Financial Statements

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, the Juvenile Justice NSW Division, and the employee related expenses, revenues, assets and liabilities of the NSW Trustee and Guardian and the Legal Profession Admission Board. The financial results also incorporate grants expenditure and appropriations to justice cluster agencies.

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.

Net Result for the Year

The net result for the year ended 30 June 2012 was a surplus of $33 million, compared with a budgeted surplus of $13 million.

Revenue

Revenue totalling $5,757 million was higher than budget by $206 million. This was largely due to increased recurrent appropriations of $107 million, personnel services revenue of $38 million due to the impacts of the actuarial valuations of the defined benefit plans of the statutory bodies which receive employment services from the Department and increased Crown Entity acceptance of employee liabilities of $37 million.

Expenses

Expenditure totalling $5,705 million was higher than budget by $167 million, partly due to employee related expenditure exceeding budget by $69 million due to voluntary redundancy costs and increases in long service leave costs.

Other operating expenses exceeded budget by $37 million mainly due to an increase in Corrective Services Industries expenses, contractors, electricity, telephones, repairs and maintenance costs.

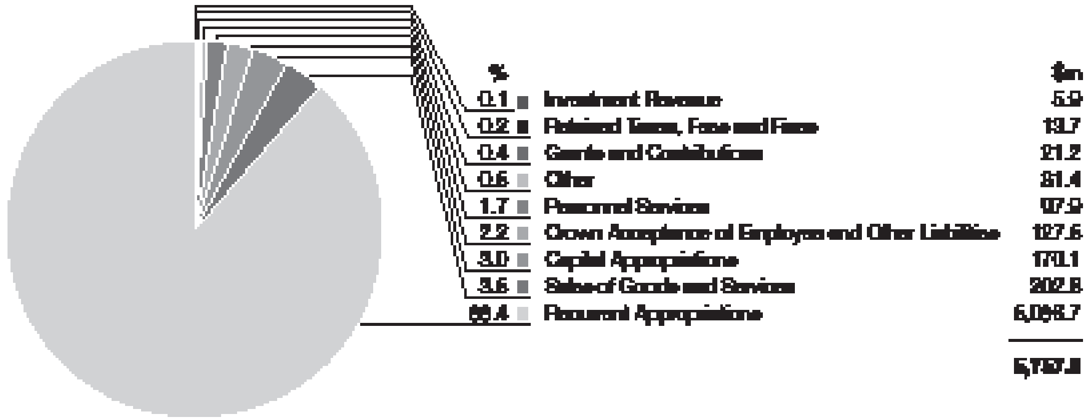
Assets

Total assets exceeded budget by $6 million, which was mainly due to a revaluation of properties as at 30 June 2012.

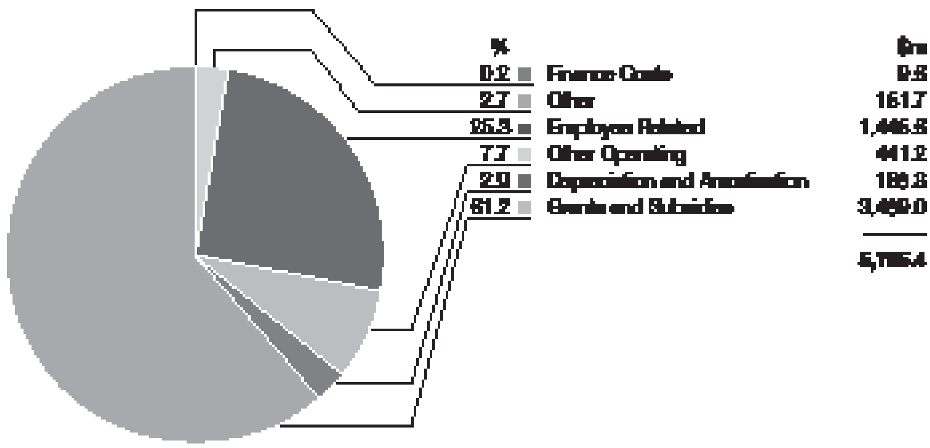
Liabilities

Total liabilities exceeded budget by $47 million, mainly due to an increase in provisions of $73 million due to the unfavourable impacts of the actuarial valuations of the defined benefit plans and long service leave, offset by lower other liabilities of $26 million.

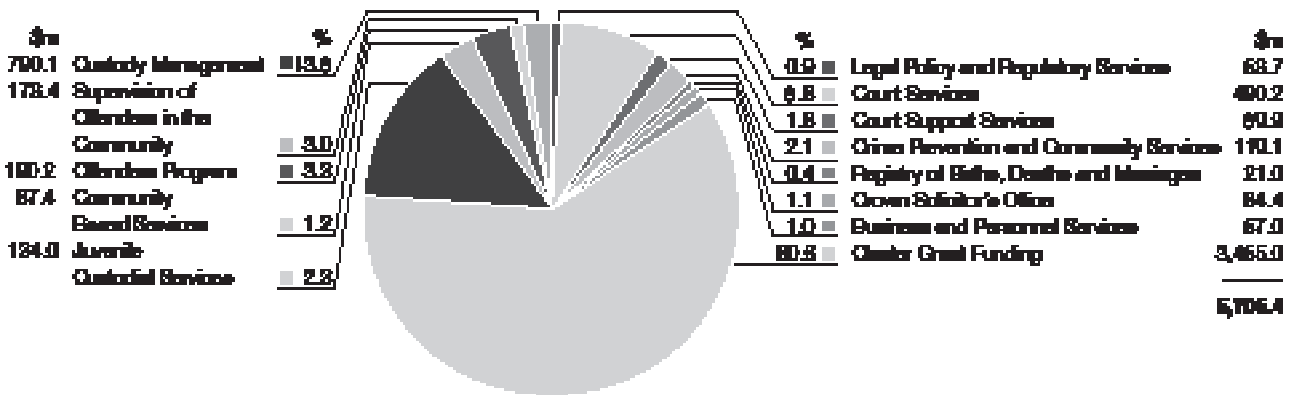
(Income) Where the funds come from



(Expenditure) How they are spent



Expenditure by Service Group



DEPARTMENT OF ATTORNEY GENERAL AND JUSTICE

Financial Statements for the Year ended 30 June 2012

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. 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 2012.

(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

Laurie Glanfield
Director General

24 SEP 2012

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 2012, 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 2012, and of its financial performance and its cash flows 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 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 give a true and fair view and 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 controls relevant to the Department's preparation of the financial statements that give a true and fair view 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 controls. 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.

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

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 other information that 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 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 roles by the possibility of losing clients or income.

