



**Government
of South Australia**

Department of the
Premier and Cabinet

Department of the Premier and Cabinet

2016-17 Annual Report

Department of the Premier and Cabinet

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To:
The Hon Jay Weatherill MP
Premier of South Australia

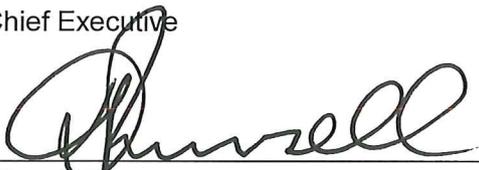
This annual report is presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

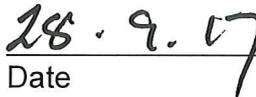
This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Department of the Premier and Cabinet by:

Dr Don Russell

Chief Executive


Signature


Date

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

Agency purpose or role

The Department of the Premier and Cabinet (DPC) delivers specialist policy advice to the Premier and Ministers and supports the Cabinet process. It has overarching responsibility for Commonwealth-state relations and manages the Premier's Council of Australian Governments (COAG) agenda. The department leads the implementation of South Australia's strategic priorities and policy commitments in the areas of economic and social development, international relationships and strengthening engagement between government and the community. DPC provides direction and leadership to the South Australian public sector, promoting a public value approach that puts citizens at the centre of policy, service design and delivery. The department also leads key government initiatives to benefit other government agencies and the South Australian community. These initiatives include unlocking the full potential of the state's resources, energy and renewable assets, the provision of shared business services across government, management of the government's digital technology strategies and infrastructure, and delivery of government information, services and transactions through the Service SA network.

Objectives

- Modern and responsive services
- Value creating
- High performing

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Customer centric	Reforming Democracy; Modern Public Service; Public Value; Participatory Budgeting; Open State
Driving South Australia's strategic agenda	Energy Plan; SA, a place where people and business thrive; Delivering for SA; Public Value; Seven Strategic Priorities
Innovative practices and solutions delivered in a secure and trusted ICT environment	Digital by Default; Modern Public Service; Maximising use of government data to benefit citizens/South Australians; Cyber Security
Economic reform	Economic Priorities: Unlocking our resources, energy and renewables; Best place to do business; French Strategy; China Engagement Strategy

Agency programs and initiatives and their effectiveness and efficiency

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Cabinet, Cabinet Committees and Executive Council	In 2016-17, DPC provided high-level advice and supported: <ul style="list-style-type: none"> • 68 Cabinet meetings • 62 Executive Council meetings • 9 Cabinet Committees. 	Cabinet and Executive Council are able to make more informed decisions about the matters that affect all South Australians.
Crystal Methamphetamine Ministerial Taskforce	DPC supported the development of program, service and legislative reforms to address the use of Crystal Methamphetamine. The South Australian Government committed \$8 million to the 'Stop the Hurt Ice Action Plan', including new services in regional locations and additional support for law enforcement to tackle high-end dealers. The outcomes will be measured in 2017-18.	Proposed reforms will address feedback from the community received through consultation.
LGBTIQ law reform	DPC delivered on the government's commitment to remove discrimination against Lesbian, Gay, Bisexual, Transgender, Intersex and Queer South Australians by commencing four pieces of legislation to: <ul style="list-style-type: none"> • Establish a Relationship Register. • Make surrogacy and artificial reproductive treatment available to couples regardless of their sex or gender identity. • Simplify the process for individuals to legally change their gender identity. • Provide legal protection for intersex South Australians. 	These reforms will have a positive impact on the lives of LGBTIQ South Australians and their families by providing better access to legal rights and protections.
Data Sharing	DPC led the development of the <i>Public Sector (Data Sharing) Act 2016</i> which established the Office for Data Analytics (ODA) in May 2017.	Promotes sharing of information by government for improved policy development and service delivery.
Child Protection	The Early Intervention Research Directorate (EIRD) was established in November 2016 and the engagement of an External Expert Consortium	Supports the government's response to the Child Protection Systems

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
	<p>began in March 2017. The initial Prevention and Early Intervention Strategy will be delivered by December 2017.</p> <p>ODA worked with EIRD to successfully complete the Child Protection Information Sharing Project proof of concept. As a result, the Vulnerable Children Project has commenced and will be delivered by December 2018.</p>	<p>Royal Commission.</p> <p>Improved sharing of information by government to protect and support vulnerable children and their families.</p>
Emergency management	<p>DPC established the independent review of the emergency management response to the extreme weather event of September and October 2016, led by former Police Commissioner, Gary Burns. DPC coordinated the government's response to the Burns Review in collaboration with partner agencies and emergency services, provided Cabinet with progress reports, and finalised 10 recommendations assigned to DPC.</p> <p>The State Crisis Centre was activated in response to extreme weather events in September 2016 and February 2017.</p>	<p>Emergency management arrangements have been strengthened.</p> <p>Improved support for executive government decision making during disaster events.</p>
Partnering with governments	<p>DPC coordinated and supported the Premier's participation in the Council of Australian Government (COAG) meetings across a range of issues. Signed COAG agreements in 2016-17 included:</p> <ul style="list-style-type: none"> • National Health Reform Agreement – Addendum on revised public hospital arrangements (\$187 million from 2017-18 to 2019-20). • National Partnership for the National Water Infrastructure Development Fund (framework agreement but no funding attached). <p>Project Agreements for:</p> <ul style="list-style-type: none"> • The Rheumatic Fever Strategy (\$395,000 in 2016-17). • Women's Safety - Technology Trials (\$472,507 from 2016-17 to 2019-20). 	<p>The best possible outcomes for South Australia were negotiated at the Commonwealth level.</p>

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
	<ul style="list-style-type: none"> • Pest Animal and Weed Management in Drought-Affected Areas (\$500,000 in 2016-17). <p>DPC led negotiations for the sale of Techport to the Federal Government. This will enable the ongoing build of ships and submarines to deliver broad economic benefit to South Australia.</p> <p>DPC enhanced collaboration between the Northern Territory and South Australia by holding a joint Cabinet meeting/First Ministers forum in Alice Springs and established a partnership strategy with the Northern Territory.</p>	Improved services, infrastructure and job/business opportunities for regional and remote areas.
Integrated sustainable energy policy and climate policy	<p>DPC supported the Climate Change and Carbon Neutral Adelaide Cabinet Task Force to drive, coordinate and integrate climate change, energy and low carbon economic development policy.</p> <p>The Energy Plan Implementation Task Force was established in March 2017 to lead across government, the delivery of a comprehensive plan to take charge of the state's energy future.</p> <p>The percentage of renewable electricity generated in South Australia increased from 43% in 2015-16 to 48.4% in 2016-17 and over \$7.6 billion was invested.</p>	Reliable, affordable and clean power for South Australians. Low carbon investment and job creation opportunities.
Aspire social impact bond	DPC negotiated the Aspire social impact bond, the first in Australia to specifically target homelessness. The bond was released to market in February 2017, raising \$9 million in investor capital.	Up to 600 homeless South Australians will receive sustainable accommodation with wrap-around support services.
SAHMRI II (building and proton therapy treatment centre)	DPC obtained Commonwealth and state government funding for a proton therapy centre, the first in the southern hemisphere.	South Australians will have access to Australia's only proton therapy treatment centre which is exceptional in advanced, specialised cancer treatment.

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Steel Task Force	<p>DPC's Steel Task Force developed a capital investment and environmental liability support package for the Administrator's sale of the Arrium Whyalla Steelworks, port and mining businesses to achieve the best possible sale outcome.</p> <p>DPC worked with the Whyalla Response Office, the Industry Advocate and the Small Business Commissioner to help sustain the Whyalla community and businesses.</p>	Whyalla Steelworks (2,600 direct jobs) plus the thousands of jobs in the Arrium supply chain are more secure.
Port Pirie Transformation	DPC facilitated the investment of \$745 million at the Port Pirie Smelter by Nyrstar and Air Liquidé. This supports 875 jobs and creates 600 new temporary construction jobs at Port Pirie.	Secured employment opportunities and the future of the smelting facility in Port Pirie.
South Australia's Copper Strategy	DPC released the International Copper Technology and Research Hub Concept Report and Copper Development Road Map and delivered the inaugural Copper to the World Conference.	National and international awareness of investment opportunities in the state's copper resources and industry will help economic development and job opportunities.
PACE Copper	<p>DPC continued to deliver a \$20 million precompetitive geoscience initiative to transform mineral exploration in South Australia, including:</p> <ul style="list-style-type: none"> • The Coompana drilling program, bringing to the surface the first new samples of basement geology in this frontier region in over 30 years. • The world's largest high-resolution, airborne geophysical and terrain imaging program over the Gawler Craton. 	Supported the economy by creating and retaining jobs while stimulating private mineral exploration investment.
Energy Resources	As the lead agency for co-regulation for upstream petroleum operations DPC has minimised red tape while deploying world-class protection for social, natural and economic environments in the	Land access was enabled for the life-cycle of trustworthy

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
	<p>state. This underpins trust in South Australia's regulation of multiple-use land access for responsible upstream petroleum operations.</p> <p>Round one of the Plan for Accelerating Exploration (PACE) Gas Program was delivered, with five projects receiving grant funding ranging from \$2 million to \$6 million.</p>	energy resource projects.
Mineral Resources	The South Australia Drill Core Reference Library located in the Tonsley innovation precinct is now commissioned, and open to industry, schools, research partners and public stakeholders.	This world-class facility has delivered open access to geoscience resources, 3D technology and education, to support unlocking of the state's resources.
French Strategy	DPC has driven collaboration between France and South Australia with the signing of a Memorandum of Understanding between Team France and the Government of South Australia.	Opportunities for South Australian business will be maximised by the coordinated, collaborative approach between France and South Australia.
Chinese Consulate	DPC assisted with the establishment of a permanent site for a new Chinese Consulate in SA.	Improved relations between China and South Australia.
International Relations	DPC provided leadership and investment in 45 outbound and inbound missions, engagement with Australian and international diplomatic networks, and cultural and sports diplomacy initiatives. DPC assisted in the establishment of five Chinese organisations in Adelaide, leading to the creation of 40 FTE jobs.	Enhanced job creation and growth in trade and investment in South Australia.
Modern Public Service; South Australia the best place to do business	<p>DPC has improved service delivery through:</p> <ul style="list-style-type: none"> • Implementing the Better Informed Statutory Decision-Making training program for regulators of the mineral resources industry. • Digitising the Certificates of Compliance System used by plumbers, gas fitters and 	Improved customer experience, regulatory efficiency, efficiencies and savings across government.

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
	<p>electricians. This is expected to save more than 1.5 million sheets of paper per year.</p> <ul style="list-style-type: none"> • Streamlining payment processes for government vendors – 96% of all vendor payments are now made via EFT. • Entering a contract to supply and manage the government’s end user computing equipment and services, which will provide agencies with the latest ICT solutions to support a modern and flexible public sector. • Modernising government systems: a new payroll system was implemented. This created efficiencies across government and is expected to provide \$1 million in ongoing savings per annum from 2017-18. 	
Modern Public Service; Digital by default	<p>A range of digital forms across government were consolidated to reduce duplication and the content was simplified. DPC also completed the one door for data initiative and procurement reform to support faster decisions and a more strategic approach.</p> <p>The mySA GOV app was launched in May 2017, allowing South Australians to verify their identity once and then transact in a convenient way by securely storing credentials electronically. Almost 9,000 users have downloaded the app for storing their Proof of Age Card, Boat Licence or Land Agent and Sales Representative Registration. Service SA introduced an Assisted Sign-Up Service for the app and helped over 11,000 customers to create an account. This contributed to an 11.3% increase in the use of online services in 2016-17.</p> <p>A new look sa.gov.au was launched as a mobile-first design, meeting international accessibility standards, and with clearer, simpler content. DPC continued to lead and support agencies to develop citizen centric digital services, launching a User Centred Design Toolkit.</p>	Improved customer experience when transacting with government; simple and easy access to online government services and information.

Program/initiative	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Community engagement/Reforming Democracy	<p>A range of initiatives supported community engagement and consultation across government:</p> <ul style="list-style-type: none"> • YourSAy, the key platform for community engagement and consultation, had almost 64,000 registered users by 30 June 2017 and engagement increased by 30% from 2015-16. • Fund My Community had a 3.6% increase in participation from 2015-16. The program won the 2017 United Nations (UN) Public Service Award and was the only Australian winner in more than 500 nominations for UN awards, from 62 countries. • 12 Country Cabinets have now engaged with more than 6,200 people across regional South Australia, including 2,300 in 2016-17. • Open State 2016 had more than 65 events and 60 presenting partners. It attracted over 25,000 attendances from overseas, interstate and within South Australia, bringing \$11 million of economic value to the state. 	Citizens have access to many opportunities to contribute to policy development and government decision making; fostering an open and transparent government.

Legislation administered by the agency

Acts committed to the Premier

- *Agent-General Act 1901*
- *Competition Policy Reform (South Australia) Act 1996*
- *Constitution Act 1934*
- *Emergency Management Act 2004*
- *Fees Regulation Act 1927*
- *Government Business Enterprises (Competition) Act 1996*
- *Mutual Recognition (South Australia) Act 1993*
- *Remuneration Act 1990*

- *Trans-Tasman Mutual Recognition (South Australia) Act 1999*
- *Unauthorised Documents Act 1916*
- *Year 2000 Information Disclosure Act 1999*

Acts committed to the Minister for the Public Sector

- *Public Sector Act 2009*
- *Public Sector (Data Sharing) Act 2016*
- *Public Sector (Honesty and Accountability) Act 1995*
- *Freedom of Information Act 1991* (administered by the Attorney-General's Department)

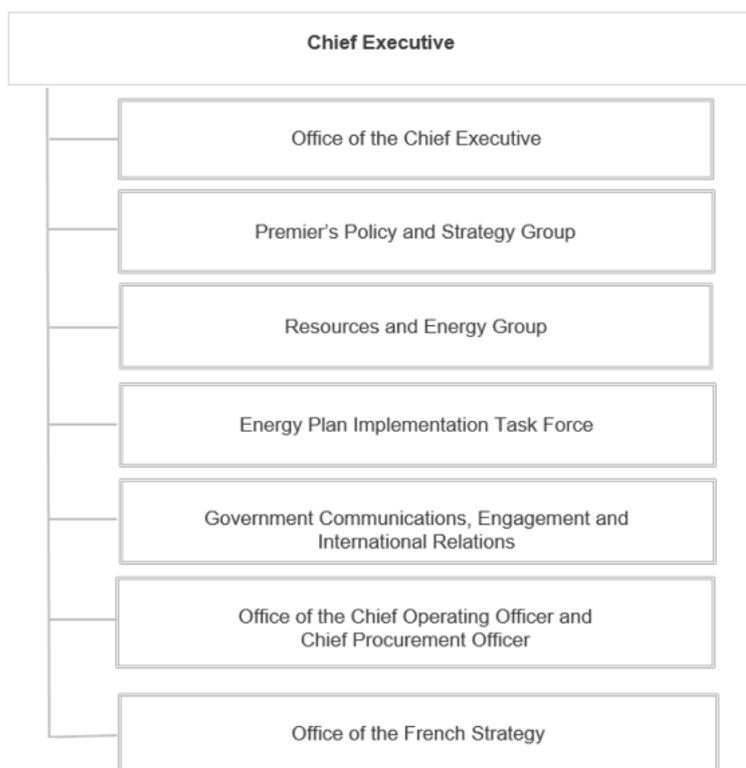
Acts committed to the Minister Mineral Resources and Energy

- *Australian Energy Market Commission Establishment Act 2004*
- *Broken Hill Proprietary Company's Indenture Act 1937*
- *Cooper Basin (Ratification) Act 1975*
- *Electricity Act 1996*
- *Electricity Trust of South Australia (Torrens Island Power Station) Act 1962 (The)*
- *Energy Products (Safety and Efficiency) Act 2000*
- *Gas Act 1997*
- *Mines and Works Inspection Act 1920*
- *Mining Act 1971*
- *National Electricity (South Australia) Act 1996*
- *National Energy Retail Law (South Australia) Act 2011*
- *National Gas (South Australia) Act 2008*
- *Natural Gas Authority Act 1967*
- *Offshore Minerals Act 2000*
- *Opal Mining Act 1995*
- *Petroleum and Geothermal Energy Act 2000*
- *Petroleum (Submerged Lands) Act 1982*
- *Roxby Downs (Indenture Ratification) Act 1982*
- *Stony Point (Liquids Project) Ratification Act 1981*
- *Whyalla Steel Works Act 1958*

Acts committed to the Minister for Water and the River Murray

- *Water Industry Act 2012*

Organisation of the agency



A detailed organisational chart is available on the [DPC website](#).

