (Note 6).

Under an arrangement with the Services Division of the Department of the Premier and Cabinet, financial services and human resources are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income and a corresponding amount included as a business services charge in 'Supplies and Services' (Note 6).

2.4 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.5 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet include cash at bank and on hand and short-term deposits held with Bank SA.

For the purposes of the Cash Flow Statement, cash and cash equivalents are defined above.

Cash is measured at nominal value.

2.6 Receivables

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

Trade receivables arise in the normal course of selling goods and services to the public and agencies. 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.

The ability to collect 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 Board will not be able to collect the debt.

2.7 Inventories

Inventories are measured at the lower of cost or their net realisable value. Inventories include books and publications held for sale.

The amount of any inventory write-down to net realisable value/replacement cost or 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.

2.8 Investments

Investments are brought to account at cost in accordance with APF IV APS 2.1.

2.9 Non-Current Asset Acquisition and Recognition

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given the consideration plus costs incidental to the acquisition. Assets donated during the year have been brought to account at fair value.

All non-current assets with a value of \$5000 or greater are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

2.10 Valuation of Non-Current Assets

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

Every three years the Board revalues its land, buildings and heritage collections. However, if at any time management considers 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 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 decrement of the same asset class previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement.

Any revaluation decrement is recognised in the Income Statement, except to the extent that it offsets a previous revaluation increment 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 assets.

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

Land and Buildings

An independent valuation of the land and buildings was conducted as at 30 June 2005 by the Australian Valuation Office. Land and buildings are independently valued every three years. The valuation at 30 June 2005 was prepared on a fair value basis.

Plant and Equipment

Plant and equipment including computer equipment, on acquisition, has been deemed to be held at fair value.

Heritage Collections

Heritage collections were last revalued as at 30 June 2006. The heritage collections are large and diverse. They include many items that are complex to value given considerations of market value and their uniqueness. The Board adopted the following methodology for valuing heritage assets held as at 30 June 2006.

Works of art were valued by the appropriate internal curator and external valuers either by valuing all items or establishing an average value through representative sampling and in the event of variations between the values the following policy was adopted. Where there was disagreement between the internal and external valuation, the higher valuation was recorded as the correct valuation unless the difference in the valuation was substantial and greater than 50 percent in which case the average of the two valuations was recorded as the correct valuation.

Where there was minor disagreement between the internal and external valuation, the higher valuation was recorded if provided by the external valuer. When the external valuation was lower than the internal, and when the difference in the two valuations was substantial and greater than 50 percent, the average of the two valuations was recorded as the correct valuation.

The external valuations were carried out by the following recognised industry experts:

<i>Collection</i>	<i>Industry Expert</i>
Australian Paintings and Sculptures	Ms J Hylton and Ms S Thomas
Australian and European Decorative Arts	Mr K Rayment
Asian Art	Mr D Richards, Mr B Lynch and Mr D Button
European Art:	
European collection Pre 1850	Mr P Matthiesen and Mr A Tumble
British collection and European collection	
Post 1850	Mr P Nahum
Numismatics	Mr G Morton
Krichauf and Murray Stamp Collection	Mr B Parker

All collection items with a value greater than \$350 000 were valued individually. The Research Library collections were valued by sampling the collections and providing a market valuation of the entire stock based on the sample. The values were determined by searching catalogues in second-hand and antiquarian bookshops. Where a value was not available, an estimate was provided by the Librarian, Ms Jin Whittington.

The Archival Collections, consisting of ephemera such as material on individual artists and galleries, was given a nil valuation as there is no reliable market value for this collection.

2.11 Impairment of Assets

All non-current assets are tested for indication of impairment at each 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.

2.12 Depreciation of Non-Current Assets

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each non-current asset over its expected useful life except for land and heritage collections, which are not depreciable. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

<i>Class of Asset</i>	<i>Useful Life (Years)</i>
Buildings and improvements	20-100
Plant and equipment	3-15

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

2.13 Payables

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

Creditors and accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period. All amounts are measured at their nominal amount and are normally settled within 30 days, after the Board receives an invoice.

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

2.14 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 benefits are measured at nominal amounts.

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

(i) Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave have been recognised as the amount unpaid at the reporting date. The liability for annual leave has been calculated at nominal amounts based on current remuneration rates as 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.

(ii) Long Service Leave

A liability for long service leave is recognised after an employee has completed six and a half years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance 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 Board's experience of employee retention and leave taken.

(iii) Superannuation

Contributions are made by the Board to several superannuation schemes operated by the State Government and private sector. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the superannuation schemes.

2.15 Workers Compensation Provision

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 Wellbeing group of the Department of the Premier and Cabinet.

2.16 Leases

The Board has entered into a number of operating lease agreements for vehicles and photocopiers where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Income Statement in the periods in which they are incurred.

2.17 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS 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.

2.18 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, FBT, GST and emergency services levy.

Income, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred by the Board as a purchaser is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

The net GST receivable/payable to the Australian Taxation Office is not recognised as a receivable/payable in the Balance Sheet as the Board is a member of an approved GST group of which Arts SA, a division of the Department of the Premier and Cabinet, is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the Australian Taxation Office in the Cash Flow Statement.

2.19 State Government Funding

The financial report is presented under the assumption of ongoing financial support being provided to the Board by the State Government.

2.20 Rounding

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

2.21 Insurance

The Board has arranged, through the South Australian Government Financing Authority, SAICORP Division, to insure all major risks of the Board. The excess payable is fixed under this arrangement.

2.22 Segment Reporting

The Board's predominant operation is to collect heritage and contemporary works of art, ensure their preservation on behalf of the State and promote the Gallery's collections.

3. Changes in Accounting Policies

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

4. Employee Benefits

	2007	2006
	\$'000	\$'000
Salaries and wages	2 521	2 322
Superannuation	279	261
Payroll tax	164	151
Annual leave	15	26
Long service leave	83	64
Board Fees	72	74
Other employee related expenses	71	56
Total Employee Benefits	3 205	2 954

Remuneration of Employees

	2007	2006
	Number of	Number of
	Employees	Employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$100 000 - \$109 999	1	1
\$160 000 - \$169 999	1	1
Total Number of Employees	2	2

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, FBT and other salary sacrifice benefits. The total remuneration received by these employees for the year was \$269 000 (\$265 000).

5. Remuneration of Board Members

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

Mr M Abbott QC	Ms T Whiting (appointed 8 February 2007)
Mr A Wynn	Ms C S Tweddell
Ms V Hickey (retired 19 January 2007)	Ms L LeCornu (retired 19 January 2007)
Mr P Ward	Mr A W Gwinnett
Mr P Speakman	Ms F Gerard (appointed 8 February 2007)

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

	2007	2006
	Number of Board Members	Number of Board Members
\$0 - \$9 999	9	7
\$10 000 - \$19 999	1	1
Total Number of Board Members	10	8

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received by these board members for the year was \$78 000 (\$81 000).

Amounts paid to a superannuation plan for board members was \$6 000 (\$7 000).

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

6. Supplies and Services

Supplies and Services provided by Entities external to the SA Government:

	2007	2006
	\$'000	\$'000
Administration expenses	328	357
Preservation activities	56	32
Consultants' fees	-	3
Contractors' fees	21	18
Cost of goods sold	451	440
Entertainment	17	25
Information technology	39	30
Write-down of inventories	97	-
Maintenance	12	21
Marketing and promotion	470	479
Minor equipment purchases and leasing	105	73
Valuation expenses	30	28
Fees - Exhibitions and publications	78	144
Tours	21	110
Projects	16	68
Travel and accommodation	102	82
Other	78	90
Total Supplies and Services - Non-SA Government Entities	1 921	2 000

Supplies and Services provided by Entities within the SA Government:

Administration expenses	81	65
Business services charge	209	278
Conservation work	335	363
EDS charges	39	52
Insurance and risk management	491	506
Information technology	20	11
Maintenance	56	56
Motor vehicle expenses	19	18
Other	42	41
Total Supplies and Services - SA Government Entities	1 292	1 390
Total Supplies and Services	3 213	3 390

Payments to Consultants

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

	2007	2007	2006	2006
	Number of Consultants	\$'000	Number of Consultants	\$'000
\$0 - \$9 999	-	-	1	3
Total Paid/Payable to the Consultants Engaged	-	-	1	3

7. Accommodation and Facilities	2007	2006
Accommodation and Facilities provided by Entities external to the SA Government:	\$'000	\$'000
Accommodation	376	471
Facilities	166	-
Security	970	-
Total Accommodation and Facilities - Non-SA Government Entities	1 512	471
Accommodation and Facilities provided by Entities within the SA Government:		
Accommodation	74	69
Facilities	434	743
Security	7	1 084
Total Accommodation and Facilities - SA Government Entities	515	1 896
Total Accommodation and Facilities	2 027	2 367
8. Depreciation		
Buildings and improvements	930	930
Plant and equipment	62	63
Total Depreciation	992	993
9. Fees and Charges		
Fees and Charges received/receivable from Entities external to the SA Government:		
Fees for services	249	497
Admissions to temporary exhibitions	408	449
Total Fees and Charges	657	946
10. Interest and Investment Income		
Interest from entities within the SA Government	119	126
Interest and investment income from entities external to the SA Government	555	746
Total Interest and Investment Income	674	872
11. Net Gain on Sale of Assets		
Plant and Equipment:		
Proceeds from disposal	-	20
Net book value of assets disposed	-	20
Net Gain on Sale of Plant and Equipment	-	-
Heritage Collections:		
Proceeds from disposal	-	106
Net book value of assets disposed	20	45
Net (Loss) Gain on Sale of Heritage Collections	(20)	61
Investments:		
Proceeds from the sale of investments	1 364	415
Net book value of investments	933	362
Net Gain on Sale of Investments	431	53
Total Assets:		
Total proceeds from disposal	1 364	541
Total net book value of assets	953	427
Total Net Gain on Disposal of Assets	411	114
12. Other Income		
Other Income received/receivable from entities external to the SA Government:		
Recoup recoverables	17	22
Fundraising	42	-
Donated assets	87	-
Commonwealth Government grants	93	96
Other receipts	170	49
Total Other Income - Non-SA Government Entities	409	167
Other Income received/receivable from entities within the SA Government:		
State Government grants	40	20
Total Other Income - SA Government Entities	40	20
Total Other Income	449	187
13. Auditor's Remuneration		
Audit fees paid/payable to the Auditor-General's Department	23	25
Total Audit Fees - SA Government Entities	23	25

Other Services

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

14. Receivables	2007	2006
Current:	\$'000	\$'000
Receivables	708	66
Accrued income	213	217
Total Receivables	921	283
Receivables from Non-SA Government Entities:		
Receivables	708	66
Accrued income	200	207
Total Receivables - Non-SA Government Entities	908	273
Receivables from SA Government Entities:		
Accrued income	13	10
Total Receivables - SA Government Entities	13	10
Total Receivables	921	283

Interest Rate and Credit Risk

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

15. Property, Plant and Equipment	2007	2006
Land, Buildings and Improvements:	\$'000	\$'000
Land at valuation	3 625	3 625
Buildings and improvements at valuation	40 959	40 959
Accumulated depreciation	(16 582)	(15 652)
Total Land, Buildings and Improvements	28 002	28 932
Plant and Equipment:		
Plant and equipment at cost (deemed fair value)	454	439
Accumulated depreciation	(337)	(275)
Total Plant and Equipment	117	164
Total Property, Plant and Equipment	28 119	29 096

Valuation of Non-Current Assets

The valuation of land, buildings and improvements was performed by the Australian Valuation Office as at 30 June 2005.

Reconciliation of Property Plant and Equipment

	Land \$'000	Buildings & Improve- ments \$'000	Plant and Equipment \$'000	2007 Total \$'000
Carrying amount at 1 July	3 625	25 307	164	29 096
Additions	-	-	15	15
Depreciation expense	-	(930)	(62)	(992)
Carrying Amount at 30 June	3 625	24 377	117	28 119

16. Heritage Collections	2007			2006	
	At Valuation	At Cost	Total	At Valuation	At Cost
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian paintings and sculptures	178 175	3 823	181 998	178 175	-
Australian and European decorative arts	41 894	1 758	43 652	41 894	-
Asian art	14 730	1 077	15 807	14 730	-
European paintings and sculptures	300 000	325	300 325	300 000	-
Prints, drawings and photographs	53 500	238	53 738	53 500	-
Numismatics	5 872	-	5 872	5 872	-
Philatelic material	435	-	435	435	-
Library	1 584	24	1 608	1 584	-
Total Heritage Collections	596 190	7 245	603 435	596 190	-

Reconciliation of Carrying Amounts of Heritage Collections

	Balance 01.07.06 \$'000	Additions \$'000	Disposals \$'000	Balance 30.06.07 \$'000
Australian paintings and sculptures	178 175	3 823	-	181 998
Australian and European decorative arts	41 894	1 758	-	43 652
Asian art	14 730	1 077	-	15 807
European paintings and sculptures	300 000	345	(20)	300 325
Prints, drawings and photographs	53 500	238	-	53 738
Numismatics	5 872	-	-	5 872
Philatelic material	435	-	-	435
Library	1 584	24	-	1 608
Total	596 190	7 265	(20)	603 435

Reconciliation of Carrying Amounts of Heritage Collections (continued)

	Balance 01.07.05 \$'000	Additions \$'000	Disposals \$'000	Revaluation Increment (Decrement) \$'000	Balance 30.06.06 \$'000
Australian paintings and sculptures	162 550	1 293	(45)	14 377	178 175
Australian and European decorative arts	29 947	454	-	11 493	41 894
Asian art	13 685	942	-	103	14 730
European paintings and sculptures	297 446	2 014	-	540	300 000
Prints, drawings and photographs	36 423	532	-	16 545	53 500
Numismatics	3 622	-	-	2 250	5 872
Philatelic material	500	-	-	(65)	435
Library	1 548	38	-	(2)	1 584
Total	545 721	5 273	(45)	45 241	596 190

17. Investments	2007	2006
	\$'000	\$'000
Investments with Entities other than SAFA:		
Non-Current:		
Shares, convertible notes and other investments in companies	3 541	3 920
Total Non-Current Investments	3 541	3 920
Total Investments	3 541	3 920

The market value of investments as at 30 June 2007 is \$5 076 000 (\$5 169 000).

18. Payables	2007	2006
	\$'000	\$'000
Current:		
Creditors and accruals	867	1 802
Employee on-costs	47	45
Total Current Payables	914	1 847
Non-Current:		
Imprest Account	-	2
Employee on-costs	43	40
Total Non-Current Payables	43	42
Total Payables	957	1 889
Payables to Non-SA Government Entities:		
Creditors and accruals	858	1 744
Total Payables - Non-SA Government Entities	858	1 744
Payables to SA Government Entities:		
Creditors and accruals	9	58
Imprest account	-	2
Employee on-costs	90	85
Total Payables - SA Government Entities	99	145
Total Payables	957	1 889

Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employee 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.

19. Employee Benefits	2007	2006
	\$'000	\$'000
Current:		
Annual leave	177	171
Long service leave	79	76
Accrued salaries and wages	52	46
Total Current Employee Benefits	308	293
Non-Current:		
Long service leave	456	412
Total Non-Current Employee Benefits	456	412
Total Employee Benefits	764	705

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2006-07 is \$355 000 and \$499 000 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 seven to six and a half years.

20. Provisions	2007	2006
Current:	\$'000	\$'000
Provision for workers compensation	45	36
Total Current Provisions	45	36
Non-Current:		
Provision for workers compensation	125	96
Total Non-Current Provisions	125	96
Total Provisions	170	132
Reconciliation of the Provision for Workers Compensation		
Provision at 1 July	132	123
Increase in provision during the year	38	9
Provision for Workers Compensation at 30 June	170	132

21. Commitments for Expenditure		
Operating Lease Commitments:		
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial report, are payable as follows:		
Not later than one year	29	24
Later than one year and not later than five years	47	50
Total Operating Lease Commitments	76	74

The operating lease commitments comprise:

- Non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms.
- A non-cancellable photocopier lease, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreement and no option exists to renew the lease at the end of its term.

Capital Commitments

There were no capital commitments under contract for 2006-07 or 2005-06 as at the reporting date.

Remuneration Commitments

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	159	153
Later than one year and not later than five years	255	399
Total Remuneration Commitments	414	552

Amounts disclosed include commitments arising from executive and other service contracts. The Board does not offer remuneration contracts greater than five years.

Other Commitments

The Board's other commitments are for contracts for security and cleaning.

	2007	2006
	\$'000	\$'000
Not later than one year	1 115	-
Later than one year and not later than five years	1 581	-
Total Other Commitments	2 696	-

Contingent rental provisions within the contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

22. Contingent Assets and Liabilities

There are no known contingent assets and liabilities as at 30 June 2007.

23. Cash Flow Reconciliation

Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank, and short-term deposits held with Bank SA. Cash as at 30 June as shown in the Cash Flow Statement is reconciled to the items in the Balance Sheet as follows:

	2007	2006
	\$'000	\$'000
Deposits with Treasurer	2 850	2 393
Deposits with Bank SA	1 220	1 220
Cash on hand	19	9
Cash as recorded in the Balance Sheet	4 089	3 622

Interest Rate Risk

Cash and cash equivalents is recorded at its nominal amount. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Art Gallery Board are held in a Section 21 Interest Bearing Deposit Account titled the 'Art Gallery Board' and the BankSA account. Deposits with the Treasurer are bearing a floating interest rate between 5.68 percent and 6.10 percent. The interest rate for funds held at BankSA is 6.25 percent as at 30 June 2007.

	2007	2006
	\$'000	\$'000
Reconciliation of Net Cash provided by Operating Activities to Net Income from (Cost of) Providing Services		
Net cash provided by operating activities	2 800	2 943
Less: Revenues from SA Government	(5 498)	(6 061)
Add (Less): Non-cash items:		
Depreciation of property, plant and equipment	(992)	(993)
Donations of heritage collections	5 722	1 810
Gain on disposal of investments	431	53
(Loss) Gain on disposal of heritage collections	(20)	61
Changes in assets and liabilities:		
Increase (Decrease) in receivables	533	(169)
Increase in inventories	37	107
Decrease in investments	(214)	-
(Increase) Decrease in payables	(334)	38
Decrease in unearned revenue	-	65
Increase in employee benefits	(59)	(66)
Increase in provisions	(38)	(9)
Net Income from (Cost of) Providing Services	2 368	(2 221)

24. Events After Balance Date

There were no events occurring after balance date.

ATTORNEY-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Attorney-General's Department (the Department) is an Administrative Unit established pursuant to the PSMAct.

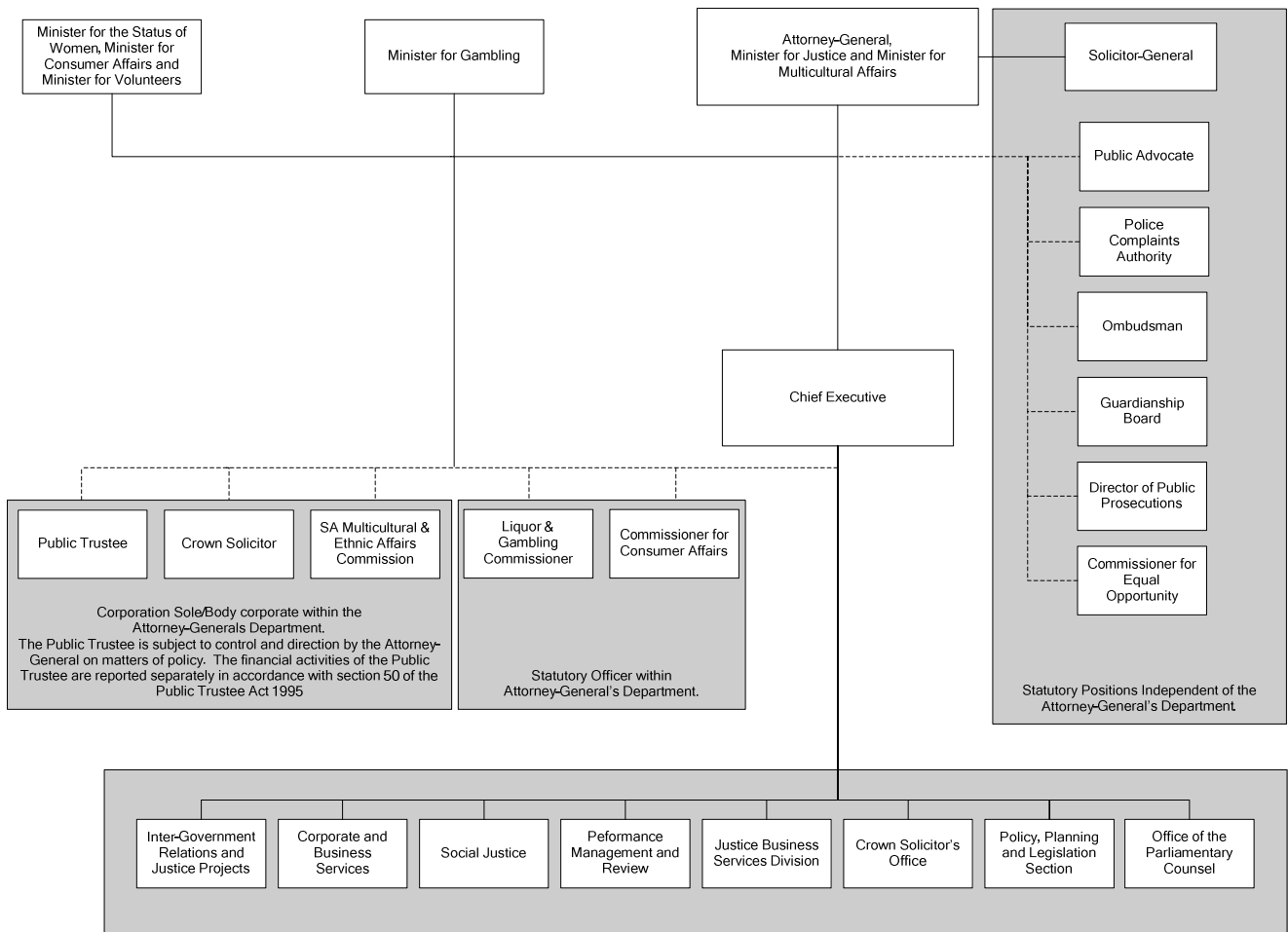
Functions

The functions of the Department are to:

- provide professional, legal and associated services to Ministers of the Crown and government agencies;
- service the people of South Australia by upholding their legal and property rights and maintaining community and business standards;
- provide strategic policy advice to the agencies comprising the Justice portfolio.

Structure

The structure of the Department is illustrated in the following organisation chart.



Changes to Functions and Structure

Effective from 1 January 2007 administrative responsibility for Forensic Science SA was transferred from the Department for Administrative and Information Services (DAIS) to the Department.

Effective from 1 April 2007 administrative responsibility for the Office for Women and the Office for Volunteers were also transferred to the Department.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- cash
- payroll
- expenditure, including the use of purchasing cards
- licensing and regulatory fee revenue
- taxation receipts
- head office revenue
- general ledger processing
- risk management
- budgetary control
- procurement and contracting.

The work of internal audit was considered when planning the audit programs.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Attorney-General's Department 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).

Assessment of Controls

In my opinion, the controls exercised by the Attorney-General's Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Attorney-General's Department have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive of the Department. Responses to the management letters were generally considered to be satisfactory. Certain matters raised with the Department and the related responses are discussed below.

Residential Tenancies Fund

The Residential Tenancies Act 1995 (the RT Act) establishes the Residential Tenancies Fund to receive security bonds provided to landlords and their agents by tenants of residential properties.

Section 62 of the RT Act requires landlords and agents to pay bonds to the Commissioner for Consumer Affairs (the Commissioner) within specified timeframes and provides that failure to do so is an expiable offence.

Review of arrangements for follow up of these provisions established that not all instances of late payment of bonds to the Commissioner are investigated nor are infringement notices issued for all identified instances of non-compliance with Section 62.

Audit recommended that the Commissioner investigate all suspected infringements under section 62 of the RT Act and seek confirmation from the Crown Solicitor as to the discretion and delegating capacity available (if any) to him when issuing expiation notices under section 62 of the RT Act. The Commissioner has undertaken to seek advice from the Crown Solicitor and this matter will be followed up as part of the 2007-08 audit.

Retail Shop Leases Fund

The Retail Shop Leases Fund (the RSLF) exists pursuant to subsection 70(1) of the *Retail and Commercial Leases Act 1995* (the RSL Act). Under section 19 of the RSL Act, security bonds paid pursuant to a retail shop lease must not exceed four weeks rent under the lease.

Audit noted that the Commissioner accepted security bonds calculated on the basis of one months rent under the lease. A security bond calculated in this manner will exceed the maximum bond payable under the RSL Act which is four weeks rent.

Audit recommended that the Commissioner ensure that security bonds are calculated and received in accordance with section 19 of the RSL Act. The Commissioner has agreed to implement corrective action consistent with the recommendation.

Office of the Liquor and Gambling Commissioner

SA TAB Pty Ltd (the licensee) currently holds the major betting operations license granted by the Governor pursuant to section 7 of the *Authorised Betting Operations Act 2000* (the ABO Act).

The major betting operations license authorises the licensee to conduct betting, including off-course totalisator betting on races held by licensed racing clubs, in accordance with the ABO Act.

It is a statutory condition of the major betting operations license that systems and procedures, or equipment of a kind (as determined by the Independent Gambling Authority) must be approved by the Liquor and Gambling Commissioner (the Commissioner). The UniTAB wagering system is used by the licensee to conduct major betting operations in South Australia.

The Commissioner's initial approval was granted following an independent evaluation of the systems and equipment operated by the licensee. The review concluded that the UniTAB wagering system was fair, robust and free from major defects. Notwithstanding, the review identified a significant number of recommendations to be considered. One of these recommendations included the performance of regular compliance audits for system changes.

Last year Audit noted that the Commissioner had not initiated regular compliance audits for system changes to the UniTAB wagering system. The Commissioner responded that resources had been made available to undertake regular compliance audits.

In July 2007 Audit noted that although the Office of the Liquor and Gambling Commissioner had made progress in understanding the nature and extent of work required, compliance audits had not yet commenced. Audit have been advised that routine compliance audits are scheduled to commence in August 2007. This matter will be reviewed by Audit in 2007-08.

Purchasing Cards

During 2006-07 Audit completed a review of the controls adopted by the Department for the issue and use of government purchasing cards. The review included an examination of compliance with the requirements of TI 13.

Audit communicated the view that the Department does not ensure that all claims submitted for reimbursement for Ministerial purchasing cards are supported by documentation as required by TI 13.12, including identification of the purpose of the expenditure.

The Department responded that in its view Department processes comply with the requirements of TI 13. There is a difference of view regarding the interpretation of the TI concerning supporting information to accompany reimbursement claims. This matter is to be further clarified with the Department of Treasury and Finance.

Forensic Science SA

The operations of the following systems are the responsibility of Forensic Science SA (FSSA). The functions of FSSA were transferred from DAIS to the Department during the year and ICT support is provided by the Department of Treasury and Finance.

CaseMan System

The CaseMan system is used, amongst other tasks, to ensure the chain of evidence is correctly recorded for criminal proceedings. Audit has reviewed various aspects of the CaseMan system and its computer processing environment over the past two years.

In late 2006, Audit reviewed matters which were outstanding from previous reviews and found that FSSA had addressed a number of areas identified earlier. Notwithstanding, further action was required to satisfactorily resolve the following:

- monitoring of remote access by the external service provider;
- updating of the business continuity plan to reflect the responsibilities of FSSA, EDS Australia and ICT Support from the Department of Treasury and Finance in the recovery of system and database versions.

The findings were communicated to the Department in December 2006 and a response was received in January 2007. The response advised of planned remedial actions to be completed by March 2007.

At the time of preparation of this Report, Audit had commenced a follow up of certain aspects of CaseMan giving consideration to:

- the changed arrangements through the Department of Treasury and Finance for ICT support of FSSA systems and facilities;
- the transition of FSSA into the overall management and control of the Department (including its ICT planning, policy and procedures and Information Security Management System).

SACREDD DNA Database System

The South Australian Criminal Reference and Evidence DNA Database (SACREDD) system tracks and manages laboratory samples through the analytical process and allows for the searching and matching of nominated DNA profiles.

Audit has reviewed the FSSA SACREDD system and its computer processing environment in previous years. The reviews have been undertaken recognising the confidential and sensitive nature of the information recorded and the need for compliance of the SACREDD (DNA database) system with specific legislative requirements.

A follow up review of the previous audit findings was undertaken at the same time as the follow up review of the CaseMan system. The review found that FSSA had addressed a number of areas, although action was still required to satisfactorily resolve some of the previous findings.

The findings were communicated to the Department in December 2006 and a response was received in January 2007. The Department advised that documented procedures were in place to ensure correct versions of SACREDD were in operation and recorded in accordance with a structured change management process. In addition, formal operational documentation was being enhanced with respect to business continuity planning and system restores.

Subsequent to the above review the *Criminal Law (Forensic Procedures) Act 2007* was enacted, replacing the previous legislation covering the operation of the SACREDD system.

At the time of preparation of this Report, Audit had commenced a follow up of certain aspects of SACREDD including:

- any procedural changes made to the SACREDD system as a result of the passing of the *Criminal Law (Forensic Procedures) Act 2007*;

- the changed arrangements through the Department of Treasury and Finance for ICT support of FSSA systems and facilities;
- the transition of FSSA into the overall management and control of the Department (including its ICT planning, policy and procedures and Information Security Management System).

ICT Management and Control

The 2005-06 Report referred to initiatives being taken to improve the management and control of ICT operations of the Department. The following summarises progress on some notable matters.

Governance and Planning

The Department is currently developing a principles document that will be used to direct ICT strategic planning for Justice Agencies and the Department's business units. The document formulation is based on the Office of Chief Information Officer's recommended practices and ICT Strategy for Government. A follow-on initiative is to develop ICT Strategic Planning document(s) for certain bodies (eg Public Trustee) with other bodies being covered by a Departmental generic ICT strategic planning document.

The Department is also looking to finalise implementation of a project management framework by December 2007. This framework is to operate across the Department and where appropriate other bodies in the Justice portfolio.

Security and Audit

A draft internal audit plan has been developed for implementation of the internal audit function in 2008.

Business Continuity Planning and Arrangements

A Business Continuity Framework and Business Continuity Project Plan have been completed which will culminate in the development of individual plans for each business unit by the end of 2007. With regard to Disaster Recovery, draft plans have been established for the recovery of core systems.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Highlights of the Financial Report

	2007	2006	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee benefits expenses	90	82	10
Supplies and services	40	39	3
Other expenses	14	14	-
Total Expenses	144	135	7
INCOME			
Revenue from fees and charges	60	56	7
Other	10	12	(17)
Total Income	70	68	3
Net Cost of Providing Services	(74)	(67)	10
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenue from SA Government	78	71	10
Payments to SA Government	(3)	(4)	(25)
Net Result before Restructure	1	-	n/a
Net Revenue from Administrative Restructure	3	-	n/a
Net Result after Restructure	4	-	n/a
NET CASH PROVIDED BY OPERATING ACTIVITIES	5	2	n/a

	2007	2006	Percentage
	\$'million	\$'million	Change
ASSETS			
Current assets	37	28	32
Non-current assets	10	8	25
Total Assets	47	36	31
LIABILITIES			
Current liabilities	16	13	23
Non-current liabilities	21	17	24
Total Liabilities	37	30	23
EQUITY	10	6	67

Income Statement

Income

During 2007 the Department collected \$59.9 million in fees and charges. Fees and charges collected from the public increased by 3.6 percent in line with approved increases in rates for business and occupational licensing.

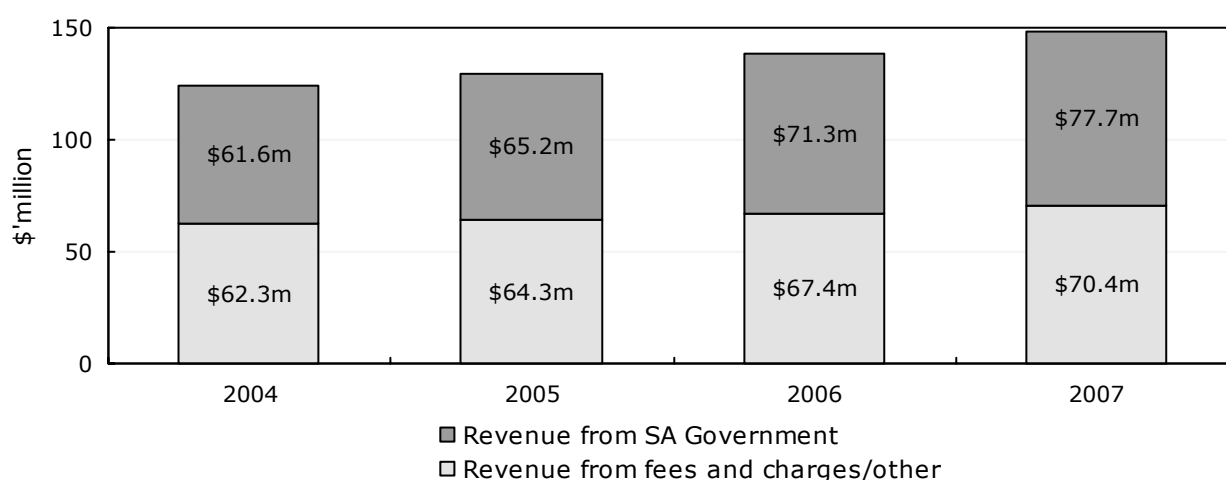
The Department also collected an additional \$34.7 million in fees and charges from other government agencies which includes fees collected from the provision of legal services, the recovery of costs associated with the administration of specific legislation, and recognition, for the first time, of fees for forensic services.

Revenues provided directly by the State Government comprised 52 percent of the Department's total income and were applied to support the range of activities outlined in Note 3 of the Department's financial report.

In 2007, the increase in revenues from the State Government mainly reflects the transfer of management responsibility for:

- FSSA from DAIS from 1 January 2007;
- the Office for Women from the Department for Families and Communities from 1 April 2007;
- the Office for Volunteers from the Department of Primary Industries and Resources from 1 April 2007.

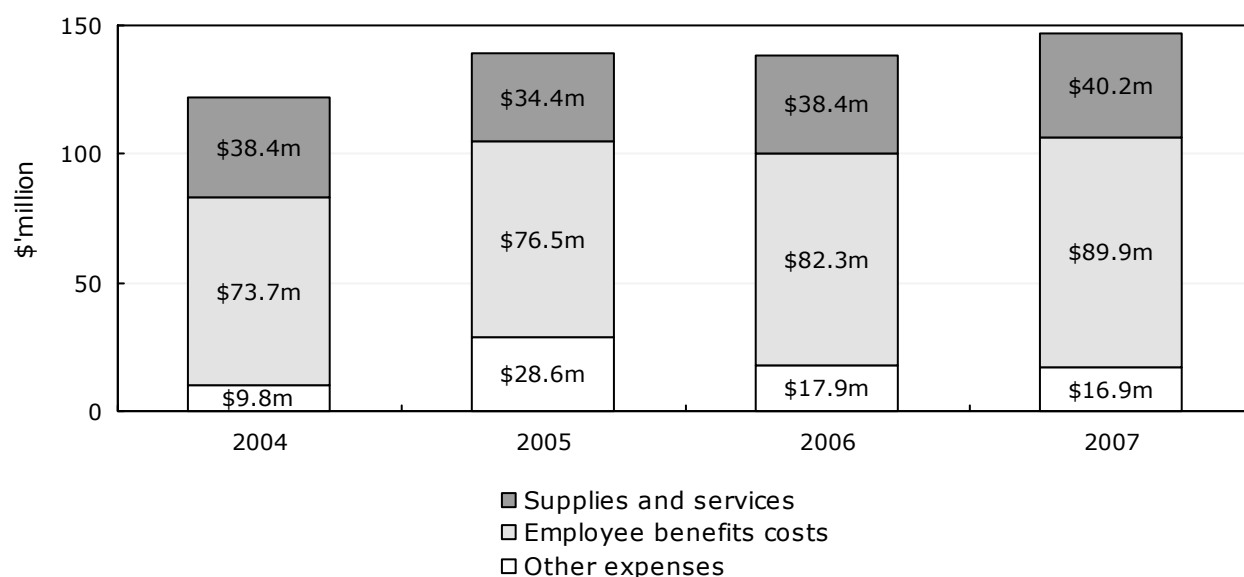
A structural analysis of income for the Department in the four years to 2007 is presented in the following chart.



Expenses

As with revenues from State Government, in 2007 the increase in employee benefits expenses of \$7.6 million mainly reflects the transfer of FSSA, the Office for Women and the Office for Volunteers to the Department. Employee benefits expenses for FSSA for the period 1 January 2007 (the date of transfer) to June 2007 were \$4.8 million.

For the four years to 2007, a structural analysis of the main operating expense items for the Department is shown in the following chart.



Other expenses includes payments to the SA Government under the Cash Alignment Policy.

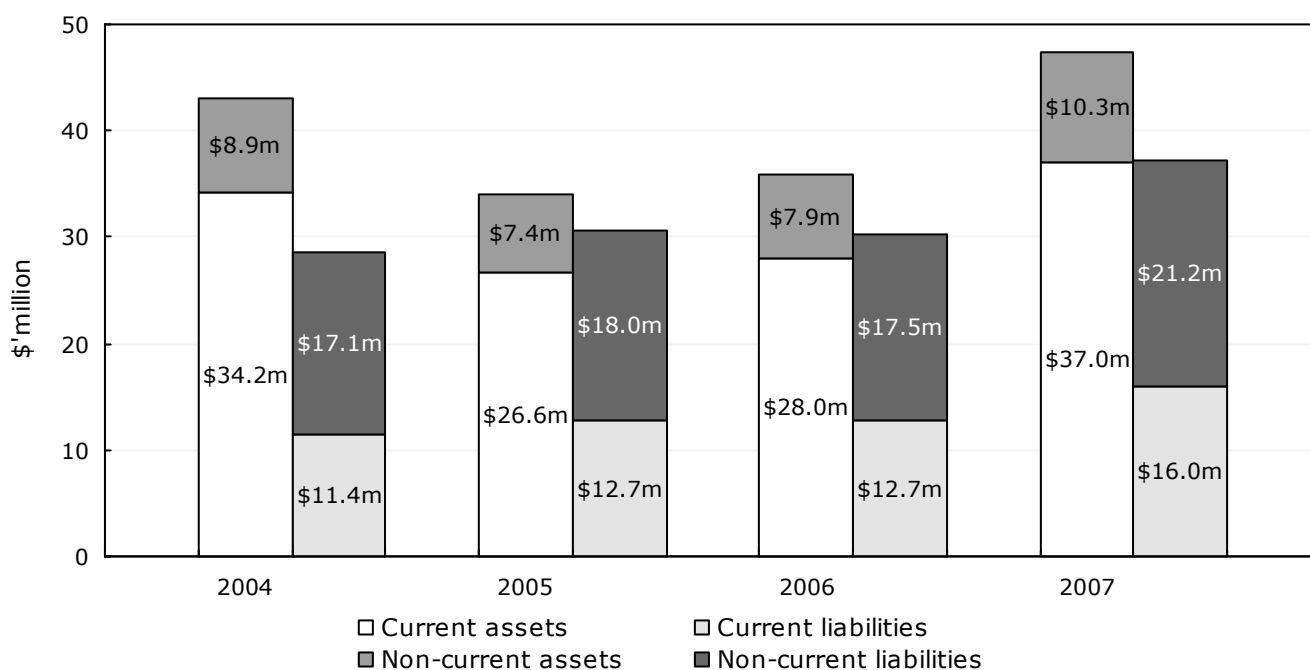
Balance Sheet

Current assets at 30 June 2007 includes cash of \$26.6 million. The balance of cash includes \$16.9 million held in an accrual appropriation account with the Treasurer. These funds are not available for general use and can only be used with the Treasurer's approval.

In 2007 current assets increased by \$9 million due mainly to the increase in cash and receivables. Receivables increased by \$3.5 million due mainly to outstanding recoveries from the Residential Tenancies Fund for salaries and wages and other costs incurred in administering the Fund, outstanding fees for the provision of legal services to other SA Government agencies and increases in IT network charges to be recovered from other entities within the Justice Portfolio.

Total liabilities have increased by \$7.1 million to \$37.2 million due mainly to the increase in employee benefits. Employee benefits have increased by \$5.1 million due mainly to the transfer of FSSA staff.

For the four years to 2007, a structural analysis of assets and liabilities is shown in the following chart.



Cash Flow Statement

The following table summarises the net cash flows for the four years to 2007.

	2007	2006	2005	2004
	\$'million	\$'million	\$'million	\$'million
Net Cash Flows				
Operations	4.5	2.4	(2.7)	2.3
Investing	(0.8)	(0.5)	(1.7)	(1.2)
Financing	1.1	-	-	-
Change in Cash	4.8	1.9	(4.4)	1.1
Cash at 30 June	26.6	21.8	19.9	24.3

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT FOR ADMINISTERED ACTIVITIES**Highlights of the Financial Report**

The administered items of the Department are identified in Note 2.2 to the Financial Report.

	2007	2006	Percentage
	\$'million	\$'million	Change
INCOME			
Revenue from SA Government	58	58	-
Taxation	347	324	7
Community Emergency Services Fund revenue	-	152	(100)
Other income	63	55	15
Total Income	468	589	(21)
EXPENSES			
Payments to Consolidated Account	372	353	5
Emergency Services Levy payments	-	127	(100)
Grants	32	34	(6)
Other expenses	44	41	7
Total Expenses	448	555	(19)
Net Result before Restructure	20	34	(41)
Net Revenue (Expense) from Restructure	-	(44)	(100)
Net Result after Restructure	20	(10)	n/a
NET CASH PROVIDED BY OPERATING ACTIVITIES	28	32	(13)
ASSETS			
Current assets	164	132	24
Non-current assets	78	76	3
Total Assets	242	208	16
LIABILITIES			
Current liabilities	78	71	10
Non-current liabilities	41	35	17
Total Liabilities	119	106	12
EQUITY	123	102	21

Statement of Administered Income and Expenses

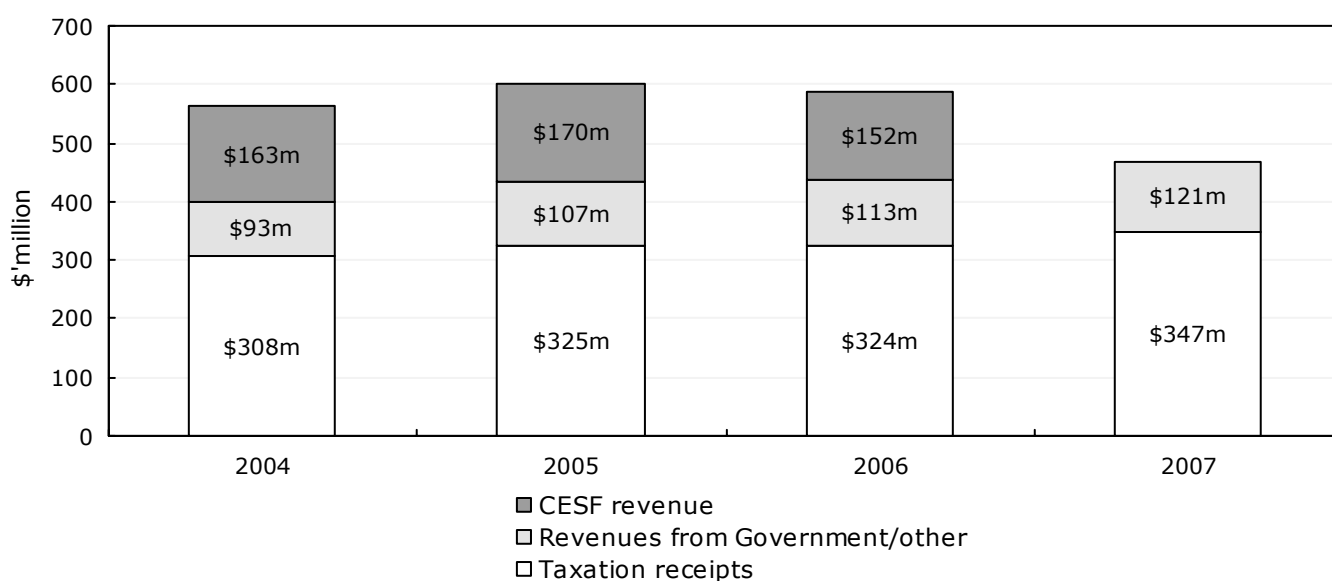
Administered Income

Income administered by the Department includes taxation receipts collected on behalf of Government and revenues from Government to support the costs associated with the Department's administered activities.