Jack Kheir
Director, Financial Audit Services

26 September 2012
SYDNEY

Statement of comprehensive income for the year ended 30 June 2012

	Notes	**Actual 30 June 2012 $'000**	Budget 30 June 2012 $'000	Actual 30 June 2011 $'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	**1,445,599**	1,376,275	1,244,928
Other operating expenses	2(b)	**441,213**	404,548	389,461
Depreciation and amortisation	2(c)	**168,313**	165,484	152,741
Grants and subsidies	2(d)	**3,489,039**	3,428,819	37,904
Finance costs	2(e)	**9,608**	10,283	9,727
Other expenses	2(f)	**151,609**	152,489	149,987
Total expenses excluding losses		**5,705,381**	5,537,898	1,984,748
Revenue				
Recurrent appropriations	3(a)	**5,086,650**	4,979,841	1,474,435
Capital appropriations	3(b)	**170,118**	173,209	196,058
Sale of goods and services	3(c)	**202,592**	194,100	182,923
Investment revenue	3(d)	**5,910**	5,508	5,589
Investment accounted for using the equity method	13	**–**	–	13,174
Retained taxes, fees and fines	3(e)	**13,669**	9,400	13,530
Grants and contributions	3(f)	**21,205**	18,870	20,373
Personnel services revenue	3(g)	**97,963**	59,978	54,017
Acceptance by the Crown Entity of employee benefits and other liabilities	3(h)	**127,516**	90,573	82,528
Other revenue	3(i)	**31,402**	19,292	24,240
Total Revenue		**5,757,025**	5,550,771	2,066,867
Gain/(loss) on disposal	4	**(578)**	10	(3,186)
Other gains/(losses)	5	**(17,986)**	(22)	(8,764)
NET RESULT FOR THE YEAR		**33,080**	12,861	70,169

The accompanying notes form part of these financial statements.

Table continued over page

Statement of comprehensive income for the year ended 30 June 2012 (continued)

	Actual 30 June 2012	Budget 30 June 2012	Actual 30 June 2011
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	**26,849**	–	362,497
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	**(99)**	–	(89)
Superannuation actuarial losses	**(63,915)**	–	(165)
Other comprehensive income for the year	**(37,165)**	–	356,498
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(4,085)**	12,861	426,667

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2012

	Notes	Actual 30 June 2012 $'000	Budget 30 June 2012 $'000	Actual 30 June 2011 $'000
ASSETS				
Current assets				
Cash and cash equivalents	8	**82,588**	96,459	77,961
Receivables	9	**84,862**	58,012	83,560
Inventories	10	**9,220**	11,063	11,062
Other		**–**	20,520	–
Total current assets		**176,670**	186,054	172,583
Non-current assets				
Receivables	9	**100,991**	56,644	60,565
Property plant and equipment				
Land and Buildings	11	**3,160,078**	3,387,328	3,160,289
Plant and Equipment	11	**208,278**	182,553	209,358
Land and Buildings under Finance Lease	11	**167,522**	–	171,226
	11	**3,535,878**	3,569,881	3,540,873
Intangibles	12	**127,999**	112,998	119,060
Other		–	3,920	–
Investment accounted for using the equity method	13	**122,689**	129,258	129,258
Total non-current assets		**3,887,557**	3,872,701	3,849,756
Total assets		**4,064,227**	4,058,755	4,022,339
LIABILITIES				
Payables	14	**120,183**	130,408	119,204
Borrowings	15	**5,151**	2,928	3,655
Provisions	16	**195,979**	189,183	190,569
Other	17	**3,669**	11,962	7,236
Total current liabilities		**324,982**	334,481	320,664

The accompanying notes form part of these financial statements.

Table continued over page

Statement of financial position as at 30 June 2012 (continued)

	Notes	Actual 30 June 2012 $'000	Budget 30 June 2012 $'000	Actual 30 June 2011 $'000
Non-current liabilities				
Borrowings	15	**86,663**	91,156	91,814
Provisions	16	**120,083**	54,342	57,276
Other	17	**–**	4,805	–
Total non-current liabilities		**206,746**	150,303	149,090
Total liabilities		**531,728**	484,784	469,754
Net assets		**3,532,499**	3,573,971	3,552,585
EQUITY				
Reserves		**459,659**	534,741	410,672
Accumulated funds		**3,072,840**	3,039,230	3,141,913
Total Equity		**3,532,499**	3,573,971	3,552,585

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2012

	Accumulated Funds	Assets Revaluation	Total
	$'000	**$'000**	**$'000**
Balance at 1 July 2011	**3,141,916**	**410,672**	**3,552,588**
Net result for the year	**33,080**	**–**	**33,080**
Other comprehensive income:			
Net increase/(decrease) in property, plant and equipment	**–**	**26,849**	**26,849**
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	**(22,237)**	**22,237**	**–**
Change in the restoration liability	**–**	**(99)**	**(99)**
Superannuation actuarial losses	**(63,919)**	**–**	**(63,919)**
Total other comprehensive income	**(86,156)**	**48,987**	**(37,169)**
Total comprehensive income for the year	**(53,076)**	**48,987**	**(4,089)**
Transaction with owners in their capacity as owners			
Decrease in assets from equity transfer (refer Note 18)	**(16,000)**	**–**	**(16,000)**
Balance at 30 June 2012	**3,072,840**	**459,659**	**3,532,499**
Balance at 1 July 2010	2,780,702	48,399	2,829,101
Net result 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

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2012

	Notes	Actual 30 June 2012 $'000	Budget 30 June 2012 $'000	Actual 30 June 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		**(1,413,868)**	(1,277,393)	(1,187,752)
Grants and subsidies		**(3,491,279)**	(3,428,819)	(38,487)
Finance costs		**(9,563)**	(10,283)	(9,692)
Interest paid		**–**	–	–
Other		**(659,154)**	(598,645)	(598,958)
Total Payments		**(5,573,864)**	(5,315,140)	(1,834,889)
Receipts				
Recurrent appropriation		**5,085,738**	4,979,841	1,480,253
Capital appropriation (excluding equity appropriations)		**170,118**	173,209	196,058
Sale of goods and services		**205,601**	255,358	185,027
Interest received		**5,628**	2,561	5,227
Retained taxes, fees and fines		**12,838**	–	13,358
Cash reimbursements from the Crown Entity		**62,092**	–	15,510
Cash transfers to the Consolidated Fund		**–**	(5,818)	(12,581)
Other		**214,841**	97,330	162,268
Total Receipts		**5,756,856**	5,502,481	2,045,120
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	**182,992**	187,341	210,231
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings and plant and equipment		**147**	10	1,331
Purchases of land and buildings and plant and equipment		**(174,852)**	(137,167)	(194,410)
Other		**–**	(29,115)	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(174,705)**	(166,272)	(193,079)

The accompanying notes form part of these financial statements.