Other agencies related to DPC (within the Premier's/Ministers' areas of responsibility)

Office for the Public Sector

The Office for the Public Sector has central responsibility for reform, industrial relations, worker's compensation performance and injury management services, and supports the statutory role and responsibilities of the Commissioner for Public Sector Employment. As head of the Office for the Public Sector, the Commissioner's role encompasses whole-of-government policy and continuous improvement. The Commissioner has the function of advancing the objects of the *Public Sector Act 2009* and promoting observance of the public sector principles. Results are reported annually to Parliament in the [State of the Sector](#) report.

During 2016-17 the Office for the Public Sector led a reform program to improve employee performance, remove barriers to employee mobility and ensure the workforce reflected community diversity. Achievements include:

- Implementation of new policies on performance management and development, induction, exit feedback, flexible working

- Release of a strategy and program to support gender equality in leadership
- Setting new targets for Aboriginal employment in the public sector
- Jobs4Youth, established in 2014, is on track to recruit 800 young people into the public sector by 2018
- Introduction of the Flexibility for the Future initiative to increase uptake of flexible work arrangements
- A new service was established to support agencies undergoing major workforce transition.

Office of the Agent-General

The [Office of the Agent-General](#) works to increase awareness of South Australia across the United Kingdom and Europe and drive preference for the state as a destination of choice for foreign investment, migration, study and tourism, as well as being a producer of premium food and wine. Key outcomes for 2016-17 include:

- Worked in close collaboration with Investment Attraction South Australia to promote South Australia to the UK company RDM Group which was interested in an Australian-based project. It was officially announced in January 2017 that the company had decided to set up an office in Adelaide at Tonsley.
- Initiated and established relations between the Society of Maritime Industries (UK) and the SA Defence Industry and hosted an event to promote opportunities available to companies considering setting up in South Australia. Of the 49 companies attending the event, 14 have since arranged to meet with Defence SA at the biennial [Pacific International Maritime Exposition](#) to be held in October 2017 in Sydney. Two of these companies will also travel to Adelaide for meetings and company visits.
- Hosted South Australia Club events to showcase South Australian companies, products and services. During the year, 42 companies were featured at five events with a total of 850 attendees.
- Jointly hosted an event in March 2017 with the Regional Council of Bretagne (where the company that will build Australia's future submarines in Adelaide, DCNS, has a major shipyard). The 200 guests included the Hon Susan Close, Minister for Education and Child Development, the Australian High Commissioner to the UK and the French Ambassador to the UK.

Office of the Economic Development Board

The purpose of the [Economic Development Board](#) is to maximise the value of emerging economic opportunities for South Australia, so that South Australia is recognised as the most competitive place in Australia in which to invest and grow a business.

During 2016-17, the Office of the Economic Development Board:

- Developed and planned the inaugural Ageing Well Revolution International Conference to be held in Adelaide in November 2017. The conference will showcase South Australian projects and companies and supports a key strategy to position South Australia as a recognised world leader in the ageing well sector. The board aims to identify and capitalise on business opportunities in the sector to accelerate and expand the development and delivery of world-class innovative goods and services which improve health outcomes, develop new industries and create jobs.

- Investigated the establishment of a macroalgae industry in South Australia. This included defining priorities and developing a five-year plan of action. This project was a result of the board exploring potential industries that are at an early stage of their life-cycle and where South Australia has a comparative advantage such as a natural endowment (mineral resources), favourable environmental conditions, closely linked allied industrial sectors, or sectors with already established advantages (arts and cultural, wine, food, clean environment).
- Conducted a first-time survey of South Australian Innovative Companies, that looked at innovation practices. Results found that 81% of companies were reporting business growth, either through the introduction of new products and services or through accessing new markets. More than 68% collaborated with other businesses and institutions during the innovation process, with clients being the most common partner. The survey provided evidence that businesses that innovate, introduce more products and services to the market, increase market share and boost exports.

Office of the State Coordinator-General

The [Office of the State Coordinator-General](#) (SCG) actively works to drive investment in South Australia by creating an environment that welcomes private sector development and stimulates job creation. Key outcomes for 2016-17 included:

- SCG determined that 33 development proposals with a combined estimated value of \$843 million were assigned to the Development Assessment Commission (DAC). A total of 20 projects were granted Development Plan Consent with an estimated value of \$435 million. A total of 24 projects that were called-in, were lodged with DAC for assessment to the estimated value of \$321 million.
- SCG continued to accelerate planning and development approvals to support the Renewing Our Streets and Suburbs initiative, resulting in 307 dwellings and 208 allotments being granted development approval.

The Nuclear Fuel Cycle Royal Commission Consultation and Response Agency (CARA)

CARA operated from May 2015 to March 2017 to provide South Australians with the opportunity to consider the Royal Commission's evidence, understand the choices and provide their views on increasing South Australia's participation in the nuclear fuel cycle.

CARA completed the largest community consultation in the state's history, with more than 50,000 South Australians providing feedback, tens of thousands participating in discussions and events across the state, and two citizens' juries providing a report to inform the [government's response to the Royal Commission](#).

Employment opportunity programs

Program name	Result of the program
DPC Aboriginal and Torres Strait Islander Employment Pool	As at 30 June 2017, 287 candidates were registered for vacancies across all classification levels. Overall, 41 candidates from the pool were engaged into DPC roles during 2016-17.

Program name	Result of the program
Youth Recruitment – Jobs4Youth	The four-year Jobs4Youth program ended in 2017. DPC exceeded the allocation of 55 trainees/graduates over four years, with a total of 71 trainees/graduates recruited between 2014 and 2017. In 2016-17 DPC engaged 13 trainees.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
OurDevelopment	92.64% of DPC's eligible workforce completed a performance development process in accordance with the Commissioner for Public Sector's Employment Guideline on Performance Management and Development.

Worker health, safety and rehabilitation programs and their effectiveness

Worker health, safety and rehabilitation programs	Effectiveness
Injury and Workers Compensation Management	<p>Effective management strategies have been adopted to minimise the cost impact of work injured employees through early intervention, active case management and claims resolution as evidenced by regular reporting and analysis.</p> <p>DPC has consistently maintained a low rate of significant injury, as benchmarked against the South Australian public sector.</p> <p>Early intervention assessments are conducted within 24 hours of an injury being reported.</p> <p>The department's WHS performance measures align with government safety performance targets and have been achieved.</p>
Wellbeing and Engagement	<p>A comprehensive Wellbeing Program has been delivered, based on the concept of Healthy Body/Healthy Mind. The program also aims to help build resilience and a positive culture with a focus on psychological wellbeing.</p> <p>The Wellbeing Program has been monitored and demonstrated positive outcomes against all targets.</p>

Fraud detected in the agency

Category/nature of fraud	Number of instances
Allegation of manipulation of timesheets	1

Strategies implemented to control and prevent fraud

The processes for preventing, detecting and responding to the risks of fraud are documented in the department's Corruption and Maladministration Policy and Corruption and Maladministration Strategy which is consistent with the across government Fraud and Corruption Policy issued by the Commissioner for Public Sector Employment.

Processes are in place for recording, analysing, reporting and escalating fraud and corruption loss events and control failures. These include key mechanisms to prevent, detect and respond to the risks of fraud. These processes are supported by:

- annual internal audit plans
- monthly Executive Financial Performance Reports
- certification of internal controls under the DPC Financial Management Compliance Program and the end of financial year statements preparation process.

The financial report is supported by a system of internal controls that are monitored and assessed during the financial year through the department's internal assurance processes and other processes undertaken by Shared Services SA as the external service provider.

The induction process ensures that all new employees are made aware of the Code of Ethics for the South Australian Public Sector and the Corruption and Maladministration Policy. This policy clearly stipulates a zero tolerance position in respect to fraud and corruption. All staff are also required to complete an online Fraud Awareness course at least once every three years.

Appropriate business practices are also reinforced through the department's Financial Management Compliance Program.

Further, each business unit is required to undertake regular fraud and corruption risk assessments on their operations, monitor identified/potential risks and document mitigating actions in the risk register. Risk registers are subject to a six-monthly review.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/d4d850a1-bdd3-400d-9c86-94e2ec814d63>

Whistle-blowers' disclosure

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

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/9fe5534d-0677-40a7-8acf-b34f690b5e0b>

Executive employment in the agency

Executive classification	Number of executives
EXEC0E	1
EXEC0F	2
SAES1	54

SAES2	14
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Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/fdc0f6a3-1049-43c5-8dfd-476994169a6d>

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

Consultants

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

Consultants	Purpose	Value
All consultancies below \$10,000 each	Varied	subtotal 26
Consultancies above \$10,000 each		
Business name	Purpose	
Accru Harris Orchard	Review the SAES Induction Program	
Accru Harris Orchard	Develop a Workforce Attribution Strategy project	
Acil Allen Consulting	Expert advice on Energy Plan trade-off study	
Applied Hybrid Energy Pty Ltd	Specialist energy policy and commercial advice on the future direction for South Australian electricity markets	
BEE Consultants	Improvement and implementation of new processes for advice provided by the Office for the Public Sector	
Brubrior Investments Pty Ltd	Assist the Government in achieving the best possible outcome from the development of Olympic Dam, the Nyrstar Port Pirie Smelter Transformation project, and undertake Steering Committee activities	
CQ Partners Pty Ltd	Provision of the South Australian Energy Market Options report	
Davis Advisory Pty Ltd	Strategic advice in relation to the allocation of environmental liabilities for the Whyalla Steelworks to assist in encouraging investment	
Deloitte Touche Tohmatsu	Internal audit services	

Consultants	Purpose	Value
Det Norske Veritas Pty Ltd	Independent review of high pressure gas pipeline in South Australia	
Econsearch Pty Ltd	Update the data and industry aggregations within the Regional Industry Structure and Employment input-output model for 2015-16	
Ernst & Young	Review of Shared Services Australia's Quality Framework	
Ernst & Young	Security Emergency Management Strategic Planning Review	
Essential Media Communications	Research, analysis and advice for the development of a whole of government communications plan	
Fenix Performance Solutions	Due diligence in relation to Arrium	
Fenix Performance Solutions	Nyrstar Port Pirie Task Force advisory	
Frontier Economics Pty Ltd	Expert advice on energy market transition	
Gallagher Bassett Services Pty Ltd	Examine the application of strategic data analytics in the management of medical services expenditure under return to work arrangements for SA Public Sector employees	
Gary Thomas Burns	Review of the extreme weather event, 28 September to 5 October 2016	
Gordan and Jackson Barristers Clerks	Advice on South Australia insolvency and bankruptcy reform measures	
Gus Commercial Consulting (SA)	Provide advice, direction and support in high value or high risk projects such as Alinta, Nyrstar, Olympic Dam, Port of Whyalla and <i>Smart City</i>	
Harocon Pty Ltd	Undertake modelling of financial assurance framework options for the rehabilitation of mining (non-extractive) and petroleum sites in South Australia	
Human Capital International	Design and development of the Shared Services SA Management Frameworks	

Consultants	Purpose	Value
Humanwebs	Facilitation of a South Australia Public Sector Human Resources strategy workshop	
Independent Economics	Evaluating the efficiency of a financial services tax	
Indigenous Participation Solutions	Desktop analysis of Social Procurement - current practices, policy and data	
Innovation Performance Australia Pty Ltd	Advice on defence and trade related matters	
Integrated Global Partners Pty Ltd	Business review: Office of the Chief Operating Officer	
Integrated Global Partners Pty Ltd	Diagnostic review of DPC operational structures to streamline accountabilities and improve performance	
Interface Consultants	Injury Management Transition project	
JBS&G Australia Pty Ltd	Establish the contamination liability estimate for the Whyalla Steelworks site and preparation of an Environmental Indemnity Terms Sheet	
KDN Services Pty Ltd	Review the ICT organisational structure	
Kloud Solutions SA Pty Ltd	Develop design specification for a Cloud Business Intelligence environment	
KPMG	Advisory services to the CHRIS 21 Payroll Reform Project Board	
Lateral Economics	Engaging Dr Nicolas Gruen to prepare <i>Making it Stick</i> report as part of the reform agenda for the South Australia Government	
Lumino Events Pty Ltd	Logistic and management services for Ageing Well International Conference	
Outsourced Support Services	Advisory services for the French Strategy	
Pjr Business Consulting P/L	Shared Services SA: account validation table rationalisation for the Department of Education and Child Development	
Powell & Co Pty Ltd	Strategic Risk Management Services	

Consultants	Purpose	Value
PPB Advisory	Specialist financial consultancy services	
PPB Advisory	Expert advice on the State's financial support package proposals in relation to Arrium and other steel industry matters	
PwC Australia	Review of the Shared Services SA Cost Recovery Model	
Robert I Thomas	Advisory and committee services related to Dry Creek Salt Field Closure, Targeted Lead Abatement Program and Arrium project	
SA Power Networks	SA Government Generation Concept Design	
Science to manage uncertainty	Preparation of the Seaweed Industry Development Action Plan	
System Solutions Engineering	Advisory on the Media Monitoring Engineering Services project	
Tacsi Inc	South Australian Public Sector Innovation Lab	
Talent With Energy Pty Ltd	Review of the hydrogen refuelling station and feasibility study	
Taylor Fry Pty Ltd	Actuarial review of outstanding claim provisions for crown self-insured agencies workers compensation claims	
Taylorred Consulting Pty Ltd	Analysis and reporting of results of the Shared Services SA Staff Climate Survey	
The University of Adelaide	Contemporaneity in the distribution of goods and services tax revenue	
UGM Consulting	Deliver three half-day energy programs	
University of South Australia	Recommendations for measures to benchmark and track visitor experiences in South Australia	
University of Technology Sydney	Advice on project towards 100% renewable energy for Kangaroo Island	
Workforce Planning Global	Development of Workforce Planning Guide	
	Subtotal	56
		\$5 234 271
Total all consultancies		82
		\$5 337 537

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/consultants-engaged-by-the-department-of-the-premier-and-cabinet>

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

Financial performance of the agency

The following is a summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are provided as Appendix A.

Statement of Comprehensive Income

	2016-17 Budget \$000s	2016-17 Actual \$000s	Variation \$000s	2015-16 Actual \$000s
Expenses	(366 175)	(323 258)	42 917	(270 646)
Revenues	193 870	194 392	522	197 165
Net cost of providing services	(172 305)	(128 866)	(43 439)	(73 481)
Net Revenue from SA Government	150 237	148 193	(2 044)	76 829
Net result	(22 068)	19 327	41 395	3 348
Total Comprehensive Result	(22 068)	19 327	41 395	3 348

The department reported a \$19.327 million surplus for the 2016-17 financial year. This result is \$41.395 million favourable when compared with the 2016-17 budget, mainly due to vacancies and delayed expenditure that will be carried over into future years.

Statement of Financial Position

	2016-17 Budget \$000s	2016-17 Actual \$000s	Variation \$000s	2015-16 Actual \$000s
Current assets	65 763	160 160	94 397	88 806
Non-current assets	36 264	78 825	42 561	34 237
Total assets	102 027	238 985	136 958	123 043
Current liabilities	(37 129)	(85 988)	(48 859)	(36 352)
Non-current liabilities	(33 336)	(46 715)	(13 379)	(33 061)
Total liabilities	(70 465)	(132 703)	(62 238)	(69 413)
Net assets	31 562	106 282	74 720	53 630
Equity	31 562	106 282	74 720	53 630

The department's net assets at 30 June 2017 were \$74.72 million higher than budget, mainly due to a higher than budgeted deposit account balance caused by delayed

expenditure, and balances transferred from the Department of State Development relating to the Office of the Economic Development Board and Resources and Energy Group.

Other financial information

Nil to report

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

Nil to report

Section B: Reporting required under any other act or regulation

Electricity Act 1996 and Energy Products (Safety and Efficiency) Act 2000

The Technical Regulator is a statutory office established by section 7 of the *Electricity Act 1996* to regulate the state's electricity infrastructure, electrical installations, electrical appliances and their operation. The safety requirements are defined through the development and monitoring of technical standards. The Technical Regulator is supported by the Office of the Technical Regulator (OTR) in conducting investigations, audits and other industry monitoring activities to ensure that the South Australian public continues to receive a reliable and safe electricity supply. Minimising electricity related shocks, fatalities and incidents remains the priority of the office.