Taxation receipts comprise gaming tax collected pursuant to the *Gaming Machines Act 1992* (GM Act), taxation receipts collected from operations at the Adelaide Casino and off course totalisator tax collected on racing operations. In 2007 taxation receipts increased by \$23 million to \$347 million due mainly to the \$20 million increase in the tax generated from gaming machines.

Administrative responsibility for the Community Emergency Services Fund (the CES Fund) was transferred to the South Australian Fire and Emergency Services Commission (SAFECOM) effective from 1 April 2006. This transfer of administrative responsibility is reflected in the reduction in total income and expenditure administered by the Department.

For the four years to 2007 a structural analysis of administered incomes for the Department is presented in the following chart.



Administered Expenses

Payment to the Treasurer of taxation and other receipts are the Department's largest administered expenses which has increased in line with the increase in the receipts. The transfer of responsibility for administering the CES Fund to SAFECOM from 1 April 2006 has reduced the Department's administered expenditure while other significant variations were due to:

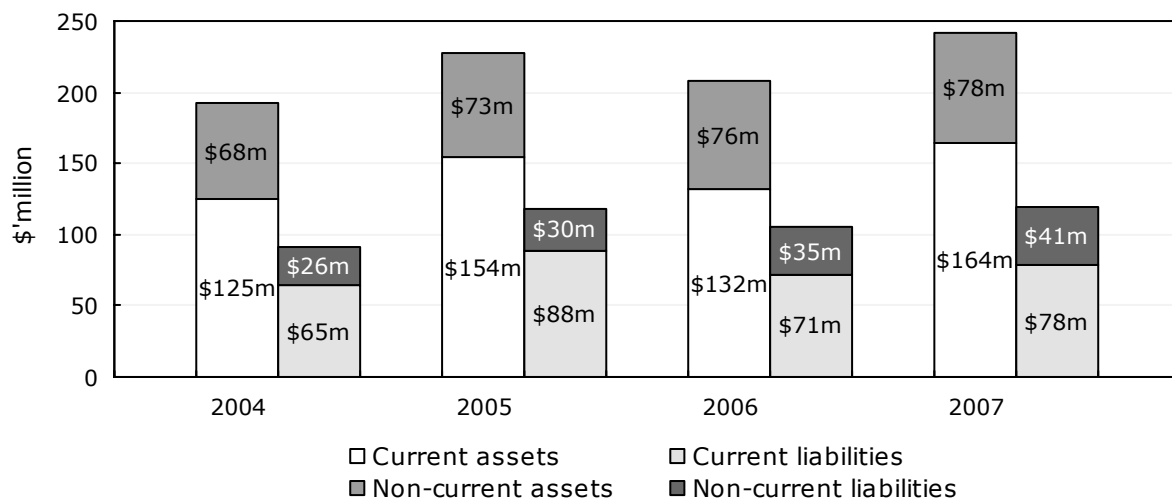
- the transfer to the Department from the Police Department of responsibility for meeting costs associated with the State Rescue Helicopter Service;
- a reduction in payments from the Agents Indemnity Fund as claims related to default by a specific agent are settled.

Statement of Administered Assets and Liabilities

At 30 June 2007 the Department administered net assets totalling \$123 million. Net assets included:

- \$29.5 million of taxation revenue due but not yet received;
- cash and investments of \$48.9 million held in the Agents Indemnity Fund to provide compensation for persons who have suffered financial loss as a result of past or future fiduciary default of land agents or conveyances;
- cash totalling \$18.8 million held for Victims of Crime.

In 2007 current assets increased by \$31.6 million due mainly to investment returns on funds held with the Public Trustee and a reduction in the value of claims against the Agents Indemnity Fund.



Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2007.

	2007 \$'million	2006 \$'million	2005 \$'million	2004 \$'million
Net Cash Flows				
Operations	28.3	31.8	34.1	(202.8)
Investing	(8.9)	(6.1)	(8.8)	(5.2)
Financing	0.3	(44.3)	-	-
Change in Cash	19.7	(18.6)	25.3	(208.0)
Cash at 30 June	94.7	75.0	93.6	68.3

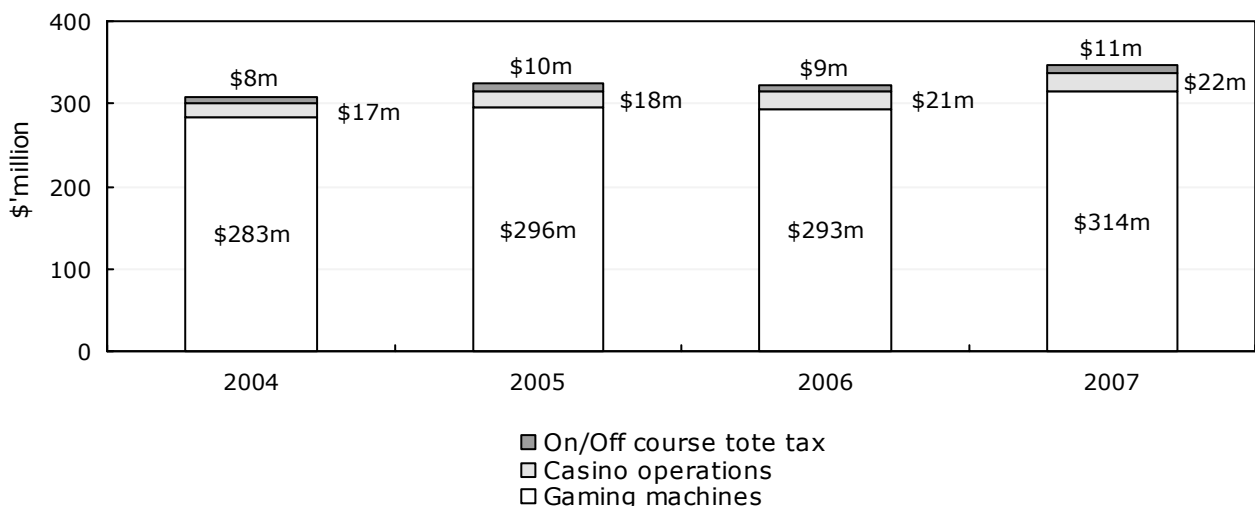
The significant cash outflow from financing activity in 2005-06 was largely attributable to the transfer of responsibility for administration of the Community Emergency Services Fund from the Department to SAFECOM. The large operating cash outflow for 2003-04 followed a change in banking arrangements which impacted on the timing of the transfer of taxation and other receipts to the Consolidated Account.

FURTHER COMMENTARY ON OPERATIONS

Taxation

Taxation revenue for 2006-07 totalled \$347 million (\$324 million).

For the four years to 2007 a structural analysis of taxation revenue is presented in the following chart.



The following information is provided in relation to revenue from gaming machines.

Gaming Machine Administration

The GM Act section 5, provides that the Liquor and Gambling Commissioner is responsible to the Independent Gambling Authority for the scrutiny of the operations of all licences under the GM Act.

Under the GM Act, the operations of gaming machines in licensed premises must return winnings to players of not less than 85 percent in the case of machines installed prior to 31 May 2001, and 87.5 percent in the case of machines installed subsequent to that date. A prescribed percentage of the net gambling revenue (NGR) is then required to be paid to the Treasurer (Consolidated Account).

The *Gaming Machines (Miscellaneous) Amendment Act 2005* was proclaimed on 13 January 2005. Key provisions of the Act included the:

- introduction of gaming machine entitlements for each authorised gaming machine licence;
- transferability of gaming machine entitlements at a fixed price.

Provisions reflecting the maximum number of gaming machines that can be operated under a licence did not come into affect until 1 July 2005.

The following table summarises gaming machine activity for four years to 2007.

	2007	2006	2005	2004
	Number	Number	Number	Number
Machines (installed as at 30 June)	12 581	12 598	14 062	14 799

	2007	2006	2005	2004
	\$'million	\$'million	\$'million	\$'million
Turnover	8 009	7 339	6 995	6 502
Amount Won	7 217	6 588	6 246	5 778
NGR	793	751	749	724
Tax	314	293	296	283

Independent Gaming Corporation Limited

Pursuant to section 25 of the GM Act, the Liquor and Gambling Commissioner granted the gaming machine monitoring licence to the Independent Gaming Corporation (IGC). The IGC is, under this licence, charged with the responsibility for monitoring the operations of gaming machine licensees.

Section 75 of the GM Act, specifically provides for the accounts and operations of the IGC to be audited by the Auditor-General.

With respect to the 2006-07 operations, the audit of the IGC has been completed and an unqualified audit opinion issued.

Victims of Crime Fund

The Department is responsible for administering the *Victims of Crime Act 2001* (the VOC Act).

The VOC Act establishes principles for the treatment of victims of crime and provides rights to statutory compensation for injuries suffered as a result of criminal offences. Injury can include physical injury or mental illness if they are the result of the crime, but does not include property loss or damage.

The maximum compensation that may be awarded under the VOC Act is \$50 000. Compensation is only available if an offence can be proved beyond a reasonable doubt. A claim can succeed without a known offender.

Payments made for the year through the Special Deposit Account titled 'Victims of Crime Fund' totalled \$13.5 million (\$12.9 million) on account of 1227 (1360) compensation claims. Payments from the Fund include legal and other costs incurred in the administration of the Fund.

Recoveries from Offenders

The VOC Act empowers the Attorney-General to recover the cost of compensation payments from offenders who were convicted of the offence to which the compensation relates. Recovery of amounts is difficult as most compensation claims are for unknown offenders. This is demonstrated by the following:

- The amounts recovered directly from offenders during the year totalled \$1.1 million (\$1.3 million);
- Outstanding amounts at 30 June 2007 were \$50.3 million (\$45.2 million). Since the inception of the Fund, \$34.8 million (\$31.8 million) has been written off.

A further \$1.2 million (\$800 000) was recovered from offenders pursuant to the *Criminal Asset Confiscation Act 2005*.

In order to supplement these funds a levy is imposed by the VOC Act on all persons convicted of offences and on expiation notices. Levies for 2006-07 totalled \$8 million (\$8 million). In addition, for 2006-07 the Government appropriated \$6.5 million (\$6.4 million) to the Fund.

**Income Statement
for the year ended 30 June 2007**

		2007	2006
EXPENSES	Note	\$'000	\$'000
Employee benefits expenses	5	89 932	82 314
Supplies and services	6	40 228	38 411
Grants and subsidies	7	10 112	10 533
Depreciation and amortisation	8	3 085	2 389
Net loss from disposal of assets	9	19	87
Other expenses	10	1 181	909
Total Expenses		144 557	134 643
INCOME			
Revenues from fees and charges	12	59 905	55 663
Recoveries	13	4 675	5 587
Commonwealth revenues		3 159	3 036
Interest revenues	14	1	1 186
Other income	15	2 674	1 909
Total Income		70 414	67 381
NET COST OF PROVIDING SERVICES		(74 143)	(67 262)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	16	77 664	71 271
Payments to SA Government	16	2 541	3 962
NET RESULT BEFORE RESTRUCTURE		980	47
Net revenue from administrative restructure	17	3 280	-
NET RESULT AFTER RESTRUCTURE		4 260	47
NET RESULT AFTER RESTRUCTURE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		4 260	47

**Balance Sheet
as at 30 June 2007**

	Note	2007	2006
		\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	18	26 564	21 788
Receivables	19	9 430	5 935
Other	20	1 027	326
Total Current Assets		37 021	28 049
NON-CURRENT ASSETS:			
Property, plant and equipment	21(a)	9 644	7 949
Intangible assets	22	664	-
Total Non-Current Assets		10 308	7 949
Total Assets		47 329	35 998
CURRENT LIABILITIES:			
Payables	23	6 943	5 152
Employee benefits	24	8 113	6 582
Provisions	25	286	242
Other	26	622	712
Total Current Liabilities		15 964	12 688
NON-CURRENT LIABILITIES:			
Payables	23	1 919	1 617
Employee benefits	24	17 758	14 201
Provisions	25	1 152	1 014
Other	26	419	621
Total Non-Current Liabilities		21 248	17 453
Total Liabilities		37 212	30 141
NET ASSETS		10 117	5 857
EQUITY:			
Asset revaluation reserve		4 000	4 000
Retained earnings		6 117	1 857
TOTAL EQUITY		10 117	5 857
TOTAL EQUITY ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		10 117	5 857
Commitments	28		
Contingent assets and liabilities	29		

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Asset		Total \$'000
	Revaluation Reserve \$'000	Retained Earnings \$'000	
Balance at 30 June 2005	1 512	1 810	3 322
Gain on revaluation of leasehold improvements during 2005-06	2 087	-	2 087
Gain on revaluation of land during 2005-06	300	-	300
Gain on revaluation of plant and equipment during 2005-06	39	-	39
Gain on revaluation of mobile transport assets during 2005-06	49	-	49
Gain on revaluation of buildings during 2005-06	13	-	13
Net income/expense recognised directly in equity for 2005-06	2 488	-	2 488
Net result after restructure for 2005-06	-	47	47
Total Recognised Income and Expense for 2005-06	2 488	47	2 535
Balance at 30 June 2006	4 000	1 857	5 857
Net result after restructure for 2006-07	-	4 260	4 260
Total Recognised Income and Expense for 2006-07	-	4 260	4 260
Balance at 30 June 2007	4 000	6 117	10 117

All Changes in Equity are attributable to the SA Government as owner

Cash Flow Statement for the year ended 30 June 2007

	2007	2006
	Inflows	Inflows
	(Outflows)	(Outflows)
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH OUTFLOWS:	Note	
Employee benefit payments	(87 561)	(82 222)
Grants and subsidies	(10 112)	(10 533)
GST payments on purchases	(7 056)	(6 334)
Other payments	(39 989)	(39 662)
Cash used in Operations	(144 718)	(138 751)
CASH INFLOWS:		
Fees and charges	57 282	55 752
GST receipts on revenue	4 137	3 551
Receipts from Commonwealth	3 159	3 036
GST input tax credits	2 715	2 775
Interest received	41	1 177
Other receipts	6 790	7 496
Cash generated from Operations	74 124	73 787
CASH FLOWS FROM SA GOVERNMENT:		
Receipts from SA Government	77 664	71 271
Payment to SA Government	(2 541)	(3 962)
Cash generated from SA Government	75 123	67 309
Net Cash provided by Operating Activities	4 529	2 345
	27	
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Purchase of property, plant and equipment	(800)	(471)
Net Cash used in Investing Activities	(800)	(471)
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH INFLOWS:		
Receipts from restructure activities	1 047	-
Net Cash provided by Financing Activities	1 047	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	4 776	1 874
CASH AND CASH EQUIVALENTS AT 1 JULY	21 788	19 914
CASH AND CASH EQUIVALENTS AT 30 JUNE	26 564	21 788
	18	

**Program Class Schedule of Expenses and Income
for the year ended 30 June 2007**

(Refer Note 3)	Program 1 \$'000	Program 2 \$'000	Program 3 \$'000	Program 4 \$'000	Program 5 \$'000	Program 6 \$'000
EXPENSES:						
Employee benefits expenses	(39 363)	(4 364)	(1 576)	(934)	(1 154)	(2 822)
Supplies and services	(8 102)	(1 579)	(634)	(285)	(331)	(1 065)
Grants and subsidies	(3 307)	(767)	(25)	-	-	(27)
Depreciation and amortisation	(619)	(21)	(93)	(42)	(43)	(9)
Net loss from disposal of assets	-	-	(11)	-	(8)	-
Other expenses	(1 159)	-	-	-	-	-
Total Expenses	(52 550)	(6 731)	(2 339)	(1 261)	(1 536)	(3 923)
INCOME:						
Revenues from fees and charges	13 289	2 860	139	1	1	3
Recoveries	1 835	50	16	2	11	18
Commonwealth revenues	32	52	11	-	1	1
Interest revenues	-	-	-	-	-	-
Other income	25	17	1	1	1	2
Total Income	15 181	2 979	167	4	14	24
NET COST OF PROVIDING SERVICES	(37 369)	(3 752)	(2 172)	(1 257)	(1 522)	(3 899)
(Refer Note 3)	Program 7 \$'000	Program 8 \$'000	Program 9 \$'000	Program 10 \$'000	Program 11 \$'000	Program 12 \$'000
EXPENSES:						
Employee benefits expenses	(4 826)	(467)	(1 391)	(11 557)	(14 955)	(201)
Supplies and services	(3 824)	(69)	(290)	(15 524)	(6 384)	(244)
Grants and subsidies	(8)	(402)	(31)	(5 397)	(46)	(89)
Depreciation and amortisation	(904)	(3)	(143)	(671)	(374)	-
Net loss from disposal of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	(22)	-
Total Expenses	(9 562)	(941)	(1 855)	(33 149)	(21 781)	(534)
INCOME:						
Revenues from fees and charges	1 716	1	2	12 222	28 340	-
Recoveries	10	104	639	1 225	715	-
Commonwealth revenues	2	-	1	3 047	8	-
Interest revenues	-	-	-	1	-	-
Other income	3	-	1	6	11	551
Total Income	1 731	105	643	16 501	29 074	551
NET COST OF PROVIDING SERVICES	(7 831)	(836)	(1 212)	(16 648)	7 293	17

**Program Class Schedule of Expenses and Income
for the year ended 30 June 2007 (continued)**

(Refer Note 3)	Program 13 \$'000	Program 14 \$'000	Program 15 \$'000	2007 Total \$'000
EXPENSES:				
Employee benefits expenses	(373)	(2 830)	(3 119)	(89 932)
Supplies and services	(229)	(1 306)	(362)	(40 228)
Grants and subsidies	(13)	-	-	(10 112)
Depreciation and amortisation	-	(139)	(24)	(3 085)
Net loss from disposal of assets	-	-	-	(19)
Other expenses	-	-	-	(1 181)
Total Expenses	(615)	(4 275)	(3 505)	(144 557)
INCOME:				
Revenues from fees and charges	-	1 326	5	59 905
Recoveries	34	6	10	4 675
Commonwealth revenues	-	2	2	3 159
Interest revenues	-	-	-	1
Other income	540	90	1 425	2 674
Total Income	574	1 424	1 442	70 414
NET COST OF PROVIDING SERVICES	(41)	(2 851)	(2 063)	(74 143)

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

(Refer Note 3)	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:						
Employee benefits expenses	(37 158)	(4 313)	(1 606)	(976)	(1 249)	(2 443)
Supplies and services	(10 612)	(1 446)	(877)	(248)	(389)	(1 108)
Grants and subsidies	(3 484)	(704)	-	-	-	(27)
Depreciation and amortisation	(741)	(19)	(90)	(48)	(49)	(12)
Net loss from disposal of assets	(37)	-	-	-	-	-
Other expenses	(874)	-	-	-	-	-
Total Expenses	(52 906)	(6 482)	(2 573)	(1 272)	(1 687)	(3 590)
INCOME:						
Revenues from fees and charges	14 250	2 696	173	-	-	-
Recoveries	2 575	52	84	7	17	13
Commonwealth revenues	9	2	69	-	-	-
Interest revenues	-	-	-	-	-	-
Other income	128	44	27	-	-	-
Total Income	16 962	2 794	353	7	17	13
NET COST OF PROVIDING SERVICES	(35 944)	(3 688)	(2 220)	(1 265)	(1 670)	(3 577)
(Refer Note 3)	Program 7	Program 8	Program 9	Program 10	Program 11	Program 12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:						
Employee benefits expenses	-	(475)	(1 472)	(12 190)	(14 599)	-
Supplies and services	-	(145)	(457)	(14 960)	(6 211)	-
Grants and subsidies	-	(892)	(31)	(5 367)	(28)	-
Depreciation and amortisation	-	(9)	(81)	(693)	(382)	-
Net loss from disposal of assets	-	(2)	-	(20)	(3)	-
Other expenses	-	-	-	-	(35)	-
Total Expenses	-	(1 523)	(2 041)	(33 230)	(21 258)	-
INCOME:						
Revenues from fees and charges	-	-	-	10 076	27 041	-
Recoveries	-	79	459	1 711	564	-
Commonwealth revenues	-	-	-	2 947	7	-
Interest revenues	-	-	-	1 186	-	-
Other income	-	-	-	406	282	-
Total Income	-	79	459	16 326	27 894	-
NET COST OF PROVIDING SERVICES	-	(1 444)	(1 582)	(16 904)	6 636	-

**Program Class Schedule of Expenses and Income
for the year ended 30 June 2006 (continued)**

(Refer Note 3)	Program 13 \$'000	Program 14 \$'000	Program 15 \$'000	2006 Total \$'000
EXPENSES:				
Employee benefits expenses	-	(2 700)	(3 133)	(82 314)
Supplies and services	-	(1 288)	(670)	(38 411)
Grants and subsidies	-	-	-	(10 533)
Depreciation and amortisation	-	(151)	(114)	(2 389)
Net loss from disposal of assets	-	(9)	(16)	(87)
Other expenses	-	-	-	(909)
Total Expenses	-	(4 148)	(3 933)	(134 643)
INCOME:				
Revenues from fees and charges	-	1 134	293	55 663
Recoveries	-	20	6	5 587
Commonwealth revenues	-	2	-	3 036
Interest revenues	-	-	-	1 186
Other income	-	41	981	1 909
Total Income	-	1 197	1 280	67 381
NET COST OF PROVIDING SERVICES:	-	(2 951)	(2 653)	(67 262)

**Statement of Administered Income and Expenses
for the year ended 30 June 2007**

		2007	2006
INCOME:	Note	\$'000	\$'000
Taxation revenue	32	347 001	323 621
Community Emergency Services Fund revenue		-	151 938
Revenues from SA Government	33	58 232	57 954
Commonwealth Specific Purpose grants	34	26 115	25 406
Interest revenue	35	19 506	15 917
Victims of Crime levies		7 955	7 954
Fees and charges		2 570	3 206
Recoveries and other income	36	6 251	2 909
Total Income		467 630	588 905
EXPENSES:			
Payments to Consolidated Account		372 377	352 713
Community Emergency Services Fund payments		-	126 662
Grants	37	31 766	34 473
Victims of Crime payments	38	13 459	12 878
State Rescue Helicopter Service charges	39	9 149	-
Employee benefits expenses	40	6 791	6 718
Depreciation	41	213	346
Net loss from disposal of assets	42	14	-
Other expenses	43	14 189	20 995
Total Expenses		447 958	554 785
NET COST OF PROVIDING SERVICES		19 672	34 120
Net revenue (expense) from administrative restructure	44	198	(44 337)
NET RESULT AFTER RESTRUCTURE		19 870	(10 217)
NET RESULT AFTER RESTRUCTURE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		19 870	(10 217)

**Statement of Administered Assets and Liabilities
as at 30 June 2007**

	Note	2007	2006
		\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	45	94 711	75 008
Receivables	46	31 028	26 534
Financial assets	47	36 103	27 557
Other current assets	48	2 054	3 182
Total Current Assets		163 896	132 281
NON-CURRENT ASSETS:			
Financial assets	47	76 778	75 176
Property, plant and equipment	49(a)	823	707
Total Non-Current Assets		77 601	75 883
Total Assets		241 497	208 164
CURRENT LIABILITIES:			
Payables	50	4 141	3 566
Employee benefits	51	190	231
Other current liabilities	52	73 420	67 371
Total Current Liabilities		77 751	71 168
NON-CURRENT LIABILITIES:			
Payables	50	12	34
Employee benefits	51	113	298
Other non-current liabilities	52	40 620	35 134
Total Non-Current Liabilities		40 745	35 466
Total Liabilities		118 496	106 634
NET ASSETS		123 001	101 530
EQUITY:			
Retained earnings		113 009	93 139
Asset revaluation reserve		9 992	8 391
TOTAL EQUITY		123 001	101 530
THE TOTAL EQUITY ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		123 001	101 530
Commitments	54		
Contingent assets and liabilities	55		

**Statement of Changes in Administered Equity
for the year ended 30 June 2007**

	Asset		Total
	Revaluation Reserve	Retained Earnings	
	\$'000	\$'000	\$'000
Balance at 30 June 2005	5 226	103 356	108 582
Gain on revaluation of investments during 2005-06	2 739	-	2 739
Gain on revaluation of leasehold improvements during 2005-06	411	-	411
Gain on revaluation of furniture during 2005-06	15	-	15
Net income/expense recognised directly in equity for 2005-06	3 165	-	3 165
Net result after restructure for 2005-06	-	(10 217)	(10 217)
Total Recognised Income and Expense for 2005-06	3 165	(10 217)	(7 052)
Balance at 30 June 2006	8 391	93 139	101 530
Gain on revaluation of investments during 2006-07	1 601	-	1 601
Net income/expense recognised directly in equity for 2006-07	1 601	-	1 601
Net result after restructure for 2006-07	-	19 870	19 870
Total Recognised Income and Expense for 2006-07	1 601	19 870	21 471
Balance at 30 June 2007	9 992	113 009	123 001

All Changes in Equity are attributable to the SA Government as owner

**Statement of Administered Cash Flows
for the year ended 30 June 2007**

	2007	2006
	Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH INFLOWS:	\$'000	\$'000
Taxation receipts	342 750	325 175
Community Emergency Services Fund revenue	-	151 938
Receipts from SA Government	58 415	65 412
Commonwealth Specific Purpose grant	26 115	25 406
Interest received	18 785	16 124
Victims of Crime levies	7 957	7 909
Fees and charges	2 631	3 206
Other receipts	6 144	2 918
Cash generated from Operations	462 797	598 088
CASH OUTFLOWS:		
Payments to Consolidated Account	(370 486)	(376 203)
Community Emergency Services Fund payments	-	(126 662)
Grants	(31 766)	(34 473)
Victims of Crime compensation payments	(13 459)	(12 878)
Employee benefit payments	(7 048)	(6 721)
Other payments	(11 764)	(9 295)
Cash used in Operations	(434 523)	(566 232)
Net Cash provided by Operating Activities	28 274	31 856
	53	
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Payments for investments	(8 545)	(6 108)
Payments for property, plant and equipment	(343)	(31)
Cash used in Investing Activities	(8 888)	(6 139)
Net Cash used in Investing Activities	(8 888)	(6 139)
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH INFLOWS (OUTFLOWS):		
Receipts (Payments) from restructure activities	317	(44 337)
Cash provided by (used in) Financing Activities	317	(44 337)
Net Cash provided by (used in) Financing Activities	317	(44 337)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19 703	(18 620)
CASH AND CASH EQUIVALENTS AT 1 JULY	75 008	93 628
CASH AND CASH EQUIVALENTS AT 30 JUNE	94 711	75 008
	45	

**Program Schedule of Administered Income and Expenses
for the year ended 30 June 2007**

(Refer Note 4)	Program	Program	Program	Program	Program	Program
ADMINISTERED INCOME AND EXPENSES:	1	2	3	4	5	6
INCOME:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Taxation revenue	347 001	-	-	-	-	-
Community Emergency Services Fund revenue	-	-	-	-	-	-
Revenues from SA Government	5 834	-	6 469	6 447	-	96
Commonwealth Specific Purpose grants	-	12 755	-	-	-	-
Victims of Crime levies	-	-	7 955	-	-	-
Fees and charges	2 329	241	-	-	-	-
Interest revenue	-	11 770	1 045	-	-	-
Recoveries and other income	16	431	2 383	2 678	-	-
Total Administered Income	355 180	25 197	17 852	9 125	-	96
EXPENSES:						
Payments to Consolidated Account	(345 018)	(12 756)	-	(1 043)	-	-
Community Emergency Services Fund payments	-	-	-	-	-	-
Grants	(4 232)	-	(2 224)	-	-	-
Victims of Crime payments	-	-	(13 459)	-	-	-
State Rescue Helicopter Service charges	-	-	-	(9 149)	-	-
Employee benefits expenses	-	-	-	-	-	(6)
Depreciation	-	-	-	-	-	-
Net loss from disposal of assets	-	-	-	-	-	-
Other expenses	(110)	(974)	(3 009)	(62)	-	(90)
Total Administered Expenses	(349 360)	(13 730)	(18 692)	(10 254)	-	(96)
NET COST OF PROVIDING SERVICES	5 820	11 467	(840)	(1 129)	-	-

(Refer Note 4)	Program	Program	Program	Program	2007
ADMINISTERED INCOME AND EXPENSES:	7	8	9	10	Total
INCOME:	\$'000	\$'000	\$'000	\$'000	\$'000
Taxation revenue	-	-	-	-	347 001
Community Emergency Services Fund revenue	-	-	-	-	-
Revenues from SA Government	-	4 499	24 868	10 019	58 232
Commonwealth Specific Purpose grants	-	-	13 360	-	26 115
Victims of Crime levies	-	-	-	-	7 955
Fees and charges	-	-	-	-	2 570
Interest revenue	6 675	-	-	16	19 506
Recoveries and other income	180	290	-	273	6 251
Total Administered Income	6 855	4 789	38 228	10 308	467 630
EXPENSES:					
Payments to Consolidated Account	-	-	(13 360)	(200)	(372 377)
Community Emergency Services Fund payments	-	-	-	-	-
Grants	-	-	(24 868)	(442)	(31 766)
Victims of Crime payments	-	-	-	-	(13 459)
State Rescue Helicopter Service charges	-	-	-	-	(9 149)
Employee benefits expenses	(3 268)	(745)	-	(2 772)	(6 791)
Depreciation	(101)	(71)	-	(41)	(213)
Net loss from disposal of assets	(14)	-	-	-	(14)
Other expenses	(1 428)	(3 039)	-	(5 477)	(14 189)
Total Administered Expenses	(4 811)	(3 855)	(38 228)	(8 932)	(447 958)
NET COST OF PROVIDING SERVICES	2 044	934	-	1 376	19 672

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

(Refer Note 4)	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
ADMINISTERED INCOME AND EXPENSES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME:						
Taxation revenue	323 621	-	-	-	-	-
Community Emergency Services Fund revenue	-	-	-	-	151 938	-
Revenues from SA Government	9 694	1	6 355	-	-	1 975
Victims of Crime levies	-	-	7 954	-	-	-
Fees and charges	2 878	328	-	-	-	-
Commonwealth Specific Purpose grants	-	12 264	-	-	-	-
Interest revenue	-	8 734	962	-	1 481	-
Recoveries and other income	-	428	2 098	-	-	-
Total Administered Income	336 193	21 755	17 369	-	153 419	1 975
EXPENSES:						
Payments to Consolidated Account	(327 107)	(12 264)	-	-	-	-
Community Emergency Services Fund payments	-	-	-	-	(126 641)	-
Grants	(7 301)	-	(2 235)	-	-	-
Victims of Crime payments	-	-	(12 878)	-	-	-
State Rescue Helicopter Service charges	-	-	-	-	-	-
Employee benefits expenses	-	(427)	-	-	-	(12)
Depreciation	-	-	-	-	-	-
Net loss from disposal of assets	-	-	-	-	-	-
Other expenses	(1 036)	(6 300)	(2 427)	-	-	(762)
Total Administered Expenses	(335 444)	(18 991)	(17 540)	-	(126 641)	(774)
NET COST OF PROVIDING SERVICES	749	2 764	(171)	-	26 778	1 201

(Refer Note 4)	Program 7	Program 8	Program 9	Program 10	2006 Total
ADMINISTERED INCOME AND EXPENSES	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME:					
Taxation revenue	-	-	-	-	323 621
Community Emergency Services Fund revenue	-	-	-	-	151 938
Revenues from SA Government	-	5 963	24 459	9 507	57 954
Victims of Crime levies	-	-	-	-	7 954
Fees and charges	-	-	-	-	3 206
Commonwealth Specific Purpose grants	-	-	13 142	-	25 406
Interest revenue	4 726	-	-	14	15 917
Recoveries and other income	167	-	-	216	2 909
Total Administered Income	4 893	5 963	37 601	9 737	588 905
EXPENSES:					
Payments to Consolidated Account	-	-	(13 142)	(200)	(352 713)
Community Emergency Services Fund payments	-	-	-	(21)	(126 662)
Grants	-	-	(24 459)	(478)	(34 473)
Victims of Crime payments	-	-	-	-	(12 878)
State Rescue Helicopter Service charges	-	-	-	-	-
Employee benefits expenses	(3 106)	(648)	-	(2 525)	(6 718)
Depreciation	(302)	(4)	-	(40)	(346)
Net loss from disposal of assets	-	-	-	-	-
Other expenses	(1 556)	(3 603)	-	(5 311)	(20 995)
Total Administered Expenses	(4 964)	(4 255)	(37 601)	(8 575)	(554 785)
NET COST OF PROVIDING SERVICES	(71)	1 708	-	1 162	34 120

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Attorney-General's Department

The aim of the Attorney-General's Department (the Department) is to help create a safe and secure environment in which the public of South Australia can live and work and where the rights of individuals are protected, to advise government agencies and statutory authorities in minimisation of the government's exposure to legal and business risk, and provide forensic services in relation to coronial and police investigations. The Department also provides consumer law-related, regulatory services, and complaint handling function to the South Australian community.

The Department believes that the following corporate objectives are critical to its operational success. The Department will:

- recognise the importance of good leadership by managers, supervisors and team leaders;
- facilitate and encourage open communications and participative decision making and provide easy access to all information and publications of relevance to staff;
- foster client satisfaction by providing high quality services which meet their needs;
- maintain high professional and management standards, including encouraging professional membership and participation of professional bodies, and provide identified training programs which are consistent with the strategic direction of Government and Departmental objectives;
- recognise performance management and quality principles as tools which assist the organisation to evaluate the contribution of its people in day-to-day activities and which contributes to continuous performance improvement and learning;
- recognise that through policy and planning the organisation's values are communicated, adopted and reinforced throughout the organisation;
- facilitate a cooperative and participative industrial relations culture through the Enterprise Bargaining process.

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

The financial report is a general purpose financial report. The financial report has been prepared in accordance with applicable AASs, TIs and APSs promulgated under the provision of the PFAA.

AASs include AIFRS and AAS 29. Except for the amendments to AASB 101, which the Department has early-adopted, AASs 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.

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 12 month operating cycle and presented in Australian currency.

2.2 Reporting Entity

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

For the purposes of accrual accounting and external financial reporting, the Ombudsman Services, Police Complaints Authority, Guardianship Board and Office of the Public Advocate are included in the financial reporting entity of the Department.

The Ombudsman and the Police Complaints Authority undertake investigations into complaints or matters under their respective Acts without interference from the Department and both report separately to Parliament on their operations. The Guardianship Board is a court-like tribunal which has the power to make important decisions affecting the lives and property of persons over whom it has jurisdiction. The Public Advocate provides education, investigation, advocacy and guardianship services in accordance with its statutory functions. The Guardianship Board and Public Advocate were established pursuant to the *Guardianship and Administration Act 1993* (the Act) and are not subject to the direction of the Minister in the performance of their functions under the Act.

Administered items of the Department are listed below:

- Liquor and Gambling Services:
 - Payment of Liquor Subsidies to Licensees
 - Racing Services
 - Taxation Receipts (Casino, Gaming, Gambling, Liquor, Lottery Licences)

2.2 Reporting Entity (continued)

- Consumer and Business Affairs:
 - Agents Indemnity Fund
 - Companies Liquidation Account
 - Cooperatives Liquidation Account
 - HIH Fund
 - Remission - Fees and Charges
 - Second Hand Motor Vehicles Dealers Compensation Fund
 - Residential Tenancies Fund
 - Retail Shop Leases Fund
- Victims of Crime
- Bodies in the Barrels Case
- Crown Solicitor's Trust Account
- Computer Aided Despatch/Portfolio Radio and Telecommunications
- Contribution to Legal Services Commission for Legal Aid
- State Rescue Helicopter Service
- Other:
 - Child Abuse Program
 - Children in State Care Inquiry
 - Compensation Companies Regulation (formerly Companies Code Fees)
 - Expensive State Criminal Cases
 - Legal Practitioners Act Fund
 - Native Title Claims
 - Special Acts - Payment of Ministerial Salary and Allowances
 - Special Acts - Payment of Statutory Officer Salaries - Ombudsman and Solicitor-General
 - Unclaimed Salaries and Wages
 - Wangary Coronial Inquiry
 - War Graves.

2.3 Comparative Figures

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APSs or AASs have 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.

2.4 Rounding

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

2.5 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services Levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, 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;
- receivables and payables which are stated with the amount of GST included.

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

2.6 Income and Expenses

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

Income and expenses have been classified according to their nature in accordance with the APF II and have not been offset unless required or permitted by a specific accounting standard.

2.6 Income and Expenses (continued)

In accordance with APF II, the financial report's notes 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, classified according to their nature.

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

Administered Fees and Charges includes Victims of Crime levies totalling \$8 million (\$8 million) received from other SA Government entities. Victims of Crime levies have been recognised on an accrued basis.

Administered Taxation receipts totalling \$347 million (\$323.6 million) have been recognised on an accrual basis.

Revenues from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Grants are amounts provided by the Department to entities for general assistance or for a particular purpose. Grants may be for capital or recurrent purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Contributions

Contributions received 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 (ie 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, ie 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, ie 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 expense recognition criteria are met.

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

Disposal of Non-Current Assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

2.7 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.

Where money has been appropriated in the form of a loan, the Department has recorded a loan receivable.

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

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy.

2.8 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are expected to be consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

2.10 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 due within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

The Department determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

2.11 Non-Current Asset 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 for no cost or minimal cost they are recorded at their fair value in the Balance Sheet. If however, the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

The Department capitalises all non-current physical assets with a value of \$5000 or greater in accordance with APF III. Items with an acquisition cost less than \$5000 are expensed in the year of acquisition.

2.12 Revaluation of Non-Current Assets

In accordance with APF III, all non-current tangible assets are valued at written down current cost (a proxy for fair value).

Every three years, the Department revalues its land, buildings, leasehold improvements, furniture, plant and equipment and mobile transport assets. 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.

Land, buildings, leasehold improvements, furniture, plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2005. Library collections were revalued in May 2002. Information technology assets are valued at cost.

Revaluation increments are recognised in the asset revaluation reserve and revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

2.13 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each 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.

2.14 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.

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvement or the unexpired period of the lease.

Depreciation/amortisation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current and future reporting periods as appropriate.

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

<i>Class of Assets</i>	<i>Depreciation Method</i>	<i>Remaining Useful life (Years)</i>
Buildings and other structures	Straight line	5-23
Leasehold improvements	Straight line	Remaining life of lease
Plant and equipment	Straight line	1-8
Information Technology	Straight line	3-5
Mobile transport assets	Straight line	2-16
Intangible assets	Straight line	1-5

2.15 Intangibles

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 or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$5000.

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

2.16 Financial Assets

Financial assets represent investments which are funds deposited with the Public Trustee and are reported at fair value. Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Investments are made by way of notional unit holdings in a selection of common funds managed by Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

Revaluation increments and decrements are recognised in the asset revaluation reserve except where, and to the extent, the decrement exceeds the balance of the reserve which is recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

2.17 Payables

Payables include creditors, accrued expenses and employee 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 payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

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

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

2.18 Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Liabilities for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The liability for annual leave is measured using the remuneration rate expected to apply at the time of settlement. The liability for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June 2007 and is measured at the nominal amount.

The liability for long service leave has been calculated in accordance with the short hand method using a benchmark of six and a half years (seven years) service as advised by the Department of Treasury and Finance. The calculation is consistent with the Department's experience of employee retention and leave taken.

2.19 Provisions

Workers Compensation

A liability has been reported to reflect workers compensation claims. The workers compensation liability, which was based on an actuarial assessment, was provided by the Public Sector Workforce Wellbeing group within the Public Sector Workforce Division of the Department of the Premier and Cabinet.

The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries. The Department's liability is an allocation of the Justice Portfolio's total assessment.

2.20 Leases

The Department has a number of operating leases and payments are expensed on a basis which is representative of the pattern of benefits derived from the leased asset.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

2.21 Financial Risk Management

The Department has significant non-interest bearing assets (cash on hand and on call, and receivables) and liabilities (borrowings from SA Government). The Department's exposure to market risk and cash flow interest risk is minimal.

The Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

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

3. Programs of the Department

Information about the Department's programs are set out in the Program Schedule. A program is a grouping of related sub-programs that contribute to the achievement of agency and government objectives.

Program 1: Policy Advice and Legal Services

This program is focused on increasing the SA community's and industry's awareness of their rights, responsibilities and confidence that the system of justice is fair, equitable and accessible. It also provides the people of South Australia with an independent and effective prosecution service which is timely, efficient and just.

Program 2: Multicultural Services

This program is focused on building community capacity and safe communities by having sound public sector programs that are designed to implement the State Government's policy commitments and promote equity of access to services.

Program 3: Equal Opportunity

This program is focused on promoting equality of opportunity for the community through the administration of anti-discrimination legislation by examining and responding to complaints and providing information, education and training to encourage compliance with legislation.

Program 4: Police Complaints Authority

Included in this program is the requirement to maintain public confidence in, and proper accountability of South Australia Police through the provision of complaint investigation and resolution services.

Program 5: Ombudsman Services

This program covers the investigation and complaints resolutions against state and local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Program 6: Guardianship Services

This program covers services to promote and protect the rights and interests of people with reduced mental capacity and, where appropriate, their carers, through the Guardianship Board and the Office of the Public Advocate.

Program 7: Forensic Science

Provision of forensic science services, primarily in relation to coronial and police investigations.

Program 8: Crime Prevention

This program deals with initiating and supporting crime prevention projects and local crime prevention programs by achieving a reduction in crime through working with a range of partners to develop appropriate crime prevention strategies and improved practices.

Program 9: Crime Statistics

This program covers monitoring, research and evaluation into crime and criminal justice by accurate and timely reporting on trends in crime and criminal justice.

3. Programs of the Department (continued)

Program 10: Justice Portfolio Services

This program is focused on providing excellence in customer service in the delivery of the following support services: financial, business and contract management, Justice technology, portfolio human resources, information knowledge management, strategic development and communications, business reform, Ministerial offices and support, Justice executive and legal community centre along with other grants.

Program 11: Consumer and Business Affairs

This program covers the fair trading legislation, regulating defined business activities and maintaining business and civil records for South Australia through the provision of court and tribunal case resolution, alternative dispute resolution, licensing, regulatory and registration services.