Table continued over page

Statement of cash flows for the year ended 30 June 2012 (continued)

	Notes	Actual 30 June 2012 $'000	Budget 30 June 2012 $'000	Actual 30 June 2011 $'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings and advances		**(3,660)**	(1,385)	(3,594)
Transfers to NSW Treasury and OSR		**–**	–	(3,697)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(3,660)**	(1,385)	(7,291)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**4,627**	19,684	9,861
Opening cash and cash equivalents		**77,961**	76,775	48,645
Cash transferred in (out) as a result of administrative restructuring		**–**	–	19,455
CLOSING CASH AND CASH EQUIVALENTS	8	**82,588**	96,459	77,961

The accompanying notes form part of these financial statements.

Service group statements for the year ended 30 June 2012

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*	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Expenses excluding losses						
Operating expenses						
• Employee related expenses	**35,824**	35,001	**298,733**	266,657	**57,985**	62,239
• Other operating expenses	**7,989**	10,536	**79,280**	66,473	**15,015**	15,630
Operating expenses	**43,813**	45,537	**378,013**	333,130	**73,000**	77,869
Depreciation and amortisation	**2,590**	3,289	**64,101**	53,245	**6,243**	7,259
Grants and subsidies	**337**	493	**543**	2,170	**8**	–
Finance costs	**–**	1	**4,028**	4,000	**–**	1
Other expenses	**7,004**	5,128	**43,531**	45,128	**10,624**	8,719
Total expenses excluding losses	**53,744**	54,448	**490,216**	437,673	**89,875**	93,848
Revenue						
Recurrent appropriations	**30,699**	–	**222,852**	–	**79,455**	–
Capital appropriations	**5,303**	–	**39,063**	–	**13,852**	–
Sale of goods and services	**640**	2,302	**111,744**	99,956	**4,391**	4,217
Investment revenue	**198**	211	**2,052**	3,450	**515**	645
Investment accounted for using equity method	**–**	1,069	**–**	7,420	**–**	3,249
Retained taxes, fees and fines	**–**	–	**(3)**	5	**–**	–
Grants and contributions	**2,917**	4,449	**2,643**	6,257	**1,014**	1,209
Personnel services revenue	**–**	–	**–**	–	**–**	–
Acceptance by the Crown Entity of employee benefits and other liabilities	**2,797**	–	**54,333**	–	**5,970**	–
Other revenue	**9,714**	9,923	**12,113**	7,734	**792**	104
Total Revenue	**52,268**	17,954	**444,797**	124,822	**105,989**	9,424
Gain/(loss) on disposal	**(71)**	(109)	**(292)**	(784)	**(96)**	(304)
Other gains/(losses)	**(559)**	(496)	**(4,998)**	(3,512)	**(1,456)**	(1,491)
NET RESULT FOR THE YEAR	**(2,106)**	(37,099)	**(50,709)**	(317,147)	**14,562**	(86,219)
Other Comprehensive Income						
Increase/(decrease) in assets revaluation reserve	**–**	–	**15,792**	–	**–**	–
Decrease in assets from equity transfer	**–**	–	**–**	–	**–**	–
Net change in the restoration liability	**–**	–	**–**	–	**–**	–
Superannuation actuarial lossess	**(348)**	9	**(2,844)**	167	**–**	–
Total Other Comprehensive Income	**(348)**	9	**12,948**	167	**–**	–
TOTAL COMPREHENSIVE INCOME	**(2,454)**	(37,090)	**(37,761)**	(316,980)	**14,562**	(86,219)

* The names and purposes of each service group are summarised in Note 7.

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*		Service Group 8 – Cluster Grant Funding*	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
26,111	21,188	13,007	12,800	33,853	32,640	56,966	52,626	–	–
6,867	6,977	6,426	6,460	8,458	7,711	–	9	–	–
32,978	28,165	19,433	19,260	42,311	40,351	56,966	52,635	–	–
1,601	1,678	1,265	1,645	1,434	1,578	–	–	–	–
18,073	25,561	–	–	–	–	–	–	3,454,973	–
–	–	329	312	–	–	–	–	–	–
66,383	63,385	7	–	20,665	23,286	–	–	–	–
119,035	118,789	21,034	21,217	64,410	65,215	56,966	52,635	3,454,973	–
112,279	–	–	–	50,796	–	–	–	3,454,973	–
4,651	–	–	–	–	–	–	–	–	–
471	529	29,050	29,522	18,301	17,601	–	–	–	–
174	141	315	84	586	111	–	–	–	–
–	711	–	342	–	383	–	–	–	–
13,672	13,525	–	–	–	–	–	–	–	–
263	517	170	1,970	–	–	–	–	–	–
–	–	–	–	–	–	97,963	54,017	–	–
1,862	–	–	–	–	–	–	–	–	–
669	572	1,546	2,759	1,051	339	–	12	–	–
134,041	15,995	31,081	34,677	70,734	18,434	97,963	54,029	3,454,973	–
(34)	(68)	–	(532)	(1)	(3)	–	–	–	–
(490)	(330)	(10,483)	(2,858)	–	(77)	–	–	–	–
14,482	(103,192)	(436)	10,070	6,323	(46,861)	40,997	1,394	–	–
–	–	–	–	–	–	–	–	–	–
–	(4,432)	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	(6,848)	351	(12,878)	702	(40,997)	(1,394)	–	–
–	(4,432)	(6,848)	351	(12,878)	702	(40,997)	(1,394)	–	–
14,482	(107,624)	(7,284)	10,421	(6,555)	(46,159)	–	–	–	–

Table continued over page

Service group statements for the year ended 30 June 2012 (continued)