Operations and activities from 1 July 2016 to 30 June 2017 are summarised below.

Electrical safety programs and reported incidents

- 1,215 electrical installations were audited for compliance with the *Electricity Act 1996* and associated regulations. Audited installations were randomly selected from lists of new connections supplied by the distribution network service provider, SA Power Networks, and other network operators. Other installations were targeted for audits due to complaints or a history of non-compliance.
- OTR officers assisted the South Australia Police with attendance at illegal cannabis growers' premises where dangerous wiring, including meter bypasses, was suspected. Power was disconnected for installations deemed immediately dangerous until they could be rectified by a licensed electrician. A total of 18 expiation notices were issued to electrical contractors in relation to non-compliant work and six breaches of the *Plumbers, Gas Fitters and Electricians Act 1995* were referred to Consumer and Business Services.
- There were 20,700 enquiries for interpretations or technical advice in relation to the electrical installation standards, from industry stakeholders, government departments and members of the public.

- No electricity related deaths were reported but 10 electricity related incidents involving injury or significant property damage were investigated. A total of 911 electric shock reports were made to the Technical Regulator.

Electrical appliances retail and online activity monitoring

The Technical Regulator monitors suppliers of electrical appliances and accessories for compliance with the *Energy Products (Safety and Efficiency) Act 2000*. A certification service assists industry to meet compliance obligations. A total of 91 applications for product approval were processed and 28 product related incidents were investigated. As a result, four voluntary recall notices were issued following negotiations with the suppliers

Safety Awareness and Education

The Technical Regulator continued to play a vital role in maintaining a good safety record within the electrical industry and in promoting public awareness:

- Attended industry events to discuss safety and compliance issues with electrical contractors. A total of 91 presentations were delivered, covering legislation and AS/NZS 3000 Wiring Rules and related standards, the introduction of electronic certificates of compliance, changes to solar photovoltaic (PV) installation standards, and reports on accidents and fatalities. Safety and technical presentations were also delivered to apprentices, industry groups and government departments.
- Attended home building expos and the Caravan and Camping Show to promote electrical safety, and answer queries from the public.
- Conducted 18 presentations on the requirements for building structures and shared information about working safely near powerlines with building industry companies and local councils. OTR engineers frequently made site visits to ensure safety and regulatory compliance.
- Continued the “Be Energy Safe” campaign, with advertisements in print and other media to support specific campaigns, warnings and recalls.
- Provided safety brochures on request to local councils, electricity entities and the general public.
- Published two editions of the *Regulation Roundup*, focussing on the Wiring Rules and other electrical standards, solar PV installations and safe working practices. Copies were posted to electrical workers and contractors registered in South Australia. The publication is also available online for general access.

Expert technical input

Expert technical input was provided for the revision of key Australian Standards through representation on 14 standards committees:

EL-001	Wiring Rules
EL-001-09	Wiring Rules Drafting Subcommittee
EL-001-17	Construction and Demolition Sites Installations
EL-001-21	Testing and Inspection of Electrical Installations
EL-001-24	Generating Sets
EL-002	Safety of Household and Similar Electrical Appliances and Small Power Transformers and Power Supplies
EL-004	Electrical Accessories
EL-042	Renewable Energy Power Supply Systems & Equipment
EL-042-03	Grid Connected Systems and Equipment
EL-042-05	Safety of battery systems for use in inverter energy systems
EL-044	Safe Working on Low-Voltage Electrical Installations
EL-052	Electrical Energy Networks, Construction and Operation

ET-007 Coordinating Committee on Power and Telecommunications (CCPT)
 QR-012 Conformance Marking to Regulatory Requirements

The Technical Regulator's Technical Advisory Committee met twice, including members representing energy entities, contractor and employee associations and local government.

The Technical Regulator is a member of the Electrical Regulatory Authorities Council which addresses regulatory matters related to key technical and worker licensing issues facing the electrical industry and develops national strategies to address these issues in a consistent manner.

In line with the Memorandum of Understanding, technical advice was provided on many occasions to the Energy and Water Ombudsman SA on customer dissatisfaction with responses from electricity entities.

Building Clearance Approvals for Structures in Proximity to Powerlines

Under section 86 of the *Electricity Act 1996*, 18 approvals were granted and one was rejected for the erection of buildings in proximity to powerlines. As standard practice, applicants were assisted in achieving compliance with building clearance distances (as specified in the regulations) before the application was formally considered.

Exemptions to Planting Restrictions

The *Electricity (Principles of Vegetation Clearance) Regulations 2010* list species of vegetation that may be planted in proximity to powerlines. Five exemptions were granted for non-listed vegetation.

SA Power Networks Vegetation Management Audit

SA Power Networks' vegetation management was audited to ensure that the requirements of Part 5 of the *Electricity Act 1996* were being met. OTR officers visited randomly selected and targeted locations to assess the contractor's work. All pruning observed was found to be compliant.

Safety, Reliability, Maintenance and Technical Management Plans

A Safety, Reliability, Maintenance and Technical Management Plan (SRMTMP) is a licence condition for energy supply entities legislated through the *Electricity Act 1996*. Jointly administered by the Technical Regulator and the Essential Services Commission of South Australia, SRMTMPs must address matters prescribed in the regulations under the *Electricity Act 1996*. There were 43 electricity supply SRMTMPs in operation as at 30 June 2017. OTR officers visited Waterloo Wind Farm to verify that their systems were as described in their SRMTMP.

Emergency Management Act 2004

Section 13: State Emergency Management Committee (SEMC) must, on or before 30 September in each year, present a report to the Minister on the operations of SEMC during the preceding financial year.

The Emergency Management Council and State Emergency Management Committee:

- Supported executive decision making by holding 15 Emergency Management Council meetings in 2016-17, including seven special meetings in response to emergency events.
- Updated the Emergency Management Plan, which was approved by SEMC in December 2016 for implementation.
- Supported the Premier and Cabinet to respond to the significant weather events of 2016 and the current terror threat environment.

Gas Act 1997 and Energy Products (Safety and Efficiency) Act 2000

The Technical Regulator is a statutory office established by section 7 of the *Gas Act 1997* to regulate the state's gas infrastructure (distribution systems) operation, gas installations (consumer premises), gas appliances and their operation. The safety requirements are defined through the development and monitoring of technical standards for the gas industry. The Technical Regulator is supported by the Office of the Technical Regulator (OTR) to conduct investigations, audits and other industry monitoring activities to ensure that the South Australian public continues to receive a reliable and safe gas supply.

Operations and activities for 1 July 2016 to 30 June 2017 are summarised below.

Gas installation and appliances – gas safety programs and reported incidents

- All 8,663 new connections to the natural gas distribution system were subjected to a pre-connection safety check as agreed by the Technical Regulator. This endeavoured to ensure that the system was gas tight and that the gas installation and all appliances complied with the legislation in accordance with the applicable Australian Standards. Effectiveness of this system was verified by carrying out random audits.
- OTR audited 95 industrial and commercial installations and 1,025 residential and light commercial installations.
- A total of 69 warning letter/rectification orders were issued to contractors for non-compliant installations and all were rectified by the responsible parties. Proactive audits were conducted on five caravan parks covering gas installations serving common amenities and individual installations for long term residents.
- A total of 577 complaints relating to faulty or non-compliant gas installations or appliances were received and resolved. In addition, OTR responded to 8,135 requests for technical interpretation or advice in relation to the gas installation standards, from industry and trade stakeholders, government departments and members of the public.
- No gas related deaths were reported during the year but six gas related incidents involving injury or significant property damage were investigated. The Technical Regulator also referred five cases to Consumer Business Services for licensing breaches under the *Plumbers Gas Fitters and Electricians Act 1995*.

Selling gas appliances; retailers and online activity

The program to audit and monitor gas appliance retailers with a view of eliminating the sale of uncertified gas appliances in South Australia targeted smaller retailers and supermarkets that are less likely to be aware of certification requirements for gas appliances. The objective was to increase community awareness and change the behaviours of sellers and buyers. A reduction in sales of uncertified appliances was achieved in the short term but long term monitoring will be required to confirm any positive

changes in behaviour. In response to the Technical Regulator's gas safety campaign and monitoring activities, there was also a general decrease in illegal online sales of appliances.

Safety of gas supply

Technical audits of Australian Gas Networks (AGN), Origin Energy LPG Ltd and Environmental Land Services (Aust.) Pty Ltd demonstrated that there were effective systems in place to manage to an acceptable level, any risks to the community arising from the operation of natural gas and liquefied petroleum gas (LP gas) distribution networks.

The amount of unaccounted for gas (UAFG) relating to the AGN natural gas distribution networks in South Australia has been confirmed to have decreased in 2016-17.

As part of its licence requirement and to ensure the safety of the community, AGN is required to have a Safety Reliability Maintenance and Technical Management Plan (SRMTMP). Within that plan, AGN has committed to a mains replacement program. The Technical Regulator can confirm that during 2016-17, AGN replaced approximately 192.4 kilometres (km) and decommissioned approximately 9.2 km of old cast iron, unprotected steel and high-density polyethylene gas mains as part of their ongoing mains replacement program. The overall progress however, was approximately 8.4 km below the AGN annual target.

The construction, commissioning and operations of LP gas distribution networks in several new developments in Mount Barker were confirmed to have been undertaken in accordance with the appropriate standards and gas industry practices.

Several annual audits of the gas distribution utilities were carried out, confirming that in all cases, utilities responded in a timely and appropriate manner to a gas leak reported by the public or by their own leakage surveys.

There were no deaths or personal injuries resulting from incidents on the gas distribution networks.

Industry communication and education

A total of 18 industry communication sessions with approximately 400 participants were held. These sessions were carried out in conjunction with the plumbing industry and covered gas safety and audit feedback. They were open to all licensed gas workers and contractors in South Australia. In addition, four presentations were organised and two regulatory newsletters for industry stakeholders were produced.

Public safety awareness and education

The public safety awareness campaign continued across print, radio, online and social media. Key messages included gas appliance safety, carbon monoxide awareness and the importance of using a licensed tradesperson for all gas installation work. Results from the annual consumer safety survey highlighted an increased awareness of gas safety, but this was not followed by a change in behaviour. As a result, the safety campaign will be slightly redesigned to improve its effectiveness in changing gas safety behaviour.

Reliability of gas supply and emergency management

The Technical Regulator continued to monitor the gas supply situation in the Iron Triangle and the effect of the April 2015 rupture to the pipeline feeding the area. The owner/operator (Epic Energy SA) has continued to work towards approval to resume flow at the “normal” pipeline capacity. By 30 June 2017, the pipe was running at 80% of its maximum allowable operating pressure.

The Technical Regulator also noted that the reliability of gas supply to both South Australia and Victoria has implications for South Australia’s electricity supply as both states were now heavily reliant on gas-fired power generation.

Australian Standards and regulatory committees

Expert technical advice was provided for the revision of key Australian Standards covering gas installations, gas appliance safety requirements, quality of servicing, various gas component standards, LP gas quality specification and gas distribution network management. The Technical Regulator continued to participate in industry, stakeholder and cross-jurisdiction boards, advisory groups and committees to ensure a reliable and safe gas supply and utilisation for all South Australians.

Water Industry Act 2012

The Technical Regulator is a statutory office established by section 8 of the *Water Industry Act 2012* (the Act) to regulate the state’s water and sewerage infrastructure and on-site plumbing, through the development, monitoring and regulation of technical standards about the water industry. The Technical Regulator is supported by the Office of the Technical Regulator (OTR) in administration of the Act and conducts investigations, audits and industry monitoring activities to ensure that the South Australian public continues to receive the safety and health benefits associated with a robust and reliable water industry.

The operations and administration activities for 1 July 2016 to 30 June 2017 are summarised below.

Water and sewerage infrastructure regulation

The Technical Regulator regulates water and sewerage infrastructure through engagement and consultation with the water industry and government agencies. During 2016-17 the key focus was on the review, approval and audit of Safety, Reliability, Maintenance and Technical Management Plans (SRMTMPs) from all water industry entities. A total of 38 SRMTMPs were approved and 22 audits were conducted of industry entities against their SRMTMPs.

Non-Drinking Water Guidelines

The Non-Drinking Water Guidelines for infrastructure and on-site plumbing were finalised. The guidelines outline the requirements and responsibilities for installing, operating and maintaining non-drinking water systems in accordance with legislation and technical standards.

Plumbing regulation

The Technical Regulator monitors and regulates on-site plumbing and equipment installations for compliance with the Plumbing Standard published under section 66 of the Act. To ascertain compliance, 7,720 technical and safety audits were completed of plumbing and equipment installations (including sanitary drainage systems, drinking and

non-drinking water systems, fire services, heated water systems, and on-site wastewater systems).

Plumbers installing in-ground sanitary drainage pipework are required to provide OTR an as-constructed drawing showing the location of the pipework within the property. Plumbers and property owners can request copies of these drawings from OTR. To reduce red tape and support operational efficiencies for both industry and government, OTR completed a project in May 2017 to make available online approximately 1.5 million drawings. Drawings can now be accessed online 24 hours a day.

Standards, product certification and regulatory committees

Expert technical input and advice was provided on:

- the on-going development of the Plumbing Code of Australia, Australian Standards (including the AS/NZS 3500 Plumbing and Drainage series) and International Standards.
- product certification for the state's plumbing industry.

The Technical Regulator contributed at a national level to the administration of the WaterMark Certification scheme and chaired the Water Industry Technical Advisory Committee as required under Section 15 of the Act.

Industry communication and consultation

Roadshows and presentations were held in metropolitan and regional locations to provide information on issues associated with the regulation of infrastructure and on-site plumbing installations, and on the amendments to the Plumbing Code of Australia and the AS/NZS 3500 Standard.

Combined technical reporting project

The Technical Regulator facilitated a 90-day project involving all state water industry regulators to improve transparency of the legislative technical reporting requirements for water industry entities. The outcome was the development of explanatory notes for each regulator, highlighting the legislative and practical reasons for data and information requests, how the data and information is used, and the resulting benefits to industry, customers and the environment.

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

Summary of complaints by subject

Public complaints received by the Department of the Premier and Cabinet	
Category of complaints by subject	Number of instances
Service quality/ delivery	86
Behaviour of staff	66
Service access / process / procedures	227
Other	104
Total DPC	483

Data for the past two years is available at: <https://data.sa.gov.au/data/dataset/annual-report-public-complaints>

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Complaints management system	During 2016-17, Service SA implemented an improved complaints management system, which included an easy to use online form at sa.gov.au. This improved access to the complaints process has resulted in a steady increase in the number of complaints compared to 2015-16. An accessible and responsive complaints process is part of Service SA's response to the Ombudsman's Complaints Management Framework. Other systemic improvements include the introduction of a central customer relationship management tool (CRM) to assist with tracking and analysis.

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Creation of an EzyReg Account	<p>Customer feedback on issues related to creating an EzyReg Account informed the customer focused development of Service SA's Assisted Signup project. A mySA GOV account was launched, which improved functionality of the EzyReg Account, and enabled Service SA staff to help customers who were unable or unwilling to complete the process online. Service SA's Assisted Signup enabled customers to speak with staff and complete their account verification process simply. Between 14 March and 30 June 2017, Service SA assisted over 15,000 customers to open their digital accounts.</p>
Invoice Processing – late payment of invoices	<p>To improve payment processing times, Shared Services SA (SSSA) implemented a paperless payment initiative, whereby SSSA now:</p> <ul style="list-style-type: none"> • receives 83% of invoices via email • processes 96% of all payments via EFT • distributes remittances via email. <p>It is envisaged that the paperless payment initiative will continue to improve invoice payment performance. For 2016-17, 95.70% of all invoices were paid within 30 calendar days or less (up from 95.12% in 2015-16).</p>
Late payroll termination payment processing	<p>To improve awareness and expectations regarding the requirements and timeframes for termination payment processing, SSSA is:</p> <ul style="list-style-type: none"> • reviewing termination forms to consider including payment timeframes • engaging with agencies regarding termination processing requirements and service levels • promoting cut-off timeframes via service delivery bulletins which are emailed to key agency contacts and are accessible via the DPC extranet. <p>It is envisaged that increased awareness will better set expectations and reduce customer frustrations.</p>

Appendix A: Audited financial statements 2016-17



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To the Chief Executive Department of the Premier and Cabinet

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

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of the Premier and Cabinet as at 30 June 2017, 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.

The financial report comprises:

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

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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



Andrew Richardson

Auditor-General

21 September 2017

Department of the Premier and Cabinet

Financial Statements

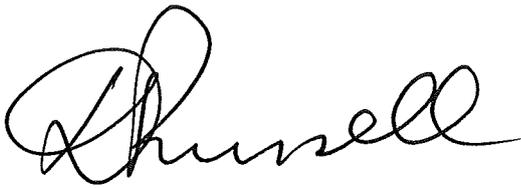
For the year ended 30 June 2017

DEPARTMENT OF THE PREMIER AND CABINET
Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department of the Premier and Cabinet:

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

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



.....
Dr Don Russell
Chief Executive
18 September 2017



.....
Steven Woolhouse FCPA
Chief Finance Officer
18 September 2017

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits	6	147 649	138 702
Supplies and services	7	123 890	114 890
Grants and subsidies	8	42 190	6 971
Depreciation and amortisation	9	8 364	8 104
Other expenses	10	1 045	1 289
Net loss from the disposal of non-current assets	14	120	690
Total expenses		323 258	270 646
Income			
Fees and charges	11	188 975	193 563
Commonwealth revenues		211	238
Grants	12	1 035	842
Interest		2	1
Resources received free of charge	13	101	-
Recoveries from administered items		1 079	1 500
Other income	15	2 989	1 021
Total income		194 392	197 165
Net cost of providing services		128 866	73 481
Revenues from / payments to SA Government			
Revenues from SA Government	16	153 029	79 128
Payments to SA Government	16	(4 836)	(2 299)
Net revenues from SA Government		148 193	76 829
Net result		19 327	3 348
Total comprehensive result		19 327	3 348

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

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

Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	17	127 258	68 386
Receivables	18	32 667	20 342
Inventories		235	78
Total current assets		160 160	88 806
Non-current assets			
Receivables	18	470	1 513
Non-current assets classified as held for sale	19	372	-
Property, plant and equipment	20	67 525	26 852
Works of art	20	84	27
Intangible assets	21	10 374	5 845
Total non-current assets		78 825	34 237
Total assets		238 985	123 043
Current liabilities			
Payables	23	55 486	15 690
Employee benefits	24	21 374	19 375
Provisions	25	630	922
Other liabilities	26	8 498	365
Total current liabilities		85 988	36 352
Non-current liabilities			
Payables	23	3 597	2 561
Employee benefits	24	38 951	27 739
Provisions	25	3 627	1 861
Other liabilities	26	540	900
Total non-current liabilities		46 715	33 061
Total liabilities		132 703	69 413
Net assets		106 282	53 630
Equity			
Contributed capital		916	916
Asset revaluation surplus		675	675
Retained earnings		104 691	52 039
Total equity		106 282	53 630

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	28
Contingent assets and liabilities	29

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

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2017

	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2015	916	2 339	48 054	51 309
Net result for 2015-16	-	-	3 348	3 348
Total comprehensive result for 2015-16	-	-	3 348	3 348
Transfer between equity components	-	(1 664)	1 664	-
Transactions with SA Government as owner				
Net assets transferred out as a result of an administrative restructure	-	-	(907)	(907)
Prior period adjustments	-	-	(120)	(120)
Balance at 30 June 2016	916	675	52 039	53 630
Net result for 2016-17	-	-	19 327	19 327
Total comprehensive result for 2016-17	-	-	19 327	19 327
Transactions with SA Government as owner				
Net assets transferred in as a result of an administrative restructure	-	-	33 362	33 362
Prior period adjustments	-	-	(37)	(37)
Balance at 30 June 2017	916	675	104 691	106 282

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

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

Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits		(142 561)	(136 150)
Supplies and services		(131 893)	(137 397)
Grants and subsidies		(13 150)	(6 971)
Other payments		(11 088)	(173)
Cash used in operations		(298 692)	(280 691)
Cash inflows			
Fees and charges		199 870	212 402
Commonwealth revenues		196	238
Grants		1 035	842
Interest received		2	1
Recoveries from administered items		1 079	1 500
GST recovered from the ATO		4 250	7 059
Receipts for security deposits		5 608	-
Other receipts		4	1 028
Cash generated from operations		212 044	223 070
Cash flows from SA Government			
Receipts from SA Government		153 029	79 128
Payments to SA Government		(4 836)	(2 299)
Cash generated from SA Government		148 193	76 829
Net cash provided by operating activities	32	61 545	19 208
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(4 890)	(4 755)
Purchase of intangible assets		(4 189)	(1 788)
Cash used in investing activities		(9 079)	(6 543)
Net cash used in investing activities		(9 079)	(6 543)
Cash flows from financing activities			
Cash outflows			
Cash transferred as a result of restructuring activities		(227)	(124)
Cash used in financing activities		(227)	(124)
Cash inflows			
Cash transferred in as a result of restructuring activities		6 633	-
Cash generated from financing activities		6 633	-
Net cash used in financing activities		6 406	(124)
Net increase/(decrease) in cash and cash equivalents		58 872	12 541
Cash and cash equivalents at the beginning of the period		68 386	55 845
Cash and cash equivalents at 30 June	17	127 258	68 386

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

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
for the year ended 30 June 2017

	Premier and Cabinet Policy and Support		Strategic Engagement and Communications		Agent-General	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits	14 780	11 435	3 909	3 217	783	1 215
Supplies and services	7 564	4 381	7 589	2 554	1 073	955
Grants and subsidies	1 849	2 993	3 567	2 300	-	-
Depreciation and amortisation	59	76	80	66	64	46
Net loss from the disposal of non-current assets	-	2	-	-	27	-
Other expenses	113	10	121	-	(23)	140
Total expenses	24 365	18 897	15 266	8 137	1 924	2 356
Income						
Fees and charges	796	155	584	255	82	191
Commonwealth revenues	130	238	-	-	-	-
Grants	-	-	-	10	-	-
Interest	-	-	-	-	2	1
Resources received free of charge	-	-	-	-	-	-
Recoveries from administered items	-	-	1 079	1 500	-	-
Other income	4	6	112	140	229	159
Total income	930	399	1 775	1 905	313	351
Net cost of providing services	23 435	18 498	13 491	6 232	1 611	2 005
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-	-
Net result	(23 435)	(18 498)	(13 491)	(6 232)	(1 611)	(2 005)

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
for the year ended 30 June 2017

	State Coordinator- General		Support Services and Community Programs		Government Publishing	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits	712	660	26 842	30 650	-	1 409
Supplies and services	136	109	28 796	22 649	-	1 499
Grants and subsidies	-	-	7	1 538	-	-
Depreciation and amortisation	2	-	491	884	-	146
Net loss from the disposal of non-current assets	-	-	57	109	-	51
Other expenses	-	-	612	648	-	6
Total expenses	850	769	56 805	56 478	-	3 111
Income						
Fees and charges	13	-	5 258	4 212	-	2 189
Commonwealth revenues	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-
Other income	-	-	452	440	-	190
Total income	13	-	5 710	4 652	-	2 379
Net cost of providing services	837	769	51 095	51 826	-	732
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	85 344	72 537	-	-
Payments to SA Government	-	-	(4 836)	(2 299)	-	-
Net revenues from SA Government	-	-	80 508	70 238	-	-
Net result	(837)	(769)	29 413	18 412	-	(732)

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
for the year ended 30 June 2017

	Office for Digital Government		Government Services		Public Sector Performance	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	3 921	10 644	78 369	70 783	7 666	8 691
Supplies and services	999	47 006	68 201	38 107	3 517	3 041
Grants and subsidies	77	140	180	-	3	-
Depreciation and amortisation	45	5 376	6 993	1 334	180	176
Net loss from the disposal of non-current assets	-	510	36	18	-	-
Other expenses	3	424	144	63	8	36
Total expenses	5 045	64 100	153 923	110 305	11 374	11 944
Income						
Fees and charges	188	57 779	172 102	129 341	4 095	4 551
Commonwealth revenues	-	-	-	-	-	-
Grants	45	-	104	95	886	737
Interest	-	-	-	-	-	-
Resources received free of charge	-	-	101	-	-	-
Recoveries from administered items	-	-	-	-	-	-
Other income	23	46	43	2	229	379
Total income	256	57 825	172 350	129 438	5 210	5 667
Net cost of providing services	4 789	6 275	(18 427)	(19 133)	6 164	6 277
Revenues from / payments to SA Government						
Revenues from SA Government	-	1 685	-	4 906	-	-
Payments to SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	1 685	-	4 906	-	-
Net result	(4 789)	(4 590)	18 427	24 039	(6 164)	(6 277)

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
for the year ended 30 June 2017

	Office of the Economic Development Board		Mineral Resources and Energy		Water Industry Technical and Safety Regulation	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	504	-	7 721	-	2 442	-
Supplies and services	246	-	5 284	-	4 369	-
Grants and subsidies	14	-	32 264	-	4 229	-
Depreciation and amortisation	-	-	211	-	239	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Other expenses	-	-	42	-	25	-
Total expenses	764	-	45 522	-	11 304	-
Income						
Fees and charges	-	-	6 133	-	3 608	-
Commonwealth revenues	-	-	-	-	81	-
Grants	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-
Other income	-	-	1 292	-	605	-
Total income	-	-	7 425	-	4 294	-
Net cost of providing services	764	-	38 097	-	7 010	-
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	67 685	-	-	-
Payments to SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	67 685	-	-	-
Net result	(764)	-	29 588	-	(7 010)	-

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
for the year ended 30 June 2017

	General/Not attributable		Total	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Expenses				
Employee benefits	-	(2)	147 649	138 702
Supplies and services	(3 884)	(5 411)	123 890	114 890
Grants and subsidies	-	-	42 190	6 971
Depreciation and amortisation	-	-	8 364	8 104
Net loss from the disposal of non-current assets	-	-	120	690
Other expenses	-	(38)	1 045	1 289
Total expenses	(3 884)	(5 451)	323 258	270 646
Income				
Fees and charges	(3 884)	(5 110)	188 975	193 563
Commonwealth revenues	-	-	211	238
Grants	-	-	1 035	842
Interest	-	-	2	1
Resources received free of charge	-	-	101	-
Recoveries from administered items	-	-	1 079	1 500
Other income	-	(341)	2 989	1 021
Total income	(3 884)	(5 451)	194 392	197 165
Net cost of providing services	-	-	128 866	73 481
Revenues from / payments to SA Government				
Revenues from SA Government	-	-	153 029	79 128
Payments to SA Government	-	-	(4 836)	(2 299)
Net revenues from SA Government	-	-	148 193	76 829
Net result	-	-	19 327	3 348

Department of the Premier and Cabinet
Disaggregated Disclosures Assets and Liabilities
as at 30 June 2017

	Support Services and Community Programs		Agent-General		Water Industry Technical and Safety Regulation	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	64 468	66 456	413	1 930	-	-
Receivables	28 976	22 360	4	40	1 791	-
Inventories	235	78	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	24 686	26 338	505	514	4 813	-
Works of art	-	-	-	27	-	-
Intangible assets	7 722	5 845	-	-	960	-
Total assets	126 087	121 077	922	2 511	7 564	-
Liabilities						
Payables	25 724	18 703	86	93	38	-
Employee benefits	47 758	47 057	36	57	-	-
Provisions	1 440	2 783	-	-	-	-
Other liabilities	883	1 265	-	-	42	-
Total liabilities	75 805	69 808	122	150	80	-

	Mineral Resources and Energy		General/Not attributable		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	62 377	-	-	-	127 258	68 386
Receivables	2 889	-	(523)	(545)	33 137	21 855
Inventories	-	-	-	-	235	78
Non-current assets classified as held for sale	372	-	-	-	372	-
Property, plant and equipment	37 521	-	-	-	67 525	26 852
Works of art	84	-	-	-	84	27
Intangible assets	1 692	-	-	-	10 374	5 845
Total assets	104 935	-	(523)	(545)	238 985	123 043
Liabilities						
Payables	33 766	-	(531)	(545)	59 083	18 251
Employee benefits	12 531	-	-	-	60 325	47 114
Provisions	2 817	-	-	-	4 257	2 783
Other liabilities	8 113	-	-	-	9 038	1 265
Total liabilities	57 227	-	(531)	(545)	132 703	69 413

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

1 Objectives of the Department of the Premier and Cabinet

The Department of the Premier and Cabinet (the department) delivers specialist policy advice to the Premier and Ministers and supports the Cabinet process. It also has overarching responsibility for Commonwealth-State relations and drives the Premier's Council of Australian Governments (COAG) agenda. The department leads the implementation of South Australia's strategic priorities and policy commitments in the areas of economic and social development, international relationships and strengthening engagement between government and the community.

The department provides direction and leadership to the South Australian public sector and drives key government initiatives to benefit other government agencies and the community. These include the provision of shared corporate and business services across government, management of the government's information communication technology strategy and innovation, digital technology strategies and infrastructure, and delivery of government information, services and transactions through the Service SA network.

The department supports South Australia's economic transformation by driving the continuing high-growth and high-value sector of minerals and resources, and unlocking the full potential of the state's resources, energy and renewable assets.

2 Significant accounting policies

(a) Statement of compliance

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

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

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

(c) Reporting entity

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

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

The department does not control any other entity and has no interests in unconsolidated structured entities.

Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements attached to the general purpose financial statements.

Except as otherwise disclosed, administered items are recognised on the same basis and using the same accounting policies as for the departmental items.

(d) Transferred functions

The *Public Sector (Nuclear Fuel Cycle Royal Commission Consultation and Response Agency) Proclamation 2016* (dated 2 June 2016) declared an attached office of the department would be established for the Nuclear Fuel Cycle Royal Commission Consultation and Response Agency. This resulted in some employees transferring from the department to the new attached office effective 1 July 2016 (refer note 27).

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2017*, (dated 28 March 2017) declared that all employees employed in the business units known as the Mineral Resources Division, the Energy Resources Division, the Energy Markets and Programs Division, the Resources Infrastructure and Investment Task Force (with the exception of the Case Management Function), the Strategy and Governance Unit and the Office of the Economic Development Board within the Department of State Development would transfer to the department effective 1 April 2017 (refer note 27).

(e) Comparative information

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

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

(f) Rounding

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

(g) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, land tax equivalents and local government rate equivalents.

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; and
- 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 Statement of Financial Position.

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

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

The department prepares a business activity statement on behalf of clients to which it provides business services, under the grouping provisions of the GST legislation. Under the grouping provisions, the department is liable for the GST payments and entitled to the GST receipts associated with these entities and items. The GST applicable forms part of the receivables and payables recorded in the department's Statement of Financial Position and the GST cash flows recorded in the Statement of Cash Flows.

(h) Events after the end of the reporting period

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

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

(i) Current and non-current classification

Assets and liabilities that are to be 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 operating date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

(j) Non-current assets

Acquisition and recognition

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

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

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

All non-current tangible assets with a value equal to or in excess of \$10 000 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.

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.

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

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

Land and non-current assets held for sale are not depreciated.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

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

<i>Class of asset</i>	Useful Life (years)
Buildings and Improvements	5-100
Transportable accommodation	10-20
Furniture and fittings	5-10
Plant and equipment	3-20
Office equipment	3-30
IT equipment	3-10
PABX equipment	3-7
Transmission equipment	5-40
StateNet core	5
Motor vehicles	4
Core libraries	20-60
Intangibles – Computer software	1-15

Works of Art controlled by the department are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised for this class of asset.

Revaluation of non-current assets

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

Every five years, the department revalues its land, buildings, leasehold improvements, artwork and plant and equipment via an independent Certified Practising Valuer. If at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Intangible assets

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

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

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

Fair value measurement

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

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

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within Level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

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

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

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

Refer to Notes 20, 21 and 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(k) Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Operating leases

The department has entered into a number of operating lease agreements for buildings, motor vehicles and office equipment 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 recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

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

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

Employee benefits

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

Salaries and wages, annual leave, skills and experience retention leave and sick leave

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

The annual leave liability, and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

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

Long service leave

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

(I) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3 Hedging arrangements

In accordance with government policy, the department enters into hedges for all contracted expenditure in a foreign currency over AUD \$250 000. The South Australian Government Financing Authority (SAFA) manages the foreign currency hedges on the department's behalf.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

4 New and revised Accounting Standards

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

Accounting Standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the department for the period ending 30 June 2017.