Program 12: Office for Volunteers

Provision of services that facilitate the implementation of the 'Advancing the Community Together' partnership in order to build stronger communities and increase volunteer rates in accordance with South Australia's Strategic Plan; provision of policy and strategic advice that enhances the Government's capacity to identify, prioritise and respond appropriately to the needs of the volunteer community in South Australia; and initiate programs that support and promote volunteering.

Program 13: Office for Women

Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality statewide information and referral services through the Women's Information Service.

Program 14: Liquor Regulatory Services

This program deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products.

Program 15: Gambling Regulatory Services

The Office of the Liquor and Gambling Commissioner, a statutory office within the Department, regulates the gambling industry.

The objectives are to encourage responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the State's gambling industries.

These objectives are pursued through rigorous regulatory regimes.

4. Administered Programs

Program 1: Liquor and Gambling Services

This administered program recognises activities in relation to the receipt of payments associated with Casino Operations, Gaming Machines and Gaming Taxation. It also recognises receipts and payments associated with Betting Services and Racing Operations.

Program 2: Consumer and Business Affairs

This administered program recognises activities in relation to the Agents Indemnity Fund, the Second Hand Vehicles Compensation Fund, the Co-operatives Liquidation Account and the Companies Liquidation Account. This program also includes the receipt of Commonwealth grants to State Government for 'Forgone Revenue' per the Corporations Agreement 2002. The Commonwealth funds received by the Department are paid to the Consolidated Account.

Program 3: Victims of Crime

This administered program relates to receipts and payments associated with the *Victims of Crime Act 2001* (VOC Act). The VOC Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through a special interest bearing deposit account.

Program 4: State Rescue Helicopter Service

This administered program relates to the activities of the State Rescue Helicopter Service used by South Australia Police, Department of Health, SA Country Fire Service and the SA Ambulance Service. The financial reporting associated with this function was transferred from South Australia Police Administered Items in 2006-07.

Program 5: Emergency Services Levy

This administered program relates to the collection of the Emergency Services Levy and the application of these funds. The levies are collected in accordance with the *Emergency Services Funding Act 1998* by Revenue SA and the Department for Transport, Energy and Infrastructure and are credited to the Fund from which the Department makes payments to the emergency services agencies, meets the costs of collecting the levies and operating the Fund. As at 31 March 2006, administration of the Fund was transferred to SAFECOM.

Program 6: Bodies in the Barrels

This administered program relates to the Bodies in the Barrels murder case. The Department administers the operations relating to this case. This program concluded in 2006-07.

4. Administered Programs (continued)

Program 7: Trust Accounts

This administered program relates to activities associated with the Residential Tenancies Fund, Crown Solicitor's Trust Account and the Retail Shop Leases Fund. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Program 8: Emergency Management Communications

This program relates to activities associated with the implementation of the Computer Aided Dispatch (CAD) and Portfolio Radio and Telecommunications Costs for the Justice Portfolio.

Program 9: Legal Aid

This administered program relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Program 10: Other

This program reflects the financial performance and position of various administered activities, including the payment of Ministers, Ombudsman and Solicitor General's salaries; the Child Abuse Program, Expensive State Criminal Cases, Children in State Care Inquiry and Wangary Coronial Inquest.

5. Employee Benefits Expenses

	2007	2006
	\$'000	\$'000
Salaries and wages	65 542	60 033
Employee on-costs	13 276	12 060
Annual leave	5 888	5 403
Long service leave	3 452	2 273
TVSPs (refer below)	-	1 223
Board fees	1 422	1 315
Other	352	7
Total Employee Benefits Expenses	89 932	82 314

TVSPs

TVSPs paid to employees during the reporting period	-	1 223
Recovery from the Department of Treasury and Finance in respect of TVSPs	-	(1 223)
Annual and long service leave accrued over the period of employment for employees who received TVSPs	-	408

	2007	2006
	Number of Employees	Number of Employees
Number of employees who were paid TVSPs during the reporting period	-	12

Remuneration of Employees

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

\$100 001 - \$110 000	31	32
\$110 001 - \$120 000	26	23
\$120 001 - \$130 000	12	10
\$130 001 - \$140 000	9	6
\$140 001 - \$150 000	6	8
\$150 001 - \$160 000	14	16
\$160 001 - \$170 000	14	7
\$170 001 - \$180 000	10	6
\$180 001 - \$190 000	5	3
\$190 001 - \$200 000	5	6
\$200 001 - \$210 000	6	4
\$210 001 - \$220 000	1	3
\$220 001 - \$230 000	2	2
\$230 001 - \$240 000	1	-
\$240 001 - \$250 000	1	1
\$250 001 - \$260 000	1	-
\$260 001 - \$270 000	2	1
\$270 001 - \$280 000	1	1
\$280 001 - \$290 000	1	2
\$290 001 - \$300 000	1	2
\$300 001 - \$310 000	1	-
Total Number of Employees	150	133

5. Employee Benefits Expenses (continued)

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, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$22.2 million (\$19.4 million).

Forensic Science SA (FSSA) was transferred to the Department effective from 1 January 2007. The remuneration table above includes two officers who received remuneration of \$100 000 or more during the period 1 January 2007 to 30 June 2007.

Below is a table showing all employees of FSSA who received remuneration of \$100 000 or more during the financial year from 1 July 2006 to 30 June 2007.

Remuneration of FSSA Employees

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

	2007 Number of Employees
\$100 001 - \$110 000	1
\$110 001 - \$120 000	2
\$120 001 - \$130 000	1
\$130 001 - \$140 000	2
\$140 001 - \$150 000	1
\$150 001 - \$160 000	1
\$170 001 - \$180 000	1
\$190 001 - \$200 000	1
\$320 001 - \$330 000	2
Total Number of Employees	12

6. Supplies and Services

	2007 \$'000	2006 \$'000
Computing and communication	11 612	10 296
Accommodation	10 076	8 637
Contract staff	2 902	2 209
Staff payments	2 242	2 093
Legal fees	2 041	2 804
Office expenses	2 024	2 143
Telephone related expenses	1 432	1 465
Motor vehicle expenses	1 107	1 095
Promotions and publications	1 002	1 092
Tax and taxable payments	698	725
Consultancies	407	386
Insurance	94	88
Other	4 591	5 378
Total Supplies and Services	40 228	38 411

Supplies and Services provided by entities within the SA Government:

Computing and communication	4 444	5 590
Accommodation	9 737	8 260
Contract staff	-	94
Staff payments	261	256
Legal fees	25	78
Office expenses	55	46
Telephone related expenses	895	862
Motor vehicle expenses	1 034	1 016
Promotions and publications	166	126
Tax and taxable payments	18	-
Consultancies	50	12
Insurance	93	88
Other	832	1 663
Total Supplies and Services - SA Government Entities	17 610	18 091

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

	2007 Number	2007 \$'000	2006 Number	2006 \$'000
Below \$10 000	10	39	9	32
\$10 000 - \$50 000	8	252	4	99
Above \$50 000	2	116	2	255
Total paid/payable to the Consultants Engaged	20	407	15	386

7. Grants and Subsidies	2007	2006
Grants to:	\$'000	\$'000
Community Legal Centre	3 776	3 705
Aboriginal Legal Rights Movement	2 482	2 380
Grants by:		
Justice Strategy Unit	1 301	1 278
Native Title Unit	785	1 089
Multicultural SA	761	530
Crime Prevention Unit	399	892
Other	608	659
Total Grants and Subsidies	10 112	10 533
Grants and Subsidies provided to Entities within the SA Government:		
Justice Strategy Unit	899	893
Native Title Unit	776	932
Crime Prevention Unit	98	98
Multicultural SA	16	7
Other	239	194
Total Grants and Subsidies - SA Government Entities	2 028	2 124
8. Depreciation and Amortisation		
Depreciation:		
Leasehold improvements	1 606	1 225
Information technology	726	821
Plant and equipment	615	299
Buildings and other structures	27	28
Mobile transport assets	16	16
Total Depreciation	2 990	2 389
Amortisation:		
Intangible assets	95	-
Total Amortisation	95	-
Total Depreciation and Amortisation	3 085	2 389
9. Net Loss from Disposal of Assets		
Fixtures and Fittings:		
Proceeds from disposal	-	-
Net book value of assets disposed	-	(4)
Net Loss from Disposal of Fixtures and Fittings	-	(4)
Plant and Equipment:		
Proceeds from disposal	-	-
Net book value of assets disposed	(19)	(80)
Net Loss from Disposal of Plant and Equipment	(19)	(80)
Information Technology:		
Proceeds from disposal	-	-
Net book value of assets disposed	-	(3)
Net Loss from Disposal of Information Technology	-	(3)
Total Assets:		
Total proceeds from disposal	-	-
Total net book value of assets disposed	(19)	(87)
Total Net Loss from Disposal of Assets	(19)	(87)
10. Other Expenses		
Witness payments	864	574
Other	317	335
Total Other Expenses	1 181	909
Other Expenses paid/payable to Entities within the SA Government:		
Other	202	332
Total Other Expenses - SA Government Entities	202	332
11. Auditors' Remuneration		
Audit fees paid/payable to the Auditor-General's Department	170	180
Total Auditors' Remuneration	170	180

Other Services

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

12. Revenues from Fees and Charges		2007	2006	
		\$'000	\$'000	
Licence and regulatory fees		24 440	23 246	
Legal services		12 852	13 671	
Network services		12 225	9 828	
Recovery of administration expenditure		5 634	5 995	
Other		4 754	2 923	
Total Revenues from Fees and Charges		59 905	55 663	
Fees and Charges received/receivable from Entities within the SA Government:				
Licence and regulatory fees		7	2	
Legal services		12 852	13 526	
Network services		12 225	9 828	
Recovery of administration expenditure		5 633	5 974	
Other		3 942	1 972	
Total Revenues from Fees and Charges - SA Government Entities		34 659	31 302	
13. Recoveries				
Sundry recoveries		4 675	5 587	
Total Recoveries		4 675	5 587	
Recoveries received/receivable from Entities within the SA Government:				
Sundry recoveries		2 846	4 347	
Total Recoveries - SA Government Entities		2 846	4 347	
14. Interest Revenues				
Interest from entities within the SA Government		1	1 186	
Total Interest Revenues		1	1 186	
The Department no longer receives interest on special deposit accounts held at the Department of Treasury and Finance.				
15. Other Income				
Other		2 674	1 909	
Total Other Income		2 674	1 909	
Other Income received/receivable from Entities within the SA Government:				
Other		1 724	927	
Total Other Income - SA Government Entities		1 724	927	
16. Revenues from/Payments to SA Government				
Revenues from SA Government:				
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>		77 664	71 271	
Total Revenues from SA Government		77 664	71 271	
Payments to SA Government:				
Payment to Treasury under Cash Alignment Policy		2 541	3 962	
Total Payments to SA Government		2 541	3 962	
17. Net Revenue from Administrative Restructure				
In the Government Gazette dated 28 September 2006, it was reported that the functions of FSSA were transferred to the Department effective from 1 January 2007. A net revenue of \$3.6 million from the transfer of assets and liabilities has been recognised in the Income Statement.				
In the Government Gazette dated 22 March 2007, it was reported that the functions of the Office for Women and the Office for Volunteers were transferred to the Department effective from 1 April 2007. Net expenses of \$8000 and \$285 000 respectively have been recognised in the Income Statement.				
On transfer of these functions, the following assets, liabilities and equities were transferred to the Department:				
	FSSA	Office for Women	Office for Volunteers	2007
	2007	2007	2007	Total
Assets:	\$'000	\$'000	\$'000	\$'000
Current	1 497	246	6	1 749
Non-Current	5 231	-	-	5 231
Total Assets	6 728	246	6	6 980

17. Net Revenue from Administrative Restructure (continued)	FSSA	Office for	Office for	2007 Total \$'000
	2007	Women	Volunteers	
Liabilities:	\$'000	\$'000	\$'000	
Current	1 171	254	77	1 502
Non-current	1 984	-	214	2 198
Total Liabilities	3 155	254	291	3 700
Net Revenue (Expense) from Administrative Restructure	3 573	(8)	(285)	3 280

The income and expenses attributable to the functions which transferred to the Department were:

Total Income	FSSA	Office for	Office for	2007 Total \$'000
	01.07.06 to 31.12.06	Women	Volunteers	
	\$'000	01.07.06 to 31.03.07	01.07.06 to 31.03.07	
	1 425	52	29	1 506

Expenses:				
Employee benefits expenses	4 366	835	508	5 709
Supplies and services	3 043	312	142	3 497
Depreciation and amortisation	823	-	-	823
Other expenses	8	477	308	793
Total Expenses	8 240	1 624	958	10 822
Net Cost of Providing Services	(6 815)	(1 572)	(929)	(9 316)

Total Income	FSSA	Office for	Office for	2007 Total \$'000
	01.01.07 to 30.06.07	Women	Volunteers	
	\$'000	01.04.07 to 30.06.07	01.04.07 to 30.06.07	
	1 731	574	551	2 856

Expenses:				
Employee benefits expenses	4 826	373	201	5 400
Supplies and services	3 824	229	244	4 297
Depreciation and amortisation	904	-	-	904
Other expenses	8	13	89	110
Total Expenses	9 562	615	534	10 711
Net Cost of Providing Services	(7 831)	(41)	17	(7 855)

18. Cash and Cash Equivalents	2007		2006
	\$'000		\$'000
Special Deposit Account with Westpac Bank ⁽¹⁾	26 404		21 723
Cash and cheques in transit	119		24
Cash on hand (including petty cash)	41		41
Total Cash and Cash Equivalents	26 564		21 788

(1) This amount includes accrual appropriation of \$16.9 million (\$14.1 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Treasurer's approval.

19. Receivables	2007		2006
	\$'000		\$'000
Receivables	8 075		5 277
Less: Provision for doubtful debts	648		533
GST receivable	1 460		1 150
Accrued interest	-		41
Other	543		-
Total Receivables	9 430		5 935
Receivables from SA Government Entities:			
Receivables	7 447		4 773
Less: Provision for doubtful debts	648		533
Accrued interest	-		41
Other	543		-
Total Receivables from SA Government Entities	7 342		4 281

20. Other Current Assets	2007	2006
	\$'000	\$'000
Prepayments	317	189
Work in progress	710	137
Total Other Current Assets	1 027	326
Other Current Assets from SA Government Entities:		
Prepayments	-	2
Work in progress	51	137
Total Other Current Assets from SA Government Entities	51	139

21. (a) Property, Plant and Equipment	2007	2006
	Cost/	Accumulated
	Valuation	Depreciation/
	\$'000	Amortisation
	\$'000	\$'000
Leasehold improvements ⁽²⁾	9 738	5 529
Plant and equipment ⁽²⁾	8 712	5 586
Information technology	5 995	5 344
Land ⁽¹⁾	715	-
Library collections ⁽³⁾	407	-
Buildings and other structures ⁽¹⁾	417	55
Mobile transport assets ⁽²⁾	206	32
	26 190	16 546
		9 644
	Cost/	Accumulated
	Valuation	Depreciation/
	\$'000	Amortisation
	\$'000	\$'000
Leasehold improvements ⁽²⁾	4 497	1 225
Plant and equipment ⁽²⁾	2 233	509
Information technology	5 870	4 618
Land ⁽¹⁾	715	-
Library collections ⁽³⁾	407	-
Buildings and other structures ⁽¹⁾	417	28
Mobile transport assets ⁽²⁾	206	16
	14 345	6 396
		7 949

(1) Valuations of land and buildings were performed by David Conigrave, AAPI, Certified Practising Valuer of the Australian Valuation Office as at 1 July 2005.

(2) Valuations of leasehold improvements, furniture, mobile transport assets and specialised plant and equipment were performed by Simon B O'Leary, AAPI, MSAA, Certified Practising Valuer – Plant and Machinery of the Australian Valuation Office as at 1 July 2005.

(3) Library collections represents valuation as per M Treloar as at 15 May 2002.

(b) Property, Plant and Equipment Movement Schedule

	Land	Buildings	Leasehold	Mobile
	\$'000	\$'000	Imprvments	Transport
	\$'000	\$'000	\$'000	Assets
	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July	715	389	3 272	190
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer from administrative restructure	-	-	2 543	-
Depreciation and amortisation	-	(27)	(1 606)	(16)
Carrying Amount 30 June	715	362	4 209	174
	Information	Library	Plant and	2007
	Technology	Collections	Equipment	Total
	\$'000	\$'000	\$'000	Property
	\$'000	\$'000	\$'000	Plant and
	\$'000	\$'000	\$'000	Equipment
Carrying amount 1 July	1 252	407	1 724	7 949
Additions	125	-	675	800
Disposals	-	-	(19)	(19)
Transfer from administrative restructure	-	-	1 361	3 904
Depreciation and amortisation	(726)	-	(615)	(2 990)
Carrying Amount 30 June	651	407	3 126	9 644

22. Intangible Assets	2007	2006
Computer Software:	\$'000	\$'000
Internally developed computer software	1 044	-
Accumulated amortisation	(380)	-
Total Intangible Assets	664	-

The internally developed computer software relates to FSSA's Case Management Database software.

23. Payables		
Current:		
Creditors	4 691	2 934
Employee on-costs	1 635	1 335
GST payable	430	325
Accruals	187	558
Total Current Payables	6 943	5 152
Non-Current:		
Employee on-costs	1 919	1 617
Total Non-Current Payables	1 919	1 617
Total Payables	8 862	6 769
Payables to SA Government Entities:		
Creditors	995	429
Employee on-costs	3 554	2 952
Accruals	187	198
Total Payables to SA Government Entities	4 736	3 579

24. Employee Benefits		
Current:		
Annual leave	5 396	4 280
Long service leave	1 133	930
Accrued salaries and wages	1 584	1 372
Total Current Employee Benefits	8 113	6 582
Non-Current:		
Long service leave	17 758	14 201
Total Non-Current Employee Benefits	17 758	14 201
Total Employee Benefits	25 871	20 783

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2007 is \$9.75 million and \$19.38 million 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 seven to six and a half years.

25. Provisions	2007	2006
Current:	\$'000	\$'000
Provisions for workers compensation	286	242
Total Current Provisions	286	242
Non-Current:		
Provisions for workers compensation	1 152	1 014
Total Non-Current Provisions	1 152	1 014
Total Provisions	1 438	1 256
26. Other Current and Non-Current Liabilities		
Current:		
Control and working account balances	409	479
Lease incentive	201	202
Unearned revenue	12	31
Total Current Other Liabilities	622	712
Non-Current:		
Lease incentive	419	621
Total Non-Current Other Liabilities	419	621
Total Other Liabilities	1 041	1 333
Other Liabilities from SA Government Entities:		
Lease incentive	620	823
Control and working account balances	409	352
Unearned revenue	3	25
Total Other Liabilities from SA Government Entities	1 032	1 200

27. Cash Flow Reconciliation	2007	2006
Reconciliation of Cash - Cash at 30 June as per:	\$'000	\$'000
Cash Flow Statement	26 564	21 788
Balance Sheet	26 564	21 788
<hr/>		
Reconciliation of Net Cost of Providing Services to Net Cash provided by Operating Activities:		
Net cost of providing services	(74 143)	(67 262)
Revenues from SA Government	77 664	71 271
Payments to SA Government	(2 541)	(3 962)
Add: Non-Cash Items:		
Depreciation and amortisation	3 085	2 389
Loss from disposal of assets	19	87
Change in Assets and Liabilities:		
Increase in employee benefits	5 088	854
Increase (Decrease) in payables	2 093	(196)
Decrease in other liabilities	(292)	(739)
Increase (Decrease) in provisions	182	(552)
(Increase) Decrease in receivables	(3 495)	128
(Increase) Decrease in prepayments	(128)	191
(Increase) Decrease in other assets	(573)	136
Transfer of assets on restructure	1 270	-
Transfer of liabilities on restructure	(3 700)	-
Net Cash provided by Operating Activities	4 529	2 345

28. Commitments**Operating Leases Commitments**

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	6 756	7 950
Later than one year but not later than five years	17 736	13 270
Later than five years	4 520	873
Total Operating Leases Commitments	29 012	22 093

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance. Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Remuneration Commitments

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

	2007	2006
	\$'000	\$'000
Within one year	14 587	15 086
Later than one year but not longer than five years	36 456	29 611
Total Remuneration Commitments	51 043	44 697

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer fixed term remuneration contracts greater than five years.

Other Commitments

Grants ⁽¹⁾	6 256	4 696
Capital ⁽²⁾	1 595	2 165
Motor vehicles ⁽³⁾	1 345	917
Other ⁽⁴⁾	1	63
Total	9 197	7 841

Within one year	6 346	5 758
Later than one year but not later than five years	2 851	2 083
Total Other Commitments	9 197	7 841

- (1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2008-2011.
- (2) Outstanding contractual payments for building works and maintenance under construction.
- (3) Agreements for the provision of motor vehicles to senior executive officers or sections (ie pool vehicles) with Fleet SA. There are no purchase options available to the Department.
- (4) Other commitments relate to purchase orders placed for goods and services before 30 June 2007.

29. Contingent Assets and Liabilities

The Department does not have any contingent assets or liabilities.

30. Remuneration of Board and Committee Members

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

Residential Tenancies Tribunal

Ms Margaret Wagstaff
 Ms Jane Moularadellis
 Mr Thomas Rymill
 Mr Stuart Andrew
 Mr Peter Duffy
 Mr Stavros Georgiadis
 Ms Pamela Wilkinson
 Ms Marie Alvino
 Mr Adrian Bradbrook
 Mr Gerard Twohig
 Mr Douglas Stott
 Ms Harrison Anderson
 Mr Peter Carey
 Mr Roger Vincent
 Ms Jane McCaffrie
 Mrs Patricia Patrick
 Ms Catherine Cashen

South Australian Multicultural & Ethnic Affairs Commission

Mrs Subha Mameledzija
 Mrs Galawez Mustafa
 Mr Norman Schueler
 Mr Peter Zdravkovski
 Mr Archibald Andrews
 Ms Maria Barredo
 Ms Marie Alvino
 Mr Teodoro Spiniello
 Mr Peter Ppiros
 Ms Vaheded Mansoury
 Ms Gosia Skalban
 Mr Tilahun Afrassa
 Mr Hieu Le
 Mrs Branka King

Premier's Council for Women

Ms Elizabeth Haebich
 Ms Suzanne Roux
 Ms Janet Giles
 Ms Danielle Grant-Cross
 Ms Kerryanne Liddle
 Ms Eugenia Tsoulis
 Ms Anne-Marie Hayes*
 Ms Sarah MacDonald*
 Ms Nerida Saunders*
 Ms Patricia Mickan
 Ms Eleanor Ramsay
 Miss Diat Alferink
 Ms Rosa Colanero
 Ms Ivana Rapajic-Moran

Guardianship Board

Ms Eileen Quinn
 Mr Robert Arbon
 Ms Julie Forgan
 Ms Martha Kent
 Ms Helen Mares
 Mr Anthony Durkin
 Mr Neil Rainford
 Mrs Helen Edwards
 Mr Robert Park
 Ms Elizabeth Campbell
 Ms Sally Langton
 Ms Lucy Sheppeard
 Ms Lee-Anne Clark
 Ms Judith Worrall
 Ms Elizabeth Salna
 Dr Elaine Skinner
 Ms Jan Harry
 Mr George Rawson
 Mr William Goh
 Mr Gerard Twohig
 Mr Leon Earle
 Mr Philip Harris
 Ms Jeanette Curtis
 Mr David Black
 Ms Audrey Edwards
 Ms Helen Hyde
 Ms Patricia Sutton
 Mr David Gurry
 Mrs Janet Howell
 Ms Karen O'Keefe
 Ms Penelope Wright
 Mr Lothar Hoff
 Ms Lindley Gilfillan
 Ms Janece Petrie
 Ms Margaret Brown
 Mr Jonathan Fry
 Ms Karen McAuley
 Ms Linley Denson
 Mr Raymond Olson
 Mr David Coyte

SA Classification Council

Mr Philip Marshall
 Ms Katherine O'Neil*
 Mr George Iles
 Ms Julie Redman
 Ms Barbara Biggins
 Mr Anthony Durkin
 Mr Michael Dawson

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

	2007	2006
	Number of	Number of
	Members	Members
\$0 - \$9 999	45	38
\$10 000 - \$19 999	11	12
\$20 000 - \$29 999	6	6
\$30 000 - \$39 999	5	3
\$40 000 - \$49 999	1	2
\$50 000 - \$59 999	2	-
\$60 000 - \$69 999	-	2
\$70 000 - \$79 999	1	-
\$80 000 - \$89 999	1	1
\$90 000 - \$99 999	2	1
\$150 000 - \$159 999	1	-
\$220 000 - \$229 999	-	1
\$230 000 - \$239 999	-	1
\$240 000 - \$249 999	1	-
Total Number of Members	76	67

30. Remuneration of Board and Committee Members (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$1.42 million (\$1.35 million).

Amounts paid to a superannuation plan for board/committee members was \$130 000 (\$120 000).

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

Remuneration for members of the Residential Tenancies Tribunal is paid for by the Residential Tenancies Fund (the Fund). Activities of the Fund are administered by the Department and included within administered Program 6 'Trust Accounts'.

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

31. Financial Instruments**(a) Terms, Conditions and Accounting Policies***Financial Assets*

- Cash and Deposits are available at call and are recorded at cost.
- Receivables are raised for all goods and services provided for which payment has not been received. Receivables are reported at amounts due to the Department. Receivables are due within 30 days of an invoice being raised.

Financial Liabilities

- Payables and Accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed.

(b) Interest Rate Risk

	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount as per Balance Sheet		Weighted Average Effective Interest Rate	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 Percent	2006 Percent
Financial Assets:								
Cash on hand	-	-	41	41	41	41		
Cash at bank	-	21 723	26 404	-	26 404	21 723	-	5.43
Cash and cheques in transit	-	-	119	24	119	24		
Receivables	-	-	7 427	4 785	7 427	4 785		
Total	-	21 723	33 991	4 850	33 991	26 573		
Financial Liabilities:								
Payables	-	-	4 691	2 934	4 691	2 934		
Accruals	-	-	187	558	187	558		
Total	-	-	4 878	3 492	4 878	3 492		

(c) Net Fair Values

All financial instruments are valued at the carrying amount as per the Balance Sheet, which approximates net fair value. The carrying amount of Financial Assets approximates net fair value due to their short-term maturity or being receivable on demand. The carrying amount of Financial Liabilities is considered to be a reasonable estimate of net fair value.

32. Taxation Revenue - Administered Items

	2007 \$'000	2006 \$'000
Taxation gaming machines	313 923	293 494
Taxation casino operations	22 285	20 996
Taxation off-course totalisator	10 793	9 131
Total Taxation Receipts	347 001	323 621

33. Revenues from SA Government - Administered Items

	2007 \$'000	2006 \$'000
Appropriation operating purposes	49 529	49 510
Appropriation various acts	7 903	7 580
Appropriation capital purposes	800	864
Total Revenues from SA Government	58 232	57 954

34. Commonwealth Specific Purpose Grants - Administered Items

	2007 \$'000	2006 \$'000
Legal aid	13 360	13 142
Company code fees	12 755	12 264
Total Commonwealth Specific Purpose Grants	26 115	25 406

35. Interest Revenues - Administered Items	2007	2006
	\$'000	\$'000
Interest from investments	8 484	6 020
Agent's Indemnity Fund interest from agents	7 874	6 216
Interest from the Department of Treasury and Finance	2 366	2 988
Interest from South Australian Housing Trust	782	693
Total Interest Revenues	19 506	15 917
Interest received/receivable from Entities within the SA Government:		
Interest from investments	8 484	6 020
Interest from the Department of Treasury and Finance	2 366	2 988
Interest from South Australian Housing Trust	782	693
Total Interest Revenues - SA Government Entities	11 632	9 701
36. Recoveries and Other Income - Administered Items		
Confiscation of profits	1 222	807
Recoveries from offenders	1 112	1 274
Recoveries for State Rescue Helicopter	1 102	-
Sundry recoveries	707	282
Other revenue	2 108	546
Total Recoveries and Other Income	6 251	2 909
Recoveries and Other Income received/receivable from Entities within the SA Government:		
Recoveries for State Rescue Helicopters	921	-
Sundry recoveries	649	258
Other	724	200
Total Recoveries and Other Income - SA Government Entities	2 294	458
37. Grants - Administered Items		
Legal Services Commission	25 268	24 937
Liquor licensees	4 232	7 301
Victims of Crime legal aid	2 224	2 235
Child Abuse program	42	-
Total Grants	31 766	34 473
38. Victims of Crime Payments - Administered Items		
Victims of Crime payments	13 459	12 878
Total Victims of Crime Payments	13 459	12 878
Victims of Crime payments paid/payable to Entities within the SA Government:		
Victim of Crime payments	694	735
Total Victims of Crime Payments - SA Government Entities	694	735
39. State Rescue Helicopter Service Charges		
State Rescue Helicopter Service charges	9 149	-
Total State Rescue Helicopter Service Charges	9 149	-
State Rescue Helicopter Service Charges paid/payable to Entities within the SA Government:		
State Rescue Helicopter Service charges	91	-
Total State Rescue Helicopter Service Charges - SA Government Entities	91	-
40. Employee Benefits Expenses - Administered Items		
Salaries and wages	4 774	4 994
Employee on-costs	961	897
Board fees	720	624
Annual leave	195	124
Long service leave	140	79
Other	1	-
Total Employee Benefits Expenses	6 791	6 718

Remuneration of Employees

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

	2007	2006
	Number of Employees	Number of Employees
\$230 001 - \$240 000	-	1
\$380 001 - \$390 000	-	1
\$390 001 - \$400 000	-	1
\$400 001 - \$410 000	2	-
\$500 001 - \$510 000	1	-
Total Number of Employees	3	3

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, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$1.3 million (\$1 million).

41. Depreciation - Administered Items	2007	2006
Depreciation:	\$'000	\$'000
Leasehold improvements	76	244
Information technology	122	72
Plant and equipment	15	30
Total Depreciation	213	346

42. Net Loss from Disposal of Assets - Administered Items		
Plant and Equipment:		
Proceeds from disposal	-	-
Net book value of assets disposed	(14)	-
Net Loss from Disposal of Fixture and Fittings	(14)	-

Total Assets:		
Total proceeds from disposal	-	-
Total net book value of assets disposed	(14)	-
Total Net Loss from Disposal of Assets	(14)	-

43. Other Expenses - Administered Items		
Legal fees	3 206	3 946
Contract staff	2 664	1 656
Accommodation	864	880
Contribution payments	591	1 710
Agents Indemnity Fund claims	250	5 593
Computing and communication	224	268
Office expenses	184	116
Telephone related expenses	66	38
Betting services	64	911
Consultancies	63	110
Other	6 013	5 767
Total Other Expenses	14 189	20 995

Other Expenses paid/payable to Entities within the SA Government:		
Legal fees	911	1 256
Contribution payments	588	1 710
Accommodation	844	843
Computing and communication	56	114
Office expenses	13	56
Telephone related expenses	37	23
Betting services	6	22
Consultancies	-	5
Other	4 980	4 520
Total Other Expenses - SA Government Entities	7 435	8 549

The number and dollar amount of consultancies paid/payable (included in other expense) that fell within the following bands:	2007	2007	2006	2006
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	2	2
\$10 000 - \$50 000	3	63	1	18
Above \$50 000	-	-	1	90
Total paid/payable to the Consultants Engaged	3	63	4	110

44. Net Revenue from Administrative Restructure - Administered Items

From 1 July 2006 the financial arrangements associated with the State Rescue Helicopter Service (SRHS) transferred to the Department (Administered Items). A net revenue of \$198 000 has been recognised in the Statement of Administered Income and Expenses.

The following assets and liabilities were transferred to the Department:

Assets:	2007	
	\$'000	
Current	317	
Total Assets	317	
Liabilities:		
Current	119	
Total Liabilities	119	
Net Assets	198	
Net Revenue from Administrative Restructure	198	

45. Cash and Cash Equivalents - Administered Items

	2007	2006
	\$'000	\$'000
Special Deposit Account with Westpac Bank	94 711	75 008
Total Cash and Cash Equivalents	94 711	75 008

Movement in Trust Accounts

	Crown Solicitor's Trust Account		Residential Tenancies Fund		Retail Shop Leases Fund	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	6 625	4 048	6 772	2 204	544	210
Receipts	112 438	57 875	47 229	46 904	698	725
Payments	(113 115)	(55 298)	(39 363)	(42 336)	(450)	(391)
Balance at 30 June	5 948	6 625	14 638	6 772	792	544

46. Receivables - Administered Items

	2007	2006
	\$'000	\$'000
Receivables	30 135	25 960
Accrued interest	877	563
GST receivable	16	11
Total Receivables	31 028	26 534
Receivables from SA Government Entities:		
Receivables	671	732
Accrued interest	324	219
Total Receivables from SA Government Entities	995	951

47. Financial Assets - Administered Items

Current:		
Funds invested with the Public Trustee	36 103	27 557
Total Current Financial Assets	36 103	27 557
Non-Current:		
Funds invested with the Public Trustee	76 778	75 176
Total Non-Current Financial Assets	76 778	75 176
Total Financial Assets	112 881	102 733
Financial assets represent funds invested with the Public Trustee as follows:		
Residential Tenancies Fund	69 497	63 637
Agents Indemnity Fund	38 063	34 239
Second Hand Vehicles Compensation Fund	2 529	2 284
Retail Shop Leases Fund	2 792	2 573
Total Financial Assets	112 881	102 733

48. Other Current Assets - Administered Items

Current:		
Prepayments	3	1 355
Department of Treasury and Finance Fund balances	559	67
Other	1 492	1 760
Total Other Current Assets	2 054	3 182
Other Current Assets from SA Government Entities:		
Prepayments	-	6
Department of Treasury and Finance Fund balances	559	67
Other	-	675
Total Other Current Assets from SA Government Entities	559	748

49. (a) Property, Plant and Equipment - Administered Items

	2007			2006		
	Cost/ Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	Written Down Value \$'000	Cost/ Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	Written Down Value \$'000
Leasehold improvements ⁽¹⁾	735	320	415	735	244	491
Information technology	660	297	363	317	175	142
Plant and equipment ⁽¹⁾	89	44	45	113	39	74
	1 484	661	823	1 165	458	707

(1) Valuations of leasehold improvements, plant and equipment were performed by Simon B O'Leary AAPI, MSA, Certified Practising Valuer – Plant and Machinery of the Australian Valuation Office as at 1 July 2005.

(b) Property, Plant and Equipment Movement Schedule - Administered Items

	Leasehold Improvements \$'000	Information Technology \$'000	Plant and Equipment \$'000	2007 Total Property, Plant and Equipment \$'000
Carrying amount 1 July	491	142	74	707
Additions	-	343	-	343
Disposals	-	-	(14)	(14)
Depreciation and amortisation	(76)	(122)	(15)	(213)
Carrying Amount 30 June	415	363	45	823

50. Payables - Administered Items

Current:	2007	2006
	\$'000	\$'000
Creditors	4 069	2 476
Employee on-costs	40	49
Accruals	32	1 041
Total Current Payables	4 141	3 566
Non-Current:		
Employee on-costs	12	34
Total Non-Current Payables	12	34
Total Payables	4 153	3 600
Payables to SA Government Entities:		
Creditors	2 515	1 766
Employee on-costs	52	83
Accruals	32	1 041
Total Payables to SA Government Entities	2 599	2 890

51. (a) Employee Benefits - Administered Items

Current:		
Annual leave	141	173
Accrued salaries and wages	42	39
Long service leave	7	19
Total Current Employee Benefits	190	231
Non-Current:		
Long service leave	113	298
Total Non-Current Employee Benefits	113	298
Total Employee Benefits	303	529

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2007 is \$230 000 and \$130 000 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 seven to six and a half years.

52. Other Current and Non-Current Liabilities - Administered Items

Current:	2007	2006
	\$'000	\$'000
Gaming and other receipts payable to the Department of Treasury and Finance	30 503	28 612
Security bonds lodged	36 260	31 513
Crown Solicitor's Trust Account	5 948	6 625
Other	709	621
Total Other Current Liabilities	73 420	67 371

52. Other Current and Non-Current Liabilities - Administered Items (continued)	2007	2006
Non-Current:	\$'000	\$'000
Security bonds lodged	40 620	35 134
Total Other Non-Current Liabilities	40 620	35 134
Total Other Liabilities	114 040	102 505
Other Current Liabilities to SA Government Entities:		
Gaming and other receipts payable to the Department of Treasury and Finance	30 503	28 612
Other	8	12
Total Other Current Liabilities to SA Government Entities	30 511	28 624
53. Cash Flow Reconciliation - Administered Items		
Reconciliation of Cash - Cash at 30 June per:		
Cash Flow Statement	94 711	75 008
Balance Sheet	94 711	75 008
Reconciliation of Net Cost of Providing Services to Net Cash provided by Operating Activities:		
Net cost of providing services	19 672	34 120
Add: Non-Cash Items:		
Depreciation and amortisation	213	346
Loss on disposal of assets	14	-
Change in Assets and Liabilities:		
Decrease in employee benefits	(226)	(2)
Increase in payables	553	601
Increase (Decrease) in other liabilities	11 535	(12 339)
(Increase) Decrease in receivables	(4 494)	2 002
Increase in prepayments	(226)	(74)
Decrease in other assets	1 352	7 202
Transfer of liabilities on restructure	(119)	-
Net Cash provided by Operating Activities	28 274	31 856
54. Commitments		
Other Commitments		
Within one year	13 781	13 360
Later than one year but not longer than five years	13 836	27 617
Total Other Commitments⁽¹⁾	27 617	40 977

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2008 - 2010.

55. Contingent Assets and Liabilities - Administered Items

The Agents Indemnity Fund has an estimated contingent obligation to pay \$100 000 relating to current and expected claims against the Fund. The Second Hand Vehicles Compensation Fund has an estimated contingent obligation to pay \$35 000 relating to current and expected claims against the Fund.

The Department is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them. Interest is not paid when a bond is paid to landlords or third parties such as the South Australian Housing Trust. The interest payable to tenants has not been recorded as a liability as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2007 is \$159 000.

56. Financial Instruments - Administered Items

(a) Terms, Conditions and Accounting Policies.

Financial Assets

- Cash and Deposits are available at call and are recorded at cost. Interest on cash at bank is calculated quarterly by the Department of Treasury and Finance.
- Receivables are raised for all goods and services provided for which payment has not been received. Receivables are reported at amounts due to the Department. Receivables are due within 30 days of an invoice being raised.
- Investments are recorded at net fair value based upon valuation provided by the Public Trustee.

Financial Liabilities

- Payables and Accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed.

(b) Interest Rate Risk

	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount as per Balance Sheet		Weighted Average Effective Interest Rate	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 Percent	2006 Percent
Financial Assets:								
Cash at bank	94 711	75 008	-	-	94 711	75 008	6.10	5.43
Investments	112 881	102 733	-	-	112 881	102 733	9.43	9.04
Receivables	-	-	31 012	26 523	31 012	26 523		
Total	207 592	177 741	31 012	26 523	238 604	204 264		
Financial Liabilities:								
Payables	-	-	4 069	2 476	4 069	2 476		
Accruals	-	-	32	1 041	32	1 041		
Total	-	-	4 101	3 517	4 101	3 517		

(c) Net Fair Values

All financial instruments are carried in the Balance Sheet at an amount which approximates net fair value.

RESIDENTIAL TENANCIES FUND

The *Residential Tenancies Act 1995* regulates the relationship of landlords and tenants under residential tenancy agreements and provides for the establishment of the Residential Tenancies Fund and a Tribunal to resolve disputes.

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INCOME:			
Interest revenue		6 433	4 563
Other income	2	173	161
Total Income		6 606	4 724
EXPENSES:			
Staffing costs	3	3 205	3 037
Accommodation		555	507
Depreciation and amortisation	4	101	302
Net loss from disposal of assets		14	-
Other expenses	5	864	1 041
Total Expenses		4 739	4 887
NET RESULT		1 867	(163)
NET RESULT ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		1 867	(163)

**Balance Sheet
as at 30 June 2007**

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	6	14 638	6 772
Investments		23 147	18 084
Receivables	7	414	265
Total Current Assets		38 199	25 121
NON-CURRENT ASSETS:			
Property, plant and equipment	8	413	528
Investments		46 350	45 553
Total Non-Current Assets		46 763	46 081
Total Assets		84 962	71 202
CURRENT LIABILITIES			
Security bonds lodged	9	35 887	31 197
Payables	10	2 385	1 235
Total Current Liabilities		38 272	32 432
NON-CURRENT LIABILITIES:			
Security bonds lodged	9	38 002	32 745
Total Non-Current Liabilities		38 002	32 745
Total Liabilities		76 274	65 177
NET ASSETS		8 688	6 025
EQUITY:			
Retained earnings		4 119	2 252
Asset revaluation reserve		4 569	3 773
TOTAL EQUITY		8 688	6 025
TOTAL EQUITY ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		8 688	6 025

Statement of Changes in Equity for the year ended 30 June 2007

	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2005	1 982	2 415	4 397
Gain on revaluation of investments during 2005-06	1 366	-	1 366
Gain on revaluation of leasehold improvements during 2005-06	410	-	410
Gain on revaluation of plant and equipment during 2005-06	15	-	15
Net income/expense recognised directly in equity for 2005-06	1 791	-	1 791
Net result for 2005-06	-	(163)	(163)
Total Recognised Income and Expense for 2005-06	1 791	(163)	1 628
Balance at 30 June 2006	3 773	2 252	6 025
Gain on revaluation of investments during 2006-07	796	-	796
Net income/expense recognised directly in equity for 2006-07	796	-	796
Net result for 2006-07	-	1 867	1 867
Total Recognised Income and Expense for 2006-07	796	1 867	2 663
Balance at 30 June 2007	4 569	4 119	8 688

All Changes in Equity are attributable to the SA Government as owner

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$'000
INFLOWS:			
Interest		6 283	4 459
Bond lodgements		45 833	39 430
Bond guarantee receipts		2 747	2 854
Other		175	161
Cash generated from Operations		55 038	46 904
OUTFLOWS:			
Administration		(3 411)	(4 499)
Bond refunds		(35 887)	(31 197)
Bond guarantee payments		(2 747)	(2 854)
Other		(63)	(66)
Cash used in Operations		(42 108)	(38 616)
Net Cash provided by Operating Activities	11	12 930	8 288
CASH FLOWS FROM INVESTING ACTIVITIES:			
OUTFLOWS:			
Payments for investments		(5 064)	(3 707)
Payments for property, plant and equipment		-	(13)
Cash used in Investing Activities		(5 064)	(3 720)
Net Cash used in Investing Activities		(5 064)	(3 720)
NET INCREASE IN CASH AND CASH EQUIVALENTS		7 866	4 568
CASH AND CASH EQUIVALENTS AT 1 JULY		6 772	2 204
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	14 638	6 772

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

1.1 Objectives of the Residential Tenancies Fund

The Residential Tenancies Fund (the Fund) is established under the *Residential Tenancies Act 1995* (the RT Act). The Fund is kept and administered by the Commissioner for Consumer Affairs. The Fund consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the Fund under the RT Act. The Commissioner will make repayments in respect of security bonds from the Fund. Income derived from investment of the Fund is applied towards the costs of administering and enforcing the RT Act, education of landlords and tenants about their statutory and contractual rights and obligations, and operations of the Residential Tenancies Tribunal.

1.2 Basis of Accounting

The financial statements are required by subsection 102(1) of the RT Act and are a general purpose financial report.

The statements have been prepared in accordance with applicable AASs, APSs and TIs issued by the Department of Treasury and Finance.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian dollars.

Statement of Compliance

AASs include AIFRS and AAS 29. Except for the amendments to AASB 101, which the Fund has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the reporting period ending 30 June 2007.

The Fund's Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted are at valuation (fair value). Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Fund's Balance Sheet when and only when it is probable that future economic benefits will eventuate or be required and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard.

Income and expenses are recognised in the Fund's Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Bond Guarantee Scheme

Under the Bond Guarantee Scheme a guarantee for the bond is given to the landlord by the South Australian Housing Trust. In the event of a claim by a landlord, a payment is made by the Residential Tenancies Fund. The South Australian Housing Trust then reimburses the Fund. The value of bond guarantees lodged at 30 June 2007 is \$13.2 million (\$12.9 million).

The South Australian Housing Trust pays interest at an agreed market determined rate to the Fund based on the daily balance of bond guarantees held.

1.3 Staffing Costs

Employees of the Department are assigned to support the Commissioner in the administration of the Fund.

No liability for employee benefits (provision for annual leave and long service leave) has been recognised as this liability rests with the Department.

The value of staffing costs reflected in Note 3 includes remuneration paid to members of the Residential Tenancies Tribunal.

1.4 Taxation

The Fund is not subject to income tax. The Fund is liable for payroll tax, FBT and the GST.

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

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

1.5 Leases

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased asset. The majority of operating lease payments reflects accommodation expenses.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.6 Cash and Cash Equivalents

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash on deposit represents funds held in a Deposit Account with the Treasurer.

1.7 Investments

Investments represent funds deposited with the Public Trustee and are reported at fair value. Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Investments are made by way of notional unit holdings in a selection of common funds managed by Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted. As at 30 June the Fund held investments in common funds in the following proportions:

Capital Stable	45 percent
Balanced	22 percent
Cash Common Fund	33 percent

Revaluation increments and decrements are recognised in the asset revaluation reserve except where, and to the extent, the decrement exceeds the balance of the reserve which are recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

1.8 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange for liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.9 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$5000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

In accordance with APF III, all non-current tangible assets are revalued at written down current cost (a proxy for fair value).

Every three years, the Fund revalues its property, plant and equipment. 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.

Land, buildings, leasehold improvements, furniture, plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2005. Information technology assets are valued at cost.

Revaluation increments are recognised in the asset revaluation reserve and revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense

Depreciation and Amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Fund using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvement or the unexpired period of the lease.

Depreciation/amortisation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current or future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following remaining useful lives:

	Years
Leasehold improvements	Remaining life of lease
Plant and equipment	1-8
Information technology	3 - 5

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4.

1.10 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.11 Rounding

Amounts have been rounded to the nearest thousand dollars (\$'000).

2.	Other Income	2007	2006
		\$'000	\$'000
	Management fee recovery	167	154
	Trainee salary recovery	6	7
	Total Other Income	173	161
<hr/>			
3.	Staffing Costs		
	Salaries and wages	2 689	2 556
	Payroll tax and superannuation expenses	435	404
	Long service leave expenses	81	77
	Total Staffing Costs	3 205	3 037

4. Depreciation and Amortisation		2007	2006			
		\$'000	\$'000			
Leasehold improvements		42	206			
Information technology		50	67			
Plant and equipment		9	29			
Total Depreciation and Amortisation		101	302			
5. Other Expenses						
Administration		583	739			
Computing and communication		167	173			
Legal fees		69	80			
Travel		23	28			
Other		22	21			
Total Other Expenses		864	1 041			
6. Cash and Cash Equivalents						
Section 21 Deposit Account with the Treasurer		14 638	6 772			
Total Cash and Cash Equivalents		14 638	6 772			
7. Receivables						
Accrued interest		412	263			
Other receivables		2	2			
Total Receivables		414	265			
8. (a) Property, Plant and Equipment						
		2007		2006		
		Accumulated	Written		Accumulated	Written
		Depreciation/	Down		Depreciation/	Down
		Amortisation	Value		Amortisation	Value
		Cost/			Cost/	
		Valuation			Valuation	
		\$'000	\$'000		\$'000	\$'000
Leasehold improvements ⁽¹⁾	550	246	304	550	207	343
Information technology	300	222	78	300	171	129
Plant and equipment ⁽¹⁾	68	37	31	92	36	56
	918	505	413	942	414	528
(1) Valuations of leasehold improvements and plant and equipment were performed by Simon B O'Leary AAPI, MSAA, Certified Practising Valuer - Plant and Machinery of the Australian Valuation Office as at 1 July 2005.						
(b) Property, Plant and Equipment - Movement Schedule						2007
						Total
						Property,
						Plant and
						Equipment
						\$'000
Carrying amount 1 July		Leasehold	Information	Plant and		
		Improvements	Technology	Equipment		
		\$'000	\$'000	\$'000		
		343	129	56		528
Additions		-	-	-		-
Disposals		-	-	(13)		(13)
Revaluation		-	-	-		-
Depreciation		(39)	(51)	(12)		(102)
Carrying Amount 30 June		304	78	31		413
9. Security Bonds Lodged					2007	2006
					\$'000	\$'000
Current:						
Bonds lodged		35 872			31 183	
Sale of goods		12			12	
Rent held pursuant to tribunal direction		3			2	
Total Current Security Bonds Lodged		35 887			31 197	
Non-Current:						
Bonds Lodged		38 002			32 745	
Total Non-Current Security Bonds Lodged		38 002			32 745	
10. Payables						
Current:						
Creditors		2 369			1 209	
Accruals		16			26	
Total Payables		2 385			1 235	

11. Cash Flow Reconciliation

Reconciliation of Cash - Cash at 30 June per:

Cash Flow Statement	14 638	6 772
Balance Sheet	14 638	6 772
	14 638	6 772

Reconciliation of Net Result to Net Cash provided by Operating Activities:

Net result	1 867	(163)
<i>Add:</i> Non-cash items:		
Depreciation and amortisation	101	302
Loss on disposal of assets	14	-
Change in assets and liabilities:		
Increase in receivables	(149)	(104)
Increase in payables	1 150	69
Increase in security bonds	9 947	8 234
Decrease in other liabilities	-	(50)
Net Cash provided by Operating Activities	12 930	8 288

12. Contingent Liabilities and Contingent Assets

Under the RT Act, interest is paid to tenants when a bond is repaid to them, interest is not paid when a bond is paid to landlords or third parties such as the South Australian Housing Trust. The interest payable to tenants has not been recorded as a liability, as the Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2007 is \$159 000 (\$138 000).

13. Remuneration of Auditors

The amount payable by the Fund for audit services during the reporting period was \$16 000 (\$24 000). No other services were provided by the Auditor-General.

14. Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Assets

- Cash and Deposits are available at call and are recorded at cost. Interest on cash at bank is calculated quarterly by the Department of Treasury and Finance.
- Receivables are raised for all goods and services provided for which payment has not been received. Receivables are reported at amounts due to the Fund. Receivables are due within 30 days of an invoice being raised.
- Investments are recorded at net fair value based upon valuation provided by the Public Trustee.

Financial Liabilities

- Payables and Accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed.

(b) Interest Rate Risk

	2007			Weighted Average Effective Interest Rate Percent	2006			Weighted Average Effective Interest Rate Percent
	Floating Interest Rate \$'000	Non- Interest Bearing \$'000	Total Carrying Amount \$'000		Floating Interest Rate \$'000	Non- Interest Bearing \$'000	Total Carrying Amount \$'000	
Financial Assets:								
Cash at bank	14 638	-	14 638	6.10	6 772	-	6 772	5.43
Investments	69 497	-	69 497	8.77	63 637	-	63 637	8.30
Receivables	-	414	414		-	265	265	
Total	84 135	414	84 549		70 409	265	70 674	
Financial Liabilities								
Payables	-	2 385	2 385		-	1 235	1 235	
Total	-	2 385	2 385		-	1 235	1 235	

(c) Net Fair Values

All financial instruments are carried in the Balance Sheet at an amount which represents or approximates net fair value. The carrying amounts of Cash at Bank and Receivables approximated net fair value due to their short-term maturity or being receivable on demand. Investments are valued at fair value. The carrying amount of Financial Liabilities is considered to be a reasonable estimate of net fair value.

(d) Market Risk

The Fund is exposed to market risk. The Funds exposure to market risk is managed by diversifying the range of investments held by the Fund. Refer to Note 1.7 for further information.

15. Transactions with SA Government

As required by APF II APS 4.1, the following table discloses income, expenses and financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items has been applied.

	SA Government	
	2007	2006
	\$'000	\$'000
Income:		
Interest revenue	6 433	4 563
Management fee recovery	167	154
Total Income	6 600	4 717
Expenses:		
Staffing costs	435	404
Accommodation	555	507
Total Expenses	990	911
Financial Assets:		
Cash and cash equivalents	14 638	6772
Accrued interest	412	263
Investments	69 497	63 637
Total Financial Assets	84 547	70 672

PUBLIC TRUSTEE

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Public Trustee is a Body Corporate established pursuant to the provisions of the *Public Trustee Act 1995*.

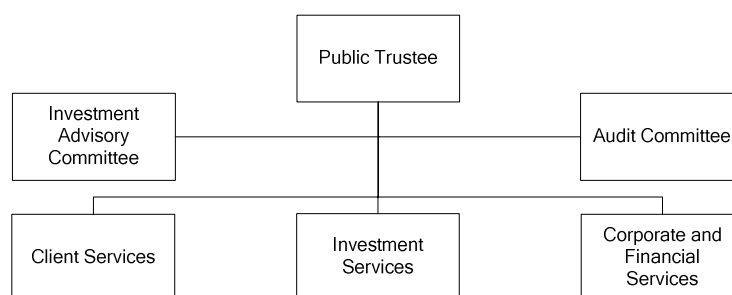
Functions

The powers and functions of the Public Trustee are established by the *Public Trustee Act 1995*. The Public Trustee administers the estates of deceased and protected people which requires the management of assets, preparation of wills, investment of funds and provision of legal representation and advice.

Structure

The Public Trustee is supported by officers employed under the PSMAct.

The structure of the Public Trustee is illustrated in the following organisation chart.



Audit Committee

The Public Trustee chairs an Audit Committee which comprises members of the executive staff of Public Trustee and one external independent member. The Audit Committee is attended by internal and external auditors as observers.

The mission of the Audit Committee is to assist the Public Trustee to achieve its corporate objectives by ensuring that a sound and effective system of internal control is maintained.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the PFAA and section 50 of the *Public Trustee Act 1995* provide for the Auditor-General to audit the accounts of the Public Trustee for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- treasury operations
- expenditure
- revenue
- cash at bank
- property, plant and equipment
- payroll
- financial accounting
- corporate governance

The audit covered the Corporate, Trusts and Common Funds areas of the Public Trustee operations.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial report and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Public Trustee 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).

Assessment of Controls

In my opinion, the controls exercised by the Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Public Trustee have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of the Public Trustee.

Financial Management and Control

The main matters raised were:

- the need to update policies and procedures to reflect current control processes;
- that a number of estate files were not provided in a timely manner for audit review purposes;
- the need to ensure that documentation associated with estate files was complete and filed in a manner which facilitates file review;
- areas where system modifications could improve the control environment;
- improvements to segregation of duties for some expenditure processing functions.

Responses to the management letters were generally considered to be satisfactory.

ICT Management and Control

In July 2007, the Public Trustee commissioned an 'IT Architecture Project' review which was undertaken by an external consultant. The review addressed aspects of an ICT nature and included areas of technology, resources, processes and governance.

The Public Trustee advised that certain matters and recommendations raised in the review will be prioritised and addressed during the 2007-08 financial year. Action taken on matters and recommendations raised will be reviewed by Audit during 2007-08.

Further Audit Commentary

Sale of Public Trustee Building

As part of a whole-of-government initiative involving the Government acquiring the Old Stock Exchange Building, the Public Trustee Building was sold to a private company. The arrangements regarding the initiative involved consultation and advice among agencies, including the Public Trustee, Attorney-General's

Department and Crown Solicitor, Department for Transport, Energy and Infrastructure Building Management and the Department of Treasury and Finance. The initiative also involved certain considerations, including independent valuations obtained and a business case. Settlement of the sale of the Public Trustee Building occurred in May 2007. The settlement price was \$7.6 million (excluding GST).

A review of the arrangements and processes adopted in relation to the implementation of the initiative, including the sale of the Public Trustee Building is being undertaken by Audit.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Highlights of the Financial Report

	2007 \$'million	2006 \$'million	Percentage Change
INCOME			
Revenue from fees and charges	18.3	16.2	13
Other revenue	2.4	1.8	33
Total Income	20.7	18.0	15
EXPENSES			
Employee benefits expenses	9.7	8.9	9
Other expenses	6.1	5.6	9
Total Expenses	15.8	14.5	9
Profit Before Tax	4.9	3.5	40
Income tax equivalent expense	(1.5)	(1.0)	50
Profit After Tax	3.4	2.5	36
NET CASH PROVIDED BY OPERATING ACTIVITIES	5.7	3.2	78
ASSETS			
Current assets	11.0	7.0	57
Non-current assets	16.5	17.6	(6)
Total Assets	27.5	24.6	12
LIABILITIES			
Current liabilities	5.1	4.6	11
Non-current liabilities	2.4	2.2	9
Total Liabilities	7.5	6.8	10
EQUITY	20.0	17.8	12

Income Statement

Income

The Public Trustee's main source of income is revenues from fees and charges comprising commissions, fees and charges for the management of trusts and related investments. The commissions and fees charged reflect the number and value of trusts managed throughout the year. Commissions, fees and charges increased by \$2.1 million or 13 percent to \$18.3 million in 2006-07.

Expenses

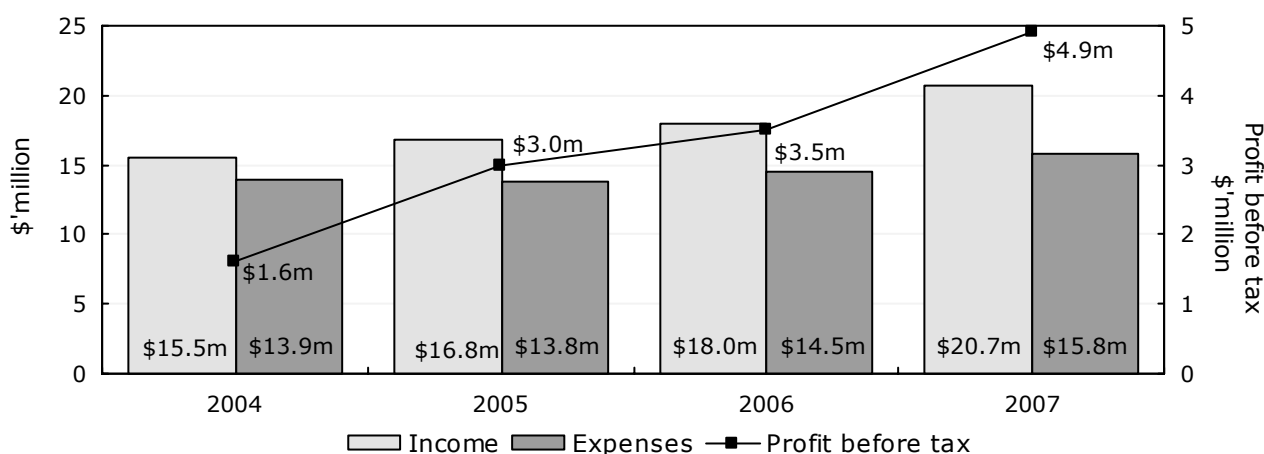
Employee benefits expenses account for the majority of expenses of the Public Trustee. In 2006-07 employee benefits costs increased by \$853 000 to \$9.7 million due mainly to an organisational review which resulted in numerous staff having their positions reclassified upwards. In addition an increase to the Enterprise Agreement rates also contributed to salary and wage increases.

Supplies and services increased in 2006-07 by \$557 000 or 14 percent, primarily as a result of increases in computing and communication expenses, service contractors and general expenses.

Net Result

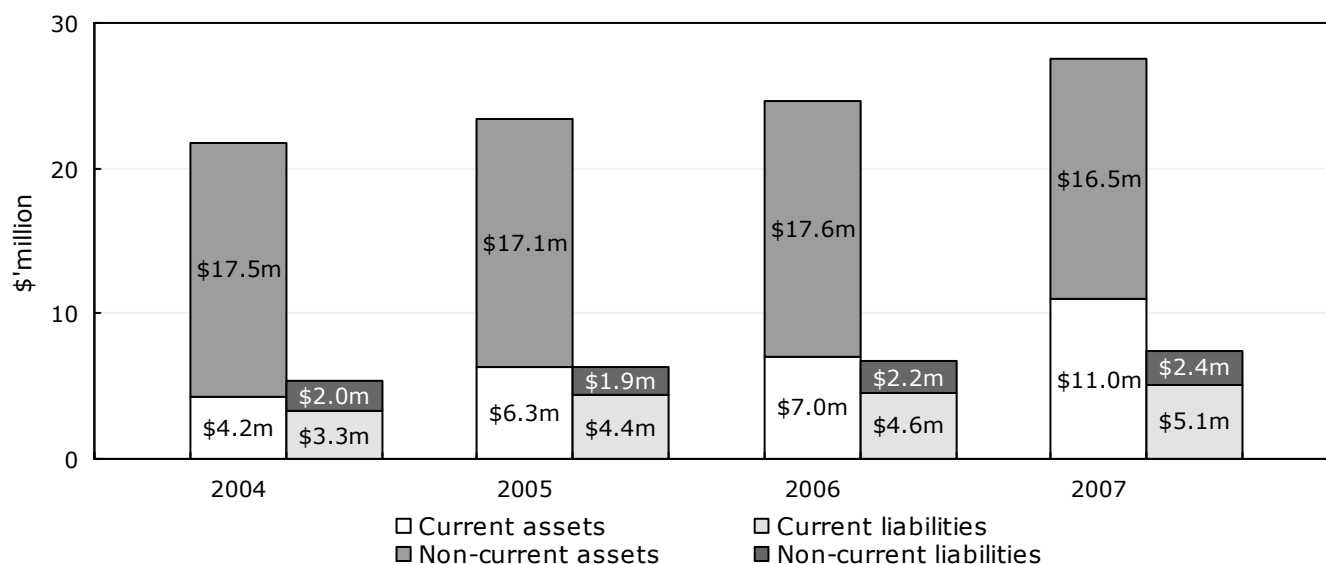
The aggregate revenues of the Public Trustee have been gradually increasing over recent years. The aggregate expenses of the Public Trustee have also increased in 2006-07 at a rate lower than the increases in revenue.

The following chart shows the operating revenues, operating expenses and surpluses for the four years to 2007.



Balance Sheet

For the four years to 2007, a structural analysis of assets and liabilities is shown in the following chart.



2006-07 has seen current assets increase by \$4 million to \$11 million while non-current assets have decreased by \$1.1 million to \$16.5 million. These movements have resulted from the Public Trustee selling its building during the year and investing the sale proceeds in cash and cash equivalents and longer term investments.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2007.

	2007 \$'million	2006 \$'million	2005 \$'million	2004 \$'million
Net Cash Flows				
Operating Activities	5.7	3.2	4.9	1.4
Investing Activities	(0.5)	(1.6)	(1.5)	(2.3)
Financing Activities	(2.1)	(1.2)	(1.4)	(1.2)
Change in Cash	3.1	0.4	2.0	(2.1)
Cash at 30 June	8.8	5.7	5.3	3.3

The increase in cash for 2007 reflects increased receipts from fees and charges. The cash inflow of \$7.6 million for the sale of the Public Trustee building has been offset by payments for investments and other minor property, plant and equipment purchases .

INTERPRETATION AND ANALYSIS OF STATEMENT OF TRUSTS BEING ADMINISTERED

The value of trust funds administered by the Public Trustee as at 30 June 2007 was \$1.025 billion (\$900 million).

The trust funds reflecting significant increases are:

- deceased estates (increase of \$11.3 million/8 percent)
- trusts (increase of \$13.1 million/12 percent)
- court award orders (increase of \$41.1 million/15 percent)
- administration matters (increase of \$6.8 million/54 percent)
- protected estates (increase of \$27.6 million/17 percent)
- powers of attorney (increase of \$12.1 million/20 percent)
- investors (increase of \$13.0 million/9 percent).

Note 3 to the Statement of Trusts being Administered provides details of the number and value of trust funds under Administration.

Of the total funds being administered, 73 percent (73 percent) were invested in the common funds with the remaining 27 percent (27 percent) represented by estate assets.

INTERPRETATION AND ANALYSIS OF THE COMMON FUNDS

All Common Funds, with the exception of the Overseas Fixed Interest Common Fund, made an operating profit for the year. The Overseas Fixed Interest Common Fund made a small operating loss mainly as a result of net losses on financial instruments held at fair value recorded through profit and loss.

The Common Funds are invested in the following securities:

- Short-Term Fixed Interest
- Long-Term Fixed Interest
- Overseas Fixed Interest
- Australian Shares
- International Shares
- Listed Property Securities
- Cash

The following table summarises for each Common Fund the annual net operating result and the value of assets held at 30 June 2007 and 30 June 2006.

Common Fund	Net Operating Result		Assets	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Cash	14 192	11 030	319 447	252 122
Short-Term Fixed Interest	2 104	1 597	47 371	38 525
Long-Term Fixed Interest	2 688	1 695	87 865	70 516
Overseas Fixed Interest	(287)	(86)	34 308	27 047
Australian Shares	42 214	32 691	161 042	154 047
Overseas Shares	8 071	16 270	112 745	103 034
Listed Property Securities	9 500	5 975	43 104	40 391

FURTHER COMMENTARY ON OPERATIONS

The Public Trustee had planned to implement a new Asset Management System in 2005-06 to complete the replacement of legacy systems supporting their trust operations. The implementation of the new system was delayed and had been anticipated to be implemented in late 2006-07. Implementation did not occur during 2006-07 and implementation is now anticipated for November 2007. The Asset Management System will interface with the client accounting system implemented in 2003-04 to provide for the management of client asset and investment holdings.

CORPORATE STATEMENTS

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INCOME:			
Revenues from fees and charges	4.1	18 257	16 208
Interest revenues	4.2	745	532
Other income	4.3	1 734	1 307
Total Income		20 736	18 047
EXPENSES:			
Employee benefits expenses	5.1,5.2,5.3,5.4	9 720	8 867
Supplies and services	5.5,5.6,5.7	4 611	4 054
Loss from the disposal of assets	9(a)	102	-
Depreciation and amortisation		1 410	1 600
Total Expenses		15 843	14 521
PROFIT BEFORE INCOME TAX EQUIVALENTS		4 893	3 526
Income tax equivalent expense	2.3	(1 468)	(1 058)
NET PROFIT AFTER INCOME TAX EQUIVALENTS IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		3 425	2 468

**Balance Sheet
as at 30 June 2007**

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	17	8 819	5 695
Receivables	6	2 173	1 302
Total Current Assets		10 992	6 997
NON-CURRENT ASSETS:			
Financial assets at fair value through the profit and loss	7, 8	15 385	7 646
Property, plant and equipment	9	207	8 061
Intangible assets	10	870	1 880
Total Non-Current Assets		16 462	17 587
Total Assets		27 454	24 584
CURRENT LIABILITIES:			
Payables	11	2 820	1 544
Short-term and long-term employee benefits	12	976	914
Short-term provisions	13	1 290	2 100
Total Current Liabilities		5 086	4 558
NON-CURRENT LIABILITIES:			
Payables	11	235	217
Long-term employee benefits	12	2 150	1 961
Total Non-Current Liabilities		2 385	2 178
Total Liabilities		7 471	6 736
NET ASSETS		19 983	17 848
EQUITY:			
Reserves	15	8 224	7 351
Retained earnings	18	11 759	10 497
TOTAL EQUITY		19 983	17 848
Contingent assets and liabilities	14		
Commitments	19		

Total Equity is attributable to the SA Government as owner

Statement of Changes in Equity for the year ended 30 June 2007

	Note	Asset			Total \$'000
		Revaluation Reserves \$'000	Other Reserves \$'000	Retained Earnings \$'000	
Balance as at 30 June 2005		6 159	950	9 949	17 059
Changes in accounting policy		-	-	-	-
Restated Balance As At 30 June 2005		6 159	950	9 949	17 059
Gain on revaluation of land and building during 2004-05		421	-	-	421
Payments from other reserves 2005-06	15	-	(180)	180	-
Net Income (Expense) recognised directly in Equity for 2005-06		421	(180)	180	421
Profit after income tax equivalent for 2005-06		-	-	2 468	2 468
Total recognised Income and Expense for 2005-06		421	(180)	2 648	2 889
Transactions with SA Government as equity holder					
Dividend provided for		-	-	(2 100)	(2 100)
Balance as at 30 June 2006		6 581	770	10 497	17 848
Changes in accounting policy		-	-	-	-
Restated Balance as at 30 June 2006		6 581	770	10 497	17 848
Sale of land and building during 2006-07		(6 581)	-	6 581	-
Transfer of funds to building replacement reserve		-	7 600	(7 600)	-
Payments from other reserves 2006-07	15	-	(146)	146	-
Net Income (Expense) recognised directly in Equity for 2006-07		(6 581)	7 454	(873)	-
Profit after income tax equivalent for 2006-07		-	-	3 425	3 425
Total recognised Income and Expense for 2006-07		(6 581)	7 454	2 552	3 425
Transactions with SA Government as equity holder					
Dividend provided for		-	-	(1 290)	(1 290)
Total Equity as at 30 June 2007		-	8 224	11 759	19 983

All Changes in Equity are attributable to the SA Government as owner

Cash Flow Statement for the year ended 30 June 2007

	2007	2006
	Inflows	Inflows
	(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	\$'000	\$'000
CASH INFLOWS:		
Fees and charges received	18 087	16 017
Rent and sundry income received	752	822
Interest received	710	504
Distributions received	446	331
GST receipts on receivables	2 663	1 694
Cash generated from Operations	22 658	19 368
CASH OUTFLOWS:		
Employee benefits payment	(9 431)	(8 834)
Supplies and services	(4 473)	(4 462)
Tax equivalents paid	(1 135)	(1 169)
GST payments on purchases	(479)	(463)
GST remitted to ATO	(1 370)	(1 281)
Cash used in Operations	(16 888)	(16 209)
Net Cash provided by Operating Activities	5 770	3 159
	16	
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH INFLOWS:		
Proceeds from sales (maturities) of investments	-	3 151
Proceeds from sale of fixed assets	7 600	-
Cash generated from Investing Activities	7 600	3 151
CASH OUTFLOWS:		
Payment of investments	(7 900)	(4 477)
Purchase of property, plant and equipment	(112)	(108)
Purchase of intangibles	(134)	(148)
Cash used in Investing Activities	(8 146)	(4 733)
Net Cash used in Investing Activities	(546)	(1 582)
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH OUTFLOWS:		
Dividend distribution to State Government	(2 100)	(1 195)
Net Cash used in Financing Activities	(2 100)	(1 195)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	3 124	382
CASH AND CASH EQUIVALENTS AT 1 JULY	5 695	5 313
CASH AND CASH EQUIVALENTS AT 30 JUNE	8 819	5 695
	17	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. Public Trustee is a body corporate with the powers of a natural person.

The role of the Public Trustee is to provide all South Australians with access to will making services, powers of attorney preparation, and deceased estate and trust administration. The Public Trustee also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the Guardianship Board or through activation of powers of attorney.

2. Statement of Principal Accounting Policies

2.1 Basis of Accounting

The corporate financial statements are a general purpose financial report and have been prepared in accordance with TIs and APSs issued pursuant to the provisions of the PFAA, and applicable Accounting Standards.

Statement of Compliance

AASs include AIFRS and AAS 29. Public Trustee has early-adopted the amendments to AASB 101. Refer to Note 3.

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 Public Trustee's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counter-party/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
 - (b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - (c) employees whose normal remuneration is \$100 000 or more (within \$10 000 band-widths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees;
 - (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Public Trustee Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical 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 12 month operating cycle and presented in Australian currency.

2.2 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where specific APS or AAS have 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.

2.3 Taxation

The *Public Trustee Act 1995*, through the provisions of sections 47 and 48, provides for the payment to Government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The income tax equivalent expense is \$1 468 000 (\$1 058 000).

Public Trustee is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

2.4 Basis of Valuation

Non-current assets and liabilities with the exception of Plant and Equipment are carried at fair value.

Property

Property is brought to account at independent valuation, less, where applicable, any accumulated depreciation or amortisation.

Plant and Equipment

Plant and equipment are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets. In accordance with APF III APS 3.3, a revaluation of Non-Current Assets or group of assets is only to be performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amount. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to \$2000, in accordance with APF III APSs 12.7 and 12.8. In accordance with APF III APS 12.6, software is measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be cost. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Property, intangible assets, plant and equipment excluding land are depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as property, plant and equipment.

The depreciation/amortisation rates used for each class of depreciable assets are:

<i>Class of Fixed Assets</i>	<i>Depreciation Rate (Percent)</i>
Building	2.17
Machines and equipment	20-27
Software	20-27
Office furniture and fittings	33.33

Financial Instruments

Financial instruments are carried at fair value determined as below:

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed Interest Investments are classified as held at fair value through the profit and loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and International equities are currently held in pooled funds and are valued at the redemption prices established by the managers of the collective investment vehicles in which Public Trustee has invested.

Financial Instruments - Recognition

Public Trustee recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial Instruments - Measurement

Financial assets and liabilities held at fair value through the profit and loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Income Statement.

- *Fair Value in an Active Market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the Balance Sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- **Fair Value of Unlisted Unit Trusts**
Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such funds.

Financial Instruments – Classification

Investments in financial assets such as equities and units in unlisted schemes have been classified as 'Fair value through the profit and loss' and recognised in the Balance Sheet at fair value, with changes in fair value during the period recognised in the Income Statement.

If any indication of impairment exists, an impairment loss is recognised in the Income Statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Income Statement.

Other Non-Current Assets are valued at market value based on the present value of expected future cash flows.

Receivables and Creditors are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trust investments are recognised on a present entitlement basis.

2.5 Rounding

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

2.6 Income and Expenses

Income and expense are recognised in Public Trustee's Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amounts. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

2.7 Employee Benefits

Provision has been made in the Financial Statements, where stated, for Public Trustee's liability for employee benefits arising from services rendered by employees to balance date that remain unpaid. Related on-costs consequential to the employment of employees (viz payroll tax and superannuation contributions) have been included under 'payables'. (Refer Note 11).

Salaries and Wages

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Superannuation

Public Trustee makes contributions to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payment to beneficiaries as the South Australian Superannuation Board (SASB) has assumed this. The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

Annual Leave

Provision has been made for the unused component of annual leave to balance date. The provision has been calculated at nominal amounts based on current salary rates plus 4 percent inflation rate as recommended in APF IV APSs 5.4 and 5.5.

Long Service Leave

Long service leave is recognised on a pro-rata basis in respect of services provided by Public Trustee employees up to balance date. The liability is measured at the actuarial assessment by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector. This calculation is consistent with Public Trustee's experience of employee retention and leave taken. The liability has been calculated at nominal amounts based on current salary rates. APF IV APS 5.10 has recommended that a benchmark of six and a half years (seven years) can be used for a shorthand estimation of long service leave liability. This advice has been adopted and the long service leave liability has been calculated on that basis. The current liability portion has been based on the past history of annual payments.

Sick Leave

No provision has been made in respect of sick leave, as entitlements are non-vesting. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

2.8 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. Public Trustee 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. Public Trustee has entered into 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.

2.9 Insurance

Public Trustee has insured for risks through the State Government's insurers, South Australian Government Financing Authority (SAFA), SAICORP Division. The excess payable under this arrangement varies depending on each class of insurance held.

2.10 Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. Public Trustee has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.11 Receivables

Receivables comprise debtors, accrued investment income and prepayments. Debtors arise in the normal course of selling goods and services to the public and other agencies. Trade receivables are payable within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement.

2.12 Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and GST (refer Note 2.14).

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 Public Trustee.

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

All amounts are measured at their nominal amount and are normally settled within 30 days after Public Trustee receives an invoice.

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

2.13 Government/Non-Government Disclosures

In accordance with APF II APSs 4.1 and 4.2 Public Trustee has included details of revenue, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government in notes to the accounts.

Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

2.14 Accounting for the GST

In accordance with the requirements of Interpretation 1031, revenues, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by Public Trustee as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

The net GST payable to the ATO has been recognised as a payable in the Balance Sheet.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as 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.

2.15 Segment Reporting

Segment reporting has been deemed not appropriate for Public Trustee, as assets, liabilities, income and expenses attributable to the segments cannot be reliably determined.

3. Changes in Accounting Policies

Except for the amendments to AASB 101, which Public Trustee has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by Public Trustee for the reporting period ending 30 June 2007. Public Trustee 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.

4. Income

	2007	2006
	\$'000	\$'000
4.1 Revenues from fees and charges comprise:		
Revenue from Entities external to the SA Government:		
Commissions ⁽¹⁾	9 878	8 464
Fees and charges ⁽¹⁾	1 589	1 629
Management fees ⁽²⁾	6 790	6 115
Total Fees and Charges	18 257	16 208

(1) Commissions and fees are charged against estates pursuant to section 45 of the *Public Trustee Act 1995*.

(2) A management fee is charged against common funds at the rate of one-twelfth of one percent of the value of each fund as at the first business day of the month.

	2007	2006
	\$'000	\$'000
4.2 Interest revenues comprise:		
Revenue from Entities external to the SA Government:		
Interest on fixed term investments	455	275
Total Revenue - Non-SA Government Entities	455	275
Revenue from Entities within the SA Government:		
Interest on operating and reserve accounts	290	257
Total Revenue - SA Government Entities	290	257
Total Other Interest Revenue	745	532

4.3 Other income comprises:		
Revenue from Entities external to the SA Government:		
Sundry Income	48	6
Distributions from Trusts	1 124	464
Realised gain on investments	-	340
Unrealised loss on investments	(161)	(300)
Total Revenue - Non-SA Government Entities	1 011	510

Revenue from Entities within the SA Government:		
Rent and other building income	723	797
Total Revenue - SA Government Entities	723	797
Total Other Revenue	1 734	1 307

5. Expenditure

5.1 Superannuation

During 2006-07 Public Trustee paid an amount of \$909 000 (\$838 000) to the Department of Treasury and Finance towards the accruing Government liability for superannuation in respect of its employees.

5.2 Remuneration of Employees

	2007	2006
	Number of	Number of
	Employees	Employees
The number of employees whose remuneration received or receivable fell within the following bands was:		
\$100 001 - \$110 000	1	1
\$110 001 - \$120 000	2	-
\$130 001 - \$140 000	2	3
\$180 001 - \$190 000	-	1
\$190 001 - \$200 000	1	-
Total	6	5

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$795 000 (\$695 000).

5.3 TVSPs

No employees were paid TVSPs during the 2006-07 or 2005-06 period.

5.4 Remuneration of Board and Committee Members

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

Public Trustee Audit Committee

Mr Roger Sanderson of Roger Sanderson & Associates

Mr Peter Whelan of PKF Chartered Accountants

The number of members whose remuneration received or receivable fell within the following bands was:

\$0 - \$9 999

Total

2007 Number of Members	2006 Number of Members
2	2
2	2

The total remuneration received or receivable by members was \$1760 (\$2600).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that 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 the Premier and Cabinet Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

5.5 Supplies and Services

Supplies and Services provided by Entities external to the SA Government:

Supplies and services

Building expenses

Total Supplies and Services Non-SA Government Entities

Supplies and Services provided by Entities within the SA Government:

Insurance

Computing and communication services

Service contractors

Other supplies and services

Total Supplies and Services SA Government Entities

2007 \$'000	2006 \$'000
2 392	2 047
442	396
2 834	2 443
179	184
519	511
648	497
172	163
1 518	1 355

5.6 Auditors' Remuneration

Amounts paid to auditors during the year for auditing the accounts

148	142
-----	-----

5.7 Payments to Consultants

Below \$10 000: 3 (4) consultancies

Between \$10 000 and \$50 000: 2 (3) consultancies

Total Supplies and Services

21	15
90	99
111	114
4 611	4 054

6. Receivables

Current Receivables:

Debtors

Accrued investment income

Prepayments

935	776
1 146	433
92	93
2 173	1 302

Government/Non-Government Receivables

Receivables from SA Government Entities:

Debtors

Accrued investment income

Total Receivables from SA Government Entities

Receivables from Non-SA Government Entities:

Debtors

Accrued investment income

Prepayments

Total Receivables from Non-SA Government Entities

Total Receivables

43	23
15	13
58	36
892	752
1 131	421
92	93
2 115	1 266
2 173	1 302

7. Investments

Public Trustee is required pursuant to subsection 46(2)(c) of the *Public Trustee Act 1995* to obtain the Treasurer's approval as to the manner of investment of corporate funds.

Non-Current Assets:

Non-Current investments with entities other than SAFA:

Australian fixed interest

Australian fixed interest (Pooled funds)

International equities (Pooled funds)

Australian listed property (Pooled funds)

Australian equities (Pooled funds)

Long-Term Investments

1 002	1 007
6 407	2 901
2 895	1 193
992	511
4 089	2 034
15 385	7 646

8. Financial Instruments

8.1 Fair Value of Financial Assets and Liabilities

Financial instruments are carried at fair value based upon the valuation policies set out in Note 2.4. The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

Investments in Australian Fixed Interest are readily traded on organised markets in standardised form. The value of these investments is disclosed in Note 7.

Other classes of financial instruments are not readily traded on organised markets in standardised form.

8.2 Investment in Collective Investment Vehicles

In addition to holding financial instruments directly, Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and International Equities. The managers of such vehicles have invested in a variety of financial instruments, including derivatives, which expose Public Trustee to investment risks, including market risk, credit risk, interest risk and currency risk. The Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

Disclosures in subsequent subsections of this Note do not include exposures to financial instruments held within these collective investment vehicles.

8.3 Credit Risk

The maximum exposure to credit risk, excluding any collateral or other security, at the balance date to financial instruments is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the financial statements.

Public Trustee has no direct exposure to derivative instruments.

Credit risk arises primarily with the following classes of counter parties:
Banking Corporations

8.4 Interest Rate Risk

Financial assets and liabilities subject to interest rate risk are disclosed below. All other financial instruments are non-interest bearing.

	Weighted Average Interest Rate		Instruments Maturing or Re-pricing Within					
	2007 Percent	2006 Percent	1 Year or Less		1-5 Years		Over 5 Years	
			2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash	5.89	5.37	3 519	3 831	-	-	-	-
Short-term investments	6.45	5.90	5 300	2 000	-	-	-	-
Australian fixed interest	7.21	6.68	-	-	1 002	1 006	-	-

9. Property, Plant and Equipment

	Opening Balance	Additions	Disposals	Depreciation	Revaluation	Closing Balance
	01.07.06	\$'000	\$'000	\$'000	\$'000	30.06.07
Land and Building:						
Building at valuation ⁽¹⁾	5 970	20	(5 872)	(118)	-	-
Land at valuation	1 830	-	(1 830)	-	-	-
Total Land and Building	7 800	20	(7 702)	(118)	-	-
Plant and Equipment:						
Machines and equipment at cost	1 447	85	(82)	-	-	1 450
Furniture and fittings at cost	1 663	-	-	-	-	1 663
Work in progress at cost	1	8	-	-	-	9
Total Plant and Equipment	3 111	93	(82)	-	-	3 122
Less: Accumulated Depreciation						
Plant and Equipment:						
Machines and equipment	(1 225)	-	82	(123)	-	(1 266)
Furniture and fittings	(1 625)	-	-	(24)	-	(1 649)
Total Accumulated Depreciation	(2 850)	-	82	(147)	-	(2 915)
Net Property, Plant and Equipment	8 061	113	(7 702)	(265)	-	207

(1) The Public Trustee building was sold during the financial year.

(a) Net Gain (Loss) from Disposal of Assets

Land and Building:	2007	2006
Proceeds from disposal	\$'000	\$'000
Less: Net book value of assets disposed	7 600	-
Net Loss on Disposal of Land and Building	7 702	-
	(102)	-

10. Intangible Assets	Opening Balance 01.07.06 \$'000	Additions \$'000	Disposals \$'000	Depreci- ation \$'000	Revalu- ation \$'000	Closing Balance 30.06.07 \$'000
Software at cost	7 214	150	-	-	-	7 364
Work in progress at cost	142	(16)	-	-	-	126
Less: Accumulated depreciation	(5 476)	-	-	(1 144)	-	(6 620)
Total Intangible Assets	1 880	134	-	(1 144)	-	870

Work in progress items are transferred to intangible assets when ready for use.

11. Payables	Note	2007 \$'000	2006 \$'000
Current Liabilities:			
Trade creditors		582	468
GST payable		1 092	277
Employment on-costs		207	193
Income tax equivalent due		939	606
		2 820	1 544
Non-Current Liabilities:			
On-costs on employee benefits		235	217
Government/Non-Government Payables			
Payables to SA Government Entities:			
Creditors		222	144
Income tax equivalent due		939	606
Total Payable to SA Government Entities		1 161	750
Payables to Non-SA Government Entities:			
Trade creditors		360	323
GST		1 092	278
On-costs on employee benefits		442	410
Total Payable to Non-SA Government Entities ⁽¹⁾		1 894	1 011
Total Payables		3055	1 761

(1) The total includes payables to SA Government entities where the amount payable to the SA Government entity was less than \$100 000.

12. Employee Benefits			
12.1 Employee Benefits			
Current Liabilities:			
Long service leave		180	178
Accrued salaries		164	142
Accrued recreation leave		632	594
		976	914
Non-Current Liabilities:			
Long service leave		2 150	1 961
Provision for Long Service Leave at 30 June		2 150	1 961
12.2 Employee Benefits and Related On-Cost Liabilities			
Current:			
On-costs included in payables	11	207	193
Provision for employee benefits	12.1	976	914
		1 183	1 107
Non-Current:			
On-costs included in payables	11	235	217
Provision for employee benefits	12.1	2 150	1 961
		2 385	2 178
Aggregate Employee Benefits and Related On-Cost Liabilities		3 568	3 285
13. Provisions			
13.1 Dividend			
Current Liabilities:			
Provision for Dividend to State Government at 1 July		2 100	1 195
Add: Additional provision recognised		1 290	2 100
Less: Payments to State Government		2 100	1 195
Provision for Dividend at 30 June		1 290	2 100
14. Contingencies			

Public Trustee had no contingent assets or liabilities as at balance date.

15. Other Reserves	Deficits & Losses Reserve \$'000	Workers Compensation Reserve \$'000	Building Replacement Reserve \$'000	Total Other Reserves \$'000
Balance as at 30 June 2005	665	285	-	950
Payments from reserves	(180)	-	-	(180)
Balance as at 30 June 2006	485	285	-	770
Payments from reserves	(146)	-	-	(146)
Transfer from retained earnings	-	-	7 600	7 600
Total Other Reserves	339	285	7 600	8 224

The reserve for deficits and other losses was created to cover losses made during the administration of estates. Payments amounting to \$229 000 (\$184 000) were made from this reserve and recoupment of previous years' payments amounting to \$83 000 (\$4000) were made to the reserve.

Public Trustee established a reserve for workers compensation to cover the expenses incurred during the first two years of any claim, the balance being met from Government Workers Rehabilitation and Compensation Fund. No claims have been made from the reserve for the year.

A reserve for the replacement of the building was created during the year.

16. Cash Flow Reconciliation	2007 \$'000	2006 \$'000
Reconciliation of Net Cash provided by Operating Activities to Net Profit after Income Tax		
Net profit after income tax	3 425	2 468
Add (Less): Non-cash items:		
Depreciation and amortisation expense	1 410	1 600
Loss on sale of equipment	102	-
Unrealised loss (gain) on revaluation of investments	161	300
Realised (gain) on sale of equities	-	(340)
Change in assets and liabilities:		
(Increase) in receivables	(872)	(363)
Increase (Decrease) in sundry creditors	113	(375)
Increase in employee benefits and on-costs	284	30
Increase (Decrease) in provision for income tax	333	(111)
Increase (Decrease) in GST liability	814	(50)
Net Cash provided by Operating Activities	5 770	3 159

17. Reconciliation of Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash comprises the Balance Sheet item of cash and cash equivalents.

Cash and Cash Equivalents:

Cash	3 519	3 695
Short-term financial assets held to maturity	5 300	2 000
	8 819	5 695

18. Retained Earnings

Retained earnings at 1 July	10 497	9 949
Net profit	3 425	2 468
Transfers from (to) reserves	(873)	180
Dividend provided for	(1 290)	(2 100)
Retained Earnings at 30 June	11 759	10 497

19. Commitments

Capital Commitments:

One year or less	118	258
Total Capital Commitments	118	258

Outstanding capital contractual arrangements for asset management system software.

Remuneration Commitments:

One year or less	324	430
Later than one year but no longer than five years	591	135
Total Remuneration Commitments	915	565

Amounts disclosed include commitments arising from executive service contracts. Public Trustee does not offer remuneration contracts greater than five years.

Operating Commitments:

One year or less	638	-
Later than one year but no longer than five years	1 267	-
Total Operating Commitments	1 905	-

Public Trustee's operating lease is for office accommodation. Office accommodation is leased from Building Management Accommodation Services. The lease is non-cancellable with a term of three years with a right of renewal. Rent is payable monthly in arrears.

**Statement of Trusts being Administered
as at 30 June 2007**

	Note	2007 \$'000	2006 \$'000
TRUST FUNDS UNDER ADMINISTRATION:	3		
Deceased estates		150 138	138 869
Trusts		124 688	111 554
Administration matters		19 304	12 542
Court award orders		311 807	270 737
Protected estates		193 192	165 587
Workers compensation awards		322	290
Powers of attorney		73 332	61 232
Investors		152 148	139 119
Other		90	23
Total Funds		1 025 021	899 953
REPRESENTED BY:			
INVESTMENT IN COMMON FUNDS:	1.3, 2		
NON-CURRENT ASSETS:			
Australian equities		156 949	151 096
International equities		101 821	94 937
Listed property securities		41 755	38 319
Australian fixed interest investments		91 905	119 311
International fixed interest investments		20 330	21 886
Total Non-Current Assets		412 760	425 549
CURRENT ASSETS:			
Cash at bank and cash equivalents		39 029	4 525
Australian fixed interest investments		284 167	219 375
Advances to estates		2 129	2 670
Sundry debtors		17 609	14 956
Total Current Assets		342 934	241 526
CURRENT LIABILITIES:			
Bank overdraft		2 138	3 877
Income distribution payable		3 911	2 086
Sundry creditors		1 870	793
Total Current Liabilities		7 919	6 756
NET COMMON FUNDS ASSETS		747 775	660 319
ESTATE ASSETS:	1.2		
NON-CURRENT ASSETS:			
Real estate		235 109	198 561
Personal chattels		16 596	15 812
Equities		16 663	14 581
Fixed interest and cash assets		15 837	16 502
Mortgages		551	531
		284 756	245 987
CURRENT ASSETS:			
Sundry debtors		524	549
CURRENT LIABILITIES:			
Sundry creditors		8 034	6 902
NET ESTATE ASSETS		277 246	239 634
TOTAL NET ASSETS		1 025 021	899 953

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

1. Statement of Principal Accounting Policies

1.1 **Format of the Accounts**

The Statement of Trusts Being Administered and related notes are a special purpose financial report prepared to provide information on the value and nature of trusts being administered. The statement consolidates all trusts being administered by Public Trustee. As this Statement is a special purpose financial report, there is no requirement to apply Accounting Standards and other mandatory reporting requirements in the preparation and presentation of this statement.

Public Trustee has prepared the statement, where appropriate based on the general principles outlined in AASs.

The Statement of Trusts Being Administered has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

1.2 **Basis of Valuation for Estate Assets**

Real Estate: For deceased estates, valuation as at date of death; in other matters, valuation as at the date of Public Trustee being appointed manager, administrator or new trustee. Public Trustee revalues all real estate (except deceased estates) other than accommodation bonds every three years wherever a current valuation is not held. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2007.

Personal Chattels: For deceased estates, valuation as at date of death; in other matters, valuation as at the date of Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by Estates in Common Funds: Valuation of estate investment in common funds is based on the underlying fair value of common funds as at balance date.

Other Estate Investments: Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator, new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at the balance date.

1.3 **Basis of Valuation of Common Fund Assets and Liabilities**

Australian Equities and Listed Property Securities: are valued at last close price based on the Australian Stock Exchange listed last closing price at the balance date. Investments in pooled investment funds are valued in accordance with unit prices at the balance date as advised by the managers of the funds.

International Equities: All investments in International Equities are held in pooled funds which are valued in accordance with unit redemption prices at the balance date as advised by the managers of the funds.

Australian Fixed Interest Investments: are valued at market value based on independently obtained market yields applying at the balance date.

International Fixed Interest Investments: consist of investments in pooled funds which are valued in accordance with prices at the balance date as advised by the managers of the funds.

Advances to Estates: are carried at their nominal amounts. The Public Trustee is authorised by the *Public Trustee Act 1995* to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short-term basis. Funds advanced are a first charge on the estate's property vested under the control of the Public Trustee. The interest rate applicable on advances at 30 June 2007 was 8.75 percent (8.25 percent).

Cash at Bank and Cash Equivalents: are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short-term, highly liquid investments with original maturities of three months or less.

Sundry Debtors and Creditors: are carried at their nominal amounts.

2. Operation of the Common Funds

Common funds managed by Public Trustee have been established pursuant to section 29 of the *Public Trustee Act 1995* or its predecessor legislation. Financial statements for each common fund operated by Public Trustee are presented within the annual report of the Public Trustee.

Investment in common funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the common funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of common funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- Capital Stable
- Growth
- Balanced
- Equities.

3. Trust Funds under Administration	Number		Value	
	2007	2006	2007 \$'000	2006 \$'000
Deceased Estates:				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the <i>Public Trustee Act 1995</i>	1 686	1 692	150 138	138 869
Trusts:				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a Will or a Deed of Trust	1 260	1 299	124 688	111 554
Administration Matters:				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the <i>Public Trustee Act 1995</i>	227	205	19 304	12 542
Court Award Orders:				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs, and monies administered by the Public Trustee under the <i>Aged and Infirm Persons' Property Act 1940</i>	899	870	311 807	270 737
Protected Estates:				
Monies administered by the Public Trustee under the <i>Guardianship and Administration Act 1993</i>	2 923	2 782	193 192	165 587
Workers Compensation Awards:				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	9	9	322	290
Powers of Attorney:				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	528	506	73 332	61 232
Investors:				
Monies invested in common funds pursuant to section 29(1) of the <i>Public Trustee Act 1995</i> , by classes of persons approved by the Minister	442	443	152 148	139 119
	7 974	7 806	1 024 931	899 930

4. **Unclaimed Monies**

During the reporting period, unclaimed monies totalling \$151 168 (\$252 000) in respect of estates were paid to the Consolidated Account pursuant to subsection 32(1) of the *Public Trustee Act 1995*.

COMMON FUNDS STATEMENTS

CASH COMMON FUND

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INVESTMENT INCOME:			
Interest	2(e)	17 091	13 575
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	(124)	(129)
Total Investment Income		16 967	13 446
EXPENSES:			
Public Trustee management fees	2(f)	2 731	2 367
Legal and advisory expenses		14	17
Other expenses		30	32
Total Expenses		2 775	2 416
Net Operating Profit		14 192	11 030
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		-	43
Distributions to Unit holders	2(h),4	(14 315)	(11 201)
Transfers (to) from net assets to determine distributable income	2(i)	124	128
Total Financing Costs Attributable to Unit Holders		(14 191)	(11 030)
NET PROFIT FOR THE YEAR		1	-

CASH COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Cash and cash equivalents	5	42 957	4 734
Advances to estates		2 129	2 670
Financial assets held at fair value through profit or loss	6	270 680	241 140
Other assets		3 681	3 578
Total Assets		319 447	252 122
LIABILITIES:			
Income distribution payable		1	-
Bank overdraft	5	2 138	3 877
Funds deposited by other common funds		46 732	18 790
Sundry Creditors		918	770
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		49 789	23 437
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	269 658	228 685
Represented by:			
Fair value of outstanding units based on redemption value		269 647	228 550
Adjustments arising from different unit pricing and AIFRS valuation principles		11	135

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	221 016
Adjustment on adoption of AASB 132 and AASB 139	-	(221 016)
Total Equity at 30 June (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the Year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

CASH COMMON FUND

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Interest received		17 003	13 360
Cash generated from Operating Activities		17 003	13 360
CASH OUTFLOWS:			
Payments for expenses		(2 623)	(2 230)
Cash used in Operating Activities		(2 623)	(2 230)
Net Cash provided by Operating Activities	10(b)	14 380	11 130
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		144 176	121 527
Net repayments of advances to estates		541	753
Cash generated from Investing Activities		144 717	122 280
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		(174 025)	(147 166)
Purchases from other common funds		-	(6 062)
Cash used in Investing Activities		(174 025)	(153 228)
Net Cash used in Investing Activities		(29 308)	(30 948)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Net applications/redemptions from (to) Unit holders		41 260	12 876
Net applications/redemptions from (to) other Common Funds		27 945	13 893
Cash generated from Financing Activities		69 205	26 769
CASH OUTFLOWS:			
Distributions paid		(14 315)	(11 201)
Cash used in Financing Activities		(14 315)	(11 201)
Net Cash provided by Financing Activities		54 890	15 568
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		39 962	(4 250)
CASH AND CASH EQUIVALENTS AT 1 JULY		857	5 107
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	40 819	857
Non-cash financing activities		-	-

SHORT-TERM FIXED INTEREST COMMON FUND

**Income Statement
for the year ended 30 June 2007**

	Note	2007 \$'000	2006 \$'000
INVESTMENT INCOME:			
Interest	2(e)	2 519	2 030
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	(43)	(79)
Total Investment Income		2 476	1 951
EXPENSES:			
Public Trustee management fees	2(f)	370	352
Legal and advisory expenses		2	2
Total Expenses		372	354
Net Operating Profit		2 104	1 597
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		1	2
Distributions to Unit holders	2(h),4	(2 147)	(1 676)
Transfers (to) from net assets to determine distributable income	2(i)	43	78
Total Financing Costs Attributable to Unit Holders		(2 103)	(1 596)
NET PROFIT FOR THE YEAR		1	1

SHORT-TERM FIXED INTEREST COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Cash and cash equivalents	5	10 577	8 532
Financial assets held at fair value through profit or loss	6	36 186	29 763
Other assets		608	230
Total Assets		47 371	38 525
LIABILITIES:			
Income distribution payable		1	1
Sundry Creditors		-	1
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		1	2
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	47 370	38 523
Represented by:			
Fair value of outstanding units based on redemption value		47 301	38 844
Adjustments arising from different unit pricing and AIFRS valuation principles		69	(321)

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	34 516
Adjustment on adoption of AASB 132 and AASB 139	-	(34 516)
Total Equity at 1 July (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

SHORT-TERM FIXED INTEREST COMMON FUND

**Cash Flow Statement
for the year ended 30 June 2007**

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH INFLOWS:			
Interest received		2 383	2 384
Cash generated from Operating Activities		2 383	2 384
CASH OUTFLOWS:			
Payments for expenses		(374)	(352)
Cash used in Operating Activities		(374)	(352)
Net Cash provided by Operating Activities	10(b)	2 009	2 032
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		11 500	18 025
Cash generated from Investing Activities		11 500	18 025
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		(18 208)	(15 261)
Cash used in Investing Activities		(18 208)	(15 261)
Net Cash (used in) provided by Investing Activities		(6 708)	2 764
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from applications by Unit holders		12 316	7 497
Cash generated from Financing Activities		12 316	7 497
CASH OUTFLOWS:			
Payments for redemptions by Unit holders		(3 425)	(3 412)
Distributions paid		(2 147)	(1 677)
Cash used in Financing Activities		(5 572)	(5 089)
Net Cash provided by Financing Activities		6 744	2 408
NET INCREASE IN CASH AND CASH EQUIVALENTS		2 045	7 204
CASH AND CASH EQUIVALENTS AT 1 JULY		8 532	1 328
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	10 577	8 532
Non-cash financing activities		-	-

LONG-TERM FIXED INTEREST COMMON FUND

Income Statement for the year ended 30 June 2007

		2007	2006
	Note	\$'000	\$'000
INVESTMENT INCOME:			
Interest	2(e)	4 450	3 319
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	(1 039)	(999)
Total Investment Income		3 411	2 320
EXPENSES:			
Public Trustee management fees	2(f)	719	621
Legal and advisory expenses		4	4
Total Expenses		723	625
Net Operating Profit		2 688	1 695
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		2	1
Distributions to Unit holders	2(h),4	(3 727)	(2 693)
Transfers (to) from net assets to determine distributable income	2(i)	1 039	999
Total Financing Costs Attributable to Unit Holders		(2 686)	(1 693)
NET PROFIT FOR THE YEAR		2	2

LONG-TERM FIXED INTEREST COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Cash and cash equivalents	5	17 979	1 925
Financial assets held at fair value through profit or loss	6	69 207	67 783
Other assets		679	808
Total Assets		87 865	70 516
LIABILITIES:			
Income distribution payable		2	2
Sundry creditors		-	3
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		2	5
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	87 863	70 511
Represented by:			
Fair value of outstanding units based on redemption value		87 730	70 408
Adjustments arising from different unit pricing and AIFRS valuation principles		133	103

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	60 232
Adjustment on adoption of AASB 132 and AASB 139	-	(60 232)
Total Equity at 30 June (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

LONG-TERM FIXED INTEREST COMMON FUND

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Interest received		4 990	3 511
Cash generated from Operating Activities		4 990	3 511
CASH OUTFLOWS:			
Payments for expenses		(726)	(622)
Cash used in Operating Activities		(726)	(622)
Net Cash provided by Operating Activities	10(b)	4 264	2 889
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		5 000	12 009
Cash generated from Investing Activities		5 000	12 009
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		(7 873)	(23 456)
Cash used in Investing Activities		(7 873)	(23 456)
Net Cash used in Investing Activities		(2 873)	(11 447)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from applications by Unit holders		24 652	16 874
Cash generated from Financing Activities		24 652	16 874
CASH OUTFLOWS:			
Payments for redemptions by Unit holders		(6 262)	(5 596)
Distributions paid		(3 727)	(2 693)
Cash used in Financing Activities		(9 989)	(8 289)
Net Cash provided by Financing Activities		14 663	8 585
NET INCREASE IN CASH AND CASH EQUIVALENTS		16 054	27
CASH AND CASH EQUIVALENTS AT 1 JULY		1 925	1 898
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	17 979	1 925
Non-cash financing activities		-	-

OVERSEAS FIXED INTEREST COMMON FUND

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INVESTMENT INCOME:			
Trust Distributions		1 104	790
Interest	2(e)	380	82
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	(1 562)	(744)
Other income		22	24
Total Investment Income		(56)	152
EXPENSES:			
Public Trustee management fees	2(f)	230	236
Legal and advisory expenses		1	2
Total Expenses		231	238
Net Operating Loss		(287)	(86)
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		1	1
Distributions to Unit holders	2(h),4	(1 343)	(658)
Transfers (to) from net assets to determine distributable income	2(i)	1 630	744
Total Financing Costs Attributable to Unit Holders		288	87
NET PROFIT FOR THE YEAR		1	1

OVERSEAS FIXED INTEREST COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Cash and cash equivalents	5	13 243	4 550
Financial assets held at fair value through profit or loss	6	20 329	21 886
Other assets		736	611
Total Assets		34 308	27 047
LIABILITIES:			
Income distribution payable		1	1
Sundry Creditors		-	1
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		1	2
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	34 307	27 045
Represented by:			
Fair value of outstanding units based on redemption value		34 290	27 034
Adjustments arising from different unit pricing and AIFRS valuation principles		17	11

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	23 849
Adjustment on adoption of AASB 132 and AASB 139	-	(23 849)
Total Equity at 30 June (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

OVERSEAS FIXED INTEREST COMMON FUND

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Trust distribution received		979	1 327
Interest received		380	81
Other income		17	19
Cash generated from Operating Activities		1 376	1 427
CASH OUTFLOWS:			
Payments for expenses		(232)	(223)
Cash used in Operating Activities		(232)	(223)
Net Cash provided by Operating Activities	10(b)	1 144	1 204
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		-	-
Cash generated from Investing Activities		-	-
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		-	-
Cash used in Investing Activities		-	-
Net Cash provided by Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from applications by Unit holders		11 335	6 210
Cash generated from Financing Activities		11 335	6 210
CASH OUTFLOWS:			
Payments for redemptions by Unit holders		(2 443)	(2 270)
Distributions paid		(1 343)	(659)
Cash used in Financing Activities		(3 786)	(2 929)
Net Cash provided by Financing Activities		7 549	3 281
NET INCREASE IN CASH AND CASH EQUIVALENTS		8 693	4 485
CASH AND CASH EQUIVALENTS AT 1 JULY		4 550	65
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	13 243	4 550
Non-cash financing activities		-	-

AUSTRALIAN SHARES COMMON FUND

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INVESTMENT INCOME:			
Dividends		5 885	6 054
Trust distributions		4 146	3 318
Interest	2(e)	152	391
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	33 794	24 602
Other income		45	53
Total Investment Income		44 022	34 418
EXPENSES:			
Public Trustee management fees	2(f)	1 744	1 684
Legal and advisory expenses		9	12
Transaction costs		53	18
Other expenses		2	13
Total Expenses		1 808	1 727
Net Operating Profit		42 214	32 691
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS			
Undistributed income brought forward		49	4
Distributions to Unit holders	2(h),4	(35 467)	(22 355)
Transfers (to) from net assets to determine distributable income	2(i)	(6 722)	(10 291)
Total Financing Costs Attributable to Unit Holders		(42 140)	(32 642)
NET PROFIT FOR THE YEAR		74	49

AUSTRALIAN SHARES COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Financial assets held at fair value through profit or loss	6	156 637	150 747
Other assets		4 405	3 300
Total Assets		161 042	154 047
LIABILITIES:			
Income distribution payable		74	49
Borrowings from cash Common Fund	5	3 928	209
Sundry Creditors		-	13
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		4 002	271
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	157 040	153 776
Represented by:			
Fair value of outstanding units based on redemption value		157 565	154 125
Adjustments arising from different unit pricing and AIFRS valuation principles		(525)	(349)

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	152 447
Adjustment on adoption of AASB 132 and AASB 139	-	(152 447)
Total Equity at 30 June (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

AUSTRALIAN SHARES COMMON FUND

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Trust distributions received		3 041	3 318
Dividends received		5 685	5 677
Interest received		152	391
Other income received		17	26
Cash generated from Operating Activities		8 895	9 412
CASH OUTFLOWS:			
Payments for expenses		(1 772)	(1 701)
Cash used in Operating Activities		(1 772)	(1 701)
Net Cash provided by Operating Activities	10(b)	7 123	7 711
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		48 244	38 721
Cash generated from Investing Activities		48 244	38 721
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		(20 070)	(14 384)
Transaction costs on purchase of financial assets held at fair value through profit or loss		(53)	(18)
Cash used in Investing Activities		(20 123)	(14 402)
Net Cash provided by Investing Activities		28 121	24 319
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from applications by Unit holders		26 475	20 445
Cash generated from Financing Activities		26 475	20 445
CASH OUTFLOWS:			
Payments for redemptions by Unit holders		(29 971)	(29 058)
Distributions paid		(35 467)	(22 355)
Cash used in Financing Activities		(65 438)	(51 413)
Net Cash used in Financing Activities		(38 963)	(30 968)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3 719)	1 062
CASH AND CASH EQUIVALENTS AT 1 JULY		(209)	(1 271)
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	(3 928)	(209)
Non-cash financing activities		-	-

OVERSEAS SHARES COMMON FUND

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INVESTMENT INCOME:			
Trust distributions		6 935	5 776
Interest	2(e)	343	127
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	1 832	11 300
Other income		52	54
Total Investment Income		9 162	17 257
EXPENSES:			
Public Trustee management fees	2(f)	1 086	976
Legal and advisory expenses		5	7
Other expenses		-	4
Total Expenses		1 091	987
Net Operating Profit		8 071	16 270
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		3	10
Distributions to Unit holders	2(h),4	(2 990)	(455)
Transfers (to) from net assets to determine distributable income	2(i)	(5 081)	(15 822)
Total Financing Costs Attributable to Unit Holders		(8 068)	(16 267)
NET PROFIT FOR THE YEAR		3	3

OVERSEAS SHARES COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Cash and cash equivalents	5	4 051	2 317
Financial assets held at fair value through profit or loss	6	101 821	94 937
Other assets		6 873	5 780
Total Assets		112 745	103 034
LIABILITIES:			
Income distribution payable		3	3
Sundry Creditors		-	3
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		3	6
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS:	3	112 742	103 028
Represented by:			
Fair value of outstanding units based on redemption value		112 738	103 028
Adjustments arising from different unit pricing and AIFRS valuation principles		4	-

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	84 885
Adjustment on adoption of AASB 132 and AASB 139	-	(84 885)
Total Equity at 30 June (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

OVERSEAS SHARES COMMON FUND

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Trust distributions received		5 845	874
Dividends received		-	-
Interest received		343	127
Other income received		-	10
Cash generated from Operating Activities		6 188	1 011
CASH OUTFLOWS:			
Payments for expenses		(1 097)	(983)
Cash used in Operating Activities		(1 097)	(983)
Net Cash provided by Operating Activities	10(b)	5 091	28
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		-	-
Cash generated from Investing Activities		-	-
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		(5 000)	-
Payments for International Equities		-	-
Cash used in Investing Activities		(5 000)	-
Net Cash used in Investing Activities		(5 000)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from applications by Unit holders		18 394	12 683
Cash generated from Financing Activities		18 394	12 683
CASH OUTFLOWS:			
Payments for redemptions by Unit holders		(13 761)	(10 362)
Distributions paid		(2 990)	(455)
Cash used in Financing Activities		(16 751)	(10 817)
Net Cash provided by Financing Activities		1 643	1 866
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 734	1 894
CASH AND CASH EQUIVALENTS AT 1 JULY		2 317	423
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	4 051	2 317
Non-cash financing activities		-	-

LISTED PROPERTY SECURITIES COMMON FUND

Income Statement for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INVESTMENT INCOME:			
Trust distributions		2 494	2 469
Interest	2(e)	49	49
Net gains (losses) on financial assets held at fair value through profit or loss	2(b)	7 408	3 845
Other operating income		45	-
Total Investment Income		9 996	6 363
EXPENSES:			
Public Trustee management fees	2(f)	459	379
Legal and advisory expenses		2	4
Transaction costs		11	5
Other operating expenses		24	-
Total Expenses		496	388
Net Operating Profit		9 500	5 975
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		2 029	1 070
Distributions to Unit holders	2(h),4	(4 128)	(2 347)
Transfers (to) from net assets to determine distributable income	2(i)	(3 568)	(2 669)
Total Financing Costs Attributable to Unit Holders		(5 667)	(3 946)
NET PROFIT FOR THE YEAR		3 833	2 029

LISTED PROPERTY SECURITIES COMMON FUND

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS:			
Cash and cash equivalents	5	882	1 466
Financial assets held at fair value through profit or loss	6	41 595	38 279
Other assets		627	646
Total Assets		43 104	40 391
LIABILITIES:			
Income distribution payable		3 833	2 029
Sundry creditors		949	2
Total Liabilities (excluding Net Assets Attributable to Unit Holders)		4 782	2 031
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS:	3	38 322	38 360
Represented by:			
Fair value of outstanding units based on redemption value		38 541	38 400
Adjustments arising from different unit pricing and AIFRS valuation principles		(219)	(40)

Statement of Changes in Equity for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Total Equity at 1 July	-	34 709
Adjustment on adoption of AASB 132 and AASB 139	-	(34 709)
Total Equity at 30 June (restated)	-	-
Profit (Loss) for the year	-	-
Total Recognised Income and Expense for the year	-	-
Transactions with equity holders (applications and redemptions)	-	-
Distributions to equity holders	-	-
Total Equity at 30 June	-	-

LISTED PROPERTY SECURITIES COMMON FUND

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH INFLOWS:			
Trust distributions received		2 380	2 291
Interest received		49	49
Other income received		45	-
Cash generated from Operating Activities		2 474	2 340
CASH OUTFLOWS:			
Payments for expenses		(488)	(381)
Cash used in Operating Activities		(488)	(381)
Net Cash provided by Operating Activities	10(b)	1 986	1 959
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of financial assets held at fair value through profit or loss		10 602	3 984
Cash generated from Investing Activities		10 602	3 984
CASH OUTFLOWS:			
Purchase of financial assets held at fair value through profit or loss		(5 548)	(4 331)
Transaction costs on purchase of financial assets held at fair value through profit or loss		(11)	(5)
Cash used in Investing Activities		(5 559)	(4 336)
Net Cash provided by (used in) Investing Activities		5 043	(352)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from applications by Unit holders		7 306	4 771
Cash generated from Financing Activities		7 306	4 771
CASH OUTFLOWS:			
Payments for redemptions by Unit holders		(10 790)	(3 748)
Distributions paid		(4 129)	(2 347)
Cash used in Financing Activities		(14 919)	(6 095)
Net Cash used in Financing Activities		(7 613)	(1 324)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(584)	283
CASH AND CASH EQUIVALENTS AT 1 JULY		1 466	1 183
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	882	1 466
Non-cash financing activities		-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

The Common Funds have been established pursuant to the *Public Trustee Act 1995* or its predecessor legislation. The following Common Funds were active for the whole of the current and comparative reporting periods:

- Cash Common Fund
- Short-Term Fixed Interest Common Fund
- Long-Term Fixed Interest Common Fund
- Australian Shares Common Fund
- Overseas Fixed Interest Common Fund
- Overseas Shares Common Fund
- Listed Property Securities Common Fund

The Inflation Linked Investments Common Fund was again dormant throughout 2006-07, has nil assets and liabilities and has not been reported.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) is by way of notional unit holdings in the Common Funds. Unit holders may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- Capital Stable
- Growth
- Balanced
- Equities

Management of common fund investments is undertaken by Public Trustee.

Australian and International Equity investments, together with Overseas Fixed Interest investments have also been made using Australian domiciled pooled funds. At 30 June 2007, the following pooled fund investments were held:

- CNA Capital International Global Equity Trust
- BIAM Australia International Equities Fund
- RCM Best Styles Global Shares Fund
- BIAM Australia International Fixed Interest Fund
- Franklin Templeton Global Aggregate Fund
- Investors Mutual Australian Smaller Companies Fund
- Perennial Value Smaller Companies Trust

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of Preparation

The statements of Public Trustee's Common Funds and related notes is a general purpose financial report and has been prepared in accordance with TI issued pursuant to the provisions of the PFAA, applicable AASs and Interpretations.

The statements of the Common Funds have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheet is presented on a liquidity basis as it provides information that is more relevant to the Public Trustee.

Compliance with International Financial Reporting Standards (IFRS)

AASs include AIFRS. Compliance with AIFRS ensures that the financial report of the Funds, comprising the financial statements and notes thereto, complies with IFRS.

Amounts have been rounded to the nearest thousand (\$'000).

(b) Financial Instruments

(i) Classification

The Funds' investments are classified as at fair value through profit or loss. They comprise:

- *Financial Instruments Held-for-Trading*
These include derivative financial instruments including futures, forward contracts, options and interest rate swaps. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. Currently none of the Common Funds invest in any such financial instruments.

- *Financial Instruments Designated at Fair Value through Profit or Loss upon Initial Recognition*
These include financial assets that are not held-for-trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper.

Loans and receivables/payables comprise amounts due to or from the Common Funds.

(ii) *Recognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

(iii) *Measurement*

(a) *Financial Assets and Liabilities held at Fair Value through the Profit or Loss*

Financial assets and liabilities held at fair value through the profit and loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Income Statement.

- *Fair Value in an Active Market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the Balance Sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- *Fair Value of Unlisted Unit Trusts*

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such funds.

(b) *Loans and Receivables*

Loan assets are measured initially at fair value and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each Balance Sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the Income Statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Income Statement.

(c) **Net Assets Attributable to Unit Holders**

Units are redeemable at the unit holders' option and are therefore classified as financial liabilities. The units can be put back to the Common Funds at any time for cash equal to a proportionate share of the Common Funds' net asset values. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Balance Sheet date if unit holders exercised their right to put the units back to the Common Funds. Because the Common Funds' redemption unit prices are based on different valuation principles to that applied in financial reporting, valuation differences exist, which have been treated as a separate component of net assets attributable to unit holders. Changes in the value of these financial liabilities are recognised in the Income Statements as they arise.

(d) **Cash and Cash Equivalents**

For Cash Flow Statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within liabilities on the Balance Sheet. For the purposes of the Cash Flow Statements, bank overdraft is included as a component of cash and cash equivalents.

For all Common Funds (other than Cash Common Fund) cash equivalents include Funds' investments in and borrowings from the Cash Common Fund.

(e) **Investment Income**

Interest income and expense are recognised in the Income Statement for all debt instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

(e) Investment Income (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

(f) Expenses

All expenses, including management fees, are recognised in the Income Statement on an accruals basis.

Management fees are charged against each common fund at a rate of one-twelfth of one percent of the value of the fund as at the first business day of each month and are authorised by the *Public Trustee Act 1995*.

(g) Income Tax

Under current legislation, the Common Funds are not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (ie unit holders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unit holders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unit holders.

The benefits of imputation credits and foreign tax paid are passed on to unit holders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Income Statement.

(h) Distributions

Common Funds distributions are made to unit holders as at 31 December and 30 June each year. With the exception of the Listed Property Securities Common Fund, distributions are paid as at these dates. Unit holders to the Listed Property Securities Common Fund are presently entitled to the income and capital distributions payable at the balance date. Payment is not made until after the balance date as advice of distribution entitlements from underlying investments is not received by Public Trustee until after the balance date.

In respect of direct client investment in the Cash Common Fund, if the administration of an estate is completed during the year, an income entitlement is determined to the date of completion of the estate. Final entitlements to other common fund distributions are paid at normal distribution dates.

The distributions are recognised in the Income Statement as finance costs attributable to unit holders.

(i) Transfers (to) from Net Assets to Determine Distributable Income

Non-distributable income is included in net assets attributable to unit holders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, and net capital losses. Net capital gains on the realisation of any financial instruments and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unit holders are recognised in the Income Statement as financing costs.

(j) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Common Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Common Funds compete for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) **Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) **Receivables**

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivables.

(l) **Payables**

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

The distribution amount payable to unit holders as at the reporting date is recognised separately on the Balance Sheet as unit holders are presently entitled to the distributable income as at 30 June 2007 under the Trust Deed.

(m) **Applications and Redemptions**

Applications received for units in the Common Funds are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) **GST**

The Common Funds are registered entities under the GST legislation. Investments in Public Trustee Common Funds are classified as input taxed financial supplies and no GST is charged on such supplies. The GST incurred on the costs of various services provided to the Common Funds by third parties such as management fees have been passed onto the Common Funds. The Common Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 75 percent hence investment management fees and other expenses have been recognised in the Income Statement net of the amount of GST recoverable from the ATO. Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Balance Sheet. Cash flows relating to GST are included in the Cash Flow Statement on a gross basis.

(o) **Use of Estimates**

The Common Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(p) **New Accounting Standards**

Certain new accounting standards have been published that are not mandatory for 30 June 2007 reporting periods. The assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set below:

(i) **AASB 7 and AASB 2005-10 Amendments to AASs [AASBs 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038]**

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Fund has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Fund's financial instruments.

(ii) **AASB 101 (Revised)**

AASB 101 (Revised) is applicable to annual reporting periods beginning on or after 1 January 2007. The fund has not adopted this standard early. Application of this standard will not effect any of the amounts recognised in the financial statements.

3. Net Assets Attributable to Unit Holders

Movements in number of units and net assets attributable to unit holders during the year were as follows:

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) **Common Fund Unit Prices**

Common Fund Unit Prices at 30 June	2007		2006	
	Purchase Price	Redemption Price	Purchase Price	Redemption Price
Short-term fixed interest	\$1.0037	\$1.0007	\$1.0041	\$1.0011
Long-term fixed interest	\$1.0038	\$1.0008	\$1.0166	\$1.0136
Overseas fixed interest	\$0.8553	\$0.8545	\$0.8997	\$0.8989
Australian Shares	\$2.4359	\$2.4310	\$2.3527	\$2.3480
Overseas shares	\$1.1651	\$1.1570	\$1.1092	\$1.1015
Listed property securities	\$1.5291	\$1.5245	\$1.4197	\$1.4155

(b) **Movements in Common Funds Units**

	Short-Term Fixed Interest		Common Fund Long-Term Fixed Interest		Overseas Fixed Interest	
	2007	2006	2007	2006	2007	2006
	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000
Opening Balance	38 421	34 364	69 463	58 405	30 075	25 780
Applications	12 269	7 440	24 397	16 508	12 781	6 771
Redemptions	(3 422)	(3 383)	(6 200)	(5 450)	(2 727)	(2 476)
Closing Balance	47 268	38 421	87 660	69 463	40 129	30 075

	Australian Shares		Overseas Shares		Listed Property Securities	
	2007	2006	2007	2006	2007	2006
	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000
Opening Balance	65 641	69 005	93 534	91 397	27 127	26 404
Applications	10 321	8 469	15 598	11 967	4 504	3 455
Redemptions	(11 236)	(11 833)	(11 692)	(9 830)	(6 388)	(2 732)
Closing Balance	64 726	65 641	97 440	93 534	25 243	27 127

(c) **Movements in Funds Employed**

	Cash		Common Fund Short-Term Fixed Interest		Common Fund Long-Term Fixed Interest		Overseas Fixed Interest	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	228 685	221 016	38 523	34 516	70 511	60 232	27 045	23 849
Applications ⁽¹⁾	100 642	27 150	12 316	7 477	24 652	16 857	11 336	6 210
Redemptions	-	-	(3 425)	(3 392)	(6 261)	(5 579)	(2 444)	(2 270)
Increase (Decrease) in net assets attributable to unit holders	(59 669)	(19 481)	(43)	(78)	(1 039)	(999)	(1 630)	(744)
Closing Balance	269 658	228 685	47 371	38 523	87 863	70 511	34 307	27 045

	Australian Shares		Overseas Shares		Listed Property Securities	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	153 776	152 447	103 028	84 885	38 360	34 708
Applications	26 475	20 422	18 394	12 683	7 305	4 762
Redemptions	(29 971)	(29 035)	(13 761)	(10 362)	(10 790)	(3 739)
Increase (Decrease) in net assets attributable to unit holders	6 760	9 942	5 081	15 822	3 447	2 629
Closing Balance	157 040	153 776	112 742	103 028	38 322	38 360

- (1) A net movement in net assets attributable to unit holders funds is reported for the Cash Common Fund. This fund is the primary working account for trust administration operations. Movements in net assets attributable to unit holders are typically high volumes, low value transactions.

(d) Net Realised and Unrealised Gains (Losses)	Net Unrealised Gains (Losses)		Net Realised Gains (Losses)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash	(97)	6	(27)	(135)
Short-term fixed interest	(50)	(85)	7	6
Long-term fixed interest	(1 040)	(994)	1	(5)
Overseas fixed interest	(1 562)	(744)	-	-
Australian shares	26 333	19 741	7 461	4 861
Overseas shares	1 832	11 300	-	-
Listed property securities	5 790	3 502	1 618	343
	31 206	32 726	9 060	5 070

4. Distributions to Unit holders

Timing of Distributions

The distributions were paid/payable as follows:

	30.06.07 \$'000	30.06.07 CPU	30.06.06 \$'000	30.06.06 CPU
Cash Common Fund				
Distributions paid	14 315	0.0458	11 201	0.0453
Undistributable income brought forward	-	-	(43)	-
Distributions payable	1	-	-	-
	14 316		11 158	

	30.06.07 \$'000	30.06.07 CPU	30.06.06 \$'000	30.06.06 CPU
Short-Term Fixed Interest Common Fund				
Distributions paid	2 147	0.0454	1 676	0.0436
Undistributable income brought forward	(1)	-	(2)	-
Distributions payable	1	-	1	-
	2 147		1 675	

	30.06.07 \$'000	30.06.07 CPU	30.06.06 \$'000	30.06.06 CPU
Long-Term Fixed Interest Common Fund				
Distributions paid	3 727	0.0425	2 693	0.0388
Undistributable income brought forward	(2)	-	(1)	-
Distributions payable	2	-	2	-
	3 727		2 694	

	30.06.07 \$'000	30.06.07 CPU	30.06.06 \$'000	30.06.06 CPU
Overseas Fixed Interest Common Fund				
Distributions paid	1 343	0.0335	658	0.0219
Undistributable income brought forward	(1)	-	(1)	-
Distributions payable	1	-	1	-
	1 343		658	

	30 06.07 \$'000	30 06.07 CPU	30 06.06 \$'000	30 06.06 CPU
Australian Shares Common Fund				
Distributions paid	35 467	0.5480	22 355	0.3406
Undistributable income brought forward	(49)	-	(4)	-
Distributions payable	74	-	49	-
	35 492		22 400	

	30.06.07 \$'000	30.06.07 CPU	30.06.06 \$'000	30.06.06 CPU
Overseas Shares Common Fund				
Distributions paid	2 990	0.0307	455	0.0049
Undistributable income brought forward	(3)	-	(10)	-
Distributions payable	3	-	3	-
	2 990		448	

	30.06.07 \$'000	30.06.07 CPU	30.06.06 \$'000	30.06.06 CPU
Listed Property Securities Common Fund				
Distributions paid	4 128	0.1635	2 347	0.0865
Undistributable income brought forward	(2 029)	-	(1 070)	-
Distributions payable	3 833	-	2 029	-
	5 932		3 306	

Timing of Distributions (continued)

In accordance with the *Public Trustee Act 1995*, investors received a proportionate distribution of net income depending on the number of days units were held. Included in the distribution at 30 June 2007 were net realised capital gains of 0.3935 cents per unit which was distributed to unit holders based on the number of units held as at 30 June 2007 for the Australian Shares Common Fund.

Included in the distribution at 30 June 2007 were net realised capital gains of 0.0221 cents per unit which was distributed to unit holders based on the number of units held as at 30 June 2007 for the Overseas Shares Common Fund.

Included in the distribution at 31 December 2006 were net realised capital gains of 0.0803 cents per unit which was distributed to unit holders based on the number of units held as at 31 December 2006 for the Australian Shares Common Fund.

Included in the distribution at 31 December 2006 were net realised capital gains of 0.0426 cents per unit which was distributed to unit holders based on the number of units held as at 31 December 2006 for the Listed Property Securities Common Fund.

5. Cash and Cash Equivalents	2007	2006
Cash Common Fund	\$'000	\$'000
Cash at bank	29	25
Money market instruments	39 000	4 500
Advances to Common Funds	3 928	209
Bank overdraft	(2 138)	(3 877)
	40 819	857
Short-Term Fixed Interest Common Fund		
Units in Cash Common Fund	10 577	8 532
	10 577	8 532
Long-Term Fixed Interest Common Fund		
Units in Cash Common Fund	17 979	1 925
	17 979	1 925
Australian Shares Common Fund		
Units in Cash Common Fund	-	-
Borrowings from Cash Common Fund	(3 928)	(209)
	(3 928)	(209)
Overseas Fixed Interest Common Fund		
Units in Cash Common Fund	13 243	4 550
	13 243	4 550
Overseas Shares Common Fund		
Units in Cash Common Fund	4 051	2 317
	4 051	2 317
Listed Property Securities Common Fund		
Units in Cash Common Fund	882	1 466
	882	1 466

(a) Cash at Bank and On Hand

The cash deposit is held with a financial institution and is bearing interest at 6.28 percent (5.81 percent) per annum as at 30 June 2007 available at call.

(b) Bank Overdraft

The bank overdraft is held with a financial institution and is incurring interest at 9.5 percent (9.00 percent) per annum as at 30 June 2007.

(c) Money Market Instruments

These instruments are bearing floating interest rates between 5.70 percent and 6.20 percent (5.45 percent and 5.70 percent). This deposit is available at call.

(d) Units in Cash Common Fund

Units held in the Cash Common Fund act as an operating cash account for the other Common Funds, and are interest bearing. These investments are available at call.

(e) Advances to Other Common Funds/Borrowings from Cash Common Fund

Advances to other Common Funds/borrowings from Cash Common Fund are treated as cash/loans and are interest bearing at 5.70 percent (5.10 percent) per annum.

6. Financial Assets Held at Fair Value through Profit and Loss	2007	Common Funds		
		Cash	Short-Term Fixed Interest	
	\$'000	2006	2007	2006
		\$'000	\$'000	\$'000
Designated as at Fair Value through Profit and Loss:				
Equity securities	-	-	-	-
Fixed interest securities	270 680	241 140	36 186	29 763
Unlisted unit trusts	-	-	-	-
Total Designated as at Fair Value through Profit and Loss	270 680	241 140	36 186	29 763

6. Financial Assets Held at Fair Value through Profit and Loss (continued)	Common Funds			
	Long-Term Fixed Interest		Australian Shares	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Designated as at Fair Value through Profit and Loss:				
Equity securities	-	-	141 330	137 411
Fixed interest securities	69 207	67 783	-	-
Unlisted unit trusts	-	-	15 307	13 336
Total Designated as at Fair Value through Profit and Loss	69 207	67 783	156 637	150 747

	Common Funds			
	Overseas Fixed Interest		Overseas Shares	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Designated as at Fair Value through Profit and Loss:				
Equity securities	-	-	-	-
Fixed interest securities	-	-	-	-
Unlisted unit trusts	20 329	21 886	101 821	94 937
Total Designated as at Fair Value through Profit and Loss	20 329	21 886	101 821	94 937

	Common Funds	
	Listed Property Securities	2006
	2007 \$'000	\$'000
Designated as at Fair Value through Profit and Loss:		
Equity securities	41 595	38 279
Fixed interest securities	-	-
Unlisted unit trusts	-	-
Total Designated as at Fair Value through Profit and Loss	41 595	38 279

7. Revenue and Assets for Entities within the SA Government	2007	2006
	\$'000	\$'000
Public Trustee Common Fund distributions	8 251	5 838
Refunds and reimbursements	296	270
Gain (Loss) on Public Trustee Common Funds	1 263	617
Total Revenue for Entities within SA Government	9 810	6 725
Public Trustee Common Funds	112 881	102 795
Total Assets for Entities within SA Government	112 881	102 795

Public Trustee administers funds on behalf of a number of government entities that invest across all Common Funds.

8. Derivative Financial Instruments
Derivative instruments may be used by the Australian Shares, Overseas Shares and Overseas Fixed Interest Common Funds for purposes of investing funds or for hedging or otherwise managing risks associated with share and fixed interest markets. Where used for the purpose of investing funds, the notional exposure created by the holding of derivatives may not exceed the amount held as cash or an equivalent such as short-term money market investments or deposits with other Common Funds.

No common fund held open futures contracts at the balance dates of the current or prior periods.

9. Financial Risk Management
The Funds are exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments they hold. The risk management policies employed by the Funds to manage these risks are discussed below.

(a) Credit Risk
Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Balance Sheet date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

(a) Credit Risk (continued)

Credit risk arises primarily with the following classes of instruments and counterparties:

- Sovereign debt of the Australian Commonwealth and State Governments
- Sovereign debt of the foreign governments
- Banking corporations
- Corporate debt of investment grade
- Pooled Investment Funds.

Internal operating guidelines have been established to manage credit exposure to any single counterparty or groups of counterparties with similar characteristics.

There were no significant concentrations of credit risk to counterparties at 30 June 2007 or 30 June 2006.

(b) Foreign Exchange Risk

The Overseas Fixed Interest Common Fund and the Overseas Shares Common Fund are indirectly exposed to foreign exchange risk as a result of their investments in other unit trusts which in turn invest in financial instruments that are denominated in foreign currencies.

The Common Funds rely on the hedging policies of the unit trusts that they invest into to adequately hedge the exposure to foreign exchange risk.

(c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk disclosures have been prepared on the basis of the Common Funds' direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the above Note may not represent the true interest rate risk profile of the Common Funds where the Common Funds have significant investments in unit trusts that also have exposure to the interest rate markets.

The Common Funds' exposures to interest rate risk and the weighted average effective interest rate are set out in the following table:

	Weighted Average Effective Interest Rate Percent	Instruments Maturing or Re-pricing Within			2007 Total \$'000
		1 Year or Less \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
Cash Common Fund					
Cash at bank	-	29	-	-	29
Short-term deposits	6.20	39 000	-	-	39 000
Floating rate notes	7.03	40 686	-	-	40 686
Australian fixed interest	6.40	229 994	-	-	229 994
Advances to Common Funds	5.70	3 928	-	-	3 928
Advances to estates	8.75	2 129	-	-	2 129
		315 766	-	-	315 766
Bank overdraft	9.50	(2 138)	-	-	(2 138)
Short-Term Fixed Interest Common Fund					
Deposits with Cash Common Fund	5.70	10 577	-	-	10 577
Australian fixed interest	6.37	20 212	1 930	-	22 142
Floating rate notes	7.02	14 044	-	-	14 044
		44 833	1 930	-	46 763
Long-Term Fixed Interest Common Fund					
Deposits with Cash Common Fund	5.70	17 979	-	-	17 979
Australian fixed interest	6.58	6 018	54 174	-	60 192
Floating rate notes	7.06	9 014	-	-	9 014
		33 011	54 174	-	87 185
Overseas Fixed Interest Common Fund					
Deposits with Cash Common Fund	5.70	13 243	-	-	13 243
Australian Shares Common Fund					
Borrowings from Cash Common Fund	5.70	3 928	-	-	3 928
Overseas Shares Common Fund					
Deposits with Cash Common Fund	5.70	4 051	-	-	4 051
Listed Property Securities Common Fund:					
Deposits with Cash Common Fund	5.70	882	-	-	882

(c) Interest Rate Risk (continued)

	Weighted Average Effective Interest Rate Percent	Instruments Maturing or Re-pricing Within			2006 Total \$'000
		1 Year or Less \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
Cash Common Fund					
Cash at bank	-	25	-	-	25
Short-term deposits	5.70	4 500	-	-	4 500
Floating rate notes	6.41	55 306	-	-	55 306
Australian fixed interest	5.95	185 834	-	-	185 834
Advances to Common Funds	5.10	209	-	-	209
Advances to estates	8.25	2 670	-	-	2 670
		<u>248 544</u>	<u>-</u>	<u>-</u>	<u>248 544</u>
Bank overdraft	9.00	(3 877)	-	-	(3 877)
Short-Term Fixed Interest Common Fund					
Deposits with Cash Common Fund	5.10	8 532	-	-	8 532
Australian fixed interest	5.94	7 014	6 141	-	13 155
Floating rate notes	6.67	16 608	-	-	16 608
		<u>32 154</u>	<u>6 141</u>	<u>-</u>	<u>38 295</u>
Long-Term Fixed Interest Common Fund					
Deposits with Cash Common Fund	5.10	1 925	-	-	1 925
Australian fixed interest	5.91	4 999	53 733	-	58 732
Floating rate notes	6.38	9 051	-	-	9 051
		<u>15 975</u>	<u>53 733</u>	<u>-</u>	<u>69 708</u>
Overseas Fixed Interest Common Fund					
Deposits with Cash Common Fund	5.10	4 550	-	-	4 550
Australian Shares Common Fund					
Borrowings from Cash Common Fund	5.10	209	-	-	209
Overseas Shares Common Fund					
Deposits with Cash Common Fund	5.10	2 317	-	-	2 317
Listed Property Securities Common Fund					
Deposits with Cash Common Fund	5.10	1 466	-	-	1 466

(d) Market Price Risk

Market price risk is the risk that the value of the Common Funds' investment portfolios will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis.

(e) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Common Funds will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

(f) Fair Values of Financial Assets and Financial Liabilities

All financial assets and financial liabilities included in the Balance Sheet are carried at fair value.

	2007 \$'000	2006 \$'000
10. Cash Flow Reconciliation		
Cash Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	40 819	857
Balance Sheet	<u>40 819</u>	<u>857</u>

Cash Common Fund (continued)	2007	2006
(b) Reconciliation of Net Profit to Net Cash provided by Operating Activities	\$'000	\$'000
Net Operating Profit	14 192	11 030
Non-cash Operating Activities:		
Net losses on financial instruments held at fair value through profit or loss	124	129
Amortisation of discounts and premiums	18	31
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	(102)	(252)
Net change in payables and other liabilities	148	192
Net Cash provided by Operating Activities	14 380	11 130
Short-Term Fixed Interest Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	10 577	8 532
Balance Sheet	10 577	8 532
(b) Reconciliation of Net Profit to Net Cash provided by Operating Activities		
Net Operating Profit	2 104	1 597
Non-cash Operating Activities:		
Net losses on financial instruments held at fair value through profit or loss	43	79
Amortisation of discounts and premiums	242	289
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	(378)	66
Net change in payables and other liabilities	(2)	1
Net Cash provided by Operating Activities	2 009	2 032
Long-Term Fixed Interest Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	17 979	1 925
Balance Sheet	17 979	1 925
(b) Reconciliation of Net Profit to Net Cash provided by Operating Activities		
Net Operating Profit	2 688	1 695
Non-cash Operating Activities:		
Net losses on financial instruments held at fair value through profit or loss	1 039	999
Amortisation of discounts and premiums	410	369
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	130	(177)
Net change in payables and other liabilities	(3)	3
Net Cash provided by Operating Activities	4 264	2 889
Overseas Fixed Interest Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	13 243	4 550
Balance Sheet	13 243	4 550
(b) Reconciliation of Net (Loss) to Net Cash provided by from Operating Activities		
Net Operating (Loss)	(287)	(86)
Non-cash operating activities:		
Net losses on financial instruments held at fair value through profit or loss	1 562	744
Income reinvested and not received in cash	(5)	(6)
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	(125)	551
Net change in payables and other liabilities	(1)	1
Net Cash provided by Operating Activities	1 144	1 204
Australian Shares Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	(3 928)	(209)
Balance Sheet	(3 928)	(209)

Australian Shares Common Fund (continued)	2007	2006
(b) Reconciliation of Net Profit to Net Cash provided by Operating Activities	\$'000	\$'000
Net Operating Profit	42 214	32 691
Non-cash operating activities:		
Net gains on financial instruments held at fair value through profit or loss	(33 794)	(24 602)
Dividends and other income reinvested and not received in cash	(179)	(26)
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	(1 105)	(360)
Net change in payables and other liabilities	(13)	8
Net Cash provided by Operating Activities	7 123	7 711
Overseas Shares Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	4 051	2 317
Balance Sheet	4 051	2 317
(b) Reconciliation of Net Profit to Net Cash provided by Operating Activities		
Net Operating Profit	8 071	16 270
Non-cash operating activities:		
Change in the net market value of investments	(1 832)	(11 300)
Income reinvested and not received in cash	(52)	(579)
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	(1 093)	(4 367)
Net change in payables and other liabilities	(3)	4
Net Cash provided by Operating Activities	5 091	28
Listed Property Securities Common Fund		
(a) Reconciliation of Cash and Cash Equivalents		
Cash Flow Statement	882	1 466
Balance Sheet	882	1 466
(b) Reconciliation of Net Profit to Net Cash provided by Operating Activities		
Net Operating Profit	9 500	5 975
Non-cash operating activities:		
Net gains on financial instruments held at fair value through profit or loss	(7 408)	(3 845)
Income reinvested and not received in cash	(122)	(26)
Net Change in Assets and Liabilities:		
Net change in receivables and other assets	18	(147)
Net change in payables and other liabilities	(2)	2
Net Cash provided by Operating Activities	1 986	1 959

11. Events Occurring after Balance Date

No significant events have occurred since balance date which would impact on the financial position of the Common Funds disclosed in the Balance Sheet as at 30 June 2007 or on the results and cash flows of the Common Funds for the year ended on that date.

AUDITOR-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment and Functions

The PFAA confers wide powers on the Auditor-General to examine any matters relating to the collection, receipt, issue or expenditure of public monies and to report on the efficiency and economy of public sector operations. In addition, the Auditor-General is the appointed auditor of various statutory authorities, corporations and funds; has been appointed auditor of a number of companies associated with the operations of public sector agencies; has a discretionary right under the *Education Act 1972* to inspect or audit the accounts of school councils; is required by the *South Australian Health Commission Act 1976* to audit the accounts of prescribed incorporated hospitals and health units and to approve the auditors of other incorporated hospitals and health units; and is also required to approve the auditors of certain statutory boards.

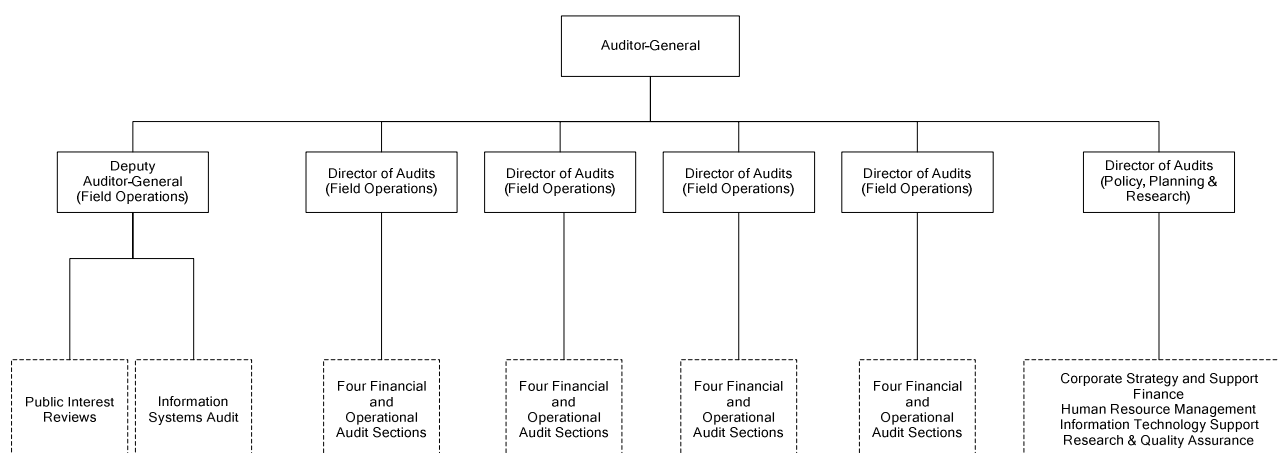
The PFAA provides a mandate for the Auditor-General to conduct five different types of audits and reviews. These are:

- Financial and compliance audit - subsection 31(1)
- Efficiency and economy audit - subsection 31(2)
- Review of the adequacy of controls exercised by auditee agencies - subsection 36(1)(a)(iii)
- Examination of the accounts of a publicly funded body - section 32
- Review of a summary of a confidential government contract - section 41A.

The Auditor-General's Department was established to assist the Auditor-General in the discharge of his/her statutory audit mandate.

Structure

The structure of the Department is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Under section 35(1) of the PFAA, the Governor, on the recommendation of the Treasurer, has appointed Edwards Marshall as auditor of the Auditor-General's Department.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In Edwards Marshall's opinion, the financial report of the Auditor-General's Department is in accordance with the *Public Finance and Audit Act 1987* and the Treasurer's Instructions promulgated under the Act including:

- (a) presenting fairly, in all material respects, the financial position of the Department as at 30 June 2007, and its financial performance for the financial year ended on that date

- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Public Finance and Audit Act 1987* and the Treasurer's Instructions promulgated under the Act.

Communication of Audit Matters

Edwards Marshall advised in their management letter that there were no significant issues arising from the audit.

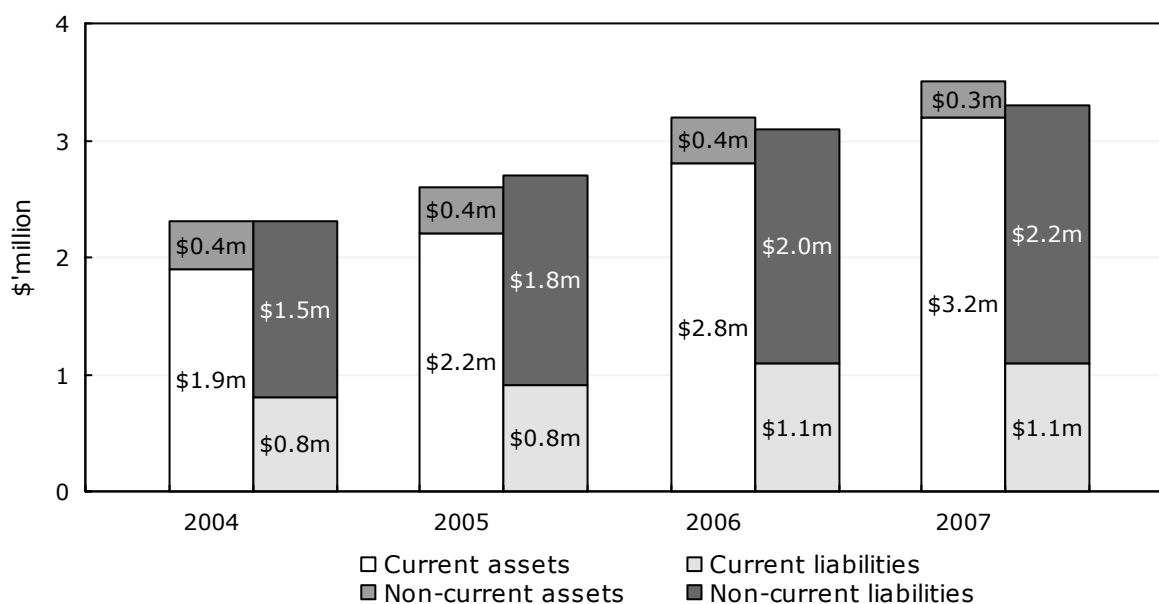
INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Highlights of the Financial Report

	2007	2006	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee expenses	8.4	8.0	5.0
Other expenses	2.6	2.5	4.0
Total Operating Expenses	11.0	10.5	4.8
REVENUES FROM SA GOVERNMENT	11.0	10.6	3.8
NET CASH FLOWS FROM OPERATIONS	0.5	0.8	(37.5)
TOTAL ASSETS	3.5	3.2	9.4
TOTAL LIABILITIES	3.3	3.1	6.5

Balance Sheet

Assets and liabilities for the four years to 2007 are shown in the following chart.



The chart shows that current assets have steadily increased. This is due to an accumulation of cash held in the Department's Operating Account and in a Special Deposit Account in the name of the Auditor-General's Department at the Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. The increase in cash arises from funding provided annually to meet the accrued cost of accumulated employee leave entitlements.

**Income Statement
for the year ended 30 June 2007**

		2007	2006
EXPENSES:	Note	\$'000	\$'000
Employee expenses	3	8 425	7 982
Supplies and Services:	4		
Contractors		845	755
Accommodation and service costs		502	515
Other expenses		339	372
Consultancies		231	191
Computing and network processing costs		171	176
Staff development and training		159	124
Motor vehicle hire		134	124
Depreciation and amortisation		217	255
Total Expenses		11 023	10 494
INCOME:			
Interest		12	147
Net Gain on disposal of assets	5	-	5
Other income		2	3
Total Income		14	155
NET COST OF PROVIDING SERVICES		11 009	10 339
REVENUES FROM SA GOVERNMENT:			
Appropriations and contingency provision grant	6	11 012	10 551
NET RESULT		3	212
The Net Result is attributable to the SA Government as owner			

**Balance Sheet
as at 30 June 2007**

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	7	3 113	2 652
Receivables	8	90	112
Total Current Assets		3 203	2 764
NON-CURRENT ASSETS:			
Computing and office facilities	9	181	288
Intangible assets	10	75	134
Total Non-Current Assets		256	422
Total Assets		3 459	3 186
CURRENT LIABILITIES:			
Payables	11	215	244
Cash advance - Imprest accounts		3	3
Employee benefits	12	895	812
Provision for workers compensation		22	3
Total Current Liabilities		1 135	1 062
NON-CURRENT LIABILITIES:			
Payables	11	191	175
Employee benefits	12	1 997	1 835
Provision for workers compensation		28	9
Total Non-Current Liabilities		2 216	2 019
Total Liabilities		3 351	3 081
NET ASSETS		108	105
EQUITY:			
Opening balance - Surplus (Deficit)		105	(107)
Increase in net assets		3	212
TOTAL EQUITY		108	105
The Total Equity is attributable to the SA Government as owner			
Commitments	13		

**Statement of Changes in Equity
for the year ended 30 June 2007**

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2005	(107)	(107)
Net Income recognised directly in equity for 2005-06	212	212
Balance at 30 June 2006	105	105
Net Income recognised directly in equity for 2006-07	3	3
Balance at 30 June 2007	108	108
The Total Equity is attributable to the SA Government as owner		

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee expenses		(8 132)	(7 672)
Supplies and services		(2 402)	(2 235)
GST on purchases		(233)	(241)
CASH INFLOWS:			
Interest		12	147
Other income		2	3
GST on receipts		1	3
GST refunds from Australian Taxation Office		235	242
CASH FLOWS FROM SA GOVERNMENT:			
Appropriations and contingency provision grant	6	11 012	10 551
Net Cash provided by Operating Activities	14	495	798
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of computing and office facilities		(51)	(303)
Disposal of computing and office facilities		17	-
Net Cash used in Investing Activities		(34)	(303)
NET INCREASE IN CASH HELD		461	495
CASH AT 1 JULY		2 652	2 157
CASH AT 30 JUNE	7, 14	3 113	2 652

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department

The Department's main statutory responsibilities are to audit the public accounts and the accounts of public authorities and to report the results to Parliament in accordance with the requirements of the PFAA.

The Department's sole program is the provision of Auditing Services covering all the audit responsibilities prescribed under the PFAA. Within this program class there are two subprograms:

Prescribed Audits

Includes all audit work to be undertaken for agencies where the Auditor-General is the prescribed auditor and the Department must annually conduct the audit as prescribed by the PFAA. During the year the Department spent \$11 023 000 (\$10 451 000) on this subprogram.

Special Investigations

Includes all work defined in the PFAA that is specifically requested to be undertaken by the Auditor-General. The Auditor-General may be requested to undertake work associated with:

- conducting and reporting on Special Investigations when requested by the Parliament or Treasurer;
- reviewing summary documents of confidential government contracts and reporting on the adequacy of each document as a summary of the contents of the contract when requested to do so by a Minister.

These projects have specific Terms of Reference requested by the referring party and are treated as a separate subprogram. Consistent with the legislative requirement of audit independence the reports are presented directly to the Parliament. During the year the Department incurred no expenditure on this subprogram. In 2005-06 expenditure on the subprogram was \$43 000.

2. Statement of Significant Accounting Policies

2.1 Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with applicable AAS, TI and APSS issued pursuant to the PFAA.

2.1 Basis of Preparation (continued)

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

The financial report has been prepared based on a 12 month operating cycle and is presented in Australian currency.

Statement of Compliance

AAS include AIFRS and AAS 29. Except for the amendments to AASB 101, which the Department has early-adopted, AAS 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.

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 the historical cost convention.

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

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. Areas involving a higher degree of judgement, or where assumption and estimates are significant to the financial statements are outlined in the applicable notes;
- compliance with accounting policy statements issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures 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) employees whose normal remuneration is \$100 000 or more and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees.

2.2 Reporting Entity

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

2.3 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS has required a change.

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial report for the preceding period.

2.4 Rounding

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

2.5 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, fringe benefits tax and GST. Income, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- receivables and payables are stated with the amount of GST included.

The net GST receivable/payable to the ATO has been recognised as a receivable in the Balance Sheet.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

2.6 Income and Expenses

Income and expenses are recognised in the Income Statement only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

2.6 Income and Expenses (continued)

In accordance with APF II, APSs 4.1 and 4.2, the Notes to 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, classified according to their nature.

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

2.7 Revenues from Government

Parliament approved funding appropriations are received for the full accrual cost of services. The appropriation is paid into a Special Deposit Account titled 'Auditor-General's Department Operating Account'. Appropriations for accrued expense are deposited in a Special Deposit Account in the name of the Auditor-General's Department at the Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Administered items are funded by Parliamentary appropriations on a cash basis.

2.8 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature.

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

2.9 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

2.10 Receivables

Trade receivables arise in the normal course of audit services to other agencies. Trade receivables are payable within 14 days after the issue of an invoice.

2.11 Inventories

Consumable supplies are not recognised in the Balance Sheet as the value of these supplies is not considered to be material.

2.12 Non Current Asset 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 less accumulated depreciation.

All non-current physical assets with a value greater than \$2 000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

All assets useful lives have been set at three years.

2.13 Revaluation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated over three years, hence revaluations are not conducted for non-current assets.

2.14 Depreciation/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. The useful lives of all major assets are reassessed on an annual basis.

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

Class of Assets	Method	Useful Life Years
Computing and office equipment	Straight Line	3
Leasehold improvements	Straight Line	3
Computer software	Straight Line	3

2.15 Intangible Assets

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to \$2 000 in accordance with APF III, APSs 2.15 and 2.16.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of three years. Intangible assets are measured at cost.

2.16 Payables

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

Creditors represent the amounts owing for goods and services received prior to, that are unpaid, at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal 12 month operating cycle.

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

All amounts are measured at their nominal amount and are normally settled within 30 days after receipt of an invoice.

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

Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board (SASB). The liability outstanding at the reporting date is for any contributions due but not yet paid to the SASB.

2.17 Employee Benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave and long service leave.

Salaries

Liabilities for salaries are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

Annual Leave

Liabilities for annual leave expected to be paid within 12 months are recognised, and are measured as the amount unpaid at the pay rate at which the liability is expected to be settled in respect of employee service periods up to the reporting date.

Sick Leave

No liability is recognised, as sick leave taken by employees is considered to be taken from the current year's accrual.

Long Service Leave

Long service leave is recognised on a pro-rata basis for the employee service periods up to the reporting date. The Department of Treasury and Finance has advised that a benchmark of 6.5 years service (previously 7 years) can be used for a shorthand estimation of long service leave liability in accordance with the provisions of AASB 119. This advice has been adopted and the long service leave liability as at 30 June 2007 has been calculated at nominal amounts based on current salary rates for employees with 6.5 or more years service.

The long service leave to be taken in the 12 months to 30 June 2008 has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation

The liability for superannuation is included in payables.

2.18 Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2007 provided by a consulting actuary engaged through the Public Sector Workforce Wellbeing group within the Public Sector Workforce Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. In addition, the Department has also recognised a further provision following determination and acceptance of a claim in June 2007. Measurement of the additional provision is based on management's best estimate of the present value of the expenditure required to settle the present obligation.

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

2.19 Leases

The Department has entered into two operating leases. The two leases are for office accommodation and motor vehicles.

Operating Leases

Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

Operating lease payments are charged to the Income Statement which is representative of the benefits derived from the leased assets.

3. Employee Expenses	2007	2006
Employee benefits:	\$'000	\$'000
Salaries	6 220	5 891
Annual leave	605	542
Long service leave	277	309
Total Employee Benefits	7 102	6 742
Employee on-costs:		
Superannuation	817	792
Payroll tax	463	444
Total Employee On-costs	1 280	1 236
Workers compensation	43	4
Total Employee Expenses	8 425	7 982
4. Supplies and Services		
Supplies and Services provided by entities within SA Government:		
Accommodation and service costs	491	497
Other expenses	51	55
Staff development and training	4	1
Motor vehicle hire	100	96
Total Supplies and Services - SA Government Entities	646	649
Supplies and Services provided by entities external to the SA Government:		
Contractors	845	755
Accommodation and service costs	11	18
Other expenses	288	317
Consultancies	231	191
Computing and network processing costs	171	176
Staff development and training	155	123
Motor vehicle hire	34	28
Total Supplies and Services - Non-SA Government Entities	1 735	1 608
Total Supplies and Services	2 381	2 257
5. Net Gain on Disposal of Assets		
Historic cost of assets disposed	12	157
Less: Accumulated depreciation	12	145
	-	12
Proceeds on disposal	-	17
Total Gain on Disposal of Assets	-	5
6. Funding of the Department		
Appropriations to the Department in 2006-07 amounted to \$10 915 000 (\$10 407 000) and there was a contingency provision grant of \$97 000 (\$144 000).		
Appropriations under Special Acts are reported under Administered Items.		
7. Cash and Cash Equivalents		
Deposits with the Treasurer	3 110	2 649
Imprest Account and cash on hand	3	3
	3 113	2 652
8. Receivables		
Current		
Receivables	-	20
Net GST Receivable	90	92
Total Current Receivable *	90	112
* All current receivable amounts are with non-SA Government entities.		
Interest Rate and Credit Risk		
Receivables are raised for all goods and services for which payment has not been received.		
Receivables are normally settled within 30 days. Trade receivables and prepayments are non-interest bearing and 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.		
9. Computing and Office Facilities	2007	2006
	\$'000	\$'000
9.1 Classes of Computing and Office Facilities		
Equipment - At cost	806	762
Accumulated depreciation	(625)	(477)
	181	285
Leasehold improvements - At cost	150	150
Accumulated depreciation	(150)	(147)
	-	3
	181	288

9.2 Reconciliation of Carrying Amount		Carrying Amount 01.07.06 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Carrying Amount 30.06.07 \$'000
Equipment		285	44	-	148	181
Leasehold improvements		3	-	-	3	-
Total Computer and Office Facilities		288	44	-	151	181

10. Intangible Assets		2007	2006
10.1 Classes of Intangible Assets		\$'000	\$'000
Computer software - At cost		507	512
Accumulated amortisation		(432)	(378)
		75	134

10.2 Reconciliation of Carrying Amount		Carrying Amount 01.07.06 \$'000	Additions \$'000	Disposals \$'000	Amortisation \$'000	Carrying Amount 30.06.07 \$'000
Computer software		134	7	-	66	75
Total Intangible Assets		134	7	-	66	75

11. Payables		2007	2006
Current		\$'000	\$'000
Employee on-costs		182	188
Creditors		31	28
Accrued expenses		2	28
Total Current		215	244
Non-Current:			
Employee on-costs		191	175
Total Non-Current		191	175
Total Payables		406	419
Payables to entities within the SA Government		219	189
Payables to entities external to the SA Government		187	230
Total Payables		406	419

Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

12. Employee Benefits		2007	2006
Current:		\$'000	\$'000
Salaries		129	120
Annual leave provision		592	532
Long service leave provision		174	160
Total Current		895	812
Non-Current:			
Long service leave provision		1 997	1 835
Total Non-Current		1 997	1 835
Total Employee Benefits		2 892	2 647

13. Commitments**Operating Lease Commitments**

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office Accommodation

Office accommodation is leased from the Building Management division of the Department for Transport, Energy and Infrastructure. The lease expires on 30 June 2010. The rental amount is based on floor space, with the rental rate reviewable by Building Management every two years.

Motor Vehicles

Motor vehicles are leased from the Fleet SA business unit of the Department of Treasury and Finance. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period. The lease rates are reviewed annually by Fleet SA.

Operating Lease Commitments (continued)

At the reporting date the Department had the following obligations under non- cancellable operating leases (these obligations have not been recognised as liabilities):	2007	2006
	\$'000	\$'000
Not later than one year	514	509
Later than one year and not later than five years	946	1 357
Total Operating Lease Commitments	1 460	1 866

Remuneration Commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):

Not later than one year	844	724
Later than one year and not later than five years	2 248	181
Total Remuneration Commitments	3 092	905

Amounts disclosed include commitments arising from executive contracts under fixed term employment. The Department does not offer fixed term employment contracts to executives for periods greater than five years.

14. Cash Flow Reconciliations	2007	2006
14.1 Reconciliation of Cash	\$'000	\$'000
Cash at 30 June per:		
Balance Sheet	3 113	2 652
Cash Flow Statement	3 113	2 652
14.2 Reconciliation of Net Cost of providing Services to Net Cash provided by Operating Activities		
Net cost of providing services	(11 009)	(10 339)
Cash flows from government	11 012	10 551
Depreciation	217	255
Decrease in receivables*	5	1
Increase in employee benefits	245	296
Increase in provision for workers compensation	38	4
(Decrease) Increase in payables	(13)	35
(Gain) on disposal of assets	-	(5)
Net Cash provided by Operating Activities	495	798

* Movement in receivable excludes a capital receivable of \$17 000 in 2005-06.

15. Remuneration of Employees	2007	2007	2006	2006
The number of employees whose remuneration received or receivable exceeded \$100 000 for this period are grouped within the following bands:	Number of Executives*	Number of Employees	Number of Executives*	Number of Employees
\$100 000 - \$109 999	-	3	-	3
\$140 000 - \$149 999	2	-	4	-
\$150 000 - \$159 999	1	-	1	-
\$160 000 - \$169 999	2	-	1	-
\$210 000 - \$219 999	1	-	-	-
\$310 000 - \$319 999	-	-	1	-
\$560 000 - \$569 999 **	1	-	-	-
Total Number of Executives/Employees	7	3	7	3

* Based on the Department's executive organisation structure.

** This amount includes the leave entitlement payments made to the Auditor-General on termination of service. The Auditor-General's normal remuneration exceeded \$100 000.

Total remuneration received or receivable by Departmental executives was \$1 556 000 (\$1 207 000). Total remuneration received or receivable by the non-executive employees listed above was \$318 000 (\$308 000).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's Financial Statements and in the Administered Items Financial Statements of the Department.

The employee remuneration for Administered Items in 2006-07 includes the salary of the Auditor-General and in the period subsequent to the Auditor-General's retirement the salary of the acting Auditor-General.

16. Remuneration of Auditor	2007	2006
	\$'000	\$'000
Remuneration for audit of financial reports	7	7
Remuneration for other services	-	-
	7	7

17. Financial Risk Management

The Department has non-interest bearing assets (Deposits with the Treasurer, cash on hand and receivables) and liabilities (payables) and interest bearing assets (Imprest Account). The Department ceased receiving interest on the:

- Operating Account as at 31 August 2006; and
- Accrual Appropriation Excess Funds Account as at 30 June 2006.

The Department's exposure to market risk and cash flow interest risk is minimal. The weighted average interest rate for interest bearing accounts was:

	2007	2006
	Percent	Percent
Imprest Account	6.01	5.41
Operating Account	5.68*	5.37
Accrual Appropriation Excess Funds Account	-	5.71

* Represents the interest rate on the Operating Account for the three months ended 31 August 2006.

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

**Statement of Administered Expenses and Income
for the year ended 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
ADMINISTERED EXPENSES:			
Employee expenses		239	248
Amounts paid/payable to consolidated account		9 392	8 955
GST paid/payable	A3	-	176
Total Administered Expenses		9 631	9 379
ADMINISTERED INCOME:			
Fees for audit services		9 392	8 778
GST received/receivable on audit fees	A3	-	176
Appropriation - Special Acts	A2.2, A5	563	234
Appropriation - GST	A3, A5	-	460
Total Administered Income		9 955	9 648
NET OPERATING SURPLUS	A6.2	324	269
The Operating Surplus is attributable to the SA Government as owner			

**Statement of Administered Assets and Liabilities
as at 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
ADMINISTERED ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	A6.1	924	318
Receivables	A2.1	425	380
Total Assets		1 349	698
ADMINISTERED LIABILITIES:			
CURRENT LIABILITIES:			
Employee benefits	A4	5	329
Amounts payable to consolidated account		929	346
Goods and Services Tax payable		220	152
Total Current Liabilities		1 154	827
Total Liabilities		1 154	827
NET ADMINISTERED ASSETS		195	(129)
ADMINISTERED EQUITY:			
Opening balance - Deficit		(129)	(398)
Increase in net assets		324	269
TOTAL ADMINISTERED EQUITY		195	(129)
The Total Administered Equity is attributable to the SA Government as owner			

Statement of Changes in Administered Equity for the year ended 30 June 2007

	Retained Earnings	Total
	\$'000	\$'000
Balance at 30 June 2005	(398)	(398)
Net Income recognised directly in equity for 2005-06	269	269
Balance at 30 June 2006	(129)	(129)
Net Income recognised directly in equity for 2006-07	324	324
Balance at 30 June 2007	195	195

The Total Administered Equity is attributable to the SA Government as owner

Statement of Administered Cash Flows for the year ended 30 June 2007

		2007	2006
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee expenses		(563)	(234)
Amounts paid to consolidated account		(8 809)	(9 085)
GST paid to Australian Taxation Office		(871)	(809)
CASH INFLOWS:			
Fees for audit services	A2.1	10 286	9 752
CASH FLOWS FROM SA GOVERNMENT:			
Appropriations	A5	563	694
Net Cash provided by Operating Activities	A6.2	606	318
NET INCREASE IN CASH HELD		606	318
CASH AT 1 JULY		318	-
CASH AT 30 JUNE	A6.1	924	318

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Statement of Significant Accounting Policies

All Auditor-General's Department accounting policies are contained in Note 2 'Statement of Significant Accounting Policies'. The policies outlined in Note 2 apply to both the Department and the Administered Financial Statements with the exception of the treatment of GST raised on audit fees and subsequently paid to the Australian Taxation Office (ATO) for the period 1 July 2005 to 31 December 2005. For prior periods and for the period 1 July 2005 to 31 December 2005 the GST raised and collected on all audit fees was recognised as revenue and the corresponding payment to the ATO was recognised as an expense. This situation ceased during 2005-06 and this change is detailed in Note A3.

A2. Administered Items

A2.1 Auditing Fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department that are paid into the Consolidated Account.

Fees outstanding at 1 July	380	476
Billings (including GST)	10 331	9 656
	10 711	10 132
Receipts (including Goods GST)	10 286	9 752
Fees outstanding at 30 June	425	380

At 30 June, the value of audit work in progress was \$5 131 000 (\$5 190 000). The Department is of the opinion that this amount is recoverable.

A2.2 Special Acts

Subsection 24(4) of the PFAA, provides that the salary and allowances of the Auditor-General will be determined by the Remuneration Tribunal and will be paid from the Consolidated Account.

A3. Change in GST Arrangements During 2005-06

During 2005-06 the Department changed its treatment of GST received on audit fees. Until 31 December 2005 all GST collected on audit fees raised was paid to the Consolidated Account. When payment of the GST collected was required to be made to the ATO the Department received a specific appropriation for this payment. As an appropriation was received a corresponding expense was recognised for the payment made. The GST received from clients was also recognised as revenue. With the agreement of the Department of Treasury and Finance as at 31 December 2005 all GST yet to be collected from clients and all subsequent GST received as a result of audit fee raisings has been retained by the Department for payment of GST to the ATO. The Department therefore received no appropriations for its GST payments subsequent to the appropriation it received for the December 2005 Quarterly Business Activity Statement, with the exception of a \$200 000 appropriation 'float'. The appropriation float was received to ensure that the Department always had enough funds to make its quarterly GST payment to the ATO. From 1 January 2006 as GST collected on audit fees was no longer paid to the Consolidated Account and no corresponding appropriation was received, the GST expense and GST revenue were no longer recognised.

A4. Employee Benefits

	2007	2006
	\$'000	\$'000
Current:		
Salaries	5	5
Annual leave provision	-	125
Long service leave provision	-	199
Total Current	5	329
Total Employee Benefits	5	329

A5. Funding of the Administered Items

A summary of administered items appropriations for the year is set out below.

Appropriations:		
Special Acts	563	234
GST	-	460
	563	694

A6. Notes to the Administered Statement of Cash Flows**A6.1 Reconciliation of Cash**

Cash at year end per:		
Balance Sheet	924	318
Cash Flow Statement	924	318

A6.2 Reconciliation of Net Operating Surplus to Net Cash provided by Operating Activities

Net surplus	324	269
(Increase) Decrease in receivables	(45)	96
(Decrease) Increase in employee benefits	(324)	14
Increase (Decrease) in amounts payable to the Consolidated Account	583	(130)
Increase (Decrease) in GST payable	68	69
Net Cash provided by Operating Activities	606	318

A7. Specific Disclosure

The following discloses revenues, expenses, assets and liabilities where the counter party/transaction is with an entity within the SA Government or a non-SA Government entity as at the reporting date.

	SA Government		Non-SA Government	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Revenues excluding appropriations	8 430	8 429	962	525
Expenses	9 392	8 955	239	424
Financial assets	1 349	672	-	26
Financial liabilities	929	346	220	152

DEPARTMENT FOR CORRECTIONAL SERVICES

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Department for Correctional Services (the Department) is an Administrative Unit established pursuant to the PSMAct.

Functions

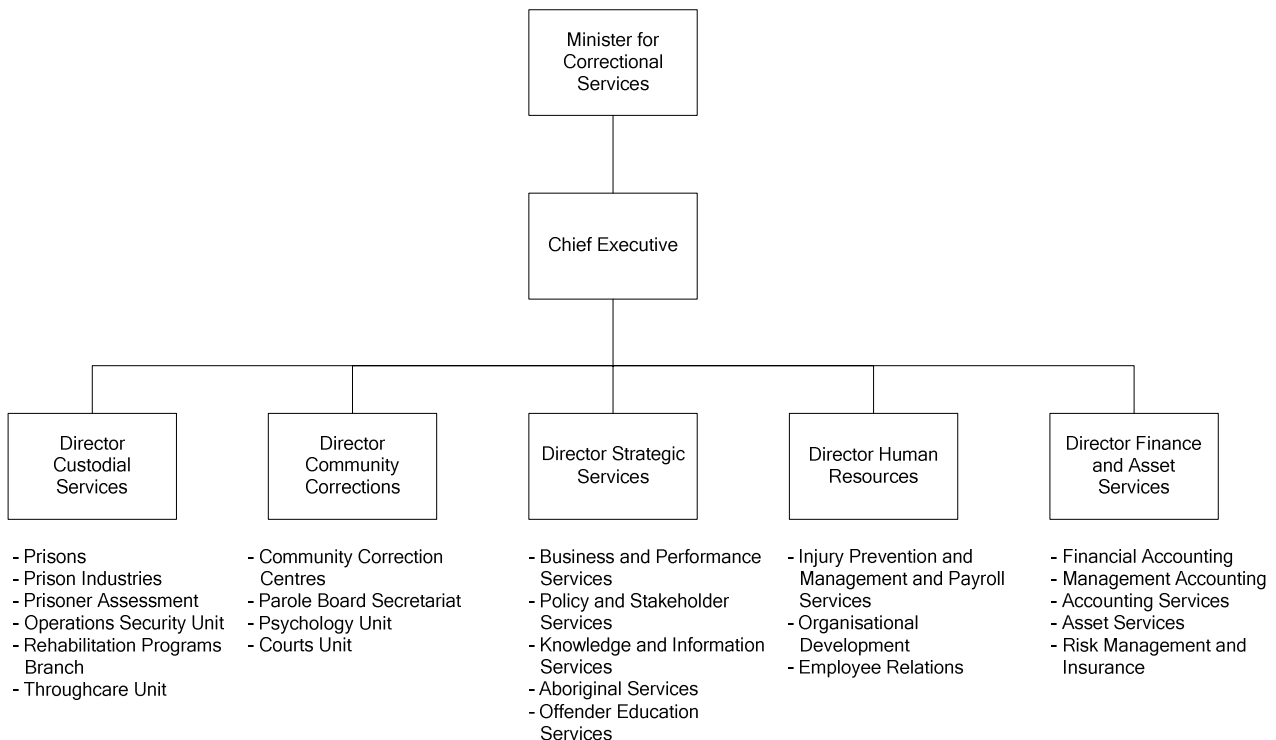
The Department has responsibility for the care and custody of adult offenders. These responsibilities are discharged by:

- the provision of custodial accommodation, including the opportunity for training and education, for both sentenced and remand inmates;
- non-custodial supervision of sentenced offenders through the probation and parole function, the Community Service Order Scheme and the Home Detention Scheme.

The primary objective of the Department is to work to maintain a safer community while contributing to rebuilding lives affected by crime.

Structure

The structure of the Department is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- payroll
- revenue, including kitchen, canteen and PRIME (prison industries) revenue
- expenditure
- purchase cards
- contract management
- financial accounting
- governance and risk management.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial report and to design and perform audit procedures. Use has been made of the work performed by internal audit in the payroll audit cycle.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department for Correctional Services 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).

Assessment of Controls

In my opinion, the controls exercised by the Department for Correctional Services in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to payroll and revenue, as outlined under 'Communication of Audit Matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Correctional Services have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were raised in management letters to the officers responsible for the governance of the Department. Responses to the management letters were generally considered to be satisfactory. The main matters raised with the Department are outlined below.

Payroll

Audit review revealed that payroll controls, which had been carried out in previous years, were no longer functioning throughout the 2006-07 year. In addition, Internal Audit identified a number of control weaknesses in the payroll function. As a result, Audit could not obtain reasonable assurance from the control environment that payroll transactions were valid and accurate. Particular control weaknesses and issues reported to the Department included:

- effective follow-up of the return and control of bona fide reports had not occurred since November 2006;
- there was a lack of documented policies and procedures over key payroll functions;
- users with unrestricted access to all areas in the payroll system was considered excessive.

Revenue

Audit review identified a number of control weaknesses with regard to the recording and completeness of revenue raised, particularly with regard to PRIME (prison industries) revenue. The main weaknesses were:

- a lack of independent review for PRIME invoices raised. Audit identified a small number of instances where the invoice raised could not be agreed to records of supply or authorised price quotations;
- policies and procedures relating to PRIME revenue raising and collection had not been updated to reflect new arrangements in place in 2006-07;
- sequentially numbered cart notes for PRIME delivered goods were not necessarily being used in order and were not being accounted for;
- invoices for other revenue were not always being raised in accordance with approved policies and procedures.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT**Highlights of the Financial Report**

	2007	2006	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee benefits expenses	97.7	92.9	5
Other expenses	55.9	57.6	(3)
Total Expenses	153.6	150.5	2
INCOME			
Income from prison labour and canteen and kitchen sales	4.4	4.3	2
Other income	4.7	5.0	(6)
Total Income	9.1	9.3	(2)
Net Cost of Providing Services	144.5	141.2	2
Revenue from SA Government	144.1	136.5	6
Net Result	(0.4)	(4.7)	91
ASSETS			
Current assets	21.5	18.6	16
Non-current assets*	222.6	201.7	10
Total Assets	244.1	220.3	11
LIABILITIES			
Current liabilities	21.0	19.5	8
Non-current liabilities	36.7	37.1	(1)
Total Liabilities	57.7	56.6	2
EQUITY	186.4	163.7	14

* Includes Biological Assets

Income Statement**Income**

Total income was \$9.1 million (\$9.3 million).

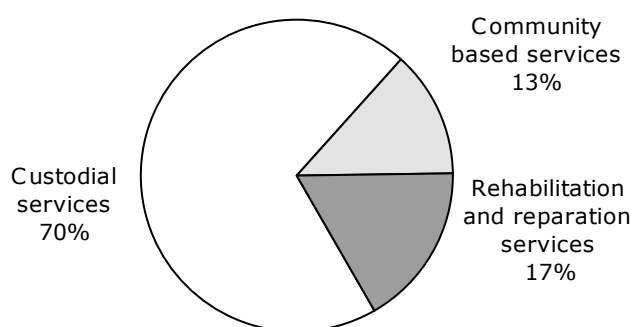
Expenses

Total expenses increased by \$3.1 million, or 2 percent, to \$153.6 million (\$150.5 million). This increase comprises:

- an increase in employee benefits expenses of \$4.8 million to \$97.7 million (\$92.9 million). This increase was due mainly to an increase in salaries and wages expense of \$6.8 million offset by a \$2 million decrease in workers compensation salary payments;
- a decrease in other expenses of \$1.7 million to \$55.9 million (\$57.6 million) resulting primarily from a decrease in workers compensation related payments of \$3.1 million which was offset by minor increases to a number of supplies and services and other expenses.

Note 5 to the Financial Statements sets out the different programs of the Department that are reported in the Program Schedule of Expenses and Income.

The largest component of the Department’s expenditure relates to custodial (ie prison) services. The proportion of expenses on the different programs has remained relatively stable each year, and is reflected in the following chart, which shows expenditure by program for 2006-07.

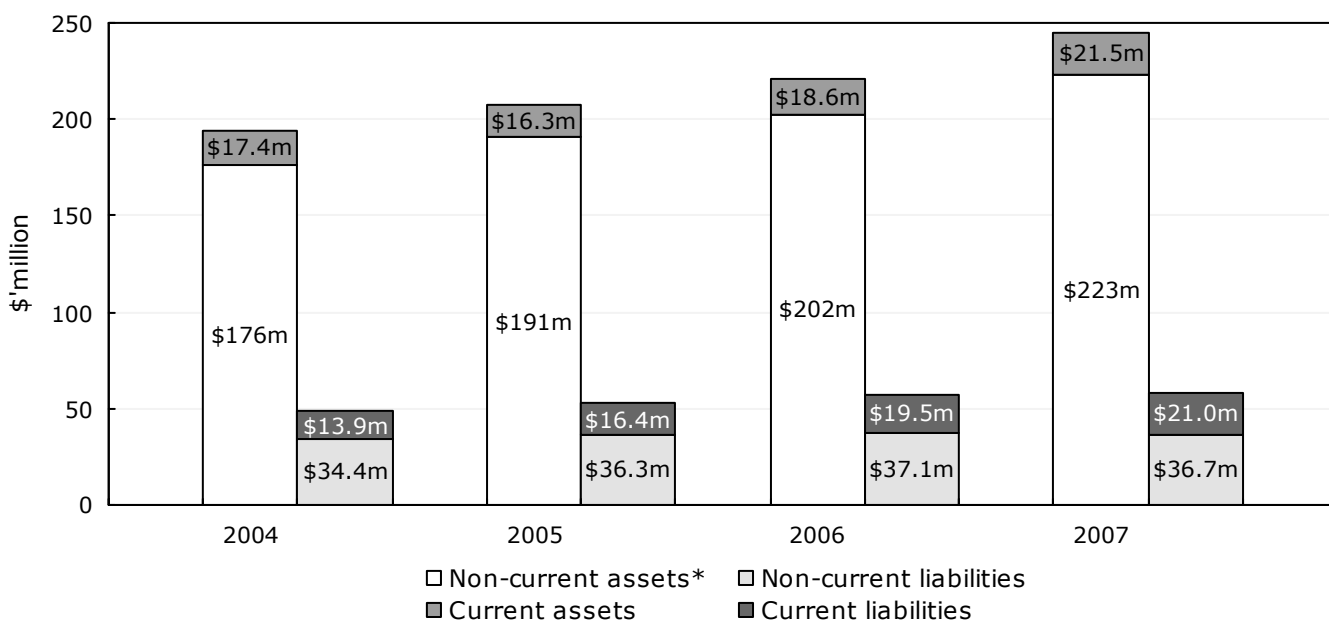


Net Cost of Providing Services

The net cost of services increased by 2 percent to \$144.5 million (\$141.2 million). The increase is consistent with the trend of previous years and is due mainly to the increase in employee benefits expenses previously discussed.

Balance Sheet

For the four years to 2007, a structural analysis of assets and liabilities is shown in the following chart.



* Includes biological assets.

The chart shows that the largest component of the Department's Balance Sheet is its non-current assets, mainly the prison infrastructure. The increase of \$20.9 million in non-current assets from 2006 to 2007 is the result of a revaluation of all Departmental land and buildings performed as at 30 June 2007.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2007.

	2007	2006	2005	2004
	\$'million	\$'million	\$'million	\$'million
Net Cash Flows				
Operating Activities	8.1	6.8	8.3	7.4
Investing Activities	(5.5)	(4.0)	(9.3)	(4.1)
Change in Cash	2.6	2.8	(1.0)	3.3
Cash at 30 June	19.3	16.7	13.9	14.9

During the year cash increased by \$2.6 million to \$19.3 million. Of this amount \$10.4 million is in the Department of Treasury and Finance Special Deposit Account 'Accrual Appropriation Excess Funds - Department for Correctional Services'. Access to these funds is subject to the Treasurer's approval.

FURTHER COMMENTARY ON OPERATIONS

Service Contracts

The Department utilises service contracts for Prisoner Movement and In-Court Management, Home Detention Monitoring and Management of the Mount Gambier Prison. The Department has commitments in respect of these contracts for up to three years (refer Note 29 to the Financial Statements).

The status of these contracts follows.

Prisoner Movement and In-Court Management

This contract expired on 30 June 2007 and was extended on 1 July 2007 for 12 months under the same terms and conditions established in the original contract. The new contract expires on 30 June 2008.

Home Detention Monitoring

This contract expired on 10 May 2007 and was extended on 11 May 2007 for a two year period, continuing the same terms and conditions. This contract is due to expire on 10 May 2009.

Management of the Mount Gambier Prison

This contract commenced on 27 December 2005 and is due to expire on 26 December 2010.

**Income Statement
for the year ended 30 June 2007**

	Note	2007	2006
		\$'000	\$'000
EXPENSES:			
Employee benefits expenses	6	97 701	92 914
Supplies and services used	7	40 268	42 712
Depreciation and amortisation expense	8	7 608	7 128
Payments to prisoners		2 124	2 033
Accommodation and associated lease costs		4 529	4 556
Grants provided	9	867	853
Net loss from disposal of assets	10	70	35
Other expenses	11	464	289
Total Expenses		153 631	150 520
INCOME:			
Income from prison labour	13	1 992	2 060
Salaries and goods and services recoups		1 212	1 369
Interest income	14	2	1 137
Commonwealth and Northern Territory grants and recoups		625	4
Income from canteen and kitchen sales	15	2 395	2 209
Other income	16	2 928	2 519
Total Income		9 154	9 298
NET COST OF PROVIDING SERVICES		144 477	141 222
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	17	144 073	136 528
NET RESULT		(404)	(4 694)

Net Result is attributable to the SA Government as owner

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	18	19 324	16 717
Receivables	19	1 544	1 234
Inventories	20	630	601
Total Current Assets		21 498	18 552
NON-CURRENT ASSETS:			
Property, plant and equipment	21	215 734	189 623
Capital works in progress		6 485	11 649
Intangible assets	22	156	258
Biological assets	23	203	216
Total Non-Current Assets		222 578	201 746
Total Assets		244 076	220 298
CURRENT LIABILITIES:			
Payables	24	5 314	4 107
Employee benefits	25	9 528	8 910
Provisions	26	6 204	6 481
Total Current Liabilities		21 046	19 498
NON-CURRENT LIABILITIES:			
Payables	24	1 419	1 257
Employee benefits	25	14 478	12 802
Provisions	26	20 801	23 072
Total Non-Current Liabilities		36 698	37 131
Total Liabilities		57 744	56 629
NET ASSETS		186 332	163 669
EQUITY:			
Retained earnings	27	102 743	103 147
Amenities Fund reserve	27	141	121
Asset revaluation reserve	27	83 448	60 401
TOTAL EQUITY		186 332	163 669
Total Equity is attributable to the SA Government as owner			
Commitments	29		
Contingent liabilities	30		

Statement of Changes in Equity for the year ended 30 June 2007

	Amenities Fund Reserve	Asset Revaluation Reserve	Retained Earnings	Total
Note	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2005	117	47 001	107 841	154 959
Changes in accounting policy	-	-	-	-
Restated balance at 30 June 2005	117	47 001	107 841	154 959
Gain on revaluation of land and buildings during 2005-06	-	8 550	-	8 550
Asset related adjustments	-	4 850	-	4 850
Net changes in reserves	4	-	-	4
Net income/expense recognised directly in equity for 2005-06	4	13 400	-	13 404
Net result for 2005-06	-	-	(4 694)	(4 694)
Total recognised income and expense for 2005-06	-	-	(4 694)	(4 694)
Balance at 30 June 2006	121	60 401	103 147	163 669
Changes in accounting policy	-	-	-	-
Restated balance at 30 June 2006	121	60 401	103 147	163 669
Gain on revaluation of land and buildings during 2006-07	-	23 047	-	23 047
Net changes in reserves	20	-	-	20
Net income/expense recognised directly in equity for 2006-07	20	23 047	-	23 067
Net result for 2006-07	-	-	(404)	(404)
Total recognised income and expense for 2006-07	-	-	(404)	(404)
Balance at 30 June 2007	141	83 448	102 743	186 332

All Changes in Equity are attributable to the SA Government as owner

Cash Flow Statement for the year ended 30 June 2007

		2007	2006
		Inflows	Inflows
		(Outflows)	(Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employees payments		(97 719)	(89 368)
Supplies and services		(43 826)	(47 169)
Prisoner payments		(2 124)	(2 033)
Grants		(867)	(853)
GST payments on purchases		(4 654)	(4 458)
Other payments		(420)	(279)
Cash used in Operations		(149 610)	(144 160)
CASH INFLOWS:			
Receipts from prison labour		2 012	2 064
Interest received		24	1 145
GST receipts on receivables		599	651
GST input tax credits		3 986	4 067
Other receipts		6 997	6 594
Cash generated from Operations		13 618	14 521
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		144 073	136 528
Net Cash provided by Operating Activities	33	8 081	6 889
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(5 478)	(4 041)
Cash used in Investing Activities		(5 478)	(4 041)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		4	4
Cash generated from Investing Activities		4	4
Net Cash used in Investing Activities		(5 474)	(4 037)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2 607	2 852
CASH AND CASH EQUIVALENTS AT 1 JULY		16 717	13 865
CASH AND CASH EQUIVALENTS AT 30 JUNE	18,33	19 324	16 717

**Program Schedule of Expenses and Income
for the year ended 30 June 2007**

	2007			Total
	1	2	3	
Programs (refer Note 5)	\$'000	\$'000	\$'000	\$'000
EXPENSES:				
Employee benefits expenses	64 231	14 444	19 026	97 701
Supplies and services used	31 292	3 793	5 183	40 268
Depreciation and amortisation expense	6 467	245	896	7 608
Payments to prisoners	1 740	-	384	2 124
Accommodation and associated lease costs	2 524	1 181	824	4 529
Grants provided	347	78	442	867
Net loss from disposal of assets	9	30	31	70
Other expenses	321	58	85	464
Total Expenses	106 931	19 829	26 871	153 631
INCOME:				
Income from prison labour	-	-	1 992	1 992
Salaries and goods and services recoups	259	134	819	1 212
Interest income	2	-	-	2
Commonwealth and Northern Territory grants and recoups	-	625	-	625
Income from canteen and kitchen sales	2 395	-	-	2 395
Other income	2 015	410	503	2 928
Total Income	4 671	1 169	3 314	9 154
NET COST OF PROVIDING SERVICES	102 260	18 660	23 557	144 477
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenues from SA Government	102 007	18 608	23 458	144 073
NET RESULT	(253)	(52)	(99)	(404)
			2006	
Programs (refer Note 5)	\$'000	\$'000	\$'000	\$'000
EXPENSES :				
Employee benefit expenses	61 631	13 556	17 727	92 914
Supplies and services used	34 386	3 657	4 669	42 712
Depreciation and amortisation expense	5 989	289	850	7 128
Payments to prisoners	1 662	-	371	2 033
Accommodation and associated lease costs	2 699	1 221	636	4 556
Grants provided	354	83	416	853
Net loss from disposal of assets	26	7	2	35
Other expenses	206	36	47	289
Total Expenses	106 953	18 849	24 718	150 520
INCOME:				
Income from prison labour	-	-	2 060	2 060
Salaries and goods and services recoups	675	161	533	1 369
Interest income	748	176	213	1 137
Commonwealth and Northern Territory grants and recoups	4	-	-	4
Income from canteen and kitchen sales	2 216	-	(7)	2 209
Other income	1 965	242	312	2 519
Total Income	5 608	579	3 111	9 298
NET COST OF PROVIDING SERVICES	101 345	18 270	21 607	141 222
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenues from SA Government	98 572	17 389	20 567	136 528
NET RESULT	(2 773)	(881)	(1 040)	(4 694)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department for Correctional Services

The Department for Correctional Services (the Department) is an Administrative Unit established pursuant to the PSMAct.

The Department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The Department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding and productive lives.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable AASs, TIs and APSs promulgated under the provisions of the PFAA.

Statement of Compliance

AASs include AIFRS and AAS 29. The Department has early-adopted the amendments to AASB 101. 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, these are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs 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 TVSP 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;
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Department's Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the 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 12 month operating cycle and presented in Australian currency.

(b) The Reporting Entity

The Department's financial statements include both Departmental and Administered items. The Department's financial statements include the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. As administered items are insignificant in relation to the Department's overall financial performance and position, they have been disclosed in a schedule of administered items as notes to the accounts.

(c) Comparative Figures

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS 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.

(d) Rounding

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

(e) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, and emergency services levy.

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

- where the amount of GST incurred by the Department as a purchaser is not recoverable from the Australian Taxation Office (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;
- receivables and payables 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.

(f) Income and Expenses

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

Income and expenses have been classified according to their nature 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 revenues, expenses, financial assets and financial liabilities where the counterparty transactions are with an entity within the SA Government as at the reporting date.

The following are specific recognition criteria:

Revenues from (Payments to) SA Government

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

Resources received/provided Free of Charge

Resources received/provided free of charge are recorded as income 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.

Disposal of Non-Current Assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Grants received/paid

Grants paid are amounts provided by the Department to entities for general assistance or for a particular purpose. Such grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. Grants received are recognised as income at the time the Department obtains control over the funds. Grants paid/received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation governing the provision of the grant.

(g) Current and Non-Current Classification

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

(h) Cash and Cash Equivalents

Cash and Cash Equivalents include cash at bank, and deposits held at call that are readily convertible to cash and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

(i) 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 payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

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. These are generally receivables that are 90 days or more overdue.

(j) Inventories

Stock in institutional stores is held for consumption and is carried at cost. Prison canteen stock is carried at cost. Both the stores and canteen stock values of inventory are assigned on the basis of average cost. PRIME inventories are valued at historical cost.

(k) Non-Current Asset 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 minimal value, they are recorded at their fair value in the Balance Sheet.

Since the Department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than \$10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than \$10 000 are expensed in the period in which they are acquired.

Capital Works in Progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

(l) 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 or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every three years, the Department revalues its land, buildings and leasehold improvements. 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 for the same asset class previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement.

Any revaluation decrement 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 Asset 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 Asset Revaluation Reserve relating to that asset is transferred to Retained Earnings.

(m) Impairment

All non-current tangible assets are tested for indication of impairment at each 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.

(n) 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 leasehold improvements and intangible assets such as software licences, while depreciation is applied to tangible assets such as property, plant and equipment.

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

(n) Depreciation and Amortisation of Non-Current Assets (continued)

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.

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

<i>Class of Asset</i>	<i>Depreciation Method</i>	<i>Useful Life (Years)</i>
Plant and equipment	Straight Line	4-20
Buildings (including prisons)	Straight Line	1-60
Intangibles	Straight Line	3-5
Leasehold improvements	Straight Line	Life of lease

(o) 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 software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits), the 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.

(p) 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 payables are measured at their nominal amount and are normally settled within 30 days from the date the invoice is first received.

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

The Department makes contributions to several State Government 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 South Australian Superannuation Board (SASB). The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

(q) 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.

Wages, Salaries, 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 12 months and is measured at the undiscounted amount expected to be paid. In the event where annual leave is payable later than 12 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 of sick leave.

Long Service Leave

The liability for long service leave is recognised after an employee has completed six and a half years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance (DTF) 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.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

Provisions

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

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. 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.

(r) 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 a number of operating lease agreements for buildings and motor vehicles.

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 Department does not have any finance lease agreements.

(s) Biological Assets

Biological assets such as cattle and sheep are measured at fair value less estimated point of sales costs. The fair value is determined based on current market values of the biological assets.

The Olive Grove is measured at cost.

The Department accounts for these items in accordance with AASB 141.

(t) Prisoner Amenities Fund

Proceeds from the sale of canteen goods to prisoners are used for the acquisition of items for the benefit of prisoners.

(u) Prisoner Payments

These include payments made on behalf of prisoners and payments made to prisoners upon discharge.

3. Financial Risk Management

The Department has significant non-interest bearing assets (cash on hand, receivables and cash held by DTF) and liabilities (payables). The Department's exposure to market risk and cash flow interest risk is minimal.

The Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

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

4. Changes in Accounting Policies

Except for the amendments to AASB 101, which the Department has early-adopted, AASs 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.

5. Programs of the Department

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

Program 1 - Custodial Services

The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Program 2 - Community Based Services

The Department case manages and supervises offenders in the community on probation, parole or under home detention and clients on supervised bail.

Program 3 - Rehabilitation and Reparation Services

The Department provides a range of educational, vocational and rehabilitative programs designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.

6. Employee Benefits Expenses

	2007 \$'000	2006 \$'000
Salaries and wages	72 083	67 266
Employment on-costs - Superannuation	7 983	7 298
Employment on-costs - Payroll tax	4 991	4 728
Workers compensation salary payments	3 084	5 056
Annual leave	6 202	5 634
Long service leave	3 342	2 158
Termination payments	16	774
Total Employee Benefits Expenses	97 701	92 914

Remuneration of Employees

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

	2007 Number of Employees	2006 Number of Employees
\$100 000 - \$109 999	9	1
\$110 000 - \$119 999	2	-
\$120 000 - \$129 999	4	1
\$130 000 - \$139 999	3	1
\$140 000 - \$149 999	2	3
\$150 000 - \$159 999	-	2
\$160 000 - \$169 999	2	1
\$170 000 - \$179 999	1	-
\$190 000 - \$199 999	1	-
\$230 000 - \$239 999	-	1
\$240 000 - \$249 999	1	-
Total Number of Employees	25	10

The table includes all employees whom received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these employees for the year was \$3 315 000 (\$1 513 000).

TVSPs

	2007 \$'000	2006 \$'000
Amount paid to these employees:		
TVSPs	-	628
Annual leave and long service leave accrued over the period	-	141
	-	769

Recovery from the Department of Treasury and Finance

-	(711)
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Number of employees that were paid TVSPs during the reporting period

2007 Number of Employees	2006 Number of Employees
-	11

7. Supplies and Services Used

	2007 \$'000	2006 \$'000
Supplies and Services provided:		
Contracts	12 106	11 498
Works and equipment costs	4 702	4 913
Offender related costs	4 112	3 906
Travel expenses	693	830
Utilities	4 286	4 531
Cost of goods sold	5 132	4 763
OHS&W expenses	179	164
Staff related costs	961	1 063
Workers compensation related payments	165	3 316
IT costs	1 232	938
Insurance charges	868	871
Sundry other expenses	5 832	5 919
Total Supplies and Services	40 268	42 712

7. Supplies and Services Used (continued)

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

	2007		2006	
	Number	\$'000	Number	\$'000
Below \$10 000	2	14	9	44
Between \$10 000 and \$50 000	2	62	4	101
Above \$50 000	3	242	2	394
	7	318	15	539

8. Depreciation and Amortisation Expense

Depreciation:

Buildings

Plant and equipment

Total Depreciation

2007 2006

\$'000 \$'000

7 095 6 735

274 241

7 369 6 976

Amortisation:

Leasehold improvements

Intangible assets

Total Amortisation

Total Depreciation and Amortisation

137 64

102 88

239 152

7 608 7 128

9. Grants Provided

Grants paid or payable to entities external to the SA Government:

Recurrent grant

Total Grants Provided

867 853

867 853

10. Net Loss from Disposal of Assets

Plant and Equipment:

Proceeds from disposal

Add: Net book value of assets disposed

Net Loss from Disposal of Plant and Equipment

(4) (4)

74 39

70 35

11. Other Expenses

Other Expenses paid or payable to Entities within the SA Government:

Bad and doubtful debts expense

Total Other Expenses - SA Government Entities

44 3

44 3

Other Expenses paid or payable to Entities external to the SA Government:

Bad and doubtful debts expense

Bank charges

FBT

Other

Total Other Expenses - Non-SA Government Entities

Total Other Expenses

- 6

9 9

254 243

157 28

420 286

464 289

12. Auditor's Remuneration

Audit fees paid/payable to the Auditor-General's Department

Total Audit Fees

96 95

96 95

Other Services

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

13. Net Income (Loss) from Prison Labour

	Yatala Labour Prison		Mobilong Prison		Cadell Training Centre		Adelaide Women's Prison/Pre-release Centre	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income	667	862	1 008	884	172	175	29	35
Less: Cost of goods sold	481	584	1 267	1 057	445	341	39	38
Net Income (Loss)	186	278	(259)	(173)	(273)	(166)	(10)	(3)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income	36	46	80	58	1 992	2 060
Less: Cost of goods sold	38	33	60	64	2 330	2 117
Net Income (Loss)	(2)	13	20	(6)	(338)	(57)

14. Interest Income	2007	2006
	\$'000	\$'000
Interest from entities within the SA Government	1	1 136
Other	1	1
Total Interest Income	2	1 137
15. Net Income from Canteen and Kitchen Sales		
Canteen and kitchen sales	2 395	2 209
Less: Cost of goods sold	2 240	2 045
Net Income from Canteen and Kitchen Sales	155	164
16. Other Income		
Grants received	1 013	1 151
Prisoner telephone receipts	740	702
Sales revenue	313	48
Revenue from recoveries	707	542
Other	155	76
Total Other Income	2 928	2 519
17. Revenue from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	144 073	136 528
Total Revenue from SA Government	144 073	136 528
18. Cash and Cash Equivalents		
Deposits with the Treasurer	19 289	16 682
Prison Imprest Accounts	28	28
Petty cash	7	7
Total Cash and Cash Equivalents	19 324	16 717

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account totalling \$10 370 000 (\$14 345 000). The balance of this fund is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

During 2006-07 the Department was not required to transfer any of its cash balance to the Consolidated Account in accordance with the Cash Alignment Policy.

Interest Rate Risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

19. Receivables	2007	2006
Current:	\$'000	\$'000
Receivables	522	489
Less: Provision for doubtful debts	48	9
	474	480
Accrued interest	-	22
Accrued revenue	6	34
GST receivable	737	689
Prepayments	327	9
Total Receivables	1 544	1 234
Receivables from SA Government Entities:		
Receivables	80	104
Accrued interest	-	22
Total Receivables from SA Government Entities	80	126
Receivables from Non-SA Government Entities:		
Receivables	394	376
Accrued revenue	6	34
GST receivable	737	689
Prepayments	327	9
Total Receivables from Non-SA Government Entities	1 464	1 108
Total Receivables	1 544	1 234

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 impairment 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.

	2007	2006
	\$'000	\$'000
Movements in the Provision for Doubtful Debts (Impairment Loss):		
Carrying amount at 1 July	9	16
Increase in the provision	45	9
Amounts written-off	(6)	(16)
Carrying Amount at 30 June	48	9

Interest Rate and Credit Risk

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. 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.

There is no concentration of credit risk.

Bad and Doubtful Debts

The Department has recognised a bad and doubtful debt expense of \$44 000 in the Income Statement.

20. Inventories	2007	2006
	\$'000	\$'000
Current - Held for Distribution:		
Stores	271	280
Total Current Inventories Held for Distribution	271	280
Current - Other than those Held for Distribution:		
Raw materials and work in progress	292	263
Finished goods	65	56
Stores	2	2
Total Current Inventories Other than those Held for Distribution	359	321
Total Current Inventories	630	601
21. Property, Plant and Equipment		
Land and Buildings:		
Land at fair value (market value)	51 601	-
Land at fair value (existing use)	14 974	37 426
Buildings at fair value	338 950	279 818
Accumulated depreciation	(194 126)	(130 392)
Total Land and Buildings	211 399	186 852
Leasehold Improvements:		
Leasehold improvements at fair value	2 853	1 286
Accumulated amortisation	(322)	(186)
Total Leasehold Improvements	2 531	1 100
Plant and Equipment:		
Plant and equipment at fair value	4 165	3 796
Accumulated depreciation	(2 361)	(2 125)
Total Plant and Equipment	1 804	1 671
Total Property, Plant and Equipment	215 734	189 623

Valuation of Land and Buildings

The valuation of land and buildings was performed by Andrew Lucas of Valcorp as at 30 June 2007. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use. Where land was held to support ongoing operations of the entity, the land was valued at its existing use.

Land at Yatala Labour Prison, Adelaide Women's Prison and Adelaide Pre-Release Centre was determined on the basis of Market Value as the land will not be held in the long term for the existing use. This is due to the new Prison development that is expected to be completed in the next five years.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2007.

Reconciliation of Property, Plant and Equipment

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

	Land and Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Carrying amount at 1 July	186 852	1 100	1 671	189 623
Additions	-	4	388	392
Transfers from capital works in progress	8 604	1 562	89	10 255
Disposals	-	-	(74)	(74)
Revaluation increment	23 047	-	-	23 047
Depreciation and amortisation	(7 095)	(137)	(274)	(7 506)
Other movements	(9)	2	4	(3)
Carrying Amount at 30 June	211 399	2 531	1 804	215 734

22. Intangible Assets	2007	2006
Software Licences:	\$'000	\$'000
Other software licences	346	346
Accumulated amortisation	(190)	(88)
Total Software Licences	156	258
	2007	
	\$'000	
Carrying amount at 1 July	258	
Amortisation	(102)	
Carrying Amount at 30 June	156	

23. Biological Assets	Livestock	Olive Grove	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July	101	115	216
Increases due to purchases	17	-	17
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	3	-	3
Decreases due to sales	(33)	-	(33)
Carrying Amount at 30 June	88	115	203

Livestock

Currently there are 135 cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of cattle.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Plants

The olive grove is situated on approximately 33 ha of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil. The first harvest of olives was expected to occur in the 2006-07 financial year, however, due to drought conditions the harvest did not go ahead. The total commitment for the development of the olive grove is \$246 000.

A financial risk strategy has not been put in place as at reporting date. No government grants have been issued in relation to the olive grove.

24. Payables	2007	2006
Current:	\$'000	\$'000
Creditors	2 152	1 504
Accrued expenses	1 582	1 104
GST payable	39	60
Employment on-costs	1 541	1 439
Total Current Payables	5 314	4 107
Non-Current:		
Employment on-costs	1 419	1 257
Total Non-Current Payables	1 419	1 257
Total Payables	6 733	5 364
Payables to SA Government Entities:		
Creditors	294	464
Accrued expenses	672	452
Total Payables to SA Government Entities	966	916
Payables to Non-SA Government Entities:		
Creditors	1 858	1 040
Accrued expenses	910	652
GST payable	39	60
Employment on-costs	2 960	2 696
Total Payables to Non-SA Government Entities	5 767	4 448
Total Payables	6 733	5 364

Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

25. Employee Benefits	2007	2006
Current:	\$'000	\$'000
Annual leave	5 935	5 612
Long service leave	1 585	1 397
Accrued salaries and wages	2 004	1 897
Unclaimed salaries and wages	4	4
Total Current Employee Benefits	9 528	8 910
Non-Current:		
Annual leave	211	228
Long service leave	14 267	12 574
Total Non-Current Employee Benefits	14 478	12 802
Total Employee Benefits	24 006	21 712

The total current and non-current employee expense (ie aggregate employee benefit plus related on costs) for 2007 is \$11 069 000 and \$15 897 000 respectively.

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has been revised from seven years to six and a half years.

26. Provisions	2007	2006
Current:	\$'000	\$'000
Workers compensation - Medical and other costs	2 927	2 617
Workers compensation - Income maintenance	3 277	3 864
Total Current Provisions	6 204	6 481
Non-Current:		
Workers compensation - Medical and other costs	7 607	7 163
Workers compensation - Income maintenance	13 194	15 909
Total Non-Current Provisions	20 801	23 072
Total Provisions	27 005	29 553
Carrying Amount at 1 July:	29 553	27 611
Workers compensation payments	(5 535)	(6 178)
Increase in the provision	2 987	8 120
Carrying Amount at 30 June	27 005	29 553

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Wellbeing group within the Public Sector Workforce Division of the Department of the Premier and Cabinet.

The Department's liability is an allocation of the Justice Portfolio's total assessment.

27. Equity	2007	2006
Retained earnings	\$'000	\$'000
Asset revaluation reserve	102 743	103 147
Amenities Fund reserve	83 448	60 401
	141	121
Total Equity	186 332	163 669

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed of.

The Amenities Fund reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of Prisoners. Prison canteen net profit less any associated prisoner amenities expenditure incurred during the financial year is transferred to the fund at year end.

28. Adjustments to Prior Period	2007	2006
Adjustments against Asset Revaluation Reserve:	\$'000	\$'000
Asset recognition adjustment - Land	-	(4 850)
Total Adjustments to Equity	-	(4 850)
Adjustments to Property, Plant and Equipment:		
Asset recognition adjustment - Land	-	4 850
Total Adjustments to Property, Plant and Equipment	-	4 850

The asset recognition adjustment relates to a parcel of land that had not been included in previous revaluations. The land was identified and valued by Valcorp in the 2006-07 year.

29. Commitments**Remuneration Commitments**

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
Within one year	1 293	1 113
Later than one year but not later than five years	2 286	2 086
Total Remuneration Commitments	3 579	3 199

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

Contract Service Commitments

Within one year	12 651	11 365
Later than one year but not later than five years	13 164	15 365
Total Contract Service Commitments	25 815	26 730

The Prisoner Movement and In-Court Management and Mobilong Fee for Service contracts were extended on 1 July 2007 for a further 12 months under the same terms and conditions. The new contracts expire on 30 June 2008.

The Home Detention Monitoring contract was extended on 11 May 2007 for a two year period under the same terms and conditions. The new contract expires on 10 May 2009.

The management of Mount Gambier Prison contract is due to expire on 26 December 2010.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2006-07 prisoner populations;
- are exclusive of GST.

Operating Lease Commitments

	2007	2006
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2 831	1 817
Later than one year but not later than five years	5 252	3 819
Later than five years	1 513	1 792
Total Operating Lease Commitments	9 596	7 428

The Department's operating leases are for office accommodation and for motor vehicles. Office accommodation is leased from Real Estate Management (REM), a branch of the Department for Transport, Energy and Infrastructure (DTEI).

Motor vehicles are leased from Fleet SA.

The leases are non-cancellable and are payable monthly in advance.

30. Contingent Liabilities

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is \$228 000 (\$205 000).

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

The Department has a potential financial exposure in respect of a possible under payment of recreation leave loading entitlements to seven-day roster Correctional Officers employed under the PSM Act and Part 9 of the SA Public Sector Salaried Employees Interim Award. This is disclosed as a contingent liability as the validity of the claim and its potential value had not been reliably determined at balance date.

31. Remuneration of Directors and Related Party Disclosure

Members of the Parole Board during the 2006-07 financial year were:

Frances Nelson (Presiding Member)	David Haebich
Andrew Kyprianou	Janina Gipslis
Timothy Bourne	Janice Steinert
Robin Durant	George Tongerie
Vanessa Swan	Denis Edmonds

31. Remuneration of Directors and Related Party Disclosure (continued)

The number of Members whose income from the entity falls within the following bands:

	2007	2006
	Number of	Number of
	Members	Members
\$0 - \$9 999	3	5
\$10 000 - \$19 999	1	1
\$20 000 - \$29 999	5	4
\$30 000 - \$39 999	1	1
Total Number of Board Members	10	11

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by Board Members was \$169 000 (\$158 000).

Amounts paid to a superannuation plan for Board Members was \$15 000 (\$12 000).

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

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

32. Trust Funds

The Department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements, as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2007	2006
	\$'000	\$'000
Balance at 1 July	331	274
Prisoner monies receipts	4 354	4 068
Prisoner monies payments	(4 323)	(4 011)
Balance at 30 June	362	331

33. Cash Flow Reconciliation

Reconciliation of Cash - Cash at 30 June as per:

Cash Flow Statement	19 324	16 717
Balance Sheet	19 324	16 717

Reconciliation of Net Cash Provided by Operating Activities to Net Cost of Providing Services

Net cash provided by operating activities	8 081	6 889
Add: Net Amenities Fund reserve payments	(20)	(4)
Add: Revenues from SA Government	(144 073)	(136 528)
Add: Non-Cash Items:		
Net Gain (Loss) on disposal of assets	(70)	(35)
Depreciation and amortisation expense	(7 608)	(7 128)
Changes in Assets and Liabilities:		
Increase (Decrease) in receivables	310	(568)
Increase in inventories	29	12
(Decrease) in other assets	-	(2)
(Decrease) Increase in biological assets	(13)	113
(Increase) in payables	(1 367)	(475)
(Increase) in employee benefits	(2 294)	(1 554)
Decrease (Increase) in provisions	2 548	(1 942)
Net Cost of Providing Services	(144 477)	(141 222)

34. Disclosure of Administered Items

Administered Income:

Revenues from CIC levies	79	78
Other	1	1
Total Administered Income	80	79

Administered Expenses:

CIC levies payments	78	72
Other	1	1
Total Administered Expenses	79	73

Net Result

1	6
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Administered Current Assets:

Cash	20	13
Total Administered Assets	20	13

34. Disclosure of Administered Items (continued)	2007	2006
	\$'000	\$'000
Administered Current Liabilities:		
CIC levies payables	14	7
Other	-	1
Total Administered Liabilities	14	8
Net Administered Assets	6	5
Administered Equity:		
Retained earnings	6	5
Total Administered Equity	6	5
Changes in Equity:		
Balance at 1 July	5	(1)
Net result	1	6
Total recognised income and expense for the period	6	5
Balance at 30 June	6	5
	2007	2006
	Inflows	Inflows
	(Outflows)	(Outflows)
Cash Flows from Operating Activities:	\$'000	\$'000
Cash Inflows:		
CIC Levies	79	78
Other	1	1
Total Cash Inflows	80	79
Cash Outflows:		
CIC Levies Payments	(72)	(72)
Other	(1)	(1)
Total Cash Outflows	(73)	(73)
Net Cash Inflows from Operating Activities	7	6
Net Increase in Cash	7	6
Cash at 1 July	13	7
Cash at 30 June	20	13

(a) Administered Items of the Department

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy). It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to these administered resources are not recognised as Departmental income, expenses, assets or liabilities.

(b) Administered Expenses and Administered Cash Outflows

The Department makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Department since they are made at the discretion of the Government in accordance with government policy. These transfers are disclosed as administered expenses and administered cash outflows.

(c) Administered Income and Administered Cash Inflows

The Department collects various levies on behalf of the Government. The amounts are not controlled by the Department and are not recognised by the Department. These amounts are disclosed as administered income and administered cash inflows.

(d) Administered Assets and Liabilities

The Department manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Department and are not recognised by the Department. These amounts are disclosed as administered assets and liabilities.

COURTS ADMINISTRATION AUTHORITY

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Courts Administration Authority (the Authority) was established pursuant to the *Courts Administration Act 1993*. The Authority is constituted of the State Courts Administration Council (SCAC), the State Courts Administrator, and other staff of the Council.

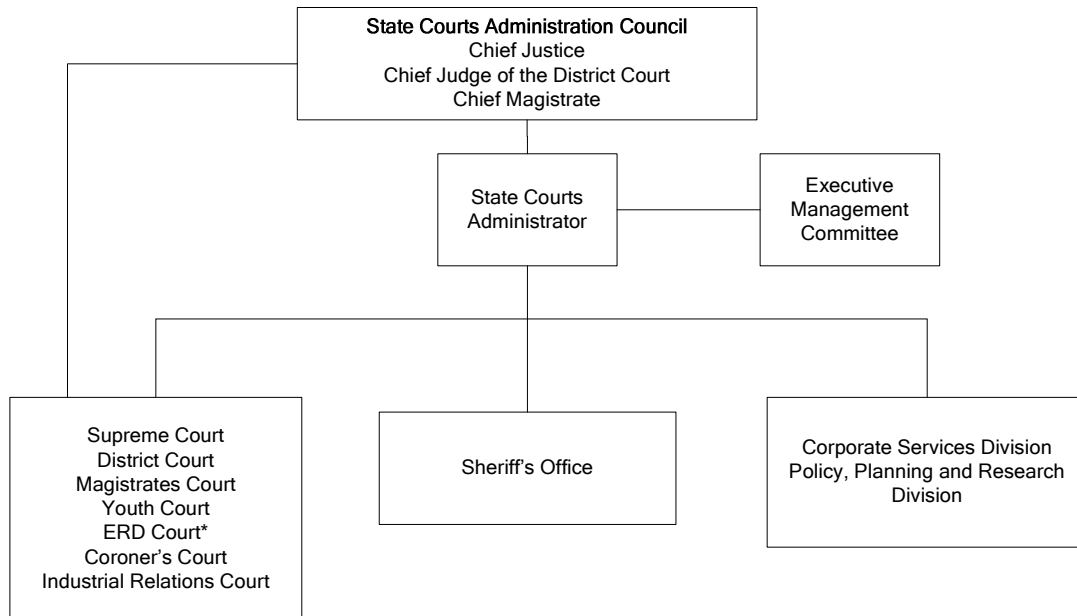
Functions

The function of the SCAC, as an administrative authority independent of control of executive government, is to provide courts with the administrative facilities and services necessary for the proper administration of justice

The State Courts Administrator is responsible to the SCAC for management of the SCAC's staff and property.

Structure

The structure of the Authority is illustrated in the following organisation chart.



* Environment Resources and Development Court

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the PFAA and section 27 of the *Courts Administration Act 1993* provide for the Auditor-General to audit the accounts of the SCAC for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the FMF as required by TI 2.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2006-07, specific areas of audit attention included:

- governance
- payroll
- expenditure
- revenue
- cash at bank
- general ledger
- Trust accounts.

AUDIT FINDINGS AND COMMENTS

Auditor's Report on the Financial Report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Courts Administration Authority 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).

Assessment of Controls

Audit formed the opinion that the controls exercised by the Courts Administration Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters outlined under 'Communication of Audit Matters', are sufficient to provide reasonable assurance that the financial transactions of the Courts Administration Authority have been conducted properly and in accordance with law.

Communication of Audit Matters

Matters arising during the course of the audit were detailed in management letters to the State Courts Administrator. Responses to the management letters were generally considered to be satisfactory. The principal matters raised with the Authority and the related responses follow.

Strategic and Business Planning

The Authority's Strategic Plan July 2006 – June 2009 was approved by the SCAC in September 2006. The first quarterly progress report for the Strategic Plan was submitted to SCAC in April 2007.

As part of the Authority's planning and analysis framework, all divisions are to submit business plans centrally to support the implementation of the Strategic Plan. At the time of audit, early 2007, not all business plans had been submitted.

As a result of the timing of the approval of the Strategic Plan, the commencement of quarterly progress reporting late in the financial year, and not all divisional Business plans having been received centrally, Audit formed the opinion that, for 2006-07, there was a risk that the Authority may not achieve its objectives and related strategies on a timely basis.

The Authority responded that it would continue to develop its quarterly reporting to the SCAC, and that all divisional plans had now been received and quarterly divisional reports for the period 30 June 2007 completed.

Risk Management

At the time of the audit, the Authority had not undertaken a formal risk identification process. As a result, a risk assessment and risk management plan had not been developed, and related reporting to the SCAC had not commenced.

The Authority responded that a formal risk identification process against its Strategic Plan July 2006 - June 09 had been completed, a risk analysis had been documented and a risk register developed.

Budget Process

Audit noted that efficiency saving targets imposed by the 2006-07 Budget had not, at the time of audit, been allocated against the budgeted operations of the Authority.

The Authority responded that the SCAC had approved that the allocation of some savings targets be deferred. The Authority had, however, identified operating efficiencies to address the majority of the savings targets and would continue to review operations.

Delegations of Authority

While the Authority operates under an established framework of delegations of authority, delegation requirements are also set by TI 8. TI 8 was revised effective from 2006-07. The Authority's financial delegations were not formally approved by the responsible Minister as required by the revised TI 8.

The Authority indicated that it will review the implications of TI 8 in consideration of the legislative provisions of the *Courts Administration Act 1993*.

Other Matters

The audit of the payroll function identified a need for improvement to some policies and procedures including the follow up of bona fide reports and the checking and monitoring of the reports.

Suggestions for improvement were also made for aspects of expenditure delegations, revenue and ledger reconciliations.

The Authority advised a range of improvements that would address the audit issues.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Highlights of the Financial Report

	2007	2006	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee benefit expenses	44	44	-
Other expenses	34	32	6
Total Expenses	78	76	3
INCOME			
Revenues from fees and charges	5	4	25
Other revenues	3	3	-
Total Income	8	7	14
Net Cost of Providing Services	70	69	1
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenues from SA Government	73	69	6
Payments to SA Government	-	1	n/a
Net Result	3	(1)	n/a
NET CASH PROVIDED BY OPERATING ACTIVITIES			
	7	5	n/a
ASSETS			
Current assets	18	19	(5)
Non-current assets	134	130	3
Total Assets	152	149	2
LIABILITIES			
Current liabilities	9	8	13
Non-current liabilities	31	32	(3)
Total Liabilities	40	40	-
EQUITY	112	109	3

Income Statement

Income

Revenues from SA Government is the major source of funding for the Authority accounting for over 90 percent of total income.

During 2006-07 the Authority received a transfer of land (Pocket Park) as part of the restructuring arrangements for the Department for Administrative and Information Services. This is shown as resources received free of charge amounting to \$2.1 million.

Expenses

Employee benefit expenses is the major expense category for the Authority accounting for 56 percent of total expenses.

Other expenses accounts for the remaining 44 percent and includes supplies and services expenses, depreciation and amortisation expense, and finance lease costs.

Other expenses increased by \$2 million or 6 percent to \$34 million during 2007. The increase is due mainly to the full year accommodation costs associated with the new Public Private Partnerships court sites, the impact of new road safety initiatives, and full year depreciation charges due to the revaluation of the Authority's library assets during 2006.

The Authority's expenses reflect the costs incurred in performing its statutory responsibilities including the collection of administered income such as fines and court fees on behalf of the Government. This income is directly credited to the Consolidated Account and is reported under Administered Income.

Net Result

The Authority's operations for 2006-07 resulted in a surplus of \$3 million (deficit of \$1 million). The reported surplus is attributable to an increase in the appropriation received from the SA Government (\$3.8 million), and the recognition of the value of land (\$2.1 million) transferred to the Authority at no cost.

Balance Sheet

Non-current assets increased by \$4 million or 3 percent to \$134 million due predominantly to the completion of the construction of the Port Augusta court facility.

Current Assets decreased by \$1 million due mainly to a decrease in cash held and a decrease in assets held-for-sale.

Cash Flow Statement

Included in cash at 30 June 2007 is \$7 million (\$12 million), being accrual appropriation, which is only accessible for specific purposes with the approval of the Treasurer. During the year, the Treasurer approved the transfer of \$5 million to the Authority's operating cash balance, to support the Authority's capital works program.

Administered Items

The Financial Report relating to administered items forms part of the Authority's Financial Report and follows Note 30.

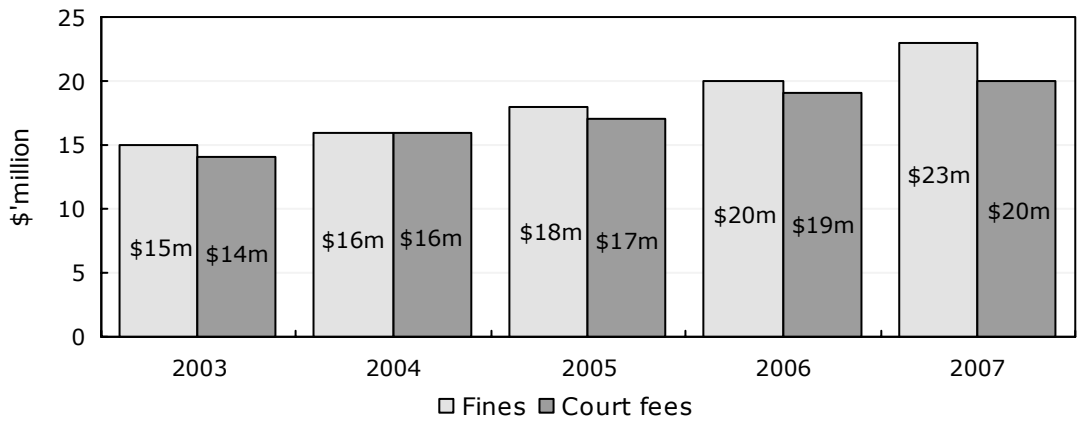
Fines and Court Fees

Fines and Court fees are raised and collected by the Authority on behalf of, and paid directly to, the Government.

During the year, income from Fines and Court fees increased by \$4 million or 11 percent to \$43 million. The Authority advised that the main factors which have contributed to the increased income, include:

- increases in court lodgement fees and expiation revenue (including from red light and speed cameras);
- increased collection rates by the Fines Payment Unit.

For the five years to 2007, a structural analysis of income from Fines and Court Fees is shown in the following chart.



Other Comments

Revenues from the SA Government are received by the Authority to fund the payment of employment expenses of the Judiciary. Judicial salary and related expenses were \$29 million (\$27 million). The funding received covers the recurrent expenditure and does not extend to the Judiciary’s accrued leave liability.

FURTHER COMMENTARY ON OPERATIONS

Public, Private Partnership

In May 2005, Cabinet approved the execution of a 25 year service contract with a private company for regional South Australia Police (SAPOL) Stations and Courts Administration Authority Courts under a Public Private Partnership (PPP) project.

In June 2005, the Minister for Infrastructure signed a Project Agreement detailing the design, construction, maintenance, operation and ownership of facilities by a private sector contractor.

The bundled PPP project involves the sale of land at unimproved market value to the contractor and the lease back by the Government of new police stations and courts at:

- Port Lincoln new Court and Police Station
- Victor Harbor new Court and Police Station
- Port Pirie new Court
- Berri new Court and refurbished Police Station
- Mt Barker new Police Station
- Gawler new Police Station.

The Project Agreement provides for the Minister for Infrastructure to enter into leases for the new privately owned facilities on behalf of the State. During 2005-06 a number of these facilities were completed and are now occupied by SAPOL and the Authority. The last facility (Port Lincoln) was completed in 2006-07. Indexed annual service payments which are subject to performance abatements consistent with the Project Agreement and other administrative payments are being made to the contractor.

For accounting purposes, the arrangement has been assessed as an operating lease consistent with the requirements of AASB 117.

**Income Statement
for the year ended 30 June 2007**

		2007	2006
	Note	\$'000	\$'000
EXPENSES:			
Employee benefit expenses	6	43 665	43 909
Supplies and services	7	27 518	25 996
Depreciation and amortisation expenses	8	4 826	4 020
Finance lease	9	1 252	1 297
Other expenses	10	801	891
Total Expenses		78 062	76 113
INCOME:			
Grants	11	524	589
Sale of goods and services	12	717	812
Revenues from fees and charges	13	4 566	4 161
Interest revenue	14	-	785
Resources received free of charge	15	2 100	-
Net gain (loss) from the disposal of assets	16	104	(164)
Other income	17	-	625
Total Income		8 011	6 808
NET COST OF PROVIDING SERVICES		(70 051)	(69 305)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	18	73 444	69 618
Payment to SA Government	18	-	1 304
NET REVENUES FROM SA GOVERNMENT		73 444	68 314
NET RESULT		3 393	(991)

Net Result is attributable to the SA Government as owner

Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash	19	16 436	17 534
Receivables	20	619	827
		17 055	18 361
Non-current assets classified as held-for-sale	21	667	1 013
Total Current Assets		17 722	19 374
NON-CURRENT ASSETS:			
Property, plant and equipment	22	134 648	129 890
Total Non-Current Assets		134 648	129 890
Total Assets		152 370	149 264
CURRENT LIABILITIES:			
Payables	23	3 301	3 021
Short-term and long-term employee benefits	24	4 298	4 135
Short-term provisions	25	527	501
Other current liabilities	26	1 155	814
Total Current Liabilities		9 281	8 471
NON-CURRENT LIABILITIES:			
Payables	23	704	738
Long-term employee benefits	24	7 067	7 123
Long-term provisions	25	1 867	2 005
Other non-current liabilities	26	21 007	21 876
Total Non-Current Liabilities		30 645	31 742
Total Liabilities		39 926	40 213
NET ASSETS		112 444	109 051
EQUITY:			
Contributed capital		3 140	3 140
Retained earnings		79 749	76 356
Asset revaluation reserve		29 555	29 555
TOTAL EQUITY		112 444	109 051
Total Equity is attributable to the SA Government as owner			
Commitments	27		
Contingent assets and liabilities	28		

Statement of Changes in Equity for the year ended 30 June 2007

	Note	Asset			Total \$'000
		Contributed Capital \$'000	Revaluation Reserve \$'000	Retained Earnings \$'000	
Balance at 30 June 2005		-	7 369	77 277	84 646
Gain on revaluation of property during 2005-2006	22	-	22 186	-	22 186
Net result for 2005-2006		-	-	(991)	(991)
Total Recognised Income and Expense for 2005-06		-	22 186	(991)	21 195
Equity contribution from SA Government		3 140	-	-	3 140
Balance at 30 June 2006		3 140	29 555	76 286	108 981
Error correction	24	-	-	70	70
Restated balance at 30 June 2006		3 140	29 555	76 356	109 051
Net result for 2006-2007		-	-	3 393	3 393
Total Recognised Income and Expense for 2006-07		-	-	3 393	3 393
Equity contribution from SA Government		-	-	-	-
Balance at 30 June 2007		3 140	29 555	79 749	112 444

All Changes in Equity are attributable to the SA Government as owner

Cash Flow Statement for the year ended 30 June 2007

	2007	2006
	Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH OUTFLOWS:	Note	\$'000
Employee benefit payments	(43 449)	(42 338)
Supplies and services	(26 737)	(25 390)
GST Paid on Purchases	(3 614)	(3 161)
GST remitted to Australian Taxation Office	(220)	(143)
Finance Lease	(1 252)	(1 297)
Other Payments	(801)	(837)
Cash used in Operations	(76 073)	(73 166)
CASH INFLOWS:		
Grants	529	589
Fees and charges	5 672	5 630
GST receipts on receivables	273	127
GST input tax credits	3 479	3 034
Other receipts	14	625
Cash generated from Operations	9 967	10 005
CASH FLOWS FROM SA GOVERNMENT:		
Receipts from SA Government	73 444	69 618
Payments to SA Government	-	(1 304)
Cash generated from SA Government	73 444	68 314
Net Cash provided by Operating Activities	30	7 338
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Purchase of property, plant and equipment	(8 064)	(5 114)
Cash used in Investing Activities	(8 064)	(5 114)
CASH INFLOWS:		
Proceeds from sales of property, plant and equipment	450	25
Cash generated from Investing Activities	450	25
Net Cash (used in) provided by Investing Activities	(7 614)	(5 089)
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH OUTFLOWS:		
Repayment of finance lease	(822)	(783)
Cash used in Financing Activities	(822)	(783)
CASH INFLOWS:		
Capital contributed by SA Government	-	3 140
Cash generated from Financing Activities	-	3 140
Net Cash (used in) provided by Financing Activities	(822)	2 357
NET (DECREASE) INCREASE IN CASH	(1 098)	2 421
CASH AT 1 JULY	17 534	15 113
CASH AT 30 JUNE	19	16 436

**Program Schedule of Expenses and Income
for the year ended 30 June 2007**

	2007			Total
	Program (Refer Note 5)	1	2	
EXPENSES:				
Employees benefit expenses	37 428	2 102	4 135	43 665
Supplies and services	24 934	519	2 065	27 518
Depreciation and amortisation expenses	4 819	2	5	4 826
Finance lease	1 252	-	-	1 252
Other expenses	681	70	50	801
Total Expenses	69 114	2 693	6 255	78 062
INCOME:				
Grants	524	-	-	524
Sale of goods and services	694	-	23	717
Revenues from fees and charges	480	-	4 086	4 566
Resources received free of charge	2 100	-	-	2 100
Net gain from disposal of assets	104	-	-	104
Total Income	3 902	-	4 109	8 011
NET COST OF PROVIDING SERVICES	(65 212)	(2 693)	(2 146)	(70 051)
Revenues from SA Government	65 025	2 534	5 885	73 444
NET RESULT	(187)	(159)	3 739	3 393

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Courts Administration Authority

The Courts Administration Authority (the Authority) operates within the *Courts Administration Act 1993*. It is overseen by the State Courts Administration Council and is independent of the Government.

Its principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

Currently, the major priorities of the Authority and the State Courts Administration Council are to:

- provide administrative support to the courts of this state;
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries;
- improve court facilities;
- foster an environment in which judicial officers, staff and volunteers can contribute to improved performance of the courts system;
- keep up to date with technological developments and apply those that are appropriate to improve the performance of the courts system;
- cooperate with other parts of the justice system to improve access to justice and the overall performance of the justice system.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable AASs, TIs and APSs promulgated under the provision of the PFAA.

Statement of Compliance

AASs include AIFRS and AAS 29. The Authority has early-adopted the amendments to AASB 101. 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 Authority'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;
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs 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. A threshold of \$100 000 for separate identification of these items applies;
 - (b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - (c) employee TVSP 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;
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority'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 12 month operating cycle and presented in Australian currency.

(b) Reporting Entity

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

(c) Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS 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.

(d) Rounding

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

(e) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, 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;
- receivables and payables, which are stated with the amount of GST included.

(e) Taxation (continued)

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

(f) Income and Expenses

Income and expense are recognised to the extent that it is probable that the flow of economic benefits to or from the Authority 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, classified according to their nature.

Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, 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 Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenues and expiation fees received on behalf of the government and paid directly to the Consolidated Account.

The Authority makes payments pursuant to the *Remuneration Act 1990* to members of the judiciary and receives reimbursement for these and other expenses paid on behalf of other agencies. It is dependent on support from the Crown to meet accruing judicial entitlement obligations recognised in the financial statements.

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 Authority obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

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

- contributions with unconditional stipulations — this will be when the agreement becomes enforceable ie 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 Authority have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Fees and Charges

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

The Authority performs activities on behalf of the Government and other government agencies and reports these in the Administered Financial Statements. It receives revenue from infringement notices issued to offenders under various acts and regulations, processes revenue from fees charged under regulations to various acts and receives revenue on behalf of other Government agencies which it forwards to them on a regular basis.

Fines revenue, a significant proportion of court fees revenue, and amounts received on behalf of other agencies is recognised at the time cash is received due to the uncertainty of amounts to be collected.

Disposal of Non-Current Assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

(g) Current and Non-Current Classification

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

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

(h) Cash

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

For the purposes of the Cash Flow Statement, cash consist of cash as defined above. Cash is measured at nominal value.

(i) 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 Authority will not be able to collect the debt.

(j) Non-Current Asset 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 minimal 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.

Where the payment for an asset is deferred, the Authority measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

All non-current tangible assets with a value of \$5000 or greater are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

(k) 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 or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every three years, the Authority revalues its land, buildings and leasehold improvements. 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.

(k) Revaluation of Non-Current Assets (continued)

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 revaluations 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.

(l) Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each 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.

(m) 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.

(n) 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.

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

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

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 as follows:

<i>Class of Asset</i>	<i>Useful Life (Years)</i>
Buildings and improvements	30-60
Leasehold improvements	Life of lease
Plant and equipment	3-10
Furniture and fittings	5-10
Library collections	20

(o) 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 Authority.

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

(o) Payables (continued)

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

The Authority 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 South Australian Superannuation Board.

(p) 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.

Wages, Salaries, Annual Leave and Sick Leave

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

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

Long Service Leave

The liability for long service leave is recognised after an employee has completed six and a half years of service. An actuarial assessment of Long Service Leave undertaken by the Department of Treasury and Finance 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 Authority's experience of employee retention and leave taken.

Provisions

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

When the Authority 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.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Authority 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 Authority has entered into finance leases and operating leases.

Finance Leases

Finance leases, which transfer to the Authority 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 Authority 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.

Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25 year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

The aggregate benefit of lease incentives received by the Authority 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 Authority has significant non-interest bearing assets (cash on hand and on call, and receivables) and liabilities (payables) and interest bearing liabilities (finance leases). The Authority's exposure to market risk and cash flow interest risk is minimal.

The Authority has no significant concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

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

4. Changes in Accounting Policies

Except for the amendments to AASB 101, which the Authority has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the reporting period ending 30 June 2007. The Authority 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 Authority.

5. Programs of the Authority

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

Program 1: Court and Tribunal Case Resolution Services.

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Program 2: Alternative Dispute Resolution.

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

Program 3: Penalty Management Services.

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The Authority does not track assets and liabilities at a program level and therefore figures can not be reliably measured.

6. Employee Benefit Expenses

	2007	2006
	\$'000	\$'000
Salaries and wages	35 745	35 197
Employment on-costs	6 101	6 298
Long service leave	1 344	1 482
TVSP	-	625
Board fees	81	70
Other employee related expenses	394	237
Total Employee Benefit Expenses	43 665	43 909

TVSPs

Amount paid to these employees:

TVSP payments	-	625
Annual and long service leave paid over the period	-	469

Recovery from the Department of Treasury and Finance

	-	(625)
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Net Amount Paid to Employees	-	469
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	2007	2006
	Number of	Number of
	Employees	Employees
Number of employees who were paid TVSPs during the reporting period	-	6

Remuneration of Employees

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

\$100 000 - \$109 999	4	4
\$110 000 - \$119 999	2	3
\$120 000 - \$129 999	3	-
\$130 000 - \$139 999	2	4
\$140 000 - \$149 999	1	1
\$150 000 - \$159 999	-	1
\$160 000 - \$169 999	1	-
\$200 000 - \$209 999	1	-
\$230 000 - \$239 999	1	3
\$240 000 - \$249 999	2	2
\$250 000 - \$259 999	2	1
\$320 000 - \$329 999	1	-
Total Number of Employees	20	19

Remuneration of Employees (continued)

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, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$3.3 million (\$3 million).

7.	Supplies and Services	2007	2006
	Supplies and Services provided by Entities within the SA Government:	\$'000	\$'000
	Accommodation expenses	7 299	5 727
	Administration expenses	1 201	724
	Computing and communications	2 819	2 858
	Total Supplies and Services - SA Government Entities	11 319	9 309
	Supplies and Services provided by Entities external to the SA Government:		
	Administration expenses	7 030	7 233
	Computing and communications	779	1 162
	Accommodation expenses	3 212	3 328
	Coronial charges	2 869	2 725
	Jurors' expenses	1 278	1 140
	Sheriff Officer Payments	1 031	1 099
	Total Supplies and Services - Non-SA Government Entities	16 199	16 687
	Total Supplies and Services	27 518	25 996
	Consultancies		
	Individual consultancies costing between \$10 000 and \$50 000		
	2 (2) Consultancies	79	29
	Total cost of consultancies less than \$10 000		
	14 (14) Consultancies	41	55
	Total Paid/Payable to the Consultants Engaged	120	84
8.	Depreciation and Amortisation Expenses		
	Buildings and improvements	2 062	1 849
	Leasehold improvements	99	102
	Finance lease on building	830	830
	Computing	141	425
	Office furniture and equipment	38	240
	Works of art	-	375
	Library collections	1 656	199
	Total Depreciation and Amortisation	4 826	4 020
9.	Finance Lease		
	Services provided by Entities External to the SA Government:		
	Interest expense on financial lease liability	1 252	1 297
	Total Finance Lease	1 252	1 297
	The Authority occupies the Sir Samuel Way building under a 40 year non-cancellable finance lease which expires in 2023. The nominal interest rate on the lease is 5.61 percent (5.61 percent).		
	The Authority is responsible for all maintenance costs and paid an additional 'rental' of \$3 311 000 (\$2 954 000) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.		
10.	Other Expenses	2007	2006
	Other Expenses paid/payable to Entities within the SA Government:	\$'000	\$'000
	Audit fees	102	103
	Other Expenses paid/payable to Entities external to the SA Government:		
	Operating lease payments	466	526
	Other	233	262
	Total Other Expenses	801	891
	Auditor's Remuneration		
	Audit fees paid/payable to the Auditor-General's Department	102	103
	Total Audit Fees	102	103

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

11. Grants		2007	2006
Grants received/receivable from Entities within the SA Government:		\$'000	\$'000
Court Assessment Referral Drug Scheme (CARDS)		362	341
Youth Court CARDS		83	84
Industrial Court - Sheriff's officer services		50	47
Guardianship Board		27	27
Hayden Matter		-	11
Other		2	79
Total Grants		524	589
12. Sale of Goods and Services			
Sales of Goods and Services to Entities external to the SA Government:			
Sale of electronic information		276	155
Services		194	431
Rent recoveries		233	226
Other		14	-
Total Sales of Goods and Services		717	812
13. Revenues from Fees and Charges			
Fees and Charges received/receivable from Entities external to the SA Government:			
Licence disqualification and reminder fees		2 548	2 183
Sheriff's officer fees		1 030	1 055
Photocopying		77	99
Other regulatory fees		911	824
Total Fees and Charges		4 566	4 161
14. Interest Revenue			
Interest received/receivable from Entities within the SA Government:			
Interest revenue		-	785
Total Interest Revenue		-	785
The Authority's Special Deposit Account was made non-interest bearing effective from 1 July 2006.			
15. Resources Received Free of Charge			
Resources received from Entities within the SA Government:			
Transfer of land		2 100	-
Total Resources Received Free of Charge		2 100	-
16. Net Gain (Loss) from the Disposal of Assets			
Proceeds from disposal of assets		450	25
Less: Carrying value of assets disposed		346	189
Total Gain (Loss) from the Disposal of Assets		104	(164)
17. Other Revenues			
Other revenue received from Entities within the SA Government:			
TVSP		-	625
Total Other Revenues		-	625
18. Revenues from (Payment to) Government			
Revenues from SA Government:			
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>		73 444	69 618
Total Revenues from SA Government		73 444	69 618
Payments to SA Government:			
Return of surplus cash pursuant to cash alignment policy		-	1 304
Total Payments to SA Government		-	1 304
19. Cash			
Deposits with the Treasurer		16 406	17 504
Cash on hand		30	30
Total Cash		16 436	17 534

Deposits with the Treasurer

Include \$7.3 million (\$11.6 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's approval. During 2006-07 funds from this account were used to partially finance the Authority's capital works program.

Interest Rate Risk

Cash on hand and deposits with the Treasurer are non-interest bearing. The carrying value of cash and cash equivalents represent fair value.

20. Receivables	2007	2006
Receivables from Non-SA Government Entities:	\$'000	\$'000
Receivables	185	185
Accrued revenue	-	284
Interest receivable	-	14
GST receivable	317	182
Prepayments	117	162
Total Receivables	619	827

Interest Rate and Credit Risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received. The Authority can not be certain of receiving items such as reminder fees and Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days. Receivables and prepayments are non-interest bearing and the carrying amounts approximate fair value. There is no concentration of credit risk.

21. Non-Current Assets Classified as Held-for-Sale	2007	2006
	\$'000	\$'000
Land	340	430
Buildings and improvements	327	583
Total Non-Current Assets Classified as Held-for-Sale	667	1 013

As a result of construction, or leasing of newly constructed court buildings, in regional centres several properties became available for disposal. One property was disposed of during the year. Refer Note 16.

22. (a) Property, Plant and Equipment	Cost/ Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	2007 Written Down Value \$'000
Land at fair value	24 769	-	24 769
Buildings and improvements at fair value	87 025	(2 062)	84 963
Building under construction at cost	-	-	-
Building under finance lease at fair value	33 191	(19 915)	13 276
Leasehold improvements at cost	1 033	(622)	411
Computing at cost	3 627	(3 139)	488
Office furniture and equipment at cost	876	(711)	165
In-house developed computer software at cost	7 688	(7 688)	-
Library collections at fair value	12 162	(1 656)	10 506
Works of art and collections at fair value	70	-	70
Total Property, Plant and Equipment	170 441	(35 793)	134 648

	Cost/ Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	2006 Written Down Value \$'000
Land at fair value	22 669	-	22 669
Buildings and improvements at fair value	75 365	-	75 365
Building under construction at cost	5 246	-	5 246
Building under finance lease at fair value	33 191	(19 085)	14 106
Leasehold improvements at cost	1 033	(523)	510
Computing at cost	3 886	(3 365)	521
Office furniture and equipment at cost	883	(680)	203
In-house developed computer software at cost	7 688	(7 688)	-
Library collections at fair value	11 200	-	11 200
Works of art and collections at fair value	70	-	70
Total Property, Plant and Equipment	161 231	(31 341)	129 890

Valuations

The valuation of Land, Buildings and Improvements was performed by Valcorp Australia Pty Ltd, licensed valuers, as at 30 June 2006. Library collections were also valued by Valcorp Australia Pty Ltd, licensed valuers, as at 30 June 2006.

Rushton Valuers Pty Ltd, licensed valuers, valued works of art and collections as at 30 June 2006. These are measured at fair value and are not depreciated.

Impairment

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

(b) Reconciliation of Property, Plant and Equipment

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

	Land \$'000	Buildings and Improvements \$'000	Building under Finance Lease \$'000	Building under Construc- tion \$'000	Buildings- Leasehold Improvements \$'000	2007 Total Land & Buildings \$'000
Gross value at 1 July	22 669	75 365	33 191	5 246	1 033	137 504
Transfers	2 100	11 660	-	(11 660)	-	2 100
Additions:						
Purchases of assets	-	-	-	6 414	-	6 414
Disposals	-	-	-	-	-	-
Gross Value at 30 June	24 769	87 025	33 191	(0)	1 033	146 018
Accumulated depreciation/ amortisation as at 30 June	-	-	(19 085)	-	(523)	(19 608)
Depreciation/amortisation for year	-	(2 062)	(830)	-	(99)	(2 991)
Disposals	-	-	-	-	-	-
Accumulated Depreciation/ Amortisation as at 30 June	-	(2 062)	(19 915)	-	(622)	(22 599)
Net Book Value:						
At 30 June 2007	24 769	84 963	13 276	(0)	411	123 419
At 30 June 2006	22 669	75 365	14 106	5 246	510	117 896

	Computing \$'000	Office Furniture & Equip. \$'000	In-house Developed Computer Software \$'000	Library Collections \$'000	Works of Art and Collections \$'000	Total Plant Equipment and Collections \$'000	2007 Total \$'000
Gross value at 1 July	3 886	883	7 688	11 200	70	23 727	161 231
Transfers	-	-	-	-	-	-	2 100
Additions:							
Purchases of assets	108	-	-	962	-	1 070	7 484
Disposals	(367)	(7)	-	-	-	(374)	(374)
Gross Value at 30 June	3 627	876	7 688	12 162	70	24 423	170 441
Accumulated depreciation/ amortisation as at 30 June	(3 365)	(680)	(7 688)	-	-	(11 733)	(31 341)
Depreciation/amortisation for year	(141)	(38)	-	(1 656)	-	(1 835)	(4 826)
Disposals	367	7	-	-	-	374	374
Accumulated Depreciation/ Amortisation as at 30 June	(3 139)	(711)	(7 688)	(1 656)	-	(13 194)	(35 793)
Net Book Value:							
At 30 June 2007	488	165	-	10 506	70	11 229	134 648
At 30 June 2006	521	203	-	11 200	70	11 994	129 890

23. Payables

Current:		2007	2006
		\$'000	\$'000
Creditors		1 053	276
Accrued expenses		1 603	1 530
Accrued capital expenditure		46	626
Employment on-costs		599	589
Total Current Payables		3 301	3 021
Non-Current:			
Employment on-costs		704	738
Total Non-Current Payables		704	738
Total Payables		4 005	3 759
Government/Non-Government Payables:			
Payable to SA Government entities:			
Creditors		409	167
Accrued expenses		346	97
Employment on-costs		632	658
Total Payables to SA Government Entities		1 387	922
Payable to Non-SA Government Entities:			
Creditors		607	109
Accrued expenses		1 303	2 059
GST payable		37	-
Employment on-costs		671	669
Total Payables to Non-SA Government Entities		2 618	2 837
Total Payables		4 005	3 759

Interest Rate and Credit Risk

Creditors and Accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. 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 represents fair value due to the amounts being payable on demand.

24. Employee Benefits	2007	2006
Current:	\$'000	\$'000
Accrued salaries and wages	724	782
Short-term long service leave	964	664
Annual leave	2 335	2 354
Total	4 023	3 800
Expected to be paid more than 12 months after reporting date:		
Annual leave	275	335
Total Current Employee Benefits	4 298	4 135
Non-Current:		
Long service leave	7 067	7 123
Total Non-Current Employee Benefits	7 067	7 123
Total Employee Benefits	11 365	11 258

The total current and non-current employee expense (ie aggregate employee benefit plus related on costs) for 2007 is \$4 897 000 and \$7 771 000 respectively. For 2006 the expense was \$4 724 000 and \$7 861 000 respectively.

Based on actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has been revised from seven to six and a half years.

Correction of Errors

Due to the use of inappropriate factors in estimating employee benefits liabilities at 30 June 2006, payables and employee benefits liabilities were overstated by a net \$70 000. This error also had the effect of overstating expenses by \$70 000 and therefore understating retained earnings.

The error has been corrected by reinstating each of the affected financial statement line items for the prior year.

25. Provisions	2007	2006
Current:	\$'000	\$'000
Provision for workers compensation	527	501
Total Current Provisions	527	501
Non-Current:		
Provision for workers compensation	1 867	2 005
Total Non-Current Provisions	1 867	2 005
Total Provisions	2 394	2 506
Carrying amount at 1 July	2 506	2 792
Decrease in the provision	(112)	(286)
Carrying Amount at 30 June	2 394	2 506

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 Wellbeing group within the Public Sector Workforce Division of the Department of the Premier and Cabinet.

26. Other Liabilities	2007	2006
Finance Lease Liabilities:	\$'000	\$'000
Payable no later than one year	5 279	5 185
Payable later than one year and not later than five years	21 114	20 741
Payable later than five years	58 064	62 224
Minimum lease payments	84 457	88 150
Less: Future finance charges and contingent rentals	62 581	65 452
Lease Liability	21 876	22 698
Other Liabilities:		
Unearned revenue	207	-
Unclaimed money	79	(8)
Total Other Liabilities	22 162	22 690
Classified as:		
Current	1 155	814
Non-Current	21 007	21 876
Total	22 162	22 690

The Authority's non-cancellable lease of the Sir Samuel Way building will expire in 2023. There is no right of renewal.

27. Commitments	2007	2006
Capital Commitments:	\$'000	\$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report:		
Land and buildings	-	6 824
Total Capital Commitments	-	6 824
Remuneration Commitments		
Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities:		
Employment Contracts	1 802	3 178
Total Remuneration Commitments	1 802	3 178
Other Commitments		
Commitments in relation to equipment and accommodation operating leases and a public/private partnership arrangement for regional court premises not recognised as liabilities:		
Operating leases	1 877	1 117
Public Private Partnership leases	56 202	57 747
Miscellaneous	-	1
Total Other Commitments	58 079	58 865
Total Commitments	59 881	68 867
Commitments are payable as follows:		
Within one year	3 659	10 613
Later than one year but not longer than five years	9 624	9 592
Later than five years	46 598	48 662
Total Commitments	59 881	68 867
28. Contingent Assets and Liabilities		
The Authority has no material contingent assets or liabilities as at 30 June 2007 (nil).		
29. Remuneration of Board and Committee Members		
Members that were entitled to receive remuneration for membership during the 2006-07 financial year were:		
Administrative and Disciplinary Committee	Building Work Contractors Industry/ Consumer Assessor Panel	
Ms Samantha Battams	Mr James Dames	
Mr Christopher Branson	Ms Jean Hutchinson	
Ms Susan Cosoff	Mr Philip Read	
Mr Martyn Evans (retired 13.03.2007)		
Ms Janina Gipslis	Dental Professional Conduct Tribunal	
Ms Margaret Heylen	Mr Anthony Lake	
Ms Polly Sumner-Dodd	Mr William Squire	
Mr James Lally		
Mr Jonathan Jureidini	ERDC Development Act Panel	
ERDC Environment Protection Act Panel	Mr Ian Berriman	
Mr John Agnew	Ms Judith Brine	
Ms Megan Lewis	Mr Robert Cheesman	
ERDC Irrigation Act Panel	Mr Stephen Hamnett	
Ms Toni Robinson	Mr Alan Hutchings	
ERDC Native Title Panel	Mr Peter Koukourou	
Mr Francis Lampard	Mr Demetrius Poupoulas	
Ms Barbara Wingard	ERDC Native Vegetation Act Panel	
ERDC Water Resources Panel	Mr John Lothian	
Mr John Botting	Mr David Moyle	
Ms Judith Brine	ERDC Soil Conservation and Land Care Panel	
Ms Megan Dyson	Ms Mary Crawford	
Mr Bryan Harris	Ms Carolyn Ireland	
Ms Megan Lewis	Mr David Jericho	
Ms Jennifer McKay	Mr Douglas Reuter	
Medical Professional Conduct Tribunal	Equal Opportunity Tribunal	
Ms Katrina Allen	Mr Richard Altman	
Mr Antonio Cocchiaro	Ms Elizabeth Bachmann	
Ms Aileen Connon	Ms Helena Jasinski	
Ms Linda Foreman	Mr David Shetliffe	
Mr Peter Heysen (retired 22.03.2007)	Ms Barbara Worley	
Mr Laurence Lewis	Mr Hau Yapp	
Ms Margaret Wallace (appointed 26.02.2007)	Security and Investigation Agents Industry/ Consumer Panel	
Mr Graham West	Mr Charles MacDonald	

29. Remuneration of Board and Committee Members (continued)

Training Centre Review Board

Mr David Branson
 Mr Graham Brown
 Mr John Eaton
 Ms Branka King (appointed 01.02.2007)
 Ms Rosemary Wanganeen (retired 21.01.2007)
 Ms Irene Watson

**Supported Residential Facilities Industry/
 Assessor Panel**

Ms Alison Creaser
 Mr Keith Moorman
 Mr Paul Pledger

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

	2007	2006
	Number of Members	Number of Members
\$0 - \$9 999	60	60
Total Number of Members	60	60

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements.

	2007	2006
	\$'000	\$'000
Total Remuneration paid in 2006-07:	81	75
Includes superannuation payments	4	3

In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year. Unless otherwise disclosed, transactions between members are on conditions no more favourable than those it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

30. Cash Flow Reconciliation

Reconciliation of Cash - Cash at 30 June as per
 Cash Flow Statement
 Balance Sheet

	2007	2006
	\$'000	\$'000
	16 436	17 534
	16 436	17 534

**Reconciliation of Net Cash provided by Operating Activities to
 Net Cost of Providing Services**

Net cash provided by operating activities	7 338	5 153
Less: Revenues from SA Government	(73 444)	(69 618)
Add: Payment to SA Government	-	1 304
Add (Less): Non-cash items:		
Depreciation/amortisation	(4 826)	(4 020)
Gain (loss) from disposal of assets	104	(164)
Revaluation (decrements)	-	(54)
Error correction	-	(70)
Resources received free of charge	2 100	-
Changes in Assets/Liabilities:		
(Decrease) Increase in receivables	(163)	261
Decrease in other assets	(45)	(13)
Increase in employee benefits	(107)	(1 545)
Increase in payables	(826)	(819)
Decrease in provisions	112	286
Increase in other liabilities	(294)	(6)
Net Cost of Providing Services	(70 051)	(69 305)

**Statement of Administered Income and Expenses
for the year ended 30 June 2007**

	Note	2007 \$'000	2006 \$'000
INCOME:			
Revenues from SA Government		27 948	26 781
Fines		23 177	20 459
Court fees		20 088	18 650
Administered revenues		6 589	6 184
Transcript fees		1 262	920
Other income		3	22
Total Income		79 067	73 016
EXPENSES:			
Judicial benefits expenses	31	29 136	26 545
Administered expenses		6 697	6 169
Payments to consolidated account		44 529	39 985
Other expenses		955	848
Total Expenses		81 317	73 547
OPERATING DEFICIT		(2 250)	(531)
The Operating Deficit is attributable to SA Government as owner			

**Statement of Administered Assets and Liabilities
as at 30 June 2007**

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS:			
Cash	32	1 495	1 917
Receivables	33	2 573	3 391
Total Current Assets		4 068	5 308
CURRENT LIABILITIES:			
Payables	34	5 475	5 211
Short-term and long-term Judicial benefits	35	3 089	2 178
Total Current Liabilities		8 564	7 389
NON-CURRENT LIABILITIES:			
Payables	34	720	722
Long-term Judicial benefits	35	4 476	4 639
Total Non-Current Liabilities		5 196	5 361
Total Liabilities		13 760	12 750
NET ASSETS		(9 692)	(7 442)
EQUITY:			
Accumulated deficit		(9 692)	(7 442)
TOTAL EQUITY		(9 692)	(7 442)

Statement of Changes in Administered Equity as at 30 June 2007

	Note	Retained Earnings \$'000
Balance at 30 June 2005		(7 274)
Operating deficit for 2005-06		(531)
Total Recognised Income and Expense for 2005-06		(531)
Balance at 30 June 2006		(7 805)
Error correction	35	363
Restated balance at 30 June 2006		(7 442)
Operating deficit for 2006-07		(2 250)
Total Recognised Income and Expense for 2006-07		(2 250)
Balance at 30 June 2007		(9 692)

All Changes in Equity are attributable to the SA Government as owner

Statement of Administered Cash Flows for the year ended 30 June 2007

	Note	2007 Inflows (Outflows) \$'000	2006 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Receipts from SA Government		28 611	23 999
Fines		23 177	20 916
Court fees		20 088	18 627
Administered receipts		6 744	6 066
Transcript fees		1 264	929
GST input tax credits		132	106
Total Cash Inflows		80 016	70 643
CASH OUTFLOWS:			
Judicial benefits		(28 083)	(25 791)
Payments to Consolidated Account		(44 253)	(36 304)
Administered payments		(7 016)	(17 102)
GST payments on purchases		(131)	(119)
Other payments		(955)	(848)
Total Cash Outflows		(80 438)	(80 164)
Net Cash Outflows from Operating Activities	36	(422)	(9 521)
NET DECREASE IN CASH HELD		(422)	(9 521)
CASH AT 1 JULY		1 917	11 438
CASH AT 30 JUNE	32	1 495	1 917

**Program Schedule of Administered Income and Expenses
for the year ended 30 June 2007**

	2007			Total	
	Program	1	2		3
		\$'000	\$'000	\$'000	\$'000
ADMINISTERED INCOME:					
Revenues from SA Government		27 948	-	-	27 948
Fines		11	-	23 166	23 177
Court fees		9 197	-	10 891	20 088
Administered revenues		795	-	5 794	6 589
Transcript fees		1 262	-	-	1 262
Other income		3	-	-	3
Total Income		39 216	-	39 851	79 067
ADMINISTERED EXPENSES:					
Judicial benefits expenses		29 136	-	-	29 136
Administered expenses		888	-	5 809	6 697
Payments to Consolidated Account		10 472	-	34 057	44 529
Other expenses		932	-	23	955
Total Expenses		41 428	-	39 889	81 317
OPERATING DEFICIT		(2 212)	-	(38)	(2 250)

Program 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Program 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

No Administered activity under this program - Controlled only activity.

Program 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The Authority does not track Assets and Liabilities at program level and therefore figures can not be reliably measured.

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

31. Judicial Benefits	2007	2006
	\$'000	\$'000
Salaries and wages	21 773	19 683
Employment on-costs	6 211	5 859
Long service leave	1 146	1 002
Other judicial related expenses	6	1
Total Judicial Benefits	29 136	26 545

Remuneration of Judiciary

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

	2007	2006
	Number of	Number of
	Judicial	Judicial
	Officers	Officers
\$130 000 - \$139 999	1	2
\$140 000 - \$149 999	1	-
\$150 000 - \$159 999	3	-
\$170 000 - \$179 999	1	-
\$180 000 - \$189 000	3	1
\$190 000 - \$199 999	1	-
\$220 000 - \$229 999	1	3
\$230 000 - \$239 999	3	4
\$240 000 - \$249 999	7	8
\$250 000 - \$259 999	8	8
\$260 000 - \$269 999	4	10
\$270 000 - \$279 999	9	5
\$280 000 - \$289 999	4	2
\$300 000 - \$309 999	3	-
\$310 000 - \$319 999	-	2
\$330 000 - \$339 999	1	-
\$340 000 - \$349 999	-	5
\$350 000 - \$359 999	1	18
\$360 000 - \$369 999	14	-
\$370 000 - \$379 999	5	-
\$380 000 - \$389 999	1	1
\$390 000 - \$399 999	-	10
\$400 000 - \$409 999	2	1
\$410 000 - \$419 999	9	-
\$420 000 - \$429 999	1	-
\$440 000 - \$449 999	-	1
\$470 000 - \$479 999	2	-
\$530 000 - \$539 999	1	-
Total Number of Judicial Officers	86	81

The table includes all Judicial Officers who received remuneration of \$100 000 or more during the year.

Remuneration of Judicial Officers reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these judicial officers for the year was \$26.5 million (\$24.6 million).

32. Administered Cash	2007	2006
	\$'000	\$'000
Deposits with the Department of Treasury and Finance	1 495	1 917

33. Administered Receivables		
Receivables from Non-SA Government Entities:		
Debtors	341	489
GST receivable	12	13
	353	502
Receivables from SA Government Entities:		
Accrued revenue	2 220	2 889
Total Current Receivables	2 573	3 391

34. Administered Payables		
Current:		
Creditors and accrued expenses	4 872	4 739
Judicial benefits on-costs	603	472
Total Current Payables	5 475	5 211
Non-Current:		
Judicial benefits on-costs	720	722
Total Administered Payables	6 195	5 933

34. Administered Payables (continued)	2007	2006
Government/Non-Government Payables:	\$'000	\$'000
Payables to SA Government entities:		
Creditors	110	101
Accrued expenses	4 550	4 515
Judicial benefits on-costs	443	418
Total Payable to Other SA Government Entities	5 103	5 034
Payables to Non-SA Government entities:		
Creditors	212	123
Judicial benefits on-costs	880	776
Total Payable to Non-SA Government Entities	1 092	899
Total Payables	6 195	5 933

35. Judicial Benefits		
Current:		
Accrued salaries and wages	407	392
Long service leave	1 035	453
Annual leave	1 238	1 014
	2 680	1 859
Expected to be paid more than 12 months after reporting date:		
Annual leave	409	319
Total Current Judicial Benefits	3 089	2 178
Non-Current:		
Long service leave	4 476	4 639
Total Non-Current Judicial Benefits	4 476	4 639
Total Judicial Benefits	7 565	6 817

The total current and non-current judicial benefit expense (ie aggregate judicial benefit plus related on costs) for 2007 is \$3 692 000 and \$5 196 000 respectively. For 2006, the expense was \$2 650 000 and \$5 361 000 respectively.

Correction of Errors

Due to the use of an inappropriate factor in estimating judicial benefits on-costs liabilities at 30 June 2006, payables were overstated by \$363 000. This error also had the effect of overstating expenses by \$363 000 and therefore overstating the accumulated deficit.

The error has been corrected by reinstating the affected financial statement lines for the prior year.

36. Administered Cash Flow Reconciliation	2007	2006
Reconciliation of Cash - Cash at 30 June as per:	\$'000	\$'000
Cash Flow Statement	1 495	1 917
Balance Sheet	1 495	1 917

Reconciliation of Net Cash provided by Administered Activities to Operating Deficit

Net cash used in Operating Activities	(422)	(9 521)
Less: Non-cash item:		
Error correction	-	363
Changes in Administered Assets/Liabilities:		
(Decrease) Increase in receivables	(818)	2 480
Increase in Judicial entitlements	(748)	(754)
(Increase) Decrease in payables	(262)	7 627
Operating Deficit from Administered Activities	(2 250)	(531)

37. Trust Monies

In addition, the Authority holds monies pending the outcome of court decisions. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives. The following is a summary of the transactions in the jurisdictions' trust accounts.

Supreme Court Suitor Account	2007	2006
	\$'000	\$'000
Balance at 1 July	2 813	7 331
Receipts	21 951	1 548
	24 764	8 879
Less: Payments	17 005	6 066
Balance at 30 June	7 759	2 813

37. Trust Monies (continued)	2007	2006
<i>District Court Suitor Account</i>	\$'000	\$'000
Balance at 1 July	761	943
Receipts	3 748	616
	4 509	1 559
Less: Payments	1 501	798
Balance at 30 June	3 008	761
<i>Sheriff's Office Trust Account</i>		
Balance at 1 July	200	301
Receipts	894	737
	1 094	1 038
Less: Payments	1 037	838
Balance at 30 June	57	200
<i>Magistrates' Courts Suitor Account</i>		
Balance at 1 July	4 099	3 470
Receipts	12 547	12 087
	16 646	15 557
Less: Payments	12 634	11 458
Balance at 30 June	4 012	4 099

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