Consolidated AGENCY'S EXPENSES AND INCOME	Service Group 9 Custody Management*		Service Group 10 Supervision of Offenders in the Community*		Service Group 11 Offenders Program*	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Expenses excluding losses						
Operating expenses						
• Employee related expenses	**499,790**	487,944	**135,115**	118,150	**146,085**	125,740
• Other operating expenses	**210,188**	201,920	**31,116**	32,518	**36,886**	24,415
Operating expenses	**709,978**	689,864	**166,231**	150,668	**182,971**	150,155
Depreciation and amortisation	**71,594**	70,793	**6,459**	7,145	**2,663**	3,132
Grants and subsidies	**801**	–	**263**	–	**4,235**	5,985
Finance costs	**5,206**	5,378	**–**	–	**–**	–
Other expenses	**2,542**	3,245	**448**	540	**405**	556
Total expenses excluding losses	**790,121**	769,280	**173,401**	158,353	**190,274**	159,828
Revenue						
Recurrent appropriations	**692,653**	–	**140,853**	–	**123,775**	–
Capital appropriations	**50,829**	–	**10,336**	–	**9,084**	–
Sale of goods and services	**5,668**	4,128	**1,002**	608	**31,325**	24,060
Investment revenue	**1,078**	605	**189**	80	**166**	82
Investment accounted for using equity method	**–**	–	**–**	–	**–**	–
Retained taxes, fees and fines	**–**	–	**–**	–	**–**	–
Grants and contributions	**3,979**	2,369	**1,823**	2,397	**4,198**	125
Personnel services revenue	**–**	–	**–**	–	**–**	–
Acceptance by the Crown Entity of employee benefits and other liabilities	**40,222**	–	**8,179**	–	**7,187**	–
Other revenue	**2,575**	1,030	**523**	395	**684**	235
Total Revenue	**797,004**	8,132	**162,905**	3,480	**176,419**	24,502
Gain/(loss) on disposal	**–**	–	**–**	–	**–**	–
Other gains/(losses)	**–**	–	**–**	–	**–**	–
NET RESULT FOR THE YEAR	**6,883**	(761,148)	**(10,496)**	(154,873)	**(13,855)**	(135,326)
Other Comprehensive Income						
Increase/(decrease) in assets revaluation reserve	**7,264**	–	**–**	–	**–**	–
Decrease in assets from equity transfer	**–**	–	**–**	–	**–**	–
Net change in the restoration liability	**–**	–	**–**	–	**–**	–
Superannuation actuarial lossess	**–**	–	**–**	–	**–**	–
Total Other Comprehensive Income	**7,264**	–	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME	**14,147**	(761,148)	**(10,496)**	(154,873)	**(13,855)**	(135,326)

* The names and purposes of each service group are summarised in Note 7.

Service Group 12 Community Based Services*		Service Group 13 – Juvenile Custodial Services*		Not Attributable		Total	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
41,868	9,800	**100,262**	20,143	**–**	–	**1,445,599**	1,244,928
14,814	7,130	**24,174**	9,682	**–**	–	**441,213**	389,461
56,682	16,930	**124,436**	29,825	**–**	–	**1,886,812**	1,634,389
1,495	982	**8,868**	1,995	**–**	–	**168,313**	152,741
9,110	3,178	**696**	517	**–**	–	**3,489,039**	37,904
45	–	**–**	–	**–**	35	**9,608**	9,727
–	–	**–**	–	**–**	–	**151,609**	149,987
67,332	21,090	**134,000**	32,337	**–**	35	**5,705,381**	1,984,748
65,406	–	**112,909**	–	**–**	1,474,435	**5,086,650**	1,474,435
13,572	–	**23,428**	–	**–**	196,058	**170,118**	196,058
–	–	**–**	–	**–**	–	**202,592**	182,923
210	–	**427**	–	**–**	180	**5,910**	5,589
–	–	**–**	–	**–**	–	**–**	13,174
–	–	**–**	–	**–**	–	**13,669**	13,530
2,219	756	**1,979**	324	**–**	–	**21,205**	20,373
–	–	**–**	–	**–**	–	**97,963**	54,017
2,555	–	**4,411**	–	**–**	82,528	**127,516**	82,528
573	141	**1,162**	287	**–**	709	**31,402**	24,240
84,535	897	**144,316**	611	**–**	1,753,910	**5,757,025**	2,066,867
(17)	–	**(67)**	(1,386)	**–**	–	**(578)**	(3,186)
–	–	**–**	–	**–**	–	**(17,986)**	(8,764)
17,186	(20,193)	**10,249**	(33,112)	**–**	1,753,875	**33,080**	70,169
–	–	**3,793**	–	**–**	362,497	**26,849**	362,497
–	–	**–**	–	**–**	(1,313)	**–**	(5,745)
(99)	(89)	**–**	–	**–**	–	**(99)**	(89)
–	–	**–**	–	**–**	–	**(63,915)**	(165)
(99)	(89)	**3,793**	–	**–**	361,184	**(37,165)**	356,498
17,087	(20,282)	**14,042**	(33,112)	**–**	2,115,059	**(4,085)**	426,667

Service group statements for the year ended 30 June 2012 (continued)

Consolidated AGENCY'S ASSETS & LIABILITIES	Service Group 1 – Legal Policy and Regulatory Services*		Service Group 2 – Court Services*		Service Group 3 – Court Support Services*	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets						
Cash and cash equivalents	**1,361**	1,321	**10,659**	10,755	**3,552**	4,013
Receivables	**1,174**	996	**19,582**	17,933	**3,065**	3,721
Inventories	**–**	–	**–**	–	**–**	–
Financial assets at fair value	**–**	–	**–**	–	**–**	–
Total current assets	**2,535**	2,317	**30,241**	28,688	**6,617**	7,734
Non-current assets						
Receivables	**299**	831	**3,763**	6,331	**615**	2,525
Inventories	**–**	–	**–**	–	**–**	–
Property plant and equipment	**13,305**	9,616	**1,177,020**	1,138,274	**34,728**	89,334
Other financial assets	**–**	–	**–**	–	**–**	–
Investment accounted for using the equity method	**–**	–	**122,689**	129,258	**–**	–
Intangibles	**3,997**	3,194	**60,572**	65,203	**11,159**	2,318
Total non-current assets	**17,601**	13,641	**1,364,044**	1,339,066	**46,502**	94,177
TOTAL ASSETS	**20,136**	15,958	**1,394,285**	1,367,754	**53,119**	101,911
Current liabilities						
Payables	**1,620**	1,507	**10,785**	13,763	**4,229**	4,034
Borrowings	**225**	–	**1,660**	2,497	**588**	–
Provisions	**4,100**	3,962	**26,065**	27,387	**8,997**	10,504
Other	**190**	–	**1,398**	–	**495**	–
Total current liabilities	**6,135**	5,469	**39,908**	43,647	**14,309**	14,538
Non-current liabilities						
Borrowings	**2,085**	–	**15,345**	27,370	**5,441**	–
Provisions	**1,518**	889	**5,904**	7,125	**1,031**	2,721
Total non-current liabilities	**3,603**	889	**21,249**	34,495	**6,472**	2,721
TOTAL LIABILITIES	**9,738**	6,358	**61,157**	78,142	**20,781**	17,259
NET ASSETS	**10,398**	9,600	**1,333,128**	1,289,612	**32,338**	84,652

* The names and purposes of each service group are summarised in Note 7.

** Appropriations have been allocated to individual service groups. For 2012, the Department has received recurrent contributions for agencies within the Justice Cluster, which have then been distributed to those agencies by way of grants.

	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*		Service Group 8 – Cluster Grant Funding*	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
	1,194	878	**6,556**	6,243	**11,922**	9,455	**–**	–	**–**	–
	5,062	4,533	**3,714**	5,876	**12,459**	15,091	**22,541**	19,291	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–
	6,256	5,411	**10,270**	12,119	**24,381**	24,546	**22,541**	19,291	**–**	–
	15,994	15,674	**159**	(5,084)	**914**	1,462	**79,247**	38,826	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–
	11,666	6,352	**8,068**	8,607	**3,432**	2,509	**–**	–	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–
	3,502	352	**6,679**	13,158	**2,383**	2,705	**–**	–	**–**	–
	31,162	22,378	**14,906**	16,681	**6,729**	6,676	**79,247**	38,826	**–**	–
	37,418	27,789	**25,176**	28,800	**31,110**	31,222	**101,788**	58,117	**–**	–
	18,406	15,425	**1,410**	680	**838**	2,218	**1,466**	1,182	**–**	–
	198	–	**1,750**	500	**–**	–	**–**	–	**–**	–
	3,022	2,302	**4,265**	4,930	**8,960**	8,049	**20,234**	18,594	**–**	–
	168	–	**–**	–	**–**	–	**–**	–	**–**	–
	21,794	17,727	**7,425**	6,110	**9,798**	10,267	**21,700**	19,776	**–**	–
	1,828	–	**3,550**	5,300	**–**	–	**–**	–	**–**	–
	346	995	**12,430**	272	**17,231**	5,663	**80,088**	38,341	**–**	–
	2,174	995	**15,980**	5,572	**17,231**	5,663	**80,088**	38,341	**–**	–
	23,968	18,722	**23,405**	11,682	**27,029**	15,930	**101,788**	58,117	**–**	–
	13,450	9,067	**1,771**	17,118	**4,081**	15,292	**–**	–	**–**	–

Table continued over page

Service group statements for the year ended 30 June 2012 (continued)

Consolidated AGENCY'S ASSETS & LIABILITIES	Service Group 9 – Custody Management*		Service Group 10 Supervision of Offenders in the Community*		Service Group 11 Offenders Program*	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets						
Cash and cash equivalents	**15,192**	22,771	**3,321**	4,631	**3,007**	4,069
Receivables	**3,716**	2,393	**975**	325	**10,091**	9,141
Inventories	**–**	–	**–**	–	**9,220**	11,062
Financial assets at fair value	**–**	–	**–**	–	**–**	–
Total current assets	**18,908**	25,164	**4,296**	4,956	**22,318**	24,272
Non-current assets						
Receivables	**–**	–	**–**	–	**–**	–
Inventories	**–**	–	**–**	–	**–**	–
Property plant and equipment	**1,743,846**	1,758,031	**153,834**	168,482	**64,867**	62,764
Other financial assets	**–**	–	**–**	–	**–**	–
Investment accounted for using the equity method	**–**	–	**–**	–	**–**	–
Intangibles	**21,632**	17,875	**4,346**	3,287	**3,819**	3,219
Total non-current assets	**1,765,478**	1,775,906	**158,180**	171,769	**68,686**	65,983
TOTAL ASSETS	**1,784,386**	1,801,070	**162,476**	176,725	**91,004**	90,255
Current liabilities						
Payables	**45,218**	53,222	**7,364**	9,499	**8,855**	6,862
Borrowings	**730**	658	**–**	–	**–**	–
Provisions	**70,199**	70,291	**17,028**	15,837	**18,688**	15,802
Other	**1,253**	1,253	**120**	120	**45**	45
Total current liabilities	**117,400**	125,424	**24,512**	25,456	**27,588**	22,709
Non-current liabilities						
Borrowings	**58,414**	59,144	**–**	–	**–**	–
Provisions	**–**	–	**–**	–	**–**	–
Total non-current liabilities	**58,414**	59,144	**–**	–	**–**	–
TOTAL LIABILITIES	**175,814**	184,568	**24,512**	25,456	**27,588**	22,709
NET ASSETS	**1,608,572**	1,616,502	**137,964**	151,269	**63,416**	67,546

* The names and purposes of each service group are summarised in Note 7.

** Appropriations have been allocated to individual service groups. For 2012, the Department has received recurrent contributions for agencies within the Justice Cluster, which have then been distributed to those agencies by way of grants.

Service Group 12 Community Based Services*		Service Group 13 Juvenile Custodial Services*		Not Attributable		Total	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
$’000	$’000	**$’000**	$’000	**$’000**	$’000	**$’000**	$’000
8,523	–	**17,301**	–	**–**	13,825	**82,588**	77,961
819	205	**1,664**	247	**–**	3,808	**84,862**	83,560
–	–	**–**	–	**–**	–	**9,220**	11,062
–	–	**–**	–	**–**	–	**–**	–
9,342	205	**18,965**	247	**–**	17,633	**176,670**	172,583
–	–	**–**	–	**–**	–	**100,991**	60,565
–	–	**–**	–	**–**	–	**–**	–
45,516	4,337	**279,596**	292,567	**–**	–	**3,535,878**	3,540,873
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**122,689**	129,258
1,387	2,868	**8,523**	4,881	**–**	–	**127,999**	119,060
46,903	7,205	**288,119**	297,448	**–**	–	**3,887,557**	3,849,756
56,245	7,410	**307,084**	297,695	**–**	17,633	**4,064,227**	4,022,339
5,998	4,000	**13,994**	6,812	**–**	–	**120,183**	119,204
–	–	**–**	–	**–**	–	**5,151**	3,655
4,326	4,706	**10,095**	8,012	**–**	193	**195,979**	190,569
–	–	**–**	–	**–**	5,818	**3,669**	7,236
10,324	8,706	**24,089**	14,824	**–**	6,011	**324,982**	320,664
–	–	**–**	–	**–**	–	**86,663**	91,814
1,535	30	**–**	52	**–**	1,188	**120,083**	57,276
1,535	30	**–**	52	**–**	1,188	**206,746**	149,090
11,859	8,736	**24,089**	14,876	**–**	7,199	**531,728**	469,754
44,386	(1,326)	**282,995**	282,819	**–**	10,434	**3,532,499**	3,552,585

Service group statements for the year ended 30 June 2012 (continued)

ADMINISTERED EXPENSES AND INCOME	Service Group 1 Legal Policy and Regulatory Services*		Service Group 2 Court Services*		Service Group 3 Court Support Services*	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Transfer payments	**–**	–	**–**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–
Transfer receipts	**–**	–	**–**	–	**–**	–
Consolidated Fund	**–**	–	**–**	–	**–**	–
• Taxes, fees and fines	**–**	–	**14,676**	23,117	**–**	–
• Other	**–**	–	**–**	–	**–**	–
Administered Income less Expenses	**–**	–	**14,676**	23,117	**–**	–

ADMINISTERED EXPENSES AND INCOME	Service Group 9 Custody Management*		Service Group 10 Supervision of Offenders in the Community*		Service Group 11 Offenders Program*	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Transfer payments	**–**	–	**–**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–
Transfer receipts	**–**	–	**–**	–	**–**	–
Consolidated Fund	**–**	–	**–**	–	**–**	–
• Taxes, fees and fines	**–**	–	**–**	–	**–**	–
• Other	**–**	–	**–**	–	**–**	–
Administered Income less Expenses	**–**	–	**–**	–	**–**	–

* The name and purpose of each program is summaries in Note 7.

** Appropriations have been allocated to individual service groups. For 2012, the Department has received recurrent contributions for agencies within the Justice Cluster, which have then been distributed to those agencies by way of grants.

Administered assets and liabilities are disclosed in Note 25

Administered income is disclosed in Note 26

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*		Service Group 8 Cluster Grant Funding*	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–

Service Group 12 Community Based Services*		Service Group 13 Juvenile Custodial Services*		Not Attributed		Total	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**14,676**	23,117
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**14,676**	23,117

Summary of compliance with financial directives for the year ended 30 June 2012

Consolidated	2012 Recurrent Appropriation	2012 Expenditure/ Net Claim on Consolidated Fund	2012 Capital Appropriation	2012 Expenditure/ Net Claim on Consolidated Fund
	$'000	$'000	$'000	$'000
ORIGINAL BUDGET APPROPRIATION/EXPENDITURE				
• Appropriation Act	4,979,841	5,086,649	173,209	170,118
• Additional Appropriations	–	–	3,111	–
• s 45 transfer to another agency	–	–	–	–
• s 24 PF&AA – transfers of functions between departments Attorney General's Division	–	–	–	–
• s 24 PF&AA – transfers of functions between departments Juvenile Justice NSW Division	–	–	–	–
• s 24 PF&AA – transfers of functions between departments Juvenile Justice NSW Division	–	–	–	–
• s 26 PF&AA – Commonwealth specific purpose payments	500	–	–	–
• s 33 PF&AA – variation of authorised payments from Consolidated Fund.	180,716	–	–	–
	5,161,057	5,086,649	176,320	170,118
OTHER APPROPRIATIONS/EXPENDITURE				
• Treasurer's Advance	22,369	–	–	–
	22,369	–	–	–
Total Appropriations/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	5,183,426	5,086,649	176,320	170,118
Amount draw down against Appropriation	–	5,088,681	–	170,118
Liability to Consolidated Fund*	–	(2,032)	–	–

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

* The Liability to Consolidated Fund represents the difference between the ''Amount drawn down against Appropriation'' and the ''Total Expenditure/Net Claim on Consolid

2011			
Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
$'000	$'000	$'000	$'000
1,312,054	1,438,732	184,031	180,903
132,989	–	4,822	–
(512)	–	–	–
2,690	–	–	–
38,537	37,881	12,806	15,155
–	–	2,350	–
480	–	–	–
–	–	–	–
1,486,238	1,476,613	204,009	196,058
1,905	–	–	–
1,905	–	–	–
1,488,143	1,476,613	204,009	196,058
–	1,482,431	–	196,058
–	(5,818)	–	–

ated Fund".

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Department of Attorney General and Justice as a reporting entity incorporates the financial results of the Attorney General's Division, including the Attorney General's business centres 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, the Corrective Services NSW Division, including Corrective Services Industries, and the Juvenile Justice NSW Division.

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 2012 have been authorised for issue by the Director General, after recommendation by the Audit and Risk Committee on 24 September 2012.

(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 statements 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 30) and for details of a US dollar bank account held outside of the public monies accounts (refer Note 24).

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 25 and 26 respectively.

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

(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.

Consistent with Appropriation Bill 2011, Division 2 part 7, 2011–12, Budget Estimates Volume 3 (page i to ii), and Treasury Circulars 12/08, 12/09 and 12/10, the Attorney General, who is the designated Coordinating Minister for the Justice Cluster, receives an appropriation for the principal department. The principal department's total appropriation from the consolidated fund comprises funding to the principal department and to specified justice agencies within the cluster.

With the support of the Portfolio Minister and the Director General, the Coordinating Minister is responsible for allocating resources to agencies within the justice cluster. Therefore, from the 2011–12 financial year, the specified justice agencies previously receiving an appropriation, receive grant funding from the Department of Attorney General and Justice as the principal department. These are accordingly reported as grants expenditure to cluster agencies in the financial statements of the principal department (refer Note 2(d)).

In the above context, the principal department within the justice cluster, which receives appropriations from NSW Treasury is the Department of Attorney General and Justice, comprising the Attorney General's Division, Corrective Services NSW Division and Juvenile Justice NSW Division. The agencies within the justice cluster which receive funding by way of grants are the NSW Police Force, Ministry of Police and Emergency Services, Fire and Rescue NSW, Information and Privacy Commission, Legal Aid NSW, State Emergency Services and the NSW Rural Fire Service.

NSW Treasury has confirmed that the treatment of payments made to the justice cluster agencies, mentioned above, by way of grants and not transfer payments is consistent with NSW TC 12/08 "Budget Controls – Net Cost of Services", which states that the Attorney General, as the Coordinating Minister, supported by the Director General of the Department of Attorney General and Justice, being the principal agency in the justice cluster, has the flexibility to meet additional expenditure needs and cost pressures through prioritisation of resources within the justice cluster.

Appropriations are not recognised as income 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.

The liability is disclosed in Note 17 as part of 'Other liabilities – current'. 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.

(viii) Personnel Services Revenue

Personnel services revenue relates to the provision of personnel services to the NSW Trustee and Guardian, including the Office of the Public Guardian, and the Legal Profession Admission Board. These entities are statutory bodies, which the Department does not control.

(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.

1 Summary of Significant Accounting Policies (continued)

(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.

(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*.

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 and was based on an independent assessment. A desk top review was undertaken as at 31 March 2012 in respect of the 30 June 2012 position, resulting in a revaluation of buildings and the finance lease.

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:

Property, plant and equipment	30 June 2012 % Rate	30 June 2011 % Rate
Land & Buildings		
Buildings at Valuation	Estimated useful life	Estimated useful life
Buildings at Cost	2	2
Air conditioning	10	10
Land and Buildings under Finance lease	Over term of finance lease	Over term of finance lease
Plant & Equipment		
Make good assets	Over term of operating lease	Over term of operating lease
Computer equipment, Voice & Data Communications	25	25
Desktop PCs	20	20
Furniture and fittings	10	10
Correctional centre equipment, including CCTV, and industrial plant and equipment used by Corrective Services Industries	10	10
Other Plant and equipment	20	20
Leashold Improvements	Over term of the lease	Over term of the lease
Transport equipment	14.3	14.3
Intangible assets		
Software	25	25
Software – major projects	10	10

1 Summary of Significant Accounting Policies (continued)

(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 $0.55 million (2011: $0.74 million) concerning heritage program services provided free of charge by the Department of Finance and Services.

(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.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(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 2012.

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 three year period to 30 June 2012.

(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 24. 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 20.

(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 twelve 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.

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.

1 Summary of Significant Accounting Policies (continued)

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 12/06) 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.

(k) Equity and reserves

(i) Revaluation Surplus

The revaluation surplus 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 18) 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*.

In the prior financial year (2010/11), 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 have been 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 were 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.

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

The current year's financial statements include, for the first time, the full year financial results for Juvenile Justice NSW and the Guardianship Tribunal.

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

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).

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*.

(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 13) . 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.

Law Courts Limited advised on 5 July 2012 that it is reviewing the joint venture asset ratio and the way that is is recognised in the Department's financial statements. Law Courts Limited has initiated a number of actions to clarify and update the ownership model. Whilst Law Courts Limited has some preliminary data, the work has not been finalised and there remains some uncertainty, as the major refurbishment project is not due for completion until April 2013.

The Board, Law Courts Limited, agreed at its June 2012 meeting to maintain the current ownership split at 52.5%/47.5% for the NSW State and the Australian Commonwealth Governments respectively, pending finalisation of the new data.

(o) 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 2010-7 regarding Financial Instruments
- AASB 2010 regarding Consolidated Financial Statements
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 and AASB 2011-8 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1053 and AASB 2010-2 regarding differential reporting.
- AASB 2010-8 regarding deferred tax
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-4 removing individual KMP disclosure requirements.
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harminisation.

The Department has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

(p) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous financial year for all amounts reported in the financial statements.

2 Expenses Excluding Losses

		30 June 2012	30 June 2011
		$'000	$'000
(a)	**Employee related expenses**		
	Salaries and wages (including recreation leave)	**1,139,783**	1,004,172
	Superannuation – defined benefit plans*	**3,913**	42,920
	Superannuation – defined contribution plans	**74,895**	63,923
	Long service leave	**81,918**	36,514
	Workers' compensation insurance	**39,500**	28,391
	Payroll tax and fringe benefits tax	**74,028**	67,159
	Redundancy Payments	**31,533**	1,839
	Other	**29**	10
	** Superannuation – defined benefit plans has been impacted by the annual actuarial valuation of the plans*	**1,445,599**	1,244,928
(b)	**Other operating expenses include the following:**		
	Advertising	**126**	66
	Auditor's Remuneration – audit of the financial statements	**884**	725
	Auditor's Remuneration – Internal	**971**	688
	Rental Expenses Relating to Buildings	**34,229**	30,618
	Consultancy costs	**2,860**	1,027
	Contract payments	**6,710**	2,433
	Contractors	**18,444**	17,271
	Fees for services rendered	**12,903**	12,039
	Insurance	**9,159**	8,549
	Operating Lease rental	**14**	11
	Property & Plant Outgoings	**46,864**	41,026
	Minor equipment purchases	**406**	523
	Motor vehicle expenses	**21,669**	20,716
	Inmate Education & Welfare	**24,080**	20,875
	Rates and charges	**8,091**	7,593
	Catering – Inmates & Juveniles	**24,849**	23,712
	Stores, stationery and materials	**4,505**	3,436
	Training (staff development)	**677**	361
	Transcription, Translation & Interpreter Services	**1,005**	822
	Prison Hospital Service Fee	**2,390**	2,009
	Out Sourced Services	**4,509**	2,849
	Publications	**3,950**	3,907
	Correctional Centre Management	**65,264**	62,379
	Corrective Services Industries	**21,770**	15,629
	Staff Uniforms, Travel & Development	**18,819**	19,136
	Telecommunications	**14,530**	13,756
	Licenses	**1,385**	312
	Forum Costs	**212**	86
	General Administration	**31,033**	24,418
	Maintenance		
	Repairs and routine maintenance*	**58,905**	52,489
	Maintenance	**58,905**	52,489
		441,213	389,461
	** Reconciliation – Total maintenance*		
	Maintenance expense – contracted labour and other (non-employee related), as above	**58,905**	52,489
	Employee related maintenance expense included in Note 2(a)	**–**	–
	Total maintenance expenses included in Note 2(a) + 2(b)	**58,905**	52,489

2 Expenses Excluding Losses (continued)

		30 June 2012	30 June 2011
		$'000	$'000
(c)	**Depreciation and amortisation expense**		
	Depreciation		
	Buildings	**94,092**	75,293
	Plant and Equipment	**52,384**	55,922
	Infrastructure Systems	**928**	294
	Leased Assets	**6,697**	4,777
	Total Depreciation	**154,101**	136,286
	Amortisation		
	Intangibles	**14,212**	16,455
	Total Amortisation	**14,212**	16,455
	Total depreciation and amortisation	**168,313**	152,741
(d)	**Grants and subsidies**		
	Religious Attendance on Inmates	**2,538**	2,538
	Corrective Services NSW Division – After Care	**1,492**	3,596
	Other Grants	**2,834**	3,070
	Grants to Other Organisations	**3,785**	5,444
	Contributions to Other Bodies	**543**	644
	Grants Non-Budget Dependent Agencies	**2,544**	7,935
	Grants Budget Dependent Agencies – refer Note 1(e)(i)	**3,457,777**	3,453
	Grants issued by Juvenile Justice NSW Division	**9,806**	3,696
	Grants to NSW Trustee & Guardian	**7,720**	7,528
		3,489,039	37,904
(e)	**Finance costs**		
	Finance lease interest charges	**9,233**	9,374
	Other borrowing costs	**375**	353
		9,608	9,727
(f)	**Other expenses**		
	Other	**965**	811
	Managed Fund Hindsight Adjustments	**2,806**	3,950
	Ex Gratia Payments	**63**	14
	Legal Costs	**6,655**	4,733
	Contribution to Law Courts Limited	**38,449**	40,842
	Arbitration Fees & Inquest Fees	**5,028**	4,255
	Jury Costs	**10,595**	8,707
	CSO Disbursements	**20,665**	23,290
	Victims Compensation Costs	**66,383**	63,385
		151,609	149,987

3 Revenue

		30 June 2012	30 June 2011
		$'000	$'000
(a)	**Appropriations**		
	Recurrent appropriations		
	Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)	**5,088,682**	1,480,253
	Less: Liability to Consolidated Fund (per Summary of Compliance) – Attorney General's Division & Juvenile Justice NSW Division	**(2,032)**	(5,818)
	Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)	**5,086,650**	1,474,435
	Comprising:		
	Recurrent appropriations (per Statement of comprehensive income) (refer Note 1(e)(i))	**5,086,650**	1,474,435
		5,086,650	1,474,435
(b)	**Appropriations**		
	Capital appropriations		
	Total capital drawdowns from NSW Treasury (per Summary of Compliance)	**170,118**	196,058
	Total capital drawdowns from NSW Treasury (per Summary of Compliance)	**170,118**	196,058
	Comprising:		
	Capital appropriations (per Statement of comprehensive income)	**170,118**	196,058
		170,118	196,058
(c)	**Sale of goods and services**		
	Corrective Services Industries	**29,882**	23,303
	Canteen Sales	**1,136**	1,181
	Certificates	**29,375**	29,875
	Rent of Premises	**409**	440
	Minor Usage Charges	**6,397**	3,872
	Family Law Court Fees	**546**	419
	Sheriff's Fees	**3,416**	1,699
	Other Fees	**522**	825
	Legal Fees	**18,302**	17,601
	Transcription Services	**2,659**	3,233
	Sale of Publications	**31**	42
	Management Fees	**3,678**	4,084
	Other Court Fees	**41,236**	35,990
	Filing Fees	**22,360**	20,034
	Filing Fees Probate	**26,224**	24,350
	Statement of Claims	**16,419**	15,975
		202,592	182,923

3 Revenue (continued)

		30 June 2012	30 June 2011
		$'000	$'000
(d)	**Investment revenue**		
	Interest revenue from financial assets not at fair value through profit or loss	**2,888**	1,860
	Rents	**2,121**	2,809
	TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	**901**	920
		5,910	5,589
(e)	**Retained taxes, fees and fines**		
	Restitution Orders Raised	**4,950**	4,255
	Confiscation Proceeds of Crime	**1,295**	1,316
	Victims Compensation Levies	**7,424**	7,959
		13,669	13,530
(f)	**Grants and contributions**		
	Department of Health	**1,877**	1,506
	Grants from Other Agencies	**258**	2,082
	Department of Community Services	**1,626**	449
	Department of Education & Training	**509**	649
	Contributions from Dust Diseases Board	**6,152**	4,440
	Roads & Traffic Authority	**850**	850
	Other	**6,637**	10,397
	NSW Treasury	**3,296**	–
		21,205	20,373
(g)	**Personnel services revenue**		
	Personnel services revenue from statutory bodies (NSW Treasury Circular TC 11/19)	**97,963**	54,017
		97,963	54,017
(h)	**Acceptance by the Crown Entity of employee benefits and other liabilities**		
	Superannuation – defined benefit	**45,337**	44,506
	Long service leave	**79,704**	35,544
	Payroll tax	**2,475**	2,478
		127,516	82,528
(i)	**Other revenue**		
	Insurance hindsight adjustments	**2,405**	152
	Sundry income	**3,089**	6,282
	Other Miscellaneous	**1,378**	1,509
	Commission	**107**	106
	SES & Judicial MV Contributions	**2,226**	2,346
	Law Society Contributions	**8,695**	10,773
	Services Provided	**12,108**	4,466
	Write-back of Tax equivalent regime amount	**1,394**	(1,394)
		31,402	24,240

4 Gain/(Loss) on Disposal

	30 June 2012	30 June 2011
	$'000	$'000
Gain/(loss) on disposal of land and buildings, plant and equipment		
Proceeds from disposal	**147**	1,331
Written down value of assets disposed	**(725)**	(4,517)
Net gain/(loss) on disposal of plant and equipment	**(578)**	(3,186)

5 Other Gains/(Losses)

	30 June 2012	30 June 2011
	$'000	$'000
Loss on impairment	**(11,417)**	(2,665)
LCL asset adjustment write off	**(6,569)**	(6,099)
Total other gains/(losses)	**(17,986)**	(8,764)

6 Conditions on Contributions

(a) There were contributions of $2.2 million (2011: $5.3 million) recognised as revenue during the current financial year, which were obtained for expenditure in previous years.

(b) There were contributions of $0.91 million (2011: $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 and project objectives. Funds can only be expended on these programs over the nominated period, any balance outstanding is refundable.

7 Service Groups of the Agency

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

Objective: This service group covers the provision of advice to Government on law and justice and the development and implementation of legislation, legal reforms, evidence-based policies and justice programs. It also covers the regulation of the activities of professional groups, collection of statistical information and research on crime, privacy services, legal assistance and representation, and investigation and resolution of complaints.

(b) Service Group 2 – Court Services

Objective: This service group covers the administration of NSW courts, tribunals and community justice centres. It also covers drug and alcohol diversionary programs and the provision of support for vulnerable witnesses, victims of sexual assault and clients with mental health problems.

(c) Service Group 3 – Court Support Services

Objective: This service group covers the provision of 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: This service group covers 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. It also provides support to victims of crime by providing access to services and entitlments to aid their recovery.

7 Service Groups of the Agency (continued)

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

Objective: This service group covers the provision of an accurate, consistent, equitable and secure system for the registration of births, deaths and marriages in New South Wales. Information recorded in the system is used to provide a range of certificates, products and information services, including reliable data for planning and research.

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

Objective: This service group covers the provision of core and non-core (general) legal services to NSW Government. Government agencies must engage the Crown Solicitor to perform core legal services for matters that have implications for government beyond an individual Minister's portfolio, involve the constitutional powers and privileges of the State or raise issues that are fundamental to the responsibilities of government. The Crown Solicitor's Office also competes with the private legal profession for non-core legal work.

(g) Service Group 7 – Business and Personnel Services

Objective: This service group covers the provision of personnel services to the NSW Trustee and Guardian, the Office of the Public Guardian and the Legal Profession Admission Board.

(h) Service Group 8 – Cluster Grant Funding

Objective: This service group covers the provision of grant funding to agencies within the Attorney General and Justice cluster. This includes funding to the Department of Rural Fire Service, