

Contents

Financial Statements Summary	172	6	Conditions on Contributions	208	
Statement by Department Head	174	7	Appropriations	209	
Independent Auditor's Report	175	8	Acceptance by the Crown Entity of Employee Benefits and other Liabilities	209	
Statement of comprehensive income for the year ended 30 June 2011	177	9	Service Groups of the Agency	210	
Statement of financial position as at 30 June 2011	179	10	Cash and Cash Equivalents	211	
Statement of changes in equity for the year ended 30 June 2011	181	11	Receivables	212	
Statement of cash flows for the year ended 30 June 2011	182	12	Inventories	214	
Service group statements for the year ended 30 June 2011	184	13	Non Current Assets – Property, Plant and Equipment	215	
Summary of compliance with financial directives for the year ended 30 June 2011	194	14	Intangible Assets	216	
Notes to the Financial Statements	196	15	Non Current Assets – Investment Accounted for using the Equity Method	217	
1	Summary of Significant Accounting Policies	196	16	Payables	218
2	Expenses Excluding Losses	204	17	Borrowings	219
3	Revenue	206	18	Provisions	221
4	Gain / (loss) on Disposal	208	19	Other Liabilities	222
5	Other Gains / (losses)	208	20	Commitments for Expenditure	223
			21	Administrative Restructure	224
			22	Contingent Liabilities and Contingent Assets	228
			23	Budget Review	229
			24	Reconciliation of Cash Flows from Operating Activities to Net Cost of Services	229
			25	Financial Instruments	230
			26	Trust Funds	236
			27	Administered Assets and Liabilities	236
			28	Administered Income – Schedule of Uncollected Amounts	237
			29	Victims compensation fund	237
			30	Correctional Medical Services	237
			31	After Balance Date Events	237
			Appendix 1	238	
			AASB 119 – 30 June 2011 Superannuation Position of Department of Attorney General and Justice Basis – AASB 119	238	
			Appendix 2	239	
			AASB 119 Disclosure Items 30 June 2011	239	

Financial Statements

For the year ended 30 June 2011

Financial Statements Summary

Financial Performance

The Department of Attorney General and Justice (DAGJ) entity comprises the financial results of the Attorney General's Division, the Corrective Services NSW Division and the Juvenile Justice NSW Division (since 1 April 2011), and the employee related expenses, revenues, assets and liabilities of the NSW Trustee and Guardian and the Legal Profession Admission Board.

DAGJ prepared its financial statements in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- The requirements of the *Public Finance and Audit Act, 1983* and Regulation
- The Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Operating Result

The operating result for the year ended 30 June 2011 was a surplus of \$70 million, compared with a budgeted surplus of \$87 million.

Revenue

Revenue totalling \$315 million was higher than budget by \$20 million. This was largely due to revenue from the joint venture investment in Law Courts Limited of \$13 million and increased retained fees of \$4 million.

Expenses

Expenditure totalling \$1,985 million was higher than budget by \$140 million, partly due to employee-related expenditure exceeding budget by \$91 million due to increased overtime and structural issues that are still catching up with wage reforms.

Other operating expenses exceeded budget by \$35 million mainly due to an increase in maintenance, facility management fees, property outgoings and catering provisions.

Grants and contributions exceeded budget by \$9 million mainly due to an increase in grants to non-budget dependent agencies.

Assets

Total assets exceeded budget by \$442 million, which was mainly due to a revaluation of properties as at 30 June 2011.

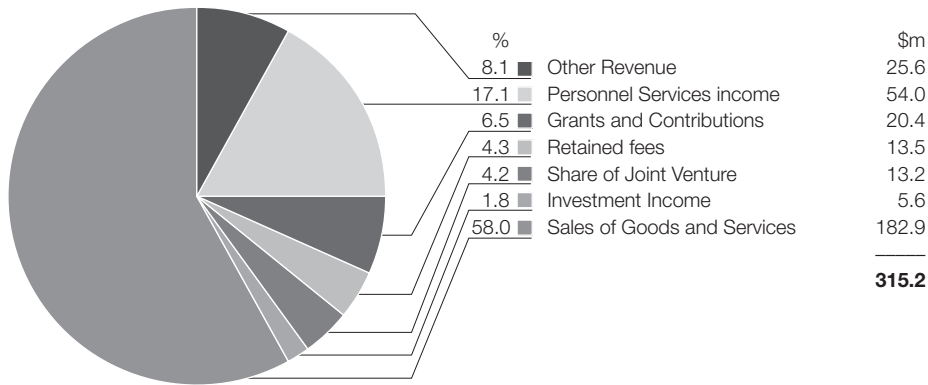
Liabilities

Total liabilities exceeded budget by \$31 million, mainly due to an increase in payables of \$10 million and employee-related provisions of \$34 million, offset by lower other liabilities of \$13 million.

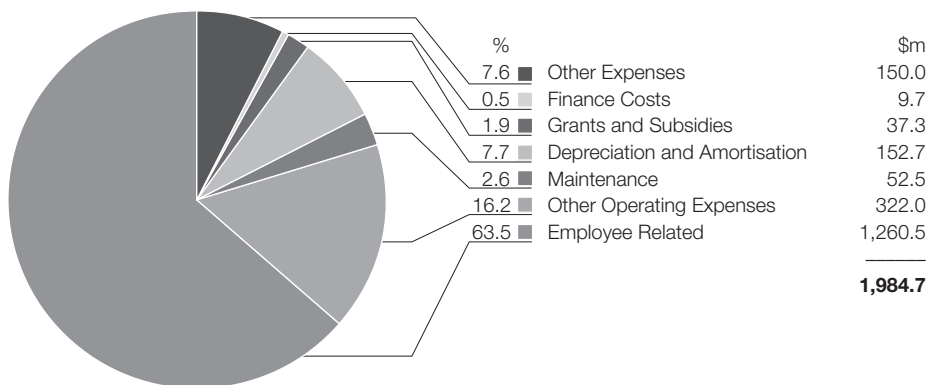
Financial Statements

For the year ended 30 June 2011

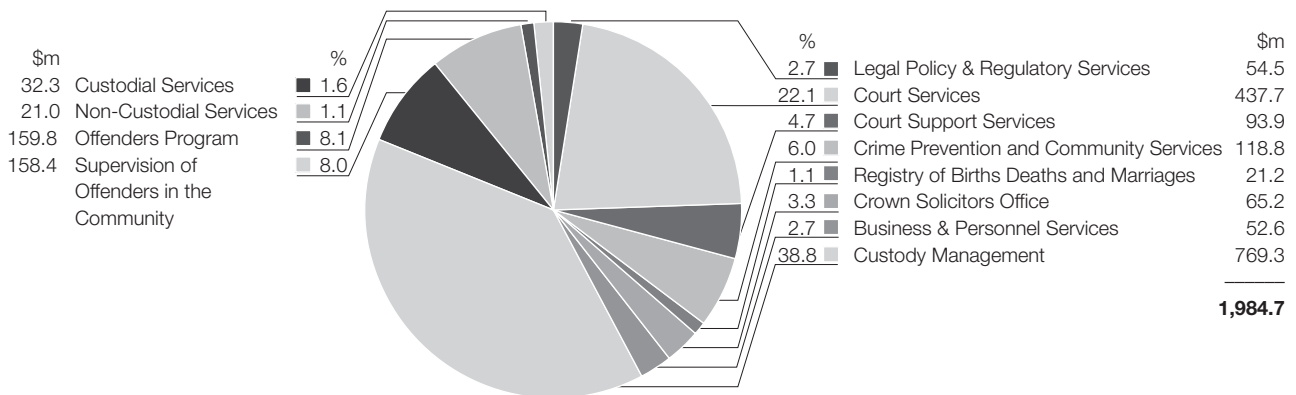
(Income) Where the funds Come From



(Expenditure) How they are spent



Expenditure by Service Group



Financial Statements

For the year ended 30 June 2011

DEPARTMENT OF ATTORNEY GENERAL AND JUSTICE

Financial Statements for the Year ended 30 June 2011

Statement by Department Head

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the Public Finance and Audit Regulation 2010 and the Treasurer's Directions. *Public Finance and Audit Act 1983* (the Act). My responsibility does not extend to an assessment of the assumptions used in the formulating budget figures disclosed in the financial report.
- (b) The financial statements exhibit a true and fair view of the financial position and transactions of the Department for the Year ended 30 June 2011.
- (c) As at the date of this statement, there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Laurie Glanfield

Director General

17 October 2011

Financial Statements

For the year ended 30 June 2011



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Department of Attorney General and Justice

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Department of Attorney General and Justice (the Department), which comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2011, and its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

Department Head's Responsibility for the Financial Statements

The Department Head is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Department Head determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department Head, as well as evaluating the overall presentation of the financial statements.

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

Financial Statements

For the year ended 30 June 2011

My opinion does *not* provide assurance:

- about the future viability of the Department
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Jack Kheir
Director, Financial Audit Services

17 October 2011
SYDNEY

Financial Statements

For the year ended 30 June 2011

Statement of comprehensive income for the year ended 30 June 2011

	Notes	Actual 30 June 2011 \$'000	Budget 30 June 2011 \$'000	Actual 30 June 2010 \$'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	1,260,478	1,169,321	1,188,426
Other operating expenses	2(b)	374,523	340,005	348,755
Depreciation and amortisation	2(c)	152,741	149,706	144,327
Grants and subsidies	2(d)	37,289	28,308	20,750
Finance costs	2(e)	9,727	11,435	9,104
Other expenses	2(f)	149,987	146,006	116,784
Total expenses excluding losses		1,984,745	1,844,781	1,828,146
Revenue				
Sale of goods and services	3(a)	182,923	184,467	183,203
Investment revenue	3(b)	5,589	6,560	4,846
Investment accounted for using the equity method	15	13,174	–	6,108
Retained taxes, fees and fines	3(c)	13,530	9,400	9,520
Grants and contributions	3(d)	20,373	17,490	11,968
Personnel services revenue	3(e)	54,017	59,978	57,652
Other revenue	3(f)	25,634	17,050	22,078
Total Revenue		315,240	294,945	295,375
Gain / (loss) on disposal	4	(3,186)	10	(647)
Other gains / (losses)	5	(8,764)	(2,020)	(5,654)
Net Cost of Services		(1,681,455)	(1,551,846)	(1,539,072)

The accompanying notes form part of these financial statements.

Table continued over page

Financial Statements

For the year ended 30 June 2011

Statement of comprehensive income for the year ended 30 June 2011 (continued)

	Notes	Actual 30 June 2011 \$'000	Budget 30 June 2011 \$'000	Actual 30 June 2010 \$'000
Government Contributions				
Recurrent appropriations	7	1,474,435	1,350,447	1,303,403
Capital appropriations	7	196,058	207,417	161,569
Acceptance by the Crown Entity of employee benefits and other liabilities	8	82,528	81,368	84,196
Transfers to NSW Treasury and Payments to Office of State Revenue		(1,394)	–	(6,820)
Total Government Contributions		1,751,627	1,639,232	1,542,348
SURPLUS / (DEFICIT) FOR THE YEAR		70,172	87,386	3,276
Other comprehensive income				
Net increase / (decrease) in property, plant and equipment asset revaluation reserve		362,497	–	48,399
Net decrease in net assets through equity transfer		(5,745)	–	–
Net change in the asset revaluation reserve arising from a change in the restoration liability		(89)	–	–
Superannuation actuarial losses		(165)	–	(10,030)
Other comprehensive income for the year		356,498	–	38,369
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		426,670	87,386	41,645

The accompanying notes form part of these financial statements.

Financial Statements

For the year ended 30 June 2011

Statement of financial position as at 30 June 2011

	Notes	Actual 30 June 2011 \$'000	Budget 30 June 2011 \$'000	Actual 30 June 2010 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	10	77,961	95,794	48,645
Receivables	11	86,282	53,428	90,932
Inventories	12	11,062	6,945	9,701
Other		–	8,576	–
Total current assets		175,305	164,743	149,278
Non-current assets				
Receivables	11	60,565	49,310	59,836
Property plant and equipment	13			
– Land and Buildings	13	3,160,289	2,967,671	2,550,906
– Plant and Equipment	13	209,358	197,928	198,912
– Finance Lease	13	171,226	–	152,089
Total Property plant and equipment	13	3,540,873	3,165,599	2,901,907
Intangible assets	14	119,061	82,239	91,165
Other		–	1,339	–
Investment accounted for using the equity method	15	129,258	119,953	122,184
Total non-current assets		3,849,757	3,418,440	3,175,091
Total assets		4,025,062	3,583,183	3,324,370
LIABILITIES				
Current liabilities				
Payables	16	121,924	112,308	149,757
Borrowings	17	3,655	3,317	3,007
Provisions	18	190,569	168,245	177,188
Other	19	7,236	13,481	13,999
Total current liabilities		323,384	297,351	343,951

The accompanying notes form part of these financial statements.

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Financial Statements

For the year ended 30 June 2011

Statement of financial position as at 30 June 2011 (continued)

	Notes	Actual 30 June 2011 \$'000	Budget 30 June 2011 \$'000	Actual 30 June 2010 \$'000
Non-current liabilities				
Borrowings	17	91,814	91,836	95,469
Provisions	18	57,276	45,360	55,849
Other	19	–	6,763	–
Total non-current liabilities		149,090	143,959	151,318
Total liabilities		472,474	441,310	495,269
Net assets		3,552,588	3,141,873	2,829,101
EQUITY				
Reserves		410,672	1,358,108	48,399
Accumulated funds		3,141,916	1,783,765	2,780,702
Total Equity		3,552,588	3,141,873	2,829,101

The accompanying notes form part of these financial statements.

Financial Statements

For the year ended 30 June 2011

Statement of changes in equity for the year ended 30 June 2011

	Accumulated Funds	Assets Revaluation	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2010	2,780,702	48,399	2,829,101
Surplus / (deficit) for the year	70,172	-	70,172
Other comprehensive income:			
Net increase / (decrease) in property, plant and equipment	-	362,497	362,497
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	135	(135)	-
Change in the restoration liability	-	(89)	(89)
Superannuation actuarial losses	(165)	-	(165)
Total comprehensive income for the year	70,142	362,273	432,415
Transaction with owners in their capacity as owners			
Administrative restructure	296,820	-	296,820
Decrease in assets from equity transfer	(5,748)	-	(5,748)
Balance at 30 June 2011	3,141,916	410,672	3,552,588
Balance at 1 July 2009	-	-	-
Surplus / (deficit) for the year	3,276	-	3,276
Other comprehensive income:			
Net increase / (decrease) in property, plant and equipment	-	48,399	48,399
Superannuation actuarial losses	(10,030)	-	(10,030)
Total comprehensive income for the year	(6,754)	48,399	41,645
Transaction with owners in their capacity as owners			
Administrative restructure	2,781,849	-	2,781,849
Increase in assets from equity transfer	5,940	-	5,940
Decrease in assets from equity transfer	(333)	-	(333)
Balance at 30 June 2010	2,780,702	48,399	2,829,101

The accompanying notes form part of these financial statements.

Financial Statements

For the year ended 30 June 2011

Statement of cash flows for the year ended 30 June 2011

	Notes	Actual 30 June 2011 \$'000	Budget 30 June 2011 \$'000	Actual 30 June 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(1,187,752)	(1,081,078)	(1,067,850)
Grants and subsidies		(38,487)	(29,293)	(24,492)
Finance costs		(9,692)	(13,871)	(9,104)
Interest paid		–	–	–
Other		(598,958)	(533,813)	(518,768)
Total Payments		(1,834,889)	(1,658,055)	(1,620,214)
Receipts				
Sale of goods and services		185,027	246,432	178,457
Retained taxes, fees and fines		13,358	–	9,232
Interest received		5,227	2,432	4,756
Other		162,268	96,665	98,153
Total Receipts		365,880	345,529	290,628
Cash Flows From Government				
Recurrent appropriation		1,480,253	1,350,959	1,303,293
Capital appropriation (excluding equity appropriations)		196,058	207,510	167,798
Cash reimbursements from the Crown Entity		15,510	–	13,054
Cash transfers to the Consolidated Fund		(12,581)	–	–
Net Cash Flows From Government		1,679,240	1,558,469	1,484,145
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	210,231	245,943	154,559
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		1,331	10	956
Purchases of land and buildings, plant and equipment and infrastructure systems		(194,410)	(174,648)	(162,145)
Other		–	(13,154)	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		(193,079)	(187,792)	(161,189)

Table continued over page

Financial Statements

For the year ended 30 June 2011

Statement of cash flows for the year ended 30 June 2011 (continued)

	Actual 30 June 2011	Budget 30 June 2011	Actual 30 June 2010
Notes	\$'000	\$'000	\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and advances	–	–	4,842
Repayment of borrowings and advances	(3,594)	(3,199)	(2,276)
Transfers to NSW Treasury and OSR	(3,697)	(4,608)	(10,212)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(7,291)	(7,807)	(7,646)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents	48,645	45,450	–
Cash transferred in (out) as a result of administrative restructuring	19,455	–	62,921
CLOSING CASH AND CASH EQUIVALENTS	77,961	95,794	48,645
10			

The accompanying notes form part of these financial statements.

Financial Statements

For the year ended 30 June 2011

Service group statements for the year ended 30 June 2011

Consolidated AGENCY'S EXPENSES AND INCOME	Service Group 1 – Legal Policy and Regulatory Services*		Service Group 2 – Court Services*		Service Group 3 – Court Support Services*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Expenses excluding losses						
Operating expenses						
• Employee related expenses	35,760	33,143	270,658	259,481	63,668	63,686
• Other operating expenses	9,777	9,165	62,472	57,768	14,201	15,216
Operating expenses	45,537	42,308	333,130	317,249	77,869	78,902
Depreciation and amortisation	3,289	3,475	53,245	51,441	7,259	8,121
Grants and subsidies	493	469	2,170	616	–	12
Finance costs	1	1	4,000	3,967	1	2
Other expenses	5,128	3,557	45,128	22,282	8,719	7,870
Total expenses excluding losses	54,448	49,810	437,673	395,555	93,848	94,907
Revenue						
Sale of goods and services	2,302	4,250	99,956	100,322	4,217	6,327
Investment revenue	1,280	726	10,870	6,409	3,894	2,173
Retained taxes, fees and fines	–	–	5	–	–	–
Grants and contributions	4,449	4,303	6,257	3,515	1,209	977
Personnel services revenue	–	–	–	–	–	–
Other revenue	9,923	8,849	7,734	7,814	104	100
Total Revenue	17,954	18,128	124,822	118,060	9,424	9,577
Gain / (loss) on disposal	(109)	31	(784)	(780)	(304)	96
Other gains / (losses)	(496)	–	(3,512)	(5,746)	(1,491)	80
Net Cost of Services	37,099	31,651	317,147	284,021	86,219	85,154
Government contributions**	–	–	–	–	–	–
SURPLUS / (DEFICIT) FOR THE YEAR	(37,099)	(31,651)	(317,147)	(284,021)	(86,219)	(85,154)
Other Comprehensive Income						
Decrease in assets from equity transfer	–	–	–	–	–	–
Increase in assets revaluation reserve	–	–	–	–	–	–
Net change in the restoration liability	–	–	–	–	–	–
Superannuation actuarial losses	9	(77)	167	–	–	(154)
Total Other Comprehensive Income	9	(77)	167	–	–	(154)
TOTAL COMPREHENSIVE INCOME	(37,090)	(31,728)	(316,980)	(284,021)	(86,219)	(85,308)

* The names and purposes of each service group are summarised in Note 9.

Financial Statements

For the year ended 30 June 2011

Service Group 4 – Crime Prevention and Community Services*		Service Group 5 – Registry of Births, Deaths and Marriages*		Service Group 6 – Crown Solicitor’s Office*		Service Group 7 Business and Personnel Services*	
2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000
22,060	18,510	13,893	12,972	34,259	31,703	52,626	51,458
6,105	5,881	5,367	5,816	6,092	5,833	9	9
28,165	24,391	19,260	18,788	40,351	37,536	52,635	51,467
1,678	1,992	1,645	1,552	1,578	1,126	–	–
25,561	13,976	–	–	–	–	–	–
–	–	312	176	–	–	–	–
63,385	62,648	–	–	23,286	18,504	–	–
118,789	103,007	21,217	20,516	65,215	57,166	52,635	51,467
529	309	29,522	25,916	17,601	15,320	–	–
852	491	426	201	494	448	–	–
13,525	9,520	–	–	–	–	–	–
517	238	1,970	–	–	–	–	–
–	–	–	–	–	–	54,017	57,652
572	464	2,759	150	339	(811)	12	–
15,995	11,022	34,677	26,267	18,434	14,957	54,029	57,652
(68)	17	(532)	(11)	(3)	(10)	–	–
(330)	–	(2,858)	5	(77)	7	–	–
103,192	91,968	(10,070)	(5,745)	46,861	42,212	(1,394)	(6,185)
–	–	–	–	–	–	–	–
(103,192)	(91,968)	10,070	5,745	(46,861)	(42,212)	1,394	6,185
(4,432)	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	351	(1,151)	702	(2,549)	(1,394)	(6,099)
(4,432)	–	351	(1,151)	702	(2,549)	(1,394)	(6,099)
(107,624)	(91,968)	10,421	4,594	(46,159)	(44,761)	–	86

Financial Statements

For the year ended 30 June 2011

Service group statements for the year ended 30 June 2011 (continued)

Consolidated AGENCY'S EXPENSES AND INCOME	Service Group 8 – Custody Management*		Service Group 9 Supervision of Offenders in the Community*		Service Group 10 – Offenders Program*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Expenses excluding losses						
Operating expenses						
• Employee related expenses	489,844	475,767	118,454	110,122	126,684	131,584
• Other operating expenses	200,020	196,410	32,214	29,992	24,086	22,665
Operating expenses	689,864	672,177	150,668	140,114	150,770	154,249
Depreciation and amortisation	70,793	66,086	7,145	7,400	3,132	3,134
Grants and subsidies	–	–	–	–	5,370	5,677
Finance costs	5,378	4,958	–	–	–	–
Other expenses	3,245	1,370	540	270	556	283
Total expenses excluding losses	769,280	744,591	158,353	147,784	159,828	163,343
Revenue						
Sale of goods and services	4,128	6,781	608	880	24,060	23,098
Investment revenue	605	399	82	55	80	52
Retained taxes, fees and fines	–	–	–	–	–	–
Grants and contributions	2,369	–	2,397	1,430	125	1,505
Personnel services revenue	–	–	–	–	–	–
Other revenue	1,030	3,905	395	718	235	888
Total Revenue	8,132	11,085	3,482	3,083	24,500	25,543
Gain / (loss) on disposal	–	10	–	–	–	–
Other gains / (losses)	–	–	–	–	–	–
Net Cost of Services	761,148	733,496	154,871	144,701	135,328	137,800
Government contributions**	–	–	–	–	–	–
SURPLUS / (DEFICIT) FOR THE YEAR	(761,148)	(733,496)	(154,871)	(144,701)	(135,328)	(137,800)
Other Comprehensive Income						
Decrease in assets from equity transfer	–	–	–	–	–	–
Increase in assets revaluation reserve	–	–	–	–	–	–
Net change in the restoration liability	–	–	–	–	–	–
Superannuation actuarial losses	–	–	–	–	–	–
Total Other Comprehensive Income	–	–	–	–	–	–
TOTAL COMPREHENSIVE INCOME	(761,148)	(733,496)	(154,871)	(144,701)	(135,328)	(137,800)

* The names and purposes of each service group are summarised in Note 9.

Financial Statements

For the year ended 30 June 2011

Service Group 11 Non custodial Services*		Service Group 12 – Custodial Services*		Not Attributable		Total	
2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
11,400	–	21,172	–	–	–	1,260,478	1,188,426
5,530	–	8,650	–	–	–	374,523	348,755
16,930	–	29,822	–	–	–	1,635,001	1,537,181
982	–	1,995	–	–	–	152,741	144,327
3,178	–	517	–	–	–	37,289	20,750
–	–	–	–	35	–	9,727	9,104
–	–	–	–	–	–	149,987	116,784
21,090	–	32,334	–	35	–	1,984,745	1,828,146
–	–	–	–	–	–	182,923	183,203
–	–	–	–	180	–	18,763	10,954
–	–	–	–	–	–	13,530	9,520
756	–	324	–	–	–	20,373	11,968
–	–	–	–	–	–	54,017	57,652
141	–	287	–	2,103	–	25,634	22,078
897	–	611	–	2,283	–	315,240	295,375
–	–	(1,386)	–	–	–	(3,186)	(647)
–	–	–	–	–	–	(8,764)	(5,654)
20,193	–	33,109	–	(2,248)	–	1,681,455	1,539,072
–	–	–	–	1,751,627	1,542,348	1,751,627	1,542,328
(20,193)	–	(33,109)	–	1,753,875	1,542,348	70,172	3,276
–	–	–	–	(1,313)	–	(5,745)	–
–	–	–	–	362,497	–	362,497	–
(89)	–	–	–	–	48,399	(89)	48,399
–	–	–	–	–	–	(165)	(10,030)
(89)	–	–	–	361,184	48,399	356,498	38,369
(20,282)	–	(33,109)	–	2,115,059	1,590,747	426,670	41,645

Financial Statements

For the year ended 30 June 2011

Service group statements for the year ended 30 June 2011 (continued)

Consolidated AGENCY'S ASSETS AND LIABILITIES	Service Group 1 – Legal Policy and Regulatory Services*		Service Group 2 – Court Services*		Service Group 3 – Court Support Services*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current Assets						
Cash and cash equivalents	1,321	–	10,755	–	4,013	–
Receivables	996	3,442	20,655	26,070	3,721	5,881
Inventories	–	–	–	–	–	–
Financial assets at fair value	–	–	–	–	–	–
Total current assets	2,317	3,442	31,410	26,070	7,734	5,881
Non-current Assets						
Receivables	831	685	6,331	8,071	2,525	2,085
Inventories	–	–	–	–	–	–
Property plant and equipment	–	–	–	–	–	–
Other financial assets	9,616	23,527	1,138,274	923,653	89,334	60,369
Investment accounted for using the equity method	–	–	129,258	122,184	–	–
Intangibles	3,194	2,591	65,203	59,571	2,318	1,364
Total non-current assets	13,641	26,803	1,339,066	1,113,479	94,177	63,818
TOTAL ASSETS	15,958	30,245	1,370,476	1,139,549	101,911	69,699
Current liabilities						
Payables	1,507	5,067	16,485	9,834	4,034	1,579
Borrowings	–	–	2,497	2,414	–	–
Provisions	3,962	4,702	27,387	34,950	10,504	14,329
Other	–	–	–	–	–	–
Total current liabilities	5,469	9,769	46,369	47,198	14,538	15,908
Non-current liabilities						
Borrowings	–	–	27,370	29,867	–	–
Provisions	889	661	7,125	2,739	2,721	1,138
Total non-current liabilities	889	661	34,495	32,606	2,721	1,138
TOTAL LIABILITIES	6,358	10,430	80,864	79,804	17,259	17,046
NET ASSETS	9,600	19,815	1,289,612	1,059,745	84,652	52,653

* The names and purposes of each service group are summarised in Note 9.

Financial Statements

For the year ended 30 June 2011

Service Group 4 – Crime Prevention and Community Services*		Service Group 5 – Registry of Births, Deaths and Marriages*		Service Group 6 – Crown Solicitor’s Office*		Service Group 7 Business and Personnel Services*	
2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000
878	–	6,243	9,463	9,455	8,161	–	–
4,533	5,072	5,876	2,860	15,091	16,254	19,291	18,677
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
5,411	5,072	12,119	12,323	24,546	24,415	19,291	18,677
15,674	15,449	(5,084)	(5,263)	1,462	729	38,826	38,080
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
6,352	16,459	8,607	8,166	2,509	2,625	–	–
–	–	–	–	–	–	–	–
352	298	13,158	11,492	2,705	3,056	–	–
22,378	32,206	16,681	14,395	6,676	6,410	38,826	38,080
27,789	37,278	28,800	26,718	31,222	30,825	58,117	56,757
15,425	19,988	680	1,162	2,218	1,278	1,182	18,677
–	–	500	–	–	–	–	–
2,302	3,235	4,930	7,308	8,049	9,871	18,594	–
–	–	–	–	–	–	–	–
17,727	23,223	6,110	8,470	10,267	11,149	19,776	18,677
–	–	5,300	5,800	–	–	–	–
995	–	272	5,644	5,663	7,470	38,341	38,197
995	–	5,572	11,444	5,663	7,470	38,341	38,197
18,722	23,223	11,682	19,914	15,930	18,619	58,117	56,874
9,067	14,055	17,118	6,804	15,292	12,206	–	(117)

Financial Statements

For the year ended 30 June 2011

Service group statements for the year ended 30 June 2011 (continued)

Consolidated AGENCY'S ASSETS AND LIABILITIES	Service Group 8 – Custody Management*		Service Group 9 Supervision of Offenders in the Community*		Service Group 10 – Offenders Program*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current Assets						
Cash and cash equivalents	22,771	6,466	4,631	1,281	4,069	1,220
Receivables	2,393	8,623	325	1,180	9,141	2,873
Inventories	–	–	–	–	11,062	9,701
Financial assets at fair value	–	–	–	–	–	–
Total current assets	25,164	15,089	4,956	2,461	24,272	13,794
Non-current Assets						
Receivables	–	–	–	–	–	–
Inventories	–	–	–	–	–	–
Property plant and equipment	–	–	–	–	–	–
Other financial assets	1,758,031	1,785,352	168,482	65,452	62,764	16,304
Investment accounted for using the equity method	–	–	–	–	–	–
Intangibles	17,875	9,240	3,287	1,820	3,219	1,733
Total non-current assets	1,775,906	1,794,592	171,769	67,272	65,983	18,037
TOTAL ASSETS	1,801,070	1,809,681	176,725	69,733	90,255	31,831
Current liabilities						
Payables	53,222	75,431	9,499	9,135	6,862	7,606
Borrowings	658	593	–	–	–	–
Provisions	70,291	66,790	15,837	14,928	15,802	21,075
Other	1,253	13,108	120	637	45	254
Total current liabilities	125,424	155,922	25,456	24,700	22,709	28,935
Non-current liabilities						
Borrowings	59,144	59,802	–	–	–	–
Provisions	–	–	–	–	–	–
Total non-current liabilities	59,144	59,802	–	–	–	–
TOTAL LIABILITIES	184,568	215,724	25,456	24,700	22,709	28,935
NET ASSETS	1,616,502	1,593,957	151,269	45,033	67,546	2,896

* The names and purposes of each service group are summarised in Note 9.

** Appropriations are made on an agency basis and not to individual service groups. The total appropriation totalling \$1,751.627 million comprises \$562.824 million made to the Attorney General's Division, \$1,137.306 million to the Corrective Services NSW Division and \$51.497 million to the Juvenile Justice NSW Division.

Financial Statements

For the year ended 30 June 2011

Service Group 11 Non custodial Services*		Service Group 12 – Custodial Services*		Not Attributable		Total	
2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
–	–	247	–	13,825	22,054	77,961	48,645
205	–	–	–	3,808	–	86,282	90,932
–	–	–	–	–	–	11,062	9,701
–	–	247	–	–	–	–	–
205	–	–	–	17,633	22,054	175,305	149,278
–	–	–	–	–	–	60,565	59,836
–	–	–	–	–	–	–	–
–	–	292,567	–	–	–	–	–
4,337	–	–	–	–	–	3,540,873	2,901,907
–	–	4,882	–	–	–	129,258	122,184
2,868	–	297,449	–	–	–	119,061	91,165
7,205	–	297,696	–	–	–	3,849,757	3,175,092
7,410	–	–	–	17,633	22,054	4,025,062	3,324,370
4,000	–	6,810	–	–	–	121,924	149,757
–	–	–	–	–	–	3,655	3,007
4,706	–	8,012	–	193	–	190,569	177,188
–	–	–	–	5,818	–	7,236	13,999
8,706	–	14,822	–	6,011	–	323,384	343,951
–	–	–	–	–	–	91,814	95,469
30	–	52	–	1,188	–	57,276	55,849
30	–	52	–	1,188	–	149,090	151,318
8,736	–	14,874	–	7,199	–	472,474	495,269
(1,326)	–	282,822	–	10,434	22,054	3,552,588	2,829,101

Financial Statements

For the year ended 30 June 2011

Service group statements for the year ended 30 June 2011 (continued)

ADMINISTERED EXPENSES AND INCOME	Service Group 1 – Legal Policy and Regulatory Services*		Service Group 2 – Court Services*		Service Group 3 – Court Support Services*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Transfer payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfer receipts	-	-	-	-	-	-
Consolidated Fund	-	-	-	-	-	-
• Taxes, fees and fines	-	-	23,117	33,303	-	-
• Other	-	-	-	-	-	-
Administered Income less Expenses	-	-	23,117	33,303	-	-

ADMINISTERED EXPENSES AND INCOME	Service Group 8 – Custody Management*		Service Group 9 Supervision of Offenders in the Community*		Service Group 10 – Offenders Program*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Transfer payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfer receipts	-	-	-	-	-	-
Consolidated Fund	-	-	-	-	-	-
• Taxes, fees and fines	-	-	-	-	-	-
• Other	-	-	-	-	-	-
Administered Income less Expenses	-	-	-	-	-	-

Administered assets and liabilities are disclosed in Note 27

Administered income is disclosed in Note 28

Financial Statements

For the year ended 30 June 2011

Service Group 4 – Crime Prevention and Community Services*		Service Group 5 – Registry of Births, Deaths and Marriages*		Service Group 6 – Crown Solicitor’s Office*		Service Group 7 Business and Personnel Services*	
2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000
-	-	-	-	-	-	-	7,344
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(7344)

Service Group 11 Non custodial Services*		Service Group 12 – Custodial Services*		Not Attributed		Total	
2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000	2011 \$’000	2010 \$’000
-	-	-	-	-	-	-	7,344
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,117	33,303
-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,117	25,959

Financial Statements

For the year ended 30 June 2011

Summary of compliance with financial directives for the year ended 30 June 2011

Consolidated	2011			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE				
• Appropriation Act – Attorney General's Division	460,722	470,976	52,739	50,204
• Appropriation Act – Corrective Services NSW Division	851,332	967,756	131,292	130,699
• Additional Appropriations – Attorney General's Division	17,954	–	2,147	–
• Additional Appropriations – Corrective Services NSW Division	115,013	–	2,675	–
• Additional Appropriations – Juvenile Justice NSW Division	22	–	–	–
• s 24 PF&AA – transfers of functions between departments – Attorney General's Division	2,690	–	–	–
• s 24 PF&AA – transfers of functions between departments – Juvenile Justice NSW Division	38,537	37,881	12,806	15,155
• s 24 PF&AA – transfers of functions between departments – Juvenile Justice NSW Division	–	–	2,350	–
• s 26 PF&AA – Commonwealth specific purpose payments – Corrective Services NSW Division	480	–	–	–
• s 45 transfer to another agency	(512)	–	–	–
	1,486,238	1,476,613	204,009	196,058
OTHER APPROPRIATIONS / EXPENDITURE				
• Treasurer's Advance – Attorney General's Division	974	–	–	–
• Treasurer's Advance – Corrective Services NSW Division	931	–	–	–
• Adjustment as per Treasurer's Advice – former AGD				
• Transfers to/from another agency (s28 of the Appropriation Act) – former AGD				
• Transfers to/from another agency (s28 of the Appropriation Act) – former CSNSW				
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	1,488,143	1,476,613	204,009	196,058
Amount draw down against Appropriation		1,482,431		196,058
Liability to Consolidated Fund*		(5,818)		–

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed). With regard to Juvenile Justice NSW Division, a corresponding Section 24 capital appropriation is embedded with the Department of Human Resources.

* The Liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund". The Department has identified individual appropriation by Minister and activity. The Liability to Consolidated Fund relates to the former Department of Corrective Services.

Financial Statements

For the year ended 30 June 2011

2010			
Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
\$'000	\$'000	\$'000	\$'000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
414,130	414,130	41,877	38,166
804,690	804,690	130,245	123,403
-	-	-	-
-	-	5,739	-
-	-	-	-
1,218,820	1,218,820	177,861	161,569
26,070	21,842	-	-
27	27	-	-
(6)	-	(3,657)	-
(4,222)	-	-	-
70,726	70,058	-	-
1,311,415	1,310,747	174,204	161,569
-	1,310,747	-	174,150
-	-	-	(12,581)

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Department of Attorney General and Justice (previously the Department of Justice and Attorney General up to 4 April 2011), as a reporting entity (refer Note 1 (o)) incorporates the financial results of the former Department, comprising the Attorney General's Division, including the Attorney General's business centres (including the Crown Solicitor's Office and the Registry of Births, Deaths and Marriages, and the employee related (ER) expenses, ER revenues, ER assets and ER liabilities of the NSW Trustee and Guardian, the Office of the Public Guardian and the Legal Profession Admission Board) and the Corrective Services NSW Division, including Corrective Services Industries. Due to the Administrative Restructure of 4 April 2011, the Department of Attorney General and Justice also includes the financial results from 1 April 2011 onwards of the former Department of Juvenile Justice, now called Juvenile Justice NSW, and the Guardianship Tribunal. On 31 December 2010, Privacy NSW was transferred by the Department to the Information and Privacy Commission, as directed by the NSW State Government.

In the process of preparing the financial statements for the economic entity consisting of the reporting divisions, all inter-entity transactions and balances have been eliminated.

The Department of Attorney General and Justice is a NSW government department. The Department is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2011 have been authorised for issue by the Director General, after recommendation by the Audit and Risk Committee on 17 October 2011.

(b) Basis of preparation

The Department's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, except for the detailed actuarial reports on superannuation provided by Pillar Administration, which are reported in single Australian dollars (refer Note 32) and for details of a US dollar bank account held outside of the public monies accounts (refer Note 26).

The accrual basis of accounting and all applicable accounting standards have been adopted.

(c) Statement of compliance

The Department's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered activities

The Department administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Department's own objectives.

Transactions and balances relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Assets and Liabilities" and "Administered Income" in Notes 27 and 28 respectively.

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the Department obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. The reconciliation between the Statement of Comprehensive Income, the Statement of Summary of Compliance with Financial Directives and the total appropriations is shown in Note 7.

Notes to the Financial Statements

For the year ended 30 June 2011

An exception to the above is when unspent appropriations at year-end are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund in the following year.

The liability is disclosed in Note 19 as part of 'Current liabilities – Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Department transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion.

(iv) Retained Fees

Retained fees comprise monies due from individuals relating to matters dealt with by the Victims Compensation Tribunal, monies due from the confiscation of crime proceeds and levies raised by the Courts on perpetrators of acts of violence. The revenue is recognised when restitution orders are made or confirmed by the Tribunal or when payment arrangements between the Director or Registrar and defendants are entered into.

(v) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 "Leases" on a straight line basis over the lease term.

(vi) Grants and Contributions

Grants and contributions comprise monies received from outside entities, including budget sector agencies, relating to specific services provided by the Department. These monies are recognised as income when the Department gains control over them, irrespective of whether restrictions or conditions are imposed on their use.

(vii) Other Revenue

Other revenue comprises monies received from outside entities not categorised in the revenue headings mentioned above. The revenue is recognised when the fee in respect of services provided is receivable.

(f) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

(g) Insurance

The Department's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(h) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office 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.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(i) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* 1(i).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Department revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2011.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Department is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. However, impairment testing of plant and equipment was undertaken as part of the annual stocktake process. Property and intangibles works in progress were also tested for impairment.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

The depreciation / amortisation rates used for each class of assets are as follows:

Notes to the Financial Statements

For the year ended 30 June 2011

Property, plant and equipment	30 June 2011 % Rate
Land and Buildings	
Buildings at Valuation	Estimated useful life
Buildings at Cost	2
Air conditioning	10
Finance lease	Over term of finance lease
Plant and Equipment	
Make good assets	Over term of operating lease
Computer equipment, Voice and Data Communications	25
Desktop PCs	20
Furniture and fittings	10
Correctional centre equipment, including CCTV, and industrial plant and equipment used by Corrective Services Industries	10
Other Plant and equipment	20
Leashold Improvements	Over Term of the Lease
Transport equipment	14.3
Intangible assets	
Software	25
Software – major projects	10

(vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(vii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated. Maintenance costs include an amount of \$0.74 million concerning heritage program services provided free of charge by the Department of Commerce.

(viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(ix) Intangible assets

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the Department and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Department's intangible assets are amortised using the straight line method over a period from four to ten years.

In general, intangible assets are tested for impairment on an annual basis. AASB 136 *Impairment of Assets* requires the Department to assess the Justicelink project annually by comparing its carrying amount with its recoverable amount. Impairment testing was undertaken and the carrying amount was considered to reflect its recoverable amount. This reflects the Department's best estimate of the probable economic benefits that the Department will receive at the time when the receivable arises.

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(x) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

With regard to Victims Compensation Fund debtors and Criminal Injury Compensation debtors, the rationale for recognising debt is based on average cash receipts over a five year period to 30 June 2011.

With regard to certain Court debtors held at the State Debt Recovery Office, the rationale for recognising debt is based on average cash receipts over a five year period to 30 June 2011.

(xi) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or "first in first out" method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the agency would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through the statement of comprehensive income, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

Any reversals of impairment losses are reversed through the surplus / (deficit) for the year, where there is objective evidence. Reversal of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) Trust funds including Inmate Funds

The Department receives monies in a trustee capacity for various trusts as set out in Note 26. As the Department performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Department's own objectives, these funds are not recognised in the financial statements.

(j) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Department and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

All loans are recognised at amortised cost using the effective interest rate method.

The finance lease liability is determined in accordance with AASB 117 *Leases*.

(iii) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder (the Department) for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Department is the holder of one financial guarantee which is disclosed as a contingent asset in Note 22.

Notes to the Financial Statements

For the year ended 30 June 2011

(iv) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds are used to discount long-term annual leave. However, for the 30 June 2011 financial statements, long-term annual leave has been valued using the net present value method.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

The Department's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity, with the exception of the former Compensation Court (closed in December 2003), the costs of which are recouped from the Workcover Authority; the Residual Court, the costs of which are recouped from Coal Services Pty Ltd; the Dust Diseases Tribunal, the costs of which are recouped from the Dust Diseases Board; the Legal Services Tribunal, the Legal Professional Advisory Council and the Office of the Legal Services Commissioner, the costs of which are recouped from the Public Purpose Fund, administered by the NSW Law Society. Liabilities for long service leave and superannuation in respect of the Crown Solicitor's Office, the Registry of Births,

Deaths and Marriages, the NSW Trustee and Guardian and the Legal Profession Admission Board are not assumed by the Crown Entity. The Department accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 11/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The Crown Solicitor's Office, the Registry of Births, Deaths and Marriages, the NSW Trustee and Guardian, the Office of the Public Guardian and the Legal Profession Admission Board contribute to the NSW Non Budget Long Service Leave Pool Account held by NSW Treasury. The Treasury "pool" account administers the Long Service Leave Provision for agencies and commercial activities whose liabilities were previously assumed by the Crown Entity due to being part of the Budget Sector. Contributions made to NSW Treasury are included in Employee Related Expenses. The Department recognises a receivable amount from the LSL Pool.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Other provisions

Other provisions exist when: the Department has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(k) Equity and reserves

(i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the revaluation of property, plant and equipment as discussed in 1(i)(iii)

(ii) Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve and foreign currency translation reserve).

(l) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and 'equity appropriations' (refer Note 1(e)(i)) are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

(m) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and / or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the statements of comprehensive income and the statements of cash flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the statement of financial position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than carried forward estimates).

(n) Interest in Joint Venture – Law Courts Limited

The Department has recognised, at the direction of NSW Treasury, an investment in Law Courts Limited, which is an entity jointly controlled by the NSW State Government and the Australian Federal Government, and equity accounted for in accordance with AASB 131 *Interests in Joint Ventures*. Law Courts Limited is located at Level 3, Law Courts Building, Queen's Square, Sydney, NSW 2000, and its principal activity is the provision of accommodation for Courts, Court Registries and support services at a standard that is suitable and available for occupation. The NSW State Government's investment comprises 52.5% of the net assets of Law Courts Limited (refer Note 15). Both Governments, however, have equal representation on the Board of Directors and in the membership of Law Courts Limited, with all decisions requiring unanimous consent.

(o) Administrative Restructure

On 4 April 2011, the Department of Justice and Attorney General changed its name to the Department of Attorney General and Justice as required by the Public Sector Employment and Management (Departments) Order 2011 No 184. In addition, the former Department of Juvenile Justice and the Guardianship Tribunal were transferred from the Department of Human Services and the Department of Ageing, Disability and Home Care Services respectively and incorporated within the Department of Attorney General and Justice with effect from 1 April 2011. The financial results of these entities are included in the financial results of the Department of Attorney General and Justice from 1 April 2011 onwards. On 31 December 2010, the Department transferred Privacy NSW to the Information and Privacy Commission in accordance with NSW Government instructions. The above transfers have been made in accordance with NSW Treasury's Accounting Policy TPP 09-3, Contributions by owners made to wholly-owned Public Sector Agencies, with regard to transfers effected by Public Sector Employment and Management Orders.

Note 21 includes comparative statements of comprehensive income for the transferred function of the former Department of Juvenile Justice and discloses the assets and liabilities transferred.

This is an administrative restructure, which is treated as a contribution by owners and recognised as an adjustment to Accumulated Funds. The transfers are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure, which approximates fair value.

Notes to the Financial Statements

For the year ended 30 June 2011

(p) New Australian Accounting Standards issued but not effective

The following relevant Accounting Standards have not been applied and are not yet effective.

- AASB 9 and AASB 2009-11 regarding Financial Instruments (effective date 1 January 2013)
- AASB 124 and AASB 2009-12 Related Party Disclosures (effective date 1 January 2011)
- AASB 2009-14 Prepayments of a Minimum Funding Requirement
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective date 1 July 2013)
- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Projects (effective date 1 January 2011)
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective date 1 January 2011).

In the current year, the Department has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial statements. Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. The Department did not early adopt any new accounting standards that are not yet effective. The Department has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

Notes to the Financial Statements

For the year ended 30 June 2011

2 Expenses Excluding Losses

	30 June 2011	30 June 2010
	\$'000	\$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	1,019,722	950,875
Superannuation – defined benefit plans	42,920	47,264
Superannuation – defined contribution plans	63,923	57,940
Long service leave	36,514	39,324
Workers' compensation insurance	28,391	25,378
Payroll tax and fringe benefits tax	67,159	64,358
Redundancy Payments	1,839	3,287
Other	10	–
	1,260,478	1,188,426
(b) Other operating expenses include the following:		
Advertising	66	–
Auditor's Remuneration – audit of the financial statements	725	727
Auditor's Remuneration – Internal	666	700
Rental Expenses Relating to Buildings	30,618	31,172
Consultancy costs	1,027	806
Contract payments	2,433	–
Fees for services rendered	14,373	11,897
Insurance	8,549	8,382
Operating Lease rental	11	74
Property and Plant Outgoings	41,026	34,699
Minor equipment purchases	523	60
Motor vehicle expenses	20,716	20,226
Inmate Education and Welfare	20,875	27,001
Rates and charges	7,593	–
Catering – Inmates and Juveniles	23,712	22,402
Stores, stationery and materials	3,436	3,136
Training (staff development)	361	–
Transcription, Translation and Interpreter Services	822	817
Prison Hospital Service Fee	2,009	1,147
Out Sourced Services	2,849	1,111
Publications	3,907	4,033
Correctional Centre Management	62,379	50,677
Corrective Services Industries	15,629	11,815
Staff Uniforms, Travel and Development	19,136	19,905
Telecommunications	13,756	14,531
Licenses	312	–
Forum Costs	86	–
General Administration	24,439	25,646
Maintenance		
Repairs and routine maintenance*	52,489	50,681
	374,523	348,755
<i>* Reconciliation – Total maintenance</i>		
Maintenance expense – contracted labour and other (non-employee related), as above	52,489	50,681
Employee related maintenance expense included in Note 2(a)	–	–
Total maintenance expenses included in Note 2(a) + 2(b)	52,489	50,681

Notes to the Financial Statements

For the year ended 30 June 2011

2 Expenses Excluding Losses (continued)

	30 June 2011	30 June 2010
	\$'000	\$'000
(c) Depreciation and amortisation expense		
Depreciation		
Buildings	73,600	69,079
Plant and Equipment	57,342	61,385
Infrastructure Systems	294	–
Leased Assets	1,265	1,148
Total Depreciation	<u>132,501</u>	<u>131,612</u>
Amortisation		
Leasehold improvements	4,233	3,833
Intangibles	16,007	8,882
Total Amortisation	<u>20,240</u>	<u>12,715</u>
Total depreciation and amortisation	<u>152,741</u>	<u>144,327</u>
(d) Grants and subsidies		
Religious Attendance on Inmates	2,538	2,446
Corrective Services NSW Division – After Care	3,596	3,231
Other Grants	3,070	2,509
Grants to Other Organisations	4,829	6,814
Contributions to Other Bodies	644	1,489
Grants Non-Budget Dependent Agencies	7,935	2,344
Grants Budget Dependent Agencies	3,453	1,917
Juvenile Justice NSW Division Grants	3,696	–
Grants to NSW Trustee and Guardian	7,528	–
	<u>37,289</u>	<u>20,750</u>
(e) Finance costs		
Finance lease interest charges	9,374	8,918
Other borrowing costs	353	186
	<u>9,727</u>	<u>9,104</u>
(f) Other expenses		
Other	811	598
Managed Fund Hindsight Adjustments	3,950	1,452
Ex Gratia Payments	14	17
Legal Costs	4,733	4,723
Contribution to Law Courts Limited	40,842	18,091
Arbitration Fees and Inquest Fees	4,255	4,173
Jury Costs	8,707	7,872
CSO Disbursements	23,290	17,208
Victims Compensation Costs	63,385	62,650
	<u>149,987</u>	<u>116,784</u>

Notes to the Financial Statements

For the year ended 30 June 2011

3 Revenue

	\$'000	\$'000
(a) Sale of goods and services		
Corrective Services Industries	23,303	21,934
Canteen Sales	1,181	1,405
Certificates	29,875	30,501
Rent of Premises	440	372
Minor Usage Charges	3,872	7,048
Family Law Court Fees	419	637
Sheriff's Fees	1,699	3,953
Other Fees	825	4,580
Legal Fees	17,601	16,181
Transcription Services	3,233	4,336
Sale of Publications	42	47
Management Fees	4,084	2,739
Other Court Fees	35,990	35,559
Filing Fees	20,034	14,621
Filing Fees Probate	24,350	22,231
Statement of Claims	15,975	17,059
	182,923	183,203
(b) Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss	1,860	1,199
Rents	2,809	2,998
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	920	649
	5,589	4,846

Notes to the Financial Statements

For the year ended 30 June 2011

3 Revenue (continued)

	30 June 2011	30 June 2010
	\$'000	\$'000
(c) Retained taxes, fees and fines		
Restitution Orders Raised	4,255	4,271
Confiscation Proceeds of Crime	1,316	902
Victims Compensation Levies	7,959	4,347
	13,530	9,520
(d) Grants and contributions		
Department of Health	1,506	1,469
Grants from Other Agencies	2,082	488
Department of Community Services	449	156
Department of Education and Training	649	405
Contributions from Dust Diseases Board	4,440	7,652
Roads and Traffic Authority	850	850
Other	10,397	948
	20,373	11,968
(e) Personnel services revenue		
Personnel services revenue from statutory bodies (NSW Treasury Circular TC 06/13)	54,017	57,652
	54,017	57,652
(f) Other revenue		
Forgiveness of liabilities	152	3,802
Sundry income	6,282	968
Other Miscellaneous	1,509	1,709
Commission	106	88
SES and Judicial MV Contributions	2,346	2,670
Law Society Contributions	10,773	8,603
Services Provided	4,466	3,874
Recovery of Amortisation	-	364
	25,634	22,078

Notes to the Financial Statements

For the year ended 30 June 2011

4 Gain / (loss) on Disposal

	30 June 2011	30 June 2010
	\$'000	\$'000
Gain / (loss) on disposal of land and buildings, plant and equipment		
Proceeds from disposal	1,331	5,456
Written down value of assets disposed	(4,517)	(6,103)
Net gain / (loss) on disposal of plant and equipment	(3,186)	(647)

5 Other Gains / (losses)

	30 June 2011	30 June 2010
	\$'000	\$'000
Gain / (loss) on impairment	(2,665)	(1,777)
Decrease in assets accounted for under equity accounting method	(6,099)	(3,877)
Total other gains / (losses)	(8,764)	(5,654)

6 Conditions on Contributions

- There were contributions of \$5.3 million recognised as revenue during the financial year, which were obtained for expenditure in previous years.
- There were contributions of \$0.78 million recognised as revenue during the previous financial year, which were obtained for expenditure in respect of the current financial year.

Contributions received have been for specific rehabilitation objectives. Funds can only be expended on these programs over the nominated period, any balance outstanding is refundable.

Notes to the Financial Statements

For the year ended 30 June 2011

7 Appropriations

	30 June 2011	30 June 2010
	\$'000	\$'000
Recurrent appropriations		
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance) – Attorney General's Division	476,610	435,972
Total recurrent Non Cash drawdowns from NSW Treasury – Attorney General's Division	(2,178)	–
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance) – Corrective Services NSW Division	967,756	874,775
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance) – Juvenile Justice NSW	38,065	–
Less: Liability to Consolidated Fund (per Summary of Compliance) – Attorney General's Division and Juvenile Justice NSW Division	5,818	–
	1,474,435	1,310,747
Comprising:		
Recurrent appropriations (per Statement of Comprehensive Income)	1,474,435	1,303,403
Transfer Payments	–	7,344
	1,474,435	1,310,747
Capital appropriations		
Total capital drawdowns from NSW Treasury (per Summary of Compliance) – Attorney General's Division	50,204	38,166
Total capital drawdowns from NSW Treasury (per Summary of Compliance) – Corrective Services NSW Division	130,699	135,984
Total capital drawdowns from NSW Treasury (per Summary of Compliance) – Juvenile Justice NSW Division	15,155	–
	196,058	161,569
Comprising:		
Capital appropriations (per Statement of Comprehensive Income)	196,058	161,569
	196,058	161,569

8 Acceptance by the Crown Entity of Employee Benefits and other Liabilities

	30 June 2011	30 June 2010
	\$'000	\$'000
Superannuation – defined benefit	44,506	45,072
Long service leave	35,544	36,568
Payroll tax	2,478	2,556
	82,528	84,196

Notes to the Financial Statements

For the year ended 30 June 2011

9 Service Groups of the Agency

(a) Service Group 1 – Legal Policy and Regulatory Services

Objective: To provide advice to Government on law and justice and the development and implementation of legislation, legal reforms, evidence-based policies and justice programs.

(b) Service Group 2 – Court Services

Objective: To cover the administration of NSW Courts, Tribunals and Community Justice Centres with a contribution to the protection of rights, improved public safety and support.

(c) Service Group 3 – Court Support Services

Objective: To provide key support services to NSW Courts and tribunals, including court transcription services, court security, jury management and library information services.

(d) Service Group 4 – Crime Prevention and Community Services

Objective: To cover the development of evidence-based policies and programs to prevent crime and reduce re-offending, to reduce Aboriginal involvement in criminal justice processes and to promote anti-discrimination and equal opportunity principles and policies.

(e) Service Group 5 – Registry of Births, Deaths and Marriages

Objective: To protect the legal entitlements of New South Wales' citizens and residents through providing an accurate, consistent, equitable and secure system for the registration of births, deaths and marriages.

(f) Service Group 6 – Crown Solicitor's Office

Objective: To provide the NSW Government and its agencies with legal advice and representation.

(g) Service Group 7 – Business and Personnel Services

Objective: To provide personnel services to the NSW Trustee and Guardian, the Office of the Public Guardian and the Legal Profession Admission Board as part of the State's Work Choices insulation legislation.

(h) Service Group 8 – Custody Management

Objective: This service group covers the containment of inmates in correctional centres and providing a secure environment for inmates, employees and visitors. This involves providing advice to courts and releasing authorities and maintaining reliable security systems, including escort security. It also includes providing support for inmates with special service needs, such as those requiring compulsory drug treatment, mental health and other disability services, therapeutic treatment for violence and sexual offending, and for specific age and aboriginality issues.

(i) Service Group 9 – Supervision of Offenders in the Community

Objective: This service group covers the supervision of offenders in community programs and the delivery of offender programs in the community

(j) Service Group 10 – Offenders Program

Objective: This service group covers the delivery of offender programs designed to reduce risks of re-offending and providing support services to assist offenders to re-settle and integrate back into the community.

(k) Service Group 11 – Non custodial Services

Objective: This service group contributes to a reduction in juvenile re-offending and effective management of young offenders to complete their sentences by working towards a range of intermediate results that include the following:

- Eligible youth offenders are referred to conferences
- Young offenders complete their conference outcome plans
- Young offenders in the community are effectively supervised and complete their orders
- Detainees and community-based young offenders are assessed and receive the most appropriate interventions and programs.

(l) Service Group 12 – Custodial Services

Objective: This service group contributes to a reduction in juvenile re-offending and effective management of young offenders to complete their sentences by working towards a range of intermediate results that include the following:

- Detainees are supervised in a safe, humane and secure environment.
- Detainees and community-based young offenders are assessed and receive the most appropriate interventions and programs.

Notes to the Financial Statements

For the year ended 30 June 2011

10 Cash and Cash Equivalents

	30 June 2011	30 June 2010
	\$'000	\$'000
Cash at bank	64,624	33,986
TCorp Hour Glass Cash Facility	892	1,040
Short Term Deposits – TCorp	12,445	13,619
	77,961	48,645

Cash at bank and on hand

Cash comprises cash on hand and bank balances held through Westpac within the NSW Treasury Banking System. Interest earnings on the bank balances are calculated under the Treasury Cash Management System.

TCorp Hour-Glass Cash Facility

The Department has investments in TCorp's Hour-Glass Investment Cash Facility and Hour-Glass Cash Facility Trust. These investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

These investments are generally able to be redeemed with up to five business days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the relevant entity's share of the value of the underlying assets of the facility and is stated at net fair value.

For the purposes of the Statements of cash flows, cash and cash equivalents include cash at bank, cash on hand, short term deposits and TCorp Hour Glass Cash Facility.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statements of cash flows as follows:

	30 June 2011	30 June 2010
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	77,961	48,645
Closing cash and cash equivalents (per statement of cash flows)	77,961	48,645

Refer Note 25 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

Notes to the Financial Statements

For the year ended 30 June 2011

11 Receivables

	30 June 2011	30 June 2010
	\$'000	\$'000
Current Receivables		
Sale of goods and services	22,137	21,834
Victims Compensation Fund	3,777	3,744
Goods and Services Tax recoverable from ATO	9,475	8,821
Net Bal – Public Monies and Fines Clearing	2,720	222
Prepayments	5,046	2,718
Personnel Services	7,728	18,677
Other Receivables	14,880	15,319
Receivables LSL	20,519	19,597
	86,282	90,932
Non-current Receivables		
Personnel Services	38,806	38,080
Prepayments of employee entitlements	3,487	3,404
Receivables – LSL	434	441
Victims Compensation Tribunal / Criminal Injuries Compensation debtors	15,123	14,984
Non-current GST accruals – Finance lease	2,715	2,927
	60,565	59,836

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 25.

(a) Sale of goods and services

Sales of goods and services debtors are recognised for accounting purposes only when they comply with established asset recognition criteria.

	30 June 2011	30 June 2010
	\$'000	\$'000
Amounts receivable from the sale of goods and services	93,104	90,228
Less:		
Amounts receivable that do not meet the asset recognition criteria	70,967	68,394
	22,137	21,834

Sales of good and services debtors

Sales of goods and services debtors are recognised in accordance with established asset recognition criteria.

This involves recognising certain debtors held at the State Debt Recovery Office based on average cash receipts for five years ended 30 June 2011.

Notes to the Financial Statements

For the year ended 30 June 2011

11 Receivables (continued)

(b) Retained fees – Victims Compensation Fund debtors

Victims Compensation Fund debtors are recognised for accounting purposes only when they comply with established asset recognition criteria.

	30 June 2011	30 June 2010
	\$'000	\$'000
Amounts receivable from restitution orders made or confirmed by the Victims Compensation Tribunal	289,419	289,411
Less		
Amounts receivable that do not meet the asset recognition criteria	270,536	270,691
Victims Compensation Fund Debtors	18,883	18,720
This is represented by:		
Current	3,777	3,744
Non-Current	15,106	14,976
	18,883	18,720

Debts are recognised on the basis of average receipts for the five years ended 30 June 2011.

(c) Retained fees – Criminal Injuries Compensation

Criminal Injuries Compensation debtors under the former *Criminal Injuries Compensation Act 1967* are recognised for accounting purposes only when they comply with established asset recognition criteria.

	30 June 2011	30 June 2010
	\$'000	\$'000
Amounts receivable from restitution orders made or confirmed under the <i>Criminal Injuries Compensation Act 1967</i>	153	164
Less:		
Amounts receivable that do not meet the asset recognition criteria	136	156
Criminal Injuries Compensation Debtors	17	8
This is represented by:		
Current	–	–
Non-Current	17	8
	17	8

Debts are recognised on the basis of average receipts for the five years ended 30 June 2011.

Notes to the Financial Statements

For the year ended 30 June 2011

12 Inventories

Held for resale

	30 June 2011	30 June 2010
	\$'000	\$'000
Raw materials		
At cost	5,369	4,797
	5,369	4,797
<p>Raw Material inventory includes but is not limited to papers and solvents cooking ingredients bolts and timber bars and mesh lubricant and copper sulphate fabric and buttons.</p>		
Work in progress		
At cost	805	759
	805	759
<p>Work In process inventory includes but is not limited to processed meat, bed bases, barrel backers and unfinished clothing.</p>		
Finished goods		
At cost	3,235	2,967
Less: provision for obsolescence	171	188
	3,064	2,779
<p>Finished goods include but is not limited to signs and booklets, prepared meals, beds and cabinets, overalls and briefs.</p>		
Livestock		
At net realisable value	1,824	1,366
	1,824	1,366
Total	11,062	9,701

Notes to the Financial Statements

For the year ended 30 June 2011

13 Non-Current Assets – Property, Plant and Equipment

	Land and Buildings	Plant and Equipment	Finance Lease	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2010				
Gross replacement cost	2,621,702	258,890	156,760	3,037,352
Accumulated depreciation and impairment	(70,796)	(59,977)	(4,672)	(135,445)
Fair Value	2,550,906	198,913	152,088	2,901,907
At 30 June 2011				
Gross replacement cost	4,663,844	320,464	309,076	5,293,384
Accumulated depreciation and impairment	(1,503,555)	(111,106)	(137,850)	(1,752,511)
At Cost	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Fair Value	3,160,289	209,358	171,226	3,540,873

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the end of the current reporting year is set out below.

	Land and Buildings	Plant and Equipment	Finance Lease	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2011				
Net carrying amount at start of year	2,550,906	198,913	152,088	2,901,907
Additions	126,277	32,061	-	158,338
Additions (non-cash)	44	2,055	-	2,099
Disposals	(11,085)	(76)	-	(11,161)
Acquisitions through administrative restructures	279,058	9,426	-	288,484
Net revaluation increment less revaluation decrements	338,573	-	23,914	362,487
Depreciation expense	(75,587)	(55,922)	(4,777)	(136,286)
Other movements – work in progress transfers	(47,907)	22,901	1	(25,005)
Net carrying amount at end of year	3,160,279	209,358	171,226	3,540,863
Year ended 30 June 2010				
Acquisitions through Administrative Restructures	2,500,129	188,684	154,989	2,843,802
Additions	127,276	13,954	-	141,230
Assets held for sale	5,940	-	-	5,940
Disposals	(1,801)	(137)	-	(1,938)
Net revaluation increment less revaluation decrements	46,628	-	1,771	48,399
Depreciation expense	(70,796)	(59,978)	(4,672)	(135,446)
Other movements [specify]	(56,470)	56,390	-	(80)
Net carrying amount at end of year	2,550,906	198,913	152,088	2,901,907

Notes to the Financial Statements

For the year ended 30 June 2011

13 Non-Current Assets Property, Plant and Equipment (continued)

Land and buildings comprise land, buildings, air conditioning, finance lease assets and work in progress of \$3.16 million. Plant and equipment comprise computer equipment, furniture and fittings, plant, equipment, make-good assets, leasehold rovements, voice communications, data communications and work in progress of \$209 million.

Revaluation of Land and Buildings

Each class of physical non-current assets is revalued at least every 5 years. Land and buildings were revalued as at 30 June 2011 for the Department of Attorney General and Justice by Mr Paul Goldsmith, Registered Valuer, Australian Property Institute, who is the Valuation Manager, Government Clients, Land and Property Information. Buildings and improvements have been valued at the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having similar service potential or future economic benefit to the existing asset. Land has been valued on an existing use basis.

In accordance with AASB 116, "Property, Plant and Equipment", when revaluating its land and buildings, the Department has applied the proportional gross

restatement method to separately restate the gross amount and the related accumulated depreciation.

Assets under Finance Lease

The finance lease asset relates to an arrangement entered into by the former Attorney General's Department to lease the John Maddison Tower constructed by a private sector company to house the District Court and the Dust diseases Tribunal. The lease commenced on 1 July 1995, with a non-cancellable term of 25 years and provision for an option of a further 15 years. The building is constructed on land owned by the Department. Such land is already subject to a head lease from the Department to the private sector company. The head lease rental is \$0.6 million which the Department recovers in rental offsets. The finance lease was revalued as at 30 June 2011 by Mr Paul Goldsmith, Registered Valuer, Australian Property Institute, who is the Valuation Manager, Government Clients, Land and Property Information. The leasehold asset will be amortised over the remainder of the lease.

The finance lease of the former Department of Corrective Services relates to Long Bay Forensic and Prison Hospitals at Long Bay under a project Deed and was revalued on 30 June 2011 by Mr Paul Goldsmith, Registered Valuer, Australian Property Institute, who is the Valuation Manager, Government Clients, Land and Property Information.

14 Intangible Assets

	Software	Total
	\$'000	\$'000
Parent		
At 1 July 2010		
Cost (gross carrying amount)	100,046	100,046
Accumulated amortisation and impairment	(8,881)	(8,881)
Net carrying amount	91,165	91,165
At 30 June 2011		
Cost (gross carrying amount)	144,257	144,257
Accumulated amortisation and impairment	(25,196)	(25,196)
Net carrying amount	119,061	119,061
Year ended 30 June 2011		
Net carrying amount at start of year	91,165	91,165
Transfers through administrative restructure	6,584	6,584
Additions	25,878	25,878
Disposals	(531)	(531)
Impairment losses	(2,856)	(2,856)
Amortisation (recognised in "depreciation and amortisation")	(16,455)	(16,455)
Other movements WIP Transfers	15,276	15,276
Net carrying amount at end of year	119,061	119,061
Year ended 30 June 2010		
Acquisitions through Administrative Restructure	66,738	66,738
Additions	33,308	33,308
Amortisation (recognised in "depreciation and amortisation")	(8,881)	(8,881)
Net carrying amount at end of year	91,165	91,165

Notes to the Financial Statements

For the year ended 30 June 2011

15 Non-Current Assets – Investment Accounted for using the Equity Method

	30 June 2011	30 June 2010
	\$'000	\$'000
Financial results for the period ended 30 June 2011		
Statement Of Financial Position		
Assets		
Total Current Assets	27,199	26,931
Total Non-Current Assets	223,256	211,577
Total Assets	250,455	238,508
Liability		
Total Current Liabilities	4,248	5,778
Total Non-Current Liabilities	–	–
Total Liabilities	4,248	5,778
NET ASSETS	246,207	232,730
Equity		
Asset Revaluation Reserve	98,270	109,887
Accumulated Funds	147,937	122,843
Total Equity	246,207	232,730
Asset Revaluation Reserve	98,270	109,887
Statement of comprehensive income		
Revenue	52,734	53,540
Expense	27,641	41,905
PROFIT ATTRIBUTABLE TO MEMBERS	25,093	11,635
52.5% of NET ASSETS	129,258	122,184
52.5% share of the profit of joint venture accounted for using equity method	13,174	6,108
52.5% share of decrease in assets of joint venture accounted for using equity method	(6,099)	(3,877)
52.5% share of joint venture accounted for using equity method	7,075	2,231

Please refer to Note 1(n).

Notes to the Financial Statements

For the year ended 30 June 2011

16 Payables

	30 June 2011	30 June 2010
	\$'000	\$'000
Payables		
Accrued salaries, wages and on-costs	33,895	30,304
Creditors	52,956	93,125
Accruals	35,073	26,378
	121,924	149,757

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 25.

Payables include accruals for claims relating to the Victims Compensation Tribunal totalling \$13.6 million (refer Note 29).

Notes to the Financial Statements

For the year ended 30 June 2011

17 Borrowings

	30 June 2011	30 June 2010
	\$'000	\$'000
Current Borrowings		
Secured / Unsecured		
Treasury advances repayable	–	79
TCorp borrowings	500	–
Finance leases	3,155	2,928
	3,655	3,007
Non-Current Borrowings		
Secured / Unsecured		
TCorp borrowings	5,300	5,800
Finance leases	86,514	89,669
	91,814	95,469
Finance Lease		
The Department has entered into two finance leases. At balance date the value of the lease liability is:		
Gross value of lease	220,485	231,906
Less principal payment	(130,816)	(139,309)
Lease liability	89,669	92,597
Repayment of Finance Lease		
Not later than one year	3,155	2,928
Between one and five years	15,428	14,139
Later than five years	71,086	75,530
Total – Finance Lease	89,669	92,597
Gross Commitments		
Not later than one year	13,740	13,565
Between one and five years	54,961	54,260
Later than five years	151,784	164,081
Less: Future finance charge	(130,816)	(139,309)
Present value of minimum lease payments	89,669	92,597

The finance leases relate to the John Maddison Tower and the Long Bay Forensic and Prison Hospitals. The lease liability is the present value of the minimum lease payments.

Notes to the Financial Statements

For the year ended 30 June 2011

17 Borrowings (continued)

Repayment of Treasury Advances

	30 June 2011	30 June 2010
	\$'000	\$'000
Treasury Advances		
Repayment of Treasury Advances		
Not later than one year	-	79
Between one and five years	-	-
Later than five years	-	-
Total – Treasury Advances	-	79

The former Department received advances from NSW Treasury of \$0.805 million during 2000/2001, with interest calculated based on the bank business rate during the year. Weighted average interest rates for the year were 6.28%. The Treasury Advance was fully repaid by 30 June 2011.

TCorp borrowings

Repayment of TCorp borrowings		
Not later than one year	500	-
Between one and five years	5,300	5,800
Later than five years	-	-
Total – TCorp borrowings	5,800	5,800

The Registry of Births, Deaths and Marriages has received a loan from T Corp to fund the Lifelink project. The loan is at a fixed rate of 6.00% with a maturity date of 1 May 2012.

Notes to the Financial Statements

For the year ended 30 June 2011

18 Provisions

	30 June 2011	30 June 2010
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Recreation leave	122,646	110,082
Sundays and Public Holidays	3,481	2,955
Payroll tax	11,659	11,421
Fringe benefits tax	365	–
Annual Leave Loading	9,828	7,652
Long Service Leave	35,575	33,116
	183,554	165,226
Current		
Other provisions		
Make Good – Current	5,160	5,140
Transfers to NSW Treasury	–	5,092
Payments to Office of State Revenue	1,394	1,730
Provision for Discount	461	–
	7,015	11,962
Total current provisions	190,569	177,188

Make Good

Make good provisions represent estimated restoration costs that the Department is obliged to incur to restore premises to an acceptable condition as agreed with the owners of the premises, upon expiry of operating lease arrangements.

Transfers to NSW Treasury and Payments to Office of State Revenue

Up to 2006/07, the Registry of Births, Deaths and Marriages (Registry) and the Crown Solicitor's Office (Office) paid dividends directly to NSW Treasury and the Registry also paid tax equivalent amounts directly to the Office of State Revenue at the company tax rate of 30%. However, upon receipt of legal advice that the Registry and the Office were not separate entities but business centres of the Department, the Treasurer ceased to have the power to require these business centres to pay dividends or tax equivalent payments under Sections 58B and 59B of the *Public Finance and Audit Act, 1983*. Consequently, consistent with legal advice to NSW Treasury dated 8 October 2007, the Treasurer requested such sums to be transferred to the Department for onward payment to the Crown Finance Entity and the Office of State Revenue. From 1 July 2010, NSW Treasury advised that transfer payments should no longer be made, but payments to the Office of State Revenue should continue until further notice.

Notes to the Financial Statements

For the year ended 30 June 2011

18 Provisions (continued)

	30 June 2011	30 June 2010
	\$'000	\$'000
Non-Current		
Employee benefits and related on-costs		
Long service leave	1,192	1,091
Prov for Superannuation – Non Current	50,092	52,245
	51,284	53,336
Non-Current		
Other provisions		
Make Good – Non Current	5,992	2,513
	5,992	2,513
Total non-current provisions	57,276	55,849
Aggregate employee benefits and related on-costs		
Provisions – current	183,554	165,226
Provisions – non-current	51,284	53,336
Accrued salaries, wages and on-costs (Note 16)	33,895	26,052
	268,733	244,614

Movements in provisions (other than employee benefits)

	Make Good	Payments to Treasury/ OSR	Discounts	Total
	\$'000	\$'000	\$'000	\$'000
Current Liabilities				
2011				
Carrying amount at the beginning of financial year	7,653	6,822	–	14,475
Additional provisions recognised	3,499	1,394	461	5,354
Amounts used	–	(6,822)	–	(6,822)
Unused amounts reversed	–	–	–	–
Unwinding / change in the discount rate	–	–	–	–
Carrying amount at end of financial year	11,152	1,394	461	13,007

19 Other Liabilities

	30 June 2011	30 June 2010
	\$'000	\$'000
Current		
Liability to Consolidated Fund	5,818	12,581
Asset Sale proceeds due to Treasury	1,418	1,418
	7,236	13,999

Notes to the Financial Statements

For the year ended 30 June 2011

20 Commitments for Expenditure

	30 June 2011	30 June 2010
	\$'000	\$'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at balance date and not provided for:		
Not later than one year	84,196	86,089
Later than one year and not later than five years	28,565	–
Later than five years	–	–
Total (including GST)	112,761	86,089
In addition to the above, capital commitments of Law Courts Limited, the joint venture arrangement (refer Note 15), relating to building refurbishments due for completion in 2014 are \$7.099m (\$5.119m 2010)		
(b) Other Expenditure Commitments		
Aggregate other expenditure for operational expenditure, including maintenance contracts and correctional centre management fees contracted for at balance date and not provided for:		
Not later than one year	95,862	101,167
Later than one year and not later than five years	190,074	254,070
Later than five years	–	91,488
Total (including GST)	285,936	446,725
(c) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	46,176	38,471
Later than one year and not later than five years	115,726	70,667
Later than five years	83,760	46,372
Total (including GST)	245,662	155,510

These operating lease commitments mainly relate to leases currently held in relation to the occupancy of premises by the Department in the Sydney area and regional offices. At 30 June 2011, there are a number of leases where occupancy of the premises is on a month to month basis. These leases are not included in the above amounts as no commitment exists as at 30 June 2011.

The total "Capital Commitments", "Other Expenditure Commitments", "Operating Lease Commitments", leases on a month to month basis and cancellable operating leases (motor vehicles) above include input tax credits of \$58.85 million that are expected to be recoverable from the ATO.

Finance Lease Commitments are disclosed in Note 17

Notes to the Financial Statements

For the year ended 30 June 2011

21 Administrative Restructure

This note includes comparative information for the statements of comprehensive income of Privacy Commission NSW, Guardianship Tribunal and the former Department of Juvenile Justice and discloses the assets and liabilities transferred.

Statement Of Comprehensive Income for former Department of Juvenile Justice and transferred functions of Guardianship Tribunal and Privacy NSW for the year ended 30 June 2011

	Transfer Out	Transfer In			Transfer In		
	Privacy Commission	Guardianship Tribunal			Former Department of Juvenile Justice		
	6 months Actual to 31 December 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses							
Operating expenses							
Employee related expenses	361	6,825	9,167	8,179	101,607	134,179	132,003
Other operating expenses	74	1,303	1,823	1,685	23,294	37,474	29,934
Operating expenses	435	8,128	10,990	9,864	124,901	171,653	161,937
Depreciation and amortisation	21	100	134	129	8,244	11,221	11,754
Grants and subsidies	-	-	-	-	4,988	8,683	7,394
Finance costs	-	-	-	-	-	35	38
Other expenses	-	-	-	-	-	-	-
Total expenses excluding losses	456	8,228	11,124	9,993	138,133	191,592	181,123
Less:							
Revenue							
Sale of goods and services	-	-	-	-	-	-	-
Investment revenue	-	-	-	-	594	774	459
Grants and contributions	-	-	-	-	3,087	4,167	4,104
Other revenue	-	3	-	12	420	2,951	3,259
Total Revenue	-	3	-	12	4,101	7,892	7,822
Gain / (loss) on disposal	-	-	-	-	(93)	(1,480)	(105)
Other gains / (losses)	-	-	-	-	-	-	-
Net Cost of Services	456	8,225	11,124	9,981	134,125	185,180	173,406

Notes to the Financial Statements

For the year ended 30 June 2011

21 Administrative Restructure (continued)

	Privacy Commission	Guardianship Tribunal			Former Department of Juvenile Justice		
	6 months Actual to 31 December 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government Contributions							
Recurrent appropriations	-	-	-	-	129,392	167,273	155,534
Capital appropriations	-	-	-	-	8,249	23,404	19,548
Capital appropriations (Asset sale proceeds transferred to the Crown Entity)	-	-	-	-	-	-	(1,254)
Acceptance by the Crown Entity of employee benefits and other liabilities	-	-	-	-	3,758	2,219	5,210
Total Government Contributions	-	-	-	-	141,399	192,896	179,038
SURPLUS / (DEFICIT) FOR THE YEAR	(456)	(8,225)	(11,124)	(9,981)	7,274	7,716	5,632
Other comprehensive income							
Net increase / (decrease) in property, plant and equipment asset revaluation reserve	-	-	-	-	-	-	5,296
Net change in the asset revaluation reserve arising from a change in the restoration liability	-	-	-	-	-	-	(129)
Other comprehensive income for the year	-	-	-	-	-	-	5,167
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(456)	(8,225)	(11,124)	(9,981)	7,274	7,716	10,799

Notes to the Financial Statements

For the year ended 30 June 2011

21 Administrative Restructure (continued)

Assets and Liabilities transferred in from former Department of Juvenile Justice and Guardian Tribunal and transferred out for the Privacy Commission as at 30 June 2011

	Transfer Out	Transfer In			Transfer In		
	Privacy Commission	Guardianship Tribunal			Former Department of Juvenile Justice		
	6 months Actual to 31 December 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS							
Current assets							
Cash and cash equivalents	–	1	1	1	19,455	13,825	13,733
Receivables	–	47	1	–	3,923	4,262	2,587
Other	–	–	–	–	–	–	–
Total current assets	–	48	2	1	23,378	18,087	16,320
Non-current assets							
Receivables	–	–	–	–	–	–	30
Property plant and equipment							
– Land and Buildings	–	–	–	–	278,684	285,182	230,872
– Plant and Equipment	–	348	314	286	9,107	11,722	10,718
– Finance Lease	–	–	–	–	–	–	–
Total Property plant and equipment	–	348	314	286	287,791	296,904	241,590
Intangibles	–	–	–	–	6,553	7,750	6,306
Other	–	–	–	–	–	–	–
Prepaid Employee Entitlements	–	–	–	–	–	–	–
Total non-current assets	–	348	314	286	294,344	304,654	247,926
Total assets	–	396	316	287	317,722	322,741	264,246

Notes to the Financial Statements

For the year ended 30 June 2011

21 Administrative Restructure (continued)

	Transfer Out Privacy Commission	Transfer In Guardianship Tribunal			Transfer In Former Department of Juvenile Justice		
	6 months Actual to 31 December 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010	9 months Actual to 31 March 2011	12 months Actual to 30 June 2011	12 months Actual to 30 June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES							
Current liabilities							
Payables	–	310	3,068	61	7,508	10,811	7,083
Borrowings	–	–	–	–	–	–	–
Provisions	63	288	304	339	12,162	12,911	12,056
Other	–	–	–	–	–	184	130
Total current liabilities	63	598	3,372	400	19,670	23,906	19,269
Non-current liabilities							
Borrowings	–	–	–	–	–	–	–
Provisions	–	164	165	160	929	1,270	840
Total non-current liabilities	–	164	165	160	929	1,270	840
Total liabilities	63	762	3,537	560	20,599	25,176	20,109
Net assets	(63)	(366)	(3,221)	(273)	297,123	297,565	244,137
Increase in net assets from equity transfer	63	–	(366)	–	297,123	–	–

Notes to the Financial Statements

For the year ended 30 June 2011

22 Contingent Liabilities and Contingent Assets

Contingent liabilities

	30 June 2011	30 June 2010
	\$'000	\$'000
Victims Compensation Fund (a)	239,164	221,853
Suitors Fund (b)	204	37
Current Litigation (c)	1,200	3,334
	240,568	225,224

(a) Victims Compensation Fund – There are 21,610 pending applications (claims) on the Victims Compensation Fund as at 30 June 2011, which are expected to be paid at an average payment of \$11,067, under the *Victims Support and Rehabilitation Act, 1996*. There are also 36 Claims remaining from the CIC system averaging \$169.

(b) Suitors Fund – There are 22 claims pending on the Suitors Fund as at 30 June 2011.

(c) Current Litigation – Of current litigation in which the Crown Solicitor and other General Counsel are involved, there are various matters which could have a financial impact, estimated at \$1.20 million. Claims made against the Department in respect of compensation and litigation from normal operations are fully covered by the NSW Treasury Managed Fund.

Liabilities that may arise from claims prior to 1 July 1989 are covered by the Solvency Fund held by the Insurance Ministerial Corporation. The liability for the development of the Long Bay Forensic Hospital is based on a financing arrangement involving floating interest rate bank debt. An interest rate adjustment will be made in accordance with interest rate movements over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

Contingent assets

	30 June 2011	30 June 2010
	\$'000	\$'000
Guarantee Undertaking	380	380
Claim on third party organisation	–	3,720
	380	4,100

Guarantee Undertaking

The Department has engaged Brookfield Multiplex Pty Limited to manage a facilities management contract. This contract is underpinned by a Guarantee Undertaking of \$0.380 million with QBE Insurance (Australia) Limited, which expires at 4pm on 31 March 2013.

Notes to the Financial Statements

For the year ended 30 June 2011

23 Budget Review

Net cost of services

The actual net cost of services exceeded budget by \$129.6 million, primarily due to increased expenditure and losses of \$149.9 million, offset by an increase in revenue of \$20.3 million.

Employee related expenditure exceeded budget by \$91.2 million mainly due to increased overtime, Treasury funding of 2.5% of wage increases over the past three years and a smaller than expected reduction in staffing levels as a result of the wage reform.

Other operating expenses exceeded budget by \$34.5 million, mainly due to an increase in maintenance, facility management fees, property outgoings and catering provisions.

The favourable variance in total revenue of \$20.3 million is mainly due to revenue from the joint venture in Law Courts Limited of \$13.2 million and increased revenue from retained taxes, fees and fines of \$4.1 million.

Assets and liabilities

Total assets exceeded budget by \$441.9 million, which was mainly due to a revaluation of properties as at 30 June 2011.

Total liabilities exceeded budget by \$31.2 million, mainly due to an increase in payables of \$9.6 million and provisions of \$34.2 million, offset by lower other liabilities of \$13.0 million.

Cash flows

Cash flows from operating activities – Under the Financial Reporting Code for Budget Dependent General Government Agencies, the actual cash flows from operating activities are prepared inclusive of GST, whereas the budget is prepared in accordance with NSW Treasury guidelines and are exclusive of GST. As a consequence, budget variances are overstated by the GST amount. Net cash flows from operating activities were lower than budget by \$35.7 million, partly due to employee related expenditure increases due to increased hiring of casual correctional officers and 1.5% unfunded wages increases.

Cash flows from Government were greater than budget by \$120.8 million, mainly due to additional recurrent funding from the Crown Entity.

24 Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	30 June 2011	30 June 2010
	\$'000	\$'000
Net cash used on operating activities	210,231	154,559
Cash flows from Government / Appropriations	(1,676,127)	(1,464,249)
Acceptance by the Crown Entity of employee benefits and other liabilities	(82,528)	(84,196)
Depreciation	(152,741)	(144,327)
Net Capital Movements	13,749	–
Decrease / (increase) in provisions	(4,230)	(2,163)
Increase / (decrease) in prepayments and other assets	(17,355)	29,768
Decrease / (Increase) in creditors	30,732	(22,163)
Net gain / (loss)	(3,186)	(6,301)
Net cost of services	(1,681,455)	(1,539,072)

Notes to the Financial Statements

For the year ended 30 June 2011

25 Financial Instruments

The Department's principal financial instruments are outlined below. These financial instruments arise directly from the Department's operations or are required to finance the Department's operations. The Department does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Department's main risks arising from financial instruments are outlined below, together with the Department's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Director General has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Group, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

	Note	Category	Carrying Amount 2011 \$'000	Carrying Amount 2010 \$'000
Financial Assets Class:				
Cash and cash equivalents	10	N/A	77,961	48,645
Receivables ¹	11	Loans and receivables (at amortised cost)	126,130	64,430
Financial Liabilities Class:				
Payables ²	16	Financial liabilities measured at amortised cost	116,880	126,477
Borrowings	17	Financial liabilities measured at amortised cost	95,469	98,476

1 Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Notes to the Financial Statements

For the year ended 30 June 2011

25 Financial Instruments (continued)

(b) Credit Risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations, resulting in a financial loss to the Department. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Department, including cash, receivables and authority deposits. No collateral is held by the Department. The Department has not granted any financial guarantees.

Debtors are recognised for accounting purposes only when they comply with established asset recognition criteria, where debts can be reliably measured and provide a future economic benefit. This rationale applies to trade debtors and other debtors, including Victims Compensation Fund (VCF) debtors (refer Note 11(b)), where debts are recognised on the basis of average receipts for the five years ended 30 June 2011. This represents the Department's best estimate in accordance with accounting standards. For VCF debtors for example, although the total amounts receivable from restitution orders or confirmed by the Victims Compensation Tribunal is \$289.4 million (2010 – \$289.4 million), only \$18.9 million (2010 – \$18.7 million) are recognised.

The Department has recently raised the profile of its debt and revenue management activities in order to minimise credit risk. More comprehensive monthly debtor reporting has been introduced throughout the Department, with business centre managers being involved in the certification of debt management processes in their areas of operation. Business centre managers must manage their debt to minimise impaired debt, with debtors over 90 days generally deemed to be subject to impairment testing. The Department has introduced a Debt Recovery Unit to provide more effective debt management capabilities, with debtors aged at 60 days and over being targeted. The effectiveness of this debt management facility will be enhanced when it assumes responsibility for all debt management during 2010/2011 and uses the new Debrack software to provide more flexibility to debt management processes. The implementation of Justicelink throughout the Courts and the decommissioning of the old legacy systems called General Local Courts and the Penalty Enforcement System, will provide more effective debt collection techniques. Better communication and debt reconciliation processes with Justicelink will also assist the State Debt Recovery Office (SDRO) to collect older debt that has been enforced to it by the Courts.

The Department has signed a Memorandum of Understanding (MOU) with the SDRO to provide a more structured framework for the management of older debt enforced to the SDRO by the Courts to minimise impairment risk and enhance cash collections. The intention is that the MOU will lead to a more formal relationship with the SDRO through a Service Level Agreement, if approved by senior management. This attention to debt management issues reflects the sensitivity of the Department to the increased risk of debt impairment because of the prevailing economic conditions.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date in accordance with the asset recognition criteria. Collectibility of trade debtors is reviewed on an ongoing basis. The introduction of a debt management facility has enhanced the procedures for collecting debt through the engagement of approved debt collection agencies to collect debt that are deemed to be subject to impairment testing. Debts which are known to be uncollectible are written off, only after all avenues of debt collection have been exhausted. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2011: \$11.80 million, 2010: \$15.97million) and not less than one month past due (2011: \$2.51 million, 2010: \$6.50 million) are not considered impaired and together these represent 46% (2010 – 73%) of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Notes to the Financial Statements

For the year ended 30 June 2011

25 Financial Instruments (continued)

	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
2011			
< 3 months overdue	21,829	21,829	–
3 months – 6 months overdue	5,208	5,208	–
> 6 months overdue	3,983	3,983	–
2010			
< 3 months overdue	10,176	10,176	–
3 months – 6 months overdue	3,518	3,518	–
> 6 months overdue	12,747	12,747	–

Note

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the total will not reconcile to the receivables total recognised in the Statement of Financial Position. The debtor amounts are gross receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. As a budget dependent agency, the Department continuously manages risk through monitoring future cash flows, which coordinates the payment of creditors with cash inflows from the Crown Entity and cash receipts from debtors.

NSW Treasury has included the Department's bank accounts in the Treasury Performance Incentive Scheme, which charges interest penalties where large variations occur between actual cash balances and forecast balances. This has resulted in a more effective cash management regime to ensure more accurate monthly cash management forecasting to NSW Treasury and to minimise liquidity risk through interest penalties. The Department holds regular cash management meetings to identify any high levels of cash movements both in and out for the future months to improve cash forecasting.

The Department has raised the profile of its debt and revenue management activities in order to reduce liquidity risk. The Department is aware of its increased exposure to impaired debt and has established a more structured debt management facility which liaises with approved debt collection agencies to maximise revenue through debt recovery and minimise impaired debt. The introduction of monthly debtor reporting has raised the profile of the debt management facility, with business centre managers having greater involvement in this process.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

During the current year and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The Department, through the introduction of a more structured monthly accounting timetable, has also sought to gain better control over the accounts payable process by introducing better controls over the monthly accruals process.

The table below summarises the maturity profile of the Department's financial liabilities, together with the interest rate exposure.

Notes to the Financial Statements

For the year ended 30 June 2011

25 Financial Instruments (continued)

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure					Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non interest bearing	< 1 yr	1–5 yrs	> 5 yrs
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011								
<i>Payables:</i>								
Accrued salaries, wages and on-costs	-	28,992	-	-	28,992	-	-	-
Creditors	-	87,888	-	-	87,888	-	-	-
<i>Borrowings:</i>								
Advances repayable	-	-	-	-	-	-	-	-
TCorp borrowings	6.00	5,800	5,800	-	-	500	5,300	-
Other loans and deposits	-	-	-	-	-	-	-	-
Finance leases	6.88	67,692	67,692	-	-	6,769	27,077	33,846
Finance leases	10.44	159,563	159,563	-	-	6,971	27,884	124,708
		349,935	233,055	-	116,880	14,240	60,261	158,554

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Department can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

	Interest Rate Exposure					Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non interest bearing	< 1 yr	1–5 yrs	> 5 yrs
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2010								
<i>Payables:</i>								
Accrued salaries, wages and on-costs	-	23,806	-	-	23,806	-	-	-
Creditors	-	102,671	-	-	102,671	-	-	-
<i>Borrowings:</i>								
Advances repayable	6.28	79	79	-	-	79	-	-
TCorp borrowings	6.00	5,800	5,800	-	-	-	5,800	-
Other loans and deposits	-	-	-	-	-	-	-	-
Finance leases	6.88	40,563	40,563	-	-	4,056	16,224	20,283
Finance leases	10.44	165,860	165,860	-	-	6,971	27,884	131,005
		338,779	212,302	-	126,477	11,106	49,908	151,288

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Department can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

Notes to the Financial Statements

For the year ended 30 June 2011

25 Financial Instruments (continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Department's exposures to market risk are primarily through interest rate risk on the Department's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Department has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on operating performance and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Department operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial

Position date. The analysis is performed on the same basis as for 2010. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Department's interest bearing liabilities. This risk is minimised by having in place mainly fixed rate borrowings, primarily with TCorp with regard to the loan to the Registry of Births, Deaths and Marriages and with a private sector company with regard to the finance lease. The Department does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Department's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
<i>Financial assets</i>					
Cash and cash equivalents	77,961	(780)	(780)	780	780
Receivables	126,130	-	-	-	-
<i>Financial liabilities</i>					
Payables	116,880	-	-	-	-
Borrowings	5,800	-	-	-	-
Finance Lease	89,669	-	-	-	-
	416,440	(780)	(780)	780	780
2010					
<i>Financial assets</i>					
Cash and cash equivalents	48,645	(486)	(486)	486	486
Receivables	64,430	-	-	-	-
<i>Financial liabilities</i>					
Payables	126,477	-	-	-	-
Borrowings	5,879	-	-	-	-
Finance Lease	92,597	-	-	-	-
	338,028	(486)	(486)	486	486

Notes to the Financial Statements

For the year ended 30 June 2011

25 Financial Instruments (continued)

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment facilities, which are held as cash for strategic rather than trading purposes. The Department has no direct equity investments.

Facility	Investment Sectors	Investment Horizon	2011 \$'000	2010 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	77,961	48,645

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. Cash and cash equivalents include TCorp investments which are assessed at fair value (Refer Note 10). The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

(f) Fair value recognised in the statement of financial position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2011 Total \$'000
Financial assets at fair value				
TCorp Hour-Glass Invt. Facility	–	13,337	–	13,337
Total	–	13,337	–	13,337

[The table above only includes financial assets, as no financial liabilities were measured at fair value in the statement of financial position.]

There were no transfers between level 1 and 2 during the period ended 30 June 2011.

Notes to the Financial Statements

For the year ended 30 June 2011

26 Trust Funds

The Department holds monies in trust which represent funds belonging to parties involved in court cases, or amounts held in trust for third parties, including inmates. These monies are excluded from the financial reports as the Department cannot use them for the achievement of its objectives. Interest earned on funds held in trust accounts on behalf of inmates is brought to account in the financial statements and used for the benefit of inmates. The following is a summary of the transactions in the trust accounts:

	30 June 2011	30 June 2010
	\$'000	\$'000
Cash balance at the beginning of the year	45,823	82,651
Add: Receipts	408,445	635,418
Less: Expenditure	(408,906)	(668,447)
Cash balance at the end of the financial year	45,362	49,622

For the Supreme Court, an amount of \$55.62 million is held outside the Department's Public Monies Account for Supreme Court matters and is invested with the Public Trustee and an amount of \$US1.58 million is held at the Commonwealth Bank since December 2008, in accordance with the Supreme Court rules and orders of the Court. These amounts are not included in the above figures.

For the District Court, an amount of \$10.34 million is held outside the Department's Public Monies Account for District Court matters, being invested with Westpac and NSW Trustee and Guardian, and represents suitors' monies that the District Court has ordered the Registrar to invest on behalf of the parties concerned and for the sole benefit of those parties. This amount is not included in the above figures.

For the Local Court, an amount of \$0.74 million is held outside of the Department's Public Monies Account for Local Court matters and is invested with Westpac, in accordance with the Local Court rules.

Fees are held in Public Monies Accounts on behalf of inmates. Interest earned is brought to account in the financial statements and used for the benefit of inmates. Bail securities other than cash are held by the Supreme Court, District Courts and Local Courts. The *Bail Act, 1978*, does not define security, so many things are put forward by persons as security, e.g. land title documents, jewellery, motor vehicles, bills of sale, bank guarantees.

27 Administered Assets and Liabilities

	30 June 2011	30 June 2010
	\$'000	\$'000
Consolidated		
Administered Assets		
Receivables – Fines	10,288	35,955
Less:	-	-
Amounts that do not meet the asset recognition criteria	(4,518)	(24,448)
Total Administered Assets and Liabilities	5,770	11,507
Total Administered Liabilities	-	-

Notes to the Financial Statements

For the year ended 30 June 2011

28 Administered Income – Schedule of Uncollected Amounts

	30 June 2011	30 June 2010
	\$'000	\$'000
Amounts received from fines	10,288	35,955
Less:	-	-
Amounts receivable that do not meet the asset recognition criteria	4,518	24,448
	5,770	11,507
	5,770	11,507

The Administered Assets and Administered Income – Schedule of Uncollected Amounts relate to fines outstanding for the Local Courts and other Court jurisdictions.

Fines are recognised for accounting purposes only when they comply with the established asset recognition criteria.

Refer to Service Group Statements for details of Administered Receipts.

29 Victims compensation fund

The Victims Compensation Fund (the Fund) was constituted by an amendment to the *Victims Compensation Act 1987* (effective from 1 February 1990) for the purpose of compensating victims for injuries resulting from acts of violence, witnesses to such acts, close relatives of the deceased victims and to law enforcement victims. Under the Act, the control and management of the Fund rests with the corporation constituted with the corporate name of the "Victims Compensation Fund Corporation", the affairs of which are managed by the Director General, Department of Justice and Attorney General. The *Victims Compensation Act 1996*, which was assented to on 2 December 1996, and came into effect on 2 April 1997, repealed the *Victims Compensation Act 1987* and includes identical provisions in relation to the management of the Fund, in addition to increasing the restitution powers and capabilities of the Tribunal. However, the new Act did contain transitional provisions which enable claims lodged prior to the date of assent to be dealt with in accordance with the repealed Act.

In November 1998 a number of amendments to the 1996 Act were passed in Parliament and these amendments came into effect in two stages – in February and April 1999.

In June 2000 a further number of amendments were passed in Parliament including a change in the name of the legislation to the *Victims Support and Rehabilitation Act 1996*. In July 2000, the threshold was raised to \$7,500 by Proclamation.

All transactions relating to Victims Compensation, as reflected in these financial reports, flow through the Victims Compensation Fund. Total compensation to victims of crime for the year ended 30 June 2011 was \$63.4 million (refer Note 2 (f)), including an accrual of \$13.6 million. Collections payable to the Fund include: Restitution payments by offenders; Monies collected under the *Confiscation of Proceeds of Crime Act, 1989*; and Victims Compensation Levies collected under section 65 of the Act by the Supreme, District, Local and Children's Courts.

30 Correctional Medical Services

Justice Health is administered under the *Health Services Act 1987* through the Department of Health.

The cost of medical services provided to offenders for the year ended 30 June 2011 was \$98.30 million. This amount is not included in the Department's operating result for the year.

31 After Balance Date Events

On 6 September 2011, the Treasurer announced the closure of Parramatta, Berrima and Kirkconnel correctional centres to address the surplus capacity and to align the State's correctional systems with community needs.

The Treasurer also announced that custodial reform was expected to involve a reduction of around 350 positions across Corrective Services to be met through voluntary redundancies.

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 1

AASB 119 – 30 June 2011 Superannuation Position of Department of Attorney General and Justice Basis – AASB 119

	SASS 30 June 2011	SANCS 30 June 2011	SSS 30 June 2011	Total 30 June 2011
Member Numbers				
Contributors	124	204	80	
Deferred benefits	0	0	18	
Pensioners	2	0	168	
Pensions fully commuted	0	0	37	
Superannuation Position for AASB 119 purposes				
	A\$	A\$	A\$	A\$
Accrued liability	28,174,002	8,092,410	160,144,776	196,411,188
Estimated reserve account balance	(25,828,847)	(7,535,421)	(116,440,989)	(149,805,256)
	2,345,155	556,989	43,703,787	46,605,932
Future Service Liability (Note 1)	(5,852,711)	(2,437,577)	(5,048,714)	(13,339,002)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in statement of financial position	2,345,155	556,989	43,703,787	46,605,932
Prepayment of employee entitlements (refer Note 13)				3,486,371
Provision for superannuation (refer Note 20)				(50,092,303)
				(46,605,932)

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 2

AASB 119 Disclosure Items 30 June 2011

Accounting policy [AASB 119 – paragraph 120A(a)]

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Fund information [AASB 119 – paragraph 120A(b)]

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation [AASB 119 – paragraph 120A(c)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
<i>Present value of partly funded defined benefit obligation at beginning of the year</i>	26,818,097	7,781,683	156,202,130
Current service cost	1,057,990	346,316	739,602
Interest cost	1,328,402	381,577	7,929,439
Contributions by Fund participants	547,604	0	883,896
Actuarial (gains)/losses	1,157,609	244,422	(575,877)
Benefits paid	(2,735,700)	(661,588)	(5,034,414)
Past service cost	0	0	0
Curtailments	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Present value of partly funded defined benefit obligation at end of the year</i>	28,174,002	8,092,410	160,144,776

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 2 (continued)

AASB 119 – Disclosure Items 30 June 2011 (continued)

Reconciliation of the fair value of Fund assets [AASB 119 – paragraph 120A(e)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
<i>Fair value of Fund assets at beginning of the year</i>	24,954,431	7,283,074	109,723,732
Expected return on Fund assets	2,074,024	602,134	9,238,643
Actuarial gains/(losses)	159,266	19,123	482,803
Employer contributions	829,221	292,677	1,146,329
Contributions by Fund participants	547,604	0	883,896
Benefits paid	(2,735,700)	(661,588)	(5,034,414)
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
<i>Fair value of Fund assets at end of the year</i>	25,828,847	7,535,421	116,440,989

Reconciliation of the assets and liabilities recognised in statement of financial position [AASB 119 – paragraphs 120A(d) and (f)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Present value of partly funded defined benefit obligation at end of year	28,174,002	8,092,410	160,144,776
Fair value of Fund assets at end of year	(25,828,847)	(7,535,421)	(116,440,989)
<i>Subtotal</i>	2,345,155	556,989	43,703,787
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
<i>Net Liability/(Asset) recognised in statement of financial position at end of year</i>	2,345,155	556,989	43,703,787

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 2 (continued)

AASB 119 – Disclosure Items 30 June 2011 (continued)

Expense recognised in income statement [AASB 119 – paragraph 46 and 120A(g)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Components Recognised in Income Statement			
Current service cost	1,057,990	346,316	739,602
Interest cost	1,328,402	381,577	7,929,439
Expected return on Fund assets (net of expenses)	(2,074,024)	(602,134)	(9,238,643)
Actuarial losses/(gains) recognised in year	0	0	0
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	0	0	0
Curtailment or settlement (gain)/loss	0	0	0
<i>Expense/(income) recognised</i>	312,368	125,758	(569,601)

Amounts recognised in other comprehensive income [AASB 119 – paragraph 120A(h)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Actuarial (gains)/losses	998,343	225,299	(1,058,681)
Adjustment for limit on net asset	0	0	0

Cumulative amount recognised in other comprehensive income [AASB 119 – paragraph 120A(i)]

Note: This information will need to be manually calculated by agencies by adding the actuarial gains and losses and adjustment for limit on net assets (if any) above, to previous amounts advised.

Fund assets [AASB 119 – paragraph 120A(j)]

The percentage invested in each asset class at the balance sheet date:

	30 June 2011 %
Australian equities	33.4
Overseas equities	29.5
Australian fixed interest securities	5.7
Overseas fixed interest securities	3.1
Property	9.9
Cash	5.1
Other	13.3

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 2 (continued)

AASB 119 – Disclosure Items 30 June 2011 (continued)

Fair value of Fund assets [AASB 119 – paragraph 120A(k)]

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets [AASB119 – paragraph 120A(l)]

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets [AASB 119 – paragraph 120A(m)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Actual return on Fund assets	2,085,041	621,257	9,269,780

Valuation method and principal actuarial assumptions at the balance sheet date [AASB 119 – paragraph 120A(n)]

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(b) Economic Assumptions

	30 June 2011
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets	8.60%
Discount rate	5.28% pa

(c) Demographic Assumptions

The demographic assumptions at 30 June 2011 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 2 (continued)

AASB 119 – Disclosure Items 30 June 2011 (continued)

Historical information [AASB119 – paragraph 120A(p)]

NB. AASB 119 requires an entity to disclose this information for the current and previous four annual reporting periods.

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Present value of defined benefit obligation	28,174,002	8,092,410	160,144,776
Fair value of Fund assets	(25,828,847)	(7,535,421)	(116,440,989)
(Surplus)/Deficit in Fund	2,345,155	556,989	43,703,787
Experience adjustments – Fund liabilities	1,157,609	244,422	(575,877)
Experience adjustments – Fund assets	(159,266)	(19,123)	(482,803)

Note: Agencies will also need to include in their financial report the historic information from previous periods, by referring to previous Superannuation Position Statements.

Expected contributions [AASB119 – paragraph 120A(q)]

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Expected employer contributions to be paid in the next reporting period	571,594	239,160	1,060,816

Notes to the Financial Statements

For the year ended 30 June 2011

Note 32 – Appendix 2 (continued)

AASB 119 – Disclosure Items 30 June 2011 (continued)

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2011 financial position of the Fund calculated in accordance with AAS 25 “Financial Reporting by Superannuation Plans”:

	SASS 30 June 2011	SANCS 30 June 2011	SSS 30 June 2011
	A\$	A\$	A\$
Accrued benefits	26,338,256	7,399,413	113,886,437
Net market value of Fund assets	(25,828,847)	(7,535,421)	(116,440,989)
<i>Net (surplus)/deficit</i>	509,409	(136,008)	(2,554,552)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	N/A	N/A	N/A

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Weighted-Average Assumptions

	% pa
Expected rate of return on Fund assets backing current pension liabilities	8.3
Expected rate of return on Fund assets backing other liabilities	7.3
Expected salary increase rate	4.0
Expected rate of CPI increase	2.5

Nature of Asset/Liability

If a surplus exists in the employer’s interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund’s actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer’s share of Fund assets and the defined benefit obligation.

End of audited financial statements