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

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

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

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

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

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

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of the department's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not yet met the associated performance obligations.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The department has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

5 Activities of the Department

The department has identified thirteen major classes of activities that it delivers to the community and the Premier. The identity and description of each major activity class for the department during the year ended 30 June 2017 are summarised below (refer to the department's Disaggregated Disclosures).

Activity 1 – Premier and Cabinet Policy and Support

Coordination and leadership of cross-government policy on behalf of the Premier and Cabinet; leadership of the strategic economic and policy priorities of the state; support to the Premier intergovernmental relations; leadership and coordination of the government's international engagement and protocol functions; economic analysis to support the state budget and economic policy reforms; and support to Cabinet and Cabinet committees.

Activity 2 – Strategic Engagement and Communications

Provision of whole of government leadership in marketing and communications, including the monitoring of advertising expenditure and leadership of whole of government marketing campaigns. Provision of support for high-quality engagement with specific sectors and the community at large, including through best practice community engagement advice and management of engagement tools.

Activity 3 – Agent-General

The Agent-General's Office represents the Premier and Government of South Australia in the United Kingdom and Europe to advance the state's development objectives as expressed in South Australia's Strategic Plan. The office aims to increase awareness of Adelaide and drive preference for all the state has to offer, principally as a destination for foreign investment, migrants, students, tourists and as a producer of premium food and wine.

Activity 4 – State Coordinator-General

Assists proponents with eligible private projects over \$3 million to unlock red tape and delays across all levels of government to stimulate investment and jobs growth. Administers the government's assessment of unsolicited proposals from the private and community sector.

Activity 5 – Support Services and Community Programs

Ministerial and support services and the management and monitoring of corporately administered grant programs. The program also delivers corporate services to the Department of Treasury and Finance.

Activity 6 – Government Publishing

Production and distribution of government and parliamentary publications. For 2016-17 this activity has been incorporated with Activity 8 Government Services, however this activity has been included for the purpose of reporting comparative figures.

Activity 7 – Office for Digital Government

Progressing the government's digital transformation of services delivered to South Australian citizens, by developing best practice policy, strategy and resources, securing ICT resilience and leading projects that foster collaboration between the public and private sectors.

Activity 8 – Government Services

Provision of a comprehensive range of services to various government agencies and the community.

Activity 9 – Public Sector Performance

The Office for the Public Sector undertakes statutory responsibilities under the *Public Sector Act 2009* and South Australian public sector leadership development, sector-wide reform and renewal, workforce data analysis and strategy development, enterprise bargaining and industrial relations, workers compensation performance and injury management services.

Activity 10 – Office of the Economic Development Board

Supports the Economic Development Board by providing a secretariat function as well as oversight and management of its assigned budget, including procurement and contracting management functions. This activity was transferred from the Department of State Development effective 1 April 2017.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

Activity 11 – Mineral Resources and Energy

Provision of services to unlock the full potential of South Australia's resources, energy and renewable assets and maintain the state's reputation as a leading resource investment destination. This activity was transferred from the Department of State Development effective 1 April 2017.

Activity 12 – Water Industry Technical and Safety Regulation

Supports the enforcement, compliance and promotion of technical and safety regulation of plumbing and equipment, and water industry entities. This activity was transferred from the Department of State Development effective 1 April 2017.

Activity 13 – General / Not Attributable

General / not attributable reflects internal transactions undertaken within the department.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

6 Employee benefits

	2017	2016
	\$'000	\$'000
Salaries and wages	109 447	100 867
Long service leave	3 828	4 530
Annual leave	10 688	9 050
Skills and experience retention leave	590	482
Employment on-costs - superannuation*	14 224	13 310
Employment on-costs - other	6 616	6 367
Targeted voluntary separation payments (refer below)	1 421	1 038
Board and committee fees	325	86
Other employee related expenses	510	2 972
Total employee benefits	147 649	138 702

* The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees.

Targeted voluntary separation packages (TVSPs)

	2017	2016
	\$'000	\$'000
Amounts paid during the reporting period to separated staff:		
TVSPs	1 421	1 038
Annual leave, LSL and skills and experience retention leave, and long service leave paid during the reporting period	886	768
Net cost to the department	2 307	1 806

Number of employees who received a TVSP during the reporting period	18	13
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Remuneration of employees

This table includes all employees who received normal remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration has changed from \$145 000 (2016) to \$147 000 (2017).

Normal remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, leave paid on termination, superannuation contributions, salary sacrifice and fringe benefits, and any Fringe Benefits Tax paid or payable in respect of those benefits. Contract termination payments are included where employee normal remuneration exceeds \$147 000.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

The total remuneration received by employees for the year, listed in the table below, was \$11.4 million (\$13.4 million).

The number of employees, who received remuneration of \$147 000 or more during the year, falls within the following bands:

	2017 Number	2016 Number
\$145 000 - \$147 000*	n/a	2
\$147 001 - \$157 000	5	7
\$157 001 - \$167 000	5	2
\$167 001 - \$177 000	3	4
\$177 001 - \$187 000	4	4
\$187 001 - \$197 000	1	4
\$197 001 - \$207 000	5	5
\$207 001 - \$217 000	4	6
\$217 001 - \$227 000	1	1
\$227 001 - \$237 000	4	5
\$237 001 - \$247 000	4	2
\$247 001 - \$257 000	2	1
\$257 001 - \$267 000	1	1
\$277 001 - \$287 000	3	1
\$317 000 - \$327 000	-	1
\$327 001 - \$337 000	-	1
\$337 001 - \$347 000	-	1
\$347 001 - \$357 000	1	-
\$357 001 - \$367 000	1	2
\$367 001 - \$377 000	2	1
\$387 001 - \$397 000**	2	-
\$527 001 - \$537 000	1	1
\$577 001 - \$587 000	-	1
\$697 001 - \$707 000	-	1
\$727 001 - \$737 000	-	1
Total number of employees	49	55

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

**The table above includes the TVSP component paid where the employee meets the \$147 000 threshold on normal remuneration.

The above table does not include any remuneration for employees who transferred into the department on 1 April 2017, as the remuneration received for the period 1 April 2017 to 30 June 2017 did not reach the \$147,000 total. If they had been employed by the department for the whole year, the number of employees included in this table would have increased by an additional 48 to 97.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

7 Supplies and services

	2017	2016
	\$'000	\$'000
Accommodation	18 386	17 206
Telecommunication	5 765	5 982
Staff development and recruitment	2 468	2 362
General administration and consumables	11 088	10 109
Promotion and marketing	7 224	3 553
Sponsorships and external contributions	749	846
Repairs, maintenance and minor equipment purchases	2 101	1 102
IT and computing charges	27 102	30 475
Microsoft licence and support	1 462	16 545
Managed network services	4 931	5 001
Outsourced contracts	2 901	2 269
Contractors	7 695	1 975
Temporary staff	12 451	12 320
Consultants	5 338	1 844
Cost of goods sold	8	219
Projects	191	254
Intra government transfers	6 628	1 302
Other supplies and services	5 185	1 526
Energy supply fuel and lubricants	1 917	-
RAES Aboriginal Communities infrastructure	300	-
Total supplies and services	123 890	114 890

Payments to consultants

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

	2017	2016	2017	2016
	Number	Number	\$'000	\$'000
Below \$10 000	26	23	103	121
Above \$10 000	56	29	5 235	1 723
Total consultants	82	52	5 338	1 844

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

8 Grants and Subsidies

	2017	2016
	\$'000	\$'000
Grants and subsidies	42 190	6 971
Total grants and subsidies	42 190	6 971

Grants and subsidies consists of the following

PACE Gas	23 775	-
Oz Minerals	3 000	-
PACE Copper	2 772	-
Energy productivity program	2 192	-
Remote Area Energy Supplies Scheme	1 200	-
Mining and Petroleum Services Centre of Excellence	1 036	-
PACE 2020	300	-
Brand South Australia	1 370	1 500
South Australian Health and Medical Research Institute	1 000	-
Special appeals and minor grants	816	743
National campaign to reduce violence against women	-	1 114
Premier's community initiatives	15	165
Community advocacy campaign	257	500
Premier's discretionary grants	201	-
Other resources and energy grants	2 232	-
Other grants and subsidies	2 024	2 949
Total grants and subsidies	42 190	6 971

9 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Buildings and improvements	1 491	1 210
Plant and equipment	4 807	5 102
Intangibles assets	2 066	1 792
Total depreciation and amortisation	8 364	8 104

10 Other expenses

	2017	2016
	\$'000	\$'000
Doubtful debts (note 18)	47	20
Derecognition of assets	69	425
Other	929	844
Total other expenses	1 045	1 289

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA were \$595 000 (\$551 000). No other services were provided by the Auditor-General's Department.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

11 Fees and charges

	2017	2016
	\$'000	\$'000
Shared Services SA	89 337	89 872
Service SA	34 350	33 043
Regulatory fees	7	6
Fees for services	28 921	30 360
Microsoft licence and support	-	15 686
Service provision	17 200	15 972
Industry license fees	2 428	-
Sale of goods	1 594	1 684
Mining and petroleum application fees rentals and licences	6 133	-
Sale of electricity - remote areas	1 120	-
Other	7 885	6 940
Total fees and charges	188 975	193 563

Income from fees and charges is derived from goods and services provided to other SA Government agencies and to the public. From 1 April 2017 fees and charges also include mining and petroleum application fees. The revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Industry license fees include license fees on electricity and gas and industry bodies in South Australia. Fees are determined by the Minister for Mineral Resources and Energy and are levied by the Essential Services Commission of South Australia.

12 Grants

	2017	2016
	\$'000	\$'000
Recurrent grant	1 035	842
Total grant income	1 035	842

Grants are recognised as income when the department obtains control of the income or when the agreement or contract has been approved and executed or income received. Grants received by the department with unconditional stipulations attached have been recognised as an asset and income upon receipt.

13 Resources received free of charge

	2017	2016
	\$'000	\$'000
Donated assets	101	-
Total resources received free of charge	101	-

Resources received free of charge relate to air conditioning units donated to the department from the Department of Energy, Water, and Natural Resources.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

14 Net gain/(loss) from the disposal of non-current assets

	2017	2016
	\$'000	\$'000
Buildings and improvements		
Proceeds from disposal	-	-
Net book value of assets disposed	(57)	(146)
Net (loss) from disposal of buildings and improvements	<u>(57)</u>	<u>(146)</u>
Plant and equipment		
Proceeds from disposal	-	-
Net book value of assets disposed	(1)	(91)
Net (loss) from disposal of plant and equipment	<u>(1)</u>	<u>(91)</u>
ICT infrastructure		
Proceeds from disposal	-	-
Net book value of assets disposed	(31)	(166)
Net (loss) from disposal of ICT infrastructure	<u>(31)</u>	<u>(166)</u>
Intangible assets		
Proceeds from disposal	-	-
Net book value of assets disposed	(4)	(287)
Net gain/(loss) from disposal of intangible assets	<u>(4)</u>	<u>(287)</u>
Works of art		
Proceeds from disposal	-	-
Net book value of assets disposed	(27)	-
Net gain/(loss) from disposal of works of art	<u>(27)</u>	<u>-</u>
Total assets		
Proceeds from disposal	-	-
Net book value of assets disposed	(120)	(690)
Total net gain/(loss) from disposal of non-current assets	<u>(120)</u>	<u>(690)</u>

Gains/losses on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

15 Other Income

	2017	2016
	\$'000	\$'000
Refunds	110	140
Sponsorship	18	40
Pre-tax employee contributions	440	439
Fuel tax credits	612	-
Other recoveries	805	-
Transfers from Extractive Areas Rehabilitation Fund	446	-
Other	558	402
Total other income	<u>2 989</u>	<u>1 021</u>

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

16 Revenues from / payments to SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	146 039	75 551
Transfers from contingency provisions	6 990	3 577
Total revenues from SA Government	153 029	79 128
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	4 836	2 299
Total payments to SA Government	4 836	2 299

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

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

The original amount appropriated under the Annual *Appropriation Act* was not varied in 2016-17.

There was no material variations between the amounts appropriated and the expenditure associated with this appropriation.

17 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	123 721	63 329
Other short-term deposits	3 537	5 057
Total cash and cash equivalents	127 258	68 386

Cash is measured at nominal amounts.

Deposits with the Treasurer

The department has two deposit accounts with the Treasurer, a general operating account and an Accrual Appropriation Excess Funds Account, \$8.753 million (\$10.104 million). Although the department controls the money in the Accrual Appropriation Account its used must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

18 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	28 723	16 458
Less: allowance for doubtful debts	(137)	-
Prepayments	2 747	2 748
Accrued income	428	1 136
GST receivable	906	-
Total current receivables	<u>32 667</u>	<u>20 342</u>
Non-current		
Receivables	21	31
Prepayments	49	1 482
Loans	400	-
Total non-current receivables	<u>470</u>	<u>1 513</u>
Total receivables	<u>33 137</u>	<u>21 855</u>

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue on an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued income are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt. Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Refer to note 34 for further information on risk management.

Allowance for doubtful debts

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

Movements in the allowance for doubtful debts are as follows:

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	-	-
Increase in allowance	145	20
Amounts written off	(8)	(20)
Carrying amount at the end of the period	<u>137</u>	<u>-</u>

19 Non-current assets classified as held for sale

	2017	2016
	\$'000	\$'000
Land and buildings	372	-
Total non-current assets held for sale	<u>372</u>	<u>-</u>

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

20 Property, plant and equipment

	2017 \$'000	2016 \$'000
Land, buildings and improvements		
Land (at fair value)	6 078	-
Buildings & improvements (at fair value)	51 756	30 741
Accumulated depreciation	(17 574)	(24 080)
Total land, buildings and improvements	40 260	6 661
Plant and equipment		
Plant and equipment at cost (deemed fair value)	67 622	58 458
Accumulated depreciation	(43 568)	(40 699)
Total plant and equipment	24 054	17 759
Work in progress		
Work in progress at cost	3 211	2 432
Total work in progress	3 211	2 432
Total property, plant and equipment	67 525	26 852
Works of art		
Works of art (at fair value)	84	27
Total works of art	84	27

Reconciliation of Property, plant and equipment for 2016-17

	Land buildings and improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Works of art \$'000	Total tangible assets \$'000
2017					
Carrying amount at the start of period	6 661	17 759	2 432	27	26 879
Acquisitions	-	395	4 495	-	4 890
Transfers to (from) WIP	1 719	2 758	(4 477)	-	-
Disposals	(57)	(32)	-	(27)	(116)
Depreciation and amortisation	(1 491)	(4 807)	-	-	(6 298)
Transfers in/(out) as a result of administrative restructure	33 428	7 880	756	84	42 148
Other changes	-	101	5	-	106
Book value at 30 June 2017	40 260	24 054	3 211	84	67 609

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

Reconciliation of Property, plant and equipment for 2015-16

	Land buildings and improvements	Plant and equipment	Work in progress	Works of art	Total tangible assets
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	8 723	20 055	2 788	27	31 593
Acquisitions	-	665	4 090	-	4 755
Transfers to (from) WIP	1 571	2 474	(4 045)	-	-
Disposals	(146)	(257)	-	-	(403)
Depreciation and amortisation	(1 210)	(5 102)	-	-	(6 312)
Transfers out as a result of administrative restructure	(2 277)	(76)	-	-	(2 353)
Other changes	-	-	(401)	-	(401)
Book value at 30 June 2016	6 661	17 759	2 432	27	26 879

Valuations of land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Fair value of unrestricted land was determined using a market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location. Fair value of land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost for buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

All other non-current assets controlled by the department have been deemed to be held at fair value.

Impairment

There were no indications of impairment of property, plant and equipment assets at 30 June 2017.

21 Intangible Assets

	2017 \$'000	2016 \$'000
Intangibles		
Computer software	10 328	7 926
Accumulated amortisation	(8 781)	(7 467)
Other intangibles	7 679	7 797
Accumulated amortisation	(3 323)	(3 295)
Total intangibles	5 903	4 961
Work in progress		
Work in progress at cost	4 471	884
Total work in progress	4 471	884
Total intangibles	10 374	5 845

Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

Reconciliation of intangible assets for 2017

	Computer Software	Other intangibles	WIP Intangibles	Total intangible assets
2017	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	459	4 502	884	5 845
Acquisitions	1 270	-	2 919	4 189
Transfers to (from) WIP	1 133	561	(1 694)	-
Disposals	-	(4)	-	(4)
Depreciation and amortisation	(1 328)	(738)	-	(2 066)
Transfers in as a result of administrative restructure	13	35	2 456	2 504
Other changes	-	-	(94)	(94)
Book value at 30 June 2017	1 547	4 356	4 471	10 374

Reconciliation of intangible assets for 2016

	Computer Software	Other intangibles	WIP Intangibles	Total intangible assets
2016				\$'000
Carrying amount at the start of period	1 116	3 460	1 761	6 337
Acquisitions	-	-	1 788	1 788
Assets reclassified to assets held for sale	-	-	-	-
Transfers to (from) WIP	513	2 011	(2 524)	-
Disposals	(27)	(260)	-	(287)
Revaluation increment/(decrement)	-	-	-	-
Depreciation and amortisation	(1 137)	(655)	-	(1 792)
Transfers in/(out) as a result of administrative restructure	-	-	-	-
Transfers out as a result of administrative restructure	(6)	(54)	(23)	(83)
Other changes	-	-	(118)	(118)
Book value at 30 June 2016	459	4 502	884	5 845

22 Fair value measurement

Fair Value hierarchy

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

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels as at 30 June 2017:

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

Fair value measurements at 30 June 2017

	Fair value	Level 2	Level 3
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 20)	6 078	6 078	-
Buildings (note 20)	28 678	178	28 500
Leasehold improvements (note 20)	5 504	-	5 504
Plant and equipment (note 20)	24 054	-	24 054
Works of art (note 20)	84	-	84
Total recurring fair value measurements	64 398	6 256	58 142
Non-recurring fair value measurements			
Land held for sale (note 19)	156	156	-
Buildings held for sale (note 19)	216	216	-
Total non-recurring fair value measurements	372	372	-
Total	64 770	6 628	58 142

Fair value measurements at 30 June 2016

	Fair value	Level 2	Level 3
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings (note 20)	2 234	-	2 234
Leasehold improvements (note 20)	4 427	-	4 427
Plant and equipment (note 20)	17 759	-	17 759
Works of art (note 20)	27	27	-
Total recurring fair value measurements	24 447	27	24 420
Non-recurring fair value measurements			
Land held for sale (note 19)	-	-	-
Buildings held for sale (note 19)	-	-	-
Total non-recurring fair value measurements	-	-	-
Total	24 447	27	24 420

The department had no valuations categorised into level 1.

There were no transfers of assets between level 1 and level 2 fair value hierarchy levels during the financial year. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive levels 2 and 3 fair values are at Note 19 and below. There were no changes in valuation techniques during the financial year.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

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

2017	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Works of Art \$'000	Total \$'000
Opening balance at the beginning of the period	2 234	4 427	17 759	-	24 420
Additions	-	-	395	-	395
Capitalised subsequent expenditure	-	1 719	2 758	-	4 477
Disposals & adjustments	-	(57)	(32)	-	(89)
Resources received free of charge	-	-	101	-	101
Acquisitions through administrative restructures	26 577	591	7 880	84	35 132
Total movement recognised in statement of financial position	28 811	6 680	28 861	84	64 436
Gains/(losses) for the period recognised in net result:					
Depreciation	(311)	(1 176)	(4 807)	-	(6 294)
Total losses recognised in net result	(311)	(1 176)	(4 807)	-	(6 294)
Carrying amount at 30 June	28 500	5 504	24 054	84	58 142

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

2016	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Works of Art \$'000	Total \$'000
Opening balance at the beginning of the period	2 393	6 330	20 055	-	28 778
Additions	-	-	665	-	665
Capitalised subsequent expenditure	69	1 502	2 474	-	4 045
Disposals & adjustments	(20)	(126)	(257)	-	(403)
Acquisitions through administrative restructures	-	(2 277)	(76)	-	(2 353)
Total movement recognised in statement of financial position	2 442	5 429	22 861	-	30 732
Gains/(losses) for the period recognised in net result:					
Depreciation	(208)	(1 002)	(5 102)	-	(6 312)
Total losses recognised in net result	(208)	(1 002)	(5 102)	-	(6 312)
Carrying amount at 30 June	2 234	4 427	17 759	-	24 420

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

23 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	48 843	10 420
Accrued expenses	3 545	2 127
Employment on-costs [^]	3 075	2 617
Paid parental leave scheme	23	18
Net GST payable	-	508
Total current payables	55 486	15 690
Non-current		
Employment on-costs	3 597	2 561
Total non-current payables	3 597	2 561
Total payables	59 083	18 251

Creditors represent the amounts owing for goods and services received before 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 processed.

[^]Employment on-costs include payroll tax and superannuation contributions with respect to outstanding liabilities for salaries and wages, long service leave, skills and experience retention 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 reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged from the 2016 rate of 40% and the average factor for the calculation of employer superannuation on-cost has changed from the 2016 rate of 10.2% to 10.1% as at 30 June 2017.

These rates are used in the employment on-cost calculation. The net financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

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

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value to the amounts being payable on demand.

Refer to note 34 for further information on risk management.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

24 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Accrued salaries and wages	2 684	1 594
Annual leave	13 216	9 904
Long service leave	4 432	7 170
Skills and experience retention leave	1 042	707
Total current employee benefits	21 374	19 375
Non-current		
Long service leave	38 951	27 739
Total non-current employee benefits	38 951	27 739
Total employee benefits	60 325	47 114

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased in 2017 to 2.5% (2.0%), the resulting effect is immaterial.

The salary inflation rate remained unchanged at 4.0% for long service leave and 3.0% for annual leave and skills and experience retention leave. As a result there is no net financial effect resulting from the changes in salary inflation rate.

25 Provisions

	2017	2016
	\$'000	\$'000
Current		
Provision for workers compensation	630	922
Total current provisions	630	922
Non-current		
Provision for workers compensation	3 627	1 861
Total non-current provisions	3 627	1 861
Total provisions	4 257	2 783
Carrying amount at the beginning of the period	2 783	2 424
Increase (decrease) in provision recognised	1 474	359
Carrying amount at the end of the period	4 257	2 783
Total carrying amount at the end of the period	4 257	2 783

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the department). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

26 Other liabilities

	2017	2016
	\$'000	\$'000
Current		
Unearned income	2 530	5
Lease incentive	360	360
Security deposits - current	5 608	-
Total current other liabilities	8 498	365
Non-current		
Lease incentive	540	900
Total non-current other liabilities	540	900
Total other liabilities	9 038	1 265

Security deposits are received to ensure mine operators rehabilitate sites and comply with all statutory requirements on cessation of mining operations. Cash deposits are classified as security deposits. The value of securities held in the form of bank guarantees are reflected as a contingent asset as the department only has a claim on these funds if the mining operator fails to meet its legislative requirements. The security deposits transferred from the Department of State Development from 1 April 2017.

Unearned revenue mainly includes payments of rent and annual regulatory fees received for the first year of a mining tenement (exploration licence, mining lease, miscellaneous purposes licence, retention lease are all mining tenements in accordance with the Mining Act 1971). This revenue is held as unearned revenue until the Minister officially approves the grant of the mining tenement.

Annual rent and regulatory fees are also held as unearned revenue at the renewal of a mining tenement. Once a renewal decision has been made and a memorial has been instrumented in the Mining Register the revenue is then recognised as revenue. Annual rent for mining leases, retention leases and miscellaneous purposes licences which are granted or renewed over freehold land is refunded at this point to the relevant freehold landowners.

27 Transferred Functions

2016-17 Transferred in/out

The *Public Sector (Nuclear Fuel Cycle Royal Commission Consultation and Response Agency) Proclamation 2016* (dated 2 June 2016) declared an attached office of the department would be established for the Nuclear Fuel Cycle Royal Commission Consultation and Response Agency. This resulted in some employees transferring from the department to the new attached office effective 1 July 2016.

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2017* (dated 28 March 2017) declared that all employees employed in the business units known as the Mineral Resources Division, the Energy Resources Division, the Energy Markets and Programs Division, the Resources Infrastructure and Investment Task Force (with the exception of the Case Management Function), the Strategy and Governance Unit and the Office of the Economic Development Board within the Department of State Development would transfer to the department effective 1 April 2017.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

Total income and expenses attributable to the Office of the Economic Development Board 2016-17 were:

	Department of State Development July 2016 to March 2017	Department of Premier and Cabinet April 2017 to June 2017	Total
	\$'000	\$'000	\$'000
Income			
Other income	480	-	480
Total income	480	-	480
Expenses			
Employee benefits	1 108	504	1 612
Supplies and services	422	246	668
Grants and subsidies	15	14	29
Total expenses	1 545	764	2 309
Net result	(1 065)	(764)	(1 829)

Total income and expenses attributable to the Resources and Energy Group 2016-17 were:

	Department of State Development July 2016 to March 2017	Department of Premier and Cabinet April 2017 to June 2017	Total
	\$'000	\$'000	\$'000
Income			
Fees and charges	27 878	9 741	37 619
Commonwealth Revenues	28	81	109
Revenues from SA Government	-	67 685	67 685
Other income	2 565	1 897	4 462
Total income	30 471	79 404	109 875
Expenses			
Employee benefits	26 904	10 163	37 067
Supplies and services	19 721	9 653	29 374
Grants and subsidies	5 809	36 493	42 302
Depreciation and amortisation	1 700	450	2 150
Other expenses	906	67	973
Net loss from the disposal of non-current assets	24	-	24
Total expenses	55 064	56 826	111 890
Net result	(24 593)	22 578	(2 015)

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

Assets and liabilities relating to the Nuclear Fuel Cycle Royal Commission Consultation and Response Agency transferred to the attached office effective 1 July 2016.

Assets and liabilities relating to the Office of the Economic Development Board were transferred from the Department of State Development effective 1 April 2017.

Assets and liabilities relating to the Resources and Energy Group were transferred from the Department of State Development effective 1 April 2017.

	Nuclear Fuel Cycle	Office of the Economic Development Board	Resources and Energy Group	Total
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	(227)	68	6 565	6 406
Receivables	-	-	4 430	4 430
Assets held for sale	-	-	372	372
Non-current assets				
Intangibles	-	-	2 504	2 504
Property, plant and equipment	-	-	42 148	42 148
Total assets	(227)	68	56 019	55 860
Current liabilities				
Payables	(11)	9	1 292	1 290
Employee benefits	(81)	59	3 073	3 051
Provisions	-	-	163	163
Other	-	-	6 468	6 468
Non-current liabilities				
Payables	(11)	6	729	724
Employee benefits	(124)	70	7 893	7 839
Provisions	-	-	2 963	2 963
Total liabilities	(227)	144	22 581	22 498
Net assets transferred in	-	(76)	33 438	33 362

2015-16 Transferred in/out

As a result of administrative arrangements outlined in the South Australian Government Gazette (the Government Gazette) No. 31 on 21 May 2015, the department relinquished responsibility for State Records SA and the Industry Participation Advocate. Assets and liabilities relating to State Records SA were transferred to the Attorney-General's Department effective 1 July 2015.

Assets and Liabilities relating to the Industry Participation Advocate were transferred to the Department of State Development effective 1 July 2015.

As a result of administrative arrangements outlined in the Chief Executive letter of agreement on 21 September 2015, the department relinquished responsibility for Capital City Committee, a business unit of the department. Assets and liabilities relating to the business unit were transferred to Renewal SA effective 1 July 2015.

Department of the Premier and Cabinet
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	State Records SA	Industry Participation Advocate	Capital City Committee	Total
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	-	-	124	124
Receivables	29	4	-	33
Inventories	7	-	-	7
Non-current assets				
Property, plant and equipment	2 277	159	-	2 436
Total assets	2 313	163	124	2 600
Current liabilities				
Payables	168	19	34	221
Employee benefits	383	138	34	555
Provisions	2	-	-	2
Other	13	-	-	13
Non-current liabilities				
Payables	52	17	5	74
Employee benefits	580	192	51	823
Provisions	4	1	-	5
Total liabilities	1 202	367	124	1 693
Net assets transferred out	1 111	(204)	-	907

28 Unrecognised contractual commitments

Operating lease commitments

The department as a lessee

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

	2017 \$'000	2016 \$'000
Within one year	14 297	11 452
Later than one year but not longer than five years	19 289	27 320
Later than five years	1 661	1 849
Total operating lease commitments	35 247	40 621
Representing:		
Non-cancellable operating leases	35 247	40 621
Total operating lease commitments	35 247	40 621

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

- Office accommodation is leased from the Building Management Accommodation and Building Services, a business unit of the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging from 1 to 15 years, with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in advance.
- Motor vehicle leases are non-cancellable, with rental payments 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 term.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was \$14.6 million (\$13.5 million).

Capital commitments

	2017	2016
	\$'000	\$'000
Within one year	3 591	1 200
Later than one year but not longer than five years	558	717
Later than five years	-	80
Total capital commitments	4 149	1 997

Other commitments

	2017	2016
	\$'000	\$'000
Within one year	18 458	3 402
Later than one year but not longer than five years	31 753	1 357
Total other commitments	50 211	4 759

The department's other commitments mainly relate to service agreements for Resources and Energy, RAES independent operator subsidies, the Jobs 4 Youth Traineeship program, the provision of the whole of Government Workers Compensation & Incident Management Database and the audit and verification of the Safety and Injury Management System.

29 Contingent assets and liabilities

Contingent assets

South Australian Government Salary Sacrifice Agreement (Office of the Public Sector)

In 2012, the Government entered into a salary sacrificing agreement with Maxxia Pty Ltd. The agreement allows the Minister or his delegate to withdraw up to a total of \$10 million when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees. The financial undertaking is in place until 30 June 2024.

Mining and Petroleum

The department receives securities in accordance with Acts administered by the department for mining and petroleum. These are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. The amount held as bank guarantees at 30 June 2017 is approximately \$143 million (\$125 million). The department only has a claim on these funds if the licensee fails to perform its legislative requirements.

Contingent liabilities

Glenthorne Farm (Commercial Advice)

Glenthorne Farm, at O'Halloran Hill, was purchased by the University of Adelaide from the Commonwealth Scientific and Industrial Research Organisation, with the assistance of a grant from the SA Government in May 2001. A contract signed by the SA Government and the University of Adelaide resulted in the former assuming liability for any possible third party claims resulting from any contamination which may be discovered on the property.

The South Australian and Commonwealth Governments agreed by exchange of letters that, in the event of such a claim, the state government reserves its right to seek a contribution from the Commonwealth based on the Commonwealth's previous ownership of the land.

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

Mining practices and petroleum exploration

The nature of activities that the department is involved in can create potential exposure to mining matters, which the department may be required to remedy in the future. The department has some potential outstanding litigation specifically resulting from interpretation of past mining practices and petroleum exploration.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised standards. This includes the environmental liabilities of past mining practices where there is no longer an active licence. For new activities, it is a lease condition that rehabilitation be undertaken by the leaseholder before a lease is surrendered. The department's responsibility is to ensure that a lease is not surrendered before appropriate rehabilitation has occurred, thus minimising the likelihood of future environmental risks to government. At this time, the financial impact, if any, cannot be reliably estimated.

30 Budgetary reporting and explanations of major variances

The following is a brief explanation of the major variance between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget ¹ 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits		141 473	147 649	6,176
Supplies and services		123 610	123 890	280
Grants and subsidies	(a)	3 965	42 190	38,225
Depreciation and amortisation		8 796	8 364	(432)
Other expenses		1 107	1 045	(62)
Net loss from the disposal of non-current assets		-	120	120
Borrowing costs		12	-	(12)
Total expenses		278 963	323 258	44,295
Income				
Fees and charges	(b)	203 309	188 975	(14,334)
Commonwealth revenues		130	211	81
Grants		276	1 035	759
Interest		-	2	2
Resources received free of charge		-	101	101
Recoveries from administered items		-	1 079	1,079
Other income		180	2 989	2,809
Total income		203 895	194 392	(9 503)
Net cost of providing services		75 068	128 866	53,798
Revenues from / payments to SA Government				
Revenues from SA Government	(c)	78 456	153 029	74,573
Payments to SA Government		-	(4 836)	(4,836)
Net revenues from SA Government		78 456	148 193	69,737
Net result		3 388	19 327	15 939
Total comprehensive result		3 388	19 327	15 939

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

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

- (a) Unfavourable variance is primarily due to the machinery of government changes for the Resources and Energy group (\$36.5 million), and due to contributions to the South Australian Health and Medical Research Institute (SAHMRI) Wellbeing and Resilience Centre (\$1.4 million).
- (b) Unfavourable variance is primarily due to the reduction in charges to agencies associated with Microsoft software licensing arrangements (\$18.2 million).
- (c) Favourable variance is primarily due to the machinery of government changes for the Resources and Energy Group (\$72.2 million).

Investing expenditure summary	Note	Original budget ¹	Actual	Variance
		2017 \$'000	2017 \$'000	\$'000
Total existing projects	(a)	6 914	4 257	(2,657)
Total annual program	(b)	4 280	2 427	(1,853)
Total investing expenditure		11 194	6 684	(4 510)

- (a) The variance mainly reflects delays associated with hosting facilities and other Central Data Network projects.
- (b) The variance mainly reflects lower than budgeted capital acquisitions.

31 Related party disclosures

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

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

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between the department and other SA Government controlled entities are disclosed at Note 33.

Key Management Personnel

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

	2017 \$'000	2016 \$'000
Salaries and other short term employee benefits	2 170	n/a
Post-employment benefits	210	n/a
Other long-term employment benefits	-	n/a
Termination benefits	54	n/a
Total compensation	2 434	-

Department of the Premier and Cabinet
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Transactions with Key Management Personnel and other related parties

There were no transactions with related parties disclosed by key management personnel.

32 Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	127 258	68 386
Balance as per the Statement of Cash Flows	127 258	68 386
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	61 545	19 208
Less revenues from SA Government	(153 029)	(79 128)
Add payments to SA Government	4 836	2 299
Add/less non-cash Items		
Depreciation and amortisation	(8 364)	(8 104)
Resources received free of charge	101	-
Bad and doubtful debts expense	(47)	-
Net (loss)/gain on disposal of assets	(120)	(690)
Prior period adjustments	37	120
Derecognition of assets	(69)	-
Net transfers from administrative restructures	18 068	(1 653)
Other expenses	27	(445)
Movements in assets and liabilities		
Increase/(decrease) in receivables	11 282	(4 067)
Increase/(decrease) in inventories	157	(15)
(Increase) in payables	(40 832)	(175)
(Increase) in employee benefits	(13 211)	(840)
(Increase) in provisions	(1 474)	(359)
(Increase)/decrease in other liabilities	(7 773)	368
Net cost of providing services	(128 866)	(73 481)

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

33 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	6	8 084	7 338	139 565	131 364	147 649	138 702
Supplies and services	7						
Accommodation		17 159	16 737	1 227	469	18 386	17 206
Telecommunication		380	1	5 385	5 981	5 765	5 982
Staff development and recruitment		295	460	2 173	1 902	2 468	2 362
General administration and consumables		1 933	2 155	9 155	7 954	11 088	10 109
Promotion and marketing		53	194	7 171	3 359	7 224	3 553
Sponsorships and external contributions		15	-	734	846	749	846
Repairs, maintenance and minor equipment purchases		791	564	1 310	538	2 101	1 102
IT and computing charges		427	1 920	26 675	28 555	27 102	30 475
Microsoft licence and support		-	-	1 462	16 545	1 462	16 545
Managed network services		-	-	4 931	5 001	4 931	5 001
Outsourced contracts		821	1	2 080	2 268	2 901	2 269
Contractors		30	-	7 665	1 975	7 695	1 975
Consultants		-	-	5 338	1 844	5 338	1 844
Temporary staff		2	-	12 449	12 320	12 451	12 320
Cost of goods sold		-	1	8	218	8	219
Projects		-	126	191	128	191	254
Intra government transfers		6 628	1 174	-	128	6 628	1 302
Other supplies and services		2 183	417	3 002	1 109	5 185	1 526
Energy supply fuel and lubricants		-	-	1 917	-	1 917	-
RAES Aboriginal Communities infrastructure		-	-	300	-	300	-
Grants and subsidies	8	903	893	41 287	6 078	42 190	6 971
Depreciation and amortisation	9	-	-	8 364	8 104	8 364	8 104
Other Expenses	10						
Doubtful debts		(20)	20	67	-	47	20
Derecognition of assets		-	-	69	425	69	425
Other		929	565	-	279	929	844
Net loss from the disposal of non-current assets	14	-	-	120	690	120	690
Payments to SA Government	16	4 836	2 299	-	-	4 836	2 299
Total expenses		45 449	34 865	282 645	238 080	328 094	272 945

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

	Note	SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Fees and charges	11						
Shared Services SA		89 337	89 872	-	-	89 337	89 872
Service SA		34 350	33 043	-	-	34 350	33 043
Regulatory fees		-	-	7	6	7	6
Fees for services		27 250	29 309	1 671	1 051	28 921	30 360
Microsoft licence and support		-	15 686	-	-	-	15 686
Service provision		10 122	9 436	7 078	6 536	17 200	15 972
Industry license fees		2 428	-	-	-	2 428	-
Sale of goods		1 029	562	565	1 122	1 594	1 684
Mining and petroleum application fees rentals and licences		-	-	6 133	-	6 133	-
Sale of electricity - remote areas		-	-	1 120	-	1 120	-
Other		7 038	6 131	847	809	7 885	6 940
Commonwealth revenue		-	-	211	238	211	238
Grant income	12						
Recurrent grant		542	842	493	-	1 035	842
Resources received free of charge	13	101	-	-	-	101	-
Recoveries from administered items		1 079	1 500	-	-	1 079	1 500
Interest income		-	-	2	1	2	1
Other income	15	453	62	2 536	959	2 989	1 021
Revenues from SA Government	16	153 029	79 128	-	-	153 029	79 128
Total income		326 758	265 571	20 663	10 722	347 421	276 293
Financial assets							
Receivables	18						
Receivables		22 739	14 372	5 868	2 117	28 607	16 489
Prepayments		289	-	2 507	4 230	2 796	4 230
Accrued income		-	402	428	734	428	1 136
Loans		-	-	400	-	400	-
GST receivable		-	-	906	-	906	-
Total financial assets		23 028	14 774	10 109	7 081	33 137	21 855
Financial liabilities							
Payables	23						
Creditors		3 052	2 395	45 791	8 025	48 843	10 420
Accrued expenses		3 545	1 538	-	589	3 545	2 127
Employment on-costs ^A		3 100	2 469	3 572	2 709	6 672	5 178
Paid parental leave scheme		-	-	23	18	23	18
GST payable		-	-	-	508	-	508
Other liabilities	26						
Unearned income		(17)	4	2 547	1	2 530	5
Lease incentive		-	-	900	1 260	900	1 260
Security deposits		-	-	5 608	-	5 608	-
Total financial liabilities		9 680	6 406	58 441	13 110	68 121	19 516

Department of the Premier and Cabinet Notes to and forming part of the Financial Statements

34 Financial Instruments

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The department's exposure to financial risk (liquidity risk, credit risk and a market risk) is low due to the nature of the financial instruments. There have been no changes in risk exposure since the last reporting period.

Liquidity risk

The department is funded principally from appropriations by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 23 for further information.

Credit and market risk

The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department does not engage in high risk hedging for its financial assets.

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Refer to notes 17 and 18 for further information.

There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

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

The carrying amounts of each of the following categories of financial assets and liabilities: loan and receivables; and financial liabilities measured at cost are detailed below:

The department does not recognise any financial assets or liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short term nature of these (refer to notes 18, and 23).

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

Category of financial asset and financial liability	Notes	2017 Carrying amount / Fair Value \$'000	2016 Carrying amount / Fair Value \$'000	2017 Contractual maturities		
				Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	17	127 258	68 386	127 258	-	-
Receivables	18	28 594	16 462	28 594	-	-
Accrued income	18	413	1 105	413	-	-
Loan receivables	18	400	-	-	400	-
Total financial assets		156 665	85 953	156 265	400	-
Financial liabilities						
Creditors	23	51 226	11 088	51 226	-	-
Unearned income	26	1 118	5	1 118	-	-
Other financial liabilities	26	900	1 260	360	540	-
Total financial liabilities		53 244	12 353	52 704	540	-

1. Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government certain rights to receive or pay cash may not be contractual and therefore in these situations the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, etc. they would be excluded from disclosure. The accounting standards define contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
2. Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

35 Remuneration of board and committee members

The department administers a number of boards and committees where members receive or are entitled to receive remuneration for their membership.

Members during the year that were entitled to receive remuneration for membership during the 2017 financial year were:

Remuneration Tribunal

Mr P Alexander

Mr J Lewin

Ms P Martin

Internal Audit and Risk Committee

Ms D Contala* (term expired 30 June 2017)

Mr M Duffy* (resigned 6 February 2017)

Mr D Goodman* (appointed 1 June 2017)

Mr M Gunn* (resigned 1 March 2017)

Mr P Heithersay* (appointed 1 June 2017)

Mr P McMahon* (resigned 6 March 2017)

Ms N Morris* (appointed 1 June 2017)

Mr J Schell* (appointed 1 June 2017)

Ms Y Sneddon (Chair)

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

Economic Development Board (transferred on 1 April 2017)

Mr T Burgess
Ms S Chase
Mr D Garrard
Ms J Glass
Ms L Jacobs
Mr R Kerin
Mr D Knox (Deputy Chair)
Mr D Lloyd
Ms T Monro
Ms L Read
Mr N Roos
Mr J Rungie
Dr D Russell*
Mr R Spencer (Chair)
Mr D Thomas

Minerals and Energy Advisory Council (transferred on 1 April 2017)

Mr J Anderson^
Ms P Carr (Deputy Chair)
Mr D Carter
Mr A Cole^
Mr D Cruickshanks-Boyd
Mr I Gould
Mr G Guglielmo
Mr P Holloway
Ms R Kno^
Ms A Marsland-Smith^
Ms A McCleary
Ms J McGill^
Mr G McKenzie
Mr M Reed^
Mr B Woods^
Mr K Yates (Chair)

Resources Infrastructure Taskforce Steering Committee (transferred on 1 April 2017)

Mr B Carter^ (Chair)
Mr P Heithersay*
Mr D Hogben*

Roxby Down Advisory Reference Group (transferred on 1 April 2017)

This reference group has no members appointed as at 30 June 2017 and is currently under review.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

Technical Advisory Committee (Electrical and Gas) (transferred on 1 April 2017)

Mr A Baehnisch*
 Ms J Burdeniuk^
 Mr A Clarke^
 Mr J Corbett*
 Mr G Cox^
 Mr R Faut* (Chair)
 Mr S Fereday*
 Mr B Jackson^
 Mr R Kluba^
 Mr G Michael^
 Mr R Mignone^
 Mr L Moore^
 Mr P Newman*
 Mr S O'Loughlin^
 Mr S Pisoni^
 Ms M Sanchez^
 Mr P Scudds^
 Mr T Sika*
 Mr G Sorensen^
 Mr R Struve*
 Mr A Szacinski*
 Mr T Tran^
 Mr T Tucker*
 Mr T Volkmann*

* In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

^Indicates a member entitled to remuneration but has elected not to receive payment.

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

	2017	2016
	Number of	Number of
	members	members
\$0 - \$9 999	53	12
\$10 000 - \$19 999	10	2
\$20 000 - \$29 999	5	1
\$30 000 - \$39 999	2	-
Total number of board members	70	15

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$354 000 (\$86 000).

For the year ending 30 June 2017, the department's disclosure regarding boards and committee's remuneration only applies to those boards and committees who were paid by the department. Boards and committees that did not receive remuneration from the department have been excluded from the note disclosure and comparatives adjusted where applicable.

Amounts paid to a superannuation plan for board/committee members was \$28 000 (\$8 000).

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

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.

36 Events after the reporting period

Under a Chief Executive Agreement dated 23 May 2017, certain functions associated with the State Procurement Board would transfer to the department from the Department of Treasury and Finance as from 1 July 2017.

A lease is currently being negotiated between the SA Government and the APY Executive Board for the transfer of control of electricity generation equipment and distribution network assets on the APY Lands. Likewise, lease contracts are likely to be executed in 2017-18 with relevant Aboriginal landholding authorities for the transfer of electricity generation equipment and distribution network assets for Oak Valley and Yalata. The execution of these agreements will result in the recognition of significant electricity infrastructure assets. These assets cannot be reliably measured at the time of this report.

37 Trust fund

Extractive Areas Rehabilitation Fund

The Extractive Areas Rehabilitation Fund transferred to the department from the Department of State Development effective 1 April 2017.

The Extractive Areas Rehabilitation Fund is credited with amounts by way of royalty on extractive minerals and is used for the rehabilitation of land disturbed by extractive mining operations. The funds collected are used to limit damage to any aspect of the environment by such extractive mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to this trust fund for the period 1 April 2017 to 30 June 2017 are as follows:

	2017	2016
	\$'000	\$'000
Operations:		
Revenue	649	-
Expenditure	446	-
Net operating surplus	203	-
Assets:		
Cash at bank	23 686	-
Total assets	23 686	-
Liabilities:		
Liabilities	-	-
Total liabilities	-	-
Net assets	23 686	-
Funds:		
Balance of funds at transfer on 1 April 2017	23 483	-
Net receipts	203	-
Fund balance at 30 June 2017	23 686	-
Commitments in place at 30 June 2017	477	-

Department of the Premier and Cabinet

**Administered Financial
Statements**

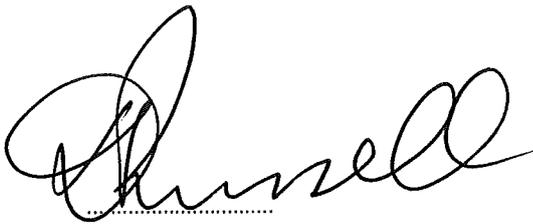
For the year ended 30 June 2017

Department of the Premier and Cabinet Certification of the Administered Financial Statements

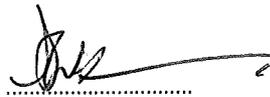
We certify that the attached general purpose financial statements for the Department of the Premier and Cabinet:

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

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



Dr Don Russell
Chief Executive
18 September 2017



Steven Woolhouse FCPA
Chief Finance Officer
18 September 2017

Department of the Premier and Cabinet
Statement of Administered Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Administered expenses			
Employee benefits	A2	534	500
Grants and subsidies	A3	-	249
Intra government transfers	A4	-	142
Supplies and services	A5	2 839	1 701
Disbursements on behalf of third parties	A6	358 929	405 628
Payments to SA Government	A8	65 756	3 502
Total administered expenses		428 058	411 722
Administered income			
Collections on behalf of third parties	A7	358 929	405 628
Royalties		65 754	-
Revenues from SA Government	A8	2 480	2 364
Interest		-	1
Fees and charges		764	-
Total administered income		427 927	407 993
Net result		(131)	(3 729)
Total comprehensive result		(131)	(3 729)

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

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

Department of the Premier and Cabinet
Statement of Administered Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Administered current assets			
Cash and cash equivalents	A9	22 583	4 651
Receivables	A10	11 647	1
Total current assets		<u>34 230</u>	<u>4 652</u>
Total assets		<u>34 230</u>	<u>4 652</u>
Administered current liabilities			
Payables	A11	31 548	1 861
Employee benefits	A12	8	6
Total current liabilities		<u>31 556</u>	<u>1 867</u>
Total liabilities		<u>31 556</u>	<u>1 867</u>
Net assets		<u>2 674</u>	<u>2 785</u>
Equity			
Retained earnings		<u>2 674</u>	<u>2 785</u>
Total equity		<u>2 674</u>	<u>2 785</u>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	A14
Contingent assets and liabilities	A15

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

Department of the Premier and Cabinet
Statement of Administered Changes in Equity
for the year ended 30 June 2017

	Retained earnings	Total
	\$'000	\$'000
Balance at 30 June 2015	6 514	6 514
Net result for 2015-16	(3 729)	(3 729)
Total comprehensive result for 2015-16	(3 729)	(3 729)
Balance at 30 June 2016	2 785	2 785
Net result for 2016-17	(131)	(131)
Total comprehensive result for 2016-17	(131)	(131)
Net assets transferred in as a result of administrative restructures	20	20
Balance at 30 June 2017	2 674	2 674

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

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

Department of the Premier and Cabinet
Statement of Administered Cash Flows
for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Payments to SA Government		(48 560)	(3 502)
Employee benefits		(532)	(497)
Grants and subsidies		-	(249)
Intra government transfers		-	(142)
Supplies and services		(2 078)	(1 719)
Disbursements on behalf of third parties		(359 205)	(405 595)
Cash used in operations		<u>(410 375)</u>	<u>(411 704)</u>
Cash inflows			
Revenues from SA Government		2 480	2 364
Fees and charges		839	12
Collections on behalf of third parties		358 929	405 628
Interest		-	1
Other receipts		54 872	-
Cash generated from operations		<u>417 120</u>	<u>408 005</u>
Net cash provided by (used in) operating activities	A16	<u>6 745</u>	<u>(3 699)</u>
Cash flows from financing activities			
Cash inflows			
Cash transferred in as a result of restructuring activities		11 187	-
Cash provided by financing activities		<u>11 187</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>17 932</u>	<u>(3 699)</u>
Cash and cash equivalents at the beginning of the period		4 651	8 350
Cash and cash equivalents at the end of the period	A9	<u>22 583</u>	<u>4 651</u>

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

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Expenses and Income
for the year ended 30 June 2017

	Special Act Salaries and Allowances		Bank of Tokyo Cultural and Social Exchange		Promotion of the State	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses						
Employee benefits	534	500	-	-	-	-
Grants and subsidies	-	-	-	-	-	249
Intra government transfers	-	-	-	89	-	-
Supplies and services	-	-	-	-	1 894	1 500
Disbursements on behalf of third parties	-	-	-	-	-	-
Payments to SA Government	-	1 024	-	-	-	-
Total administered expenses	534	1 524	-	89	1 894	1 749
Administered income						
Collections on behalf of third parties	-	-	-	-	-	-
Royalties	-	-	-	-	-	-
Revenues from SA Government	550	485	-	-	1 930	1 879
Interest	-	-	-	1	-	-
Fees and charges	-	-	-	-	-	-
Total administered income	550	485	-	1	1 930	1 879
Net result	16	(1 039)	-	(88)	36	130

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Expenses and Income
for the year ended 30 June 2017

	TVSP Scheme		Government Workers Compensation		Service SA Administered	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses						
Employee benefits	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Intra government transfers	-	-	-	53	-	-
Supplies and services	-	-	-	-	-	-
Disbursements on behalf of third parties	-	-	-	-	358 929	405 628
Payments to SA Government	-	3	-	2 475	-	-
Total administered expenses	-	3	-	2 528	358 929	405 628
Administered income						
Collections on behalf of third parties	-	-	-	-	358 929	405 628
Royalties	-	-	-	-	-	-
Revenues from SA Government	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Total administered income	-	-	-	-	358 929	405 628
Net result	-	(3)	-	(2 528)	-	-

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Expenses and Income
for the year ended 30 June 2017

	ODG Administered		Mintabie Administration		Native Title Agreement	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses						
Employee benefits	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Intra government transfers	-	-	-	-	-	-
Supplies and services	1	201	18	-	927	-
Disbursements on behalf of third parties	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total administered expenses	1	201	18	-	927	-
Administered income						
Collections on behalf of third parties	-	-	-	-	-	-
Royalties	-	-	-	-	-	-
Revenues from SA Government	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Fees and charges	-	-	13	-	751	-
Total administered income	-	-	13	-	751	-
Net result	(1)	(201)	(5)	-	(176)	-

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Expenses and Income
for the year ended 30 June 2017

	Royalties		Total	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Administered expenses				
Employee benefits	-	-	534	500
Grants and subsidies	-	-	-	249
Intra government transfers	-	-	-	142
Supplies and services	(1)	-	2 839	1 701
Disbursements on behalf of third parties	-	-	358 929	405 628
Payments to SA Government	65 756	-	65 756	3 502
Total administered expenses	65 755	-	428 058	411 722
Administered income				
Collections on behalf of third parties	-	-	358 929	405 628
Royalties	65 754	-	65 754	-
Revenues from SA Government	-	-	2 480	2 364
Interest	-	-	-	1
Fees and charges	-	-	764	-
Total administered income	65 754	-	427 927	407 993
Net result	(1)	-	(131)	(3 729)

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Assets and Liabilities
as at 30 June 2017

	Special Act Salaries and Allowances		SA Okayama		Promotion of the State		Service SA Administered	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets								
Cash and cash equivalents	(44)	(61)	48	48	3 008	2 803	1 585	1 861
Total assets	(44)	(61)	48	48	3 008	2 803	1 585	1 861
Liabilities								
Payables	-	-	-	-	170	-	1 585	1 861
Employee benefits	8	6	-	-	-	-	-	-
Total liabilities	8	6	-	-	170	-	1 585	1 861

	ODG Administered		Mintable Administration		Native Title Agreement		Royalties	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets								
Cash and cash equivalents	-	-	18	-	270	-	17 698	-
Receivables	-	1	-	-	358	-	11 289	-
Total assets	-	1	18	-	628	-	28 987	-
Liabilities								
Payables	-	-	80	-	775	-	28 938	-
Total liabilities	-	-	80	-	775	-	28 938	-

	Total	
	2017 \$'000	2016 \$'000
Assets		
Cash and cash equivalents	22 583	4 651
Receivables	11 647	1
Total assets	34 230	4 652
Liabilities		
Payables	31 548	1 861
Employee benefits	8	6
Total liabilities	31 556	1 867

Department of the Premier and Cabinet

Notes to and forming part of the Administered Financial Statements

A1 Significant accounting policies

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

Administered Items

The following funds were administered by the department as at 30 June 2017. They do not represent controlled transactions of the department. As such, they are not recognised in the financial statements of the department.

- Special Act Salaries and Allowances
- SA Okayama
- Promotion of the State
- Service SA collections and disbursements
- Office of the Digital Government - Administered
- Mintabie Administration
- Native Title Agreement
- Royalties

Royalties

The department receives royalties levied on minerals and petroleum production on behalf of the State Government. Royalty receipts are collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982*, *Whyalla Steel Works Act 1958*, *Mining Act 1971* and the *Petroleum and Geothermal Energy Act 2000*. Royalty receipts are returned to the Consolidated Account in the month following collection. This activity was transferred from the Department of State Development effective from 1 April 2017.

Native Title Agreement

The department collects revenue via a levy equivalent to 10% of the total royalty payable for relevant royalty payers. This is offset by payments made to Aboriginal Councils in the APY Lands. This activity was transferred from the Department of State Development effective from 1 April 2017.

Mintabie Administration

The Mintabie Township Lease and Lease Agreement came into operation on 1 July 2012, signed by Anangu Pitjantjatjara Yankunytjatjara (APY), the Minister for Aboriginal Affairs and Reconciliation and the Minister for Mineral Resources and Energy. The department administers the residential campsite licensing system and regulation. This activity was transferred from the Department of State Development effective from 1 April 2017.

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A2 Employee benefits

	2017	2016
	\$'000	\$'000
Salaries and wages	517	482
Other employment related expenses	17	18
Total employee benefits	534	500

Remuneration of employees

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

	2017	2016
	number	number
\$507 001 - \$517 000 *	-	1
\$527 001 - \$537 000 *	1	-
Total	1	1

The table includes staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and other salary sacrifice benefits. The total remuneration received by the staff member for the year was \$535 000 (\$516 000).

*The employee on-costs of the staff member were included in the department's controlled financial statements.

A3 Grants and subsidies

	2017	2016
	\$'000	\$'000
Grants and subsidies	-	249
Total grants and subsidies	-	249

A4 Intra government transfers

	2017	2016
	\$'000	\$'000
Other intra-government transfers	-	142
Total intra-government transfers	-	142

A5 Supplies and services

	2017	2016
	\$'000	\$'000
Marketing	1 894	1 500
IT services and computing charges	1	4
Contractors	-	56
Other supplies and services	944	141
Total supplies and services	2 839	1 701

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A6 Disbursements on behalf of third parties

	2017	2016
	\$'000	\$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	345 035	350 227
Expiation notices - South Australia Police	8 092	49 417
Firearms licences - South Australia Police	2 653	2 533
Office of Business and Consumer Affairs	687	753
South Australian Water Corporation	682	897
Emergency Services Levy - South Australian Fire and Emergency Services Commission	865	734
Other	915	1 067
Total disbursements on behalf of third parties	358 929	405 628

A7 Collections on behalf of third parties

	2017	2016
	\$'000	\$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	345 035	350 227
Expiation notices - South Australia Police	8 092	49 417
Firearms licences - South Australia Police	2 653	2 533
Office of Business and Consumer Affairs	687	753
South Australian Water Corporation	682	897
Emergency Services Levy - South Australian Fire and Emergency Services Commission	865	734
Other	915	1 067
Total collections on behalf of third parties	358 929	405 628

A8 Revenues from / payments to SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act Special Acts</i>	1 930	1 879
	550	485
Total revenues from SA Government	2 480	2 364
Payments to SA Government		
Royalties	65 756	-
Surplus cash transferred to the Consolidated account	-	3 502
Total payments to SA Government	65 756	3 502

The original amount appropriated to the department under the annual *Appropriation Act* was not varied in the current or previous financial year.

There was no material variations between the amount appropriated and the expenditure associated with this appropriation.

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A9 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	20 998	2 790
Cash on hand and in transit	1 585	1 861
Total cash and cash equivalents	22 583	4 651

A10 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	363	-
Accrued revenues	11 284	-
Prepayments	-	1
Total current receivables	11 647	1
Total receivables	11 647	1

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of risk.

A11 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	29 960	-
Registration & licensing creditors	1 585	1 861
Unearned revenues	3	-
Total current payables	31 548	1 861
Total payables	31 548	1 861

A12 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Accrued salaries and wages	8	6
Total current employee benefits	8	6
Total employee benefits	8	6

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A13 Transferred functions

Transferred in

Resources and Energy Group – Administered was transferred from the Department of State Development (DSD) to Department of the Premier and Cabinet effective 1 April 2017.

Total income and expenses attributable to Resources and Energy Group - Administered for 2016-17 were:

	Department of State Development July 2016 to March 2017	Department of the Premier and Cabinet April 2017 to June 2017	Total
	\$'000	\$'000	\$'000
<u>Mintabie Administration</u>			
Administered income			
Fees and charges	25	13	38
Total administered income	25	13	38
Administered expenses			
Supplies and services	20	18	38
Total administered expenses	20	18	38
Net result	5	(5)	-
<u>Native Title Agreement</u>			
Administered income			
Fees and charges	2 196	751	2 947
Total administered income	2 196	751	2 947
Administered expenses			
Supplies and services	2 218	927	3 145
Total administered expenses	2 218	927	3 145
Net result	(22)	(176)	(198)
<u>Royalties</u>			
Administered income			
Royalties	148 347	65 754	214 101
Total administered income	148 347	65 754	214 101
Administered expenses			
Supplies and services	-	(1)	(1)
Payments to SA Government	148 347	65 756	214 103
Total administered expenses	148 347	65 755	214 102
Net result	-	(1)	(1)

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

Total

Administered income

Royalties	148 347	65 754	214 101
Fees and charges	2 221	764	2 985
Total administered income	150 568	66 518	217 086

Administered expenses

Supplies and services	2 238	944	3 182
Payments to SA Government	148 347	65 756	214 103
Total administered expenses	150 585	66 700	217 285
Net result	(17)	(182)	(199)

The following assets and liabilities relating to the Resources and Energy Group – Administered were transferred from the Department of State Development (DSD) effective 1 April 2017:

	Mintable Administration \$'000	Native Title Agreement \$'000	Royalty \$'000	Total \$'000
Assets				
Cash	5	(202)	11 384	11 187
Receivables	-	433	406	839
Total assets	5	231	11 790	12 026
Liabilities				
Payables	62	202	11 742	12 006
Total liabilities	62	202	11 742	12 006
Net assets transferred	(57)	29	48	20

A14 Unrecognised contractual commitments

There are no unrecognised contractual commitments as at 30 June 2017.

A15 Contingent Assets and Liabilities

The department is not aware of any contingent assets or liabilities affecting the administered activities of the department as at 30 June 2017.

Department of the Premier and Cabinet
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A16 Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of financial position	22 583	4 651
Cash and cash equivalents disclosed in the statement of cash flows	22 583	4 651
Reconciliation of net cash provided by operating activities to net result of administered items		
Net cash provided by operating activities	6 745	(3 699)
Add/(less) Non-cash Items		
Net transfers from administrative restructures	11,167	-
Movements in assets and liabilities		
Increase/(decrease) in receivables	11 646	(11)
(Increase) in payables	(29 687)	(16)
(Increase) in employee benefits	(2)	(3)
Net cost of providing services	(131)	(3 729)

A17 Events after the reporting date

There are no known events after balance date that affects these financial statements in a material manner.

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A18 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with the SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	A2	-	-	534	500	534	500
Grants and subsidies	A3	-	-	-	249	-	249
Intra government transfers	A4	-	142	-	-	-	142
Supplies and services	A5						
Marketing		-	-	1 894	1 500	1 894	1 500
IT services and computing charges		-	-	1	4	1	4
Contractors		-	-	-	56	-	56
Other supplies and services		-	-	944	141	944	141
Disbursements on behalf of third parties	A6						
Registrations, licences and other fees - DPTI		345 035	350 227	-	-	345 035	350 227
Expiation notices - South Australia Police		8 092	49 417	-	-	8 092	49 417
Firearms licences - South Australia Police		2 653	2 533	-	-	2 653	2 533
Office of Business and Consumer Affairs		687	753	-	-	687	753
South Australian Water Corporation		682	897	-	-	682	897
Emergency Services Levy		865	734	-	-	865	734
Other		915	1 067	-	-	915	1 067
Payments to SA Government	A8	65 756	3 502	-	-	65 756	3 502
Total expenses		424 685	409 272	3 373	2 450	428 058	411 722

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

	Note	SA Government		Non SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Collections on behalf of third parties	A7						
Registrations, licences and other fees - DPTI		-	-	345 035	350 227	345 035	350 227
Expiation notices - South Australia Police		-	-	8 092	49 417	8 092	49 417
Firearms licences - South Australia Police		-	-	2 653	2 533	2 653	2 533
Office of Business and Consumer Affairs		-	-	687	753	687	753
South Australian Water Corporation		-	-	682	897	682	897
Emergency Services Levy		-	-	865	734	865	734
Other		-	-	915	1 067	915	1 067
Royalties		-	-	65 754	-	65 754	-
Revenues from SA Government	A8	2 480	2 364	-	-	2 480	2 364
Interest revenues		-	1	-	-	-	1
Fees and charges		-	-	764	-	764	-
Total Income		2 480	2 365	425 447	405 628	427 927	407 993
Financial assets							
Receivables	A10						
Receivables		-	-	11 647	1	11 647	1
Total financial assets		-	-	11 647	1	11 647	1
Financial liabilities							
Payables	A11						
Creditors		28 742	-	1 218	-	29 960	-
Registration & licensing creditors		1 585	1 861	-	-	1 585	1 861
Unearned revenues		3	-	-	-	3	-
Employee benefits	A12						
Accrued salaries and wages		-	-	8	6	8	6
Total financial liabilities		30 330	1 861	1 226	6	31 556	1 867

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A19 Budgetary reporting and explanations of major variances

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

	Original budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000
Statement of Administered Comprehensive Income			
Administered expenses			
Employee benefits	530	534	4
Supplies and services	17 933	2 839	(15 094)
Disbursements on behalf of third parties (a)	1 463 702	358 929	(1 104 773)
Payments to SA Government	-	65 756	65 756
Total administered expenses	1 482 165	428 058	(1 054 107)
Administered income			
Collections on behalf of third parties (b)	1 479 468	358 929	(1 120 539)
Revenues from SA Government	2 460	2 480	20
Royalties	-	65 754	65 754
Interest	4	-	(4)
Fees and charges	195	764	569
Total administered income	1 482 127	427 927	(1 054 200)
Net result	(38)	(131)	(93)
Total comprehensive result	(38)	(131)	(93)

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

Major variance explanations

- (a) The budget includes payments to the Department of Planning, Transport and Infrastructure (DPTI) and Motor Accident Commission (MAC) for online motor vehicle registration and licensing collections via EzyReg. A decision was however reached that DPC only administer over-the-counter collections (there by excluding online collections which are recorded by DPTI). The budget has not yet been adjusted to reflect this decision.
- (b) The budget includes revenue to DPTI and MAC for online motor vehicle registration and licensing collections via EzyReg. A decision was however reached that DPC only administer over-the-counter collections (thereby excluding online collections which are recorded by DPTI). The budget has not yet been adjusted to reflect this decision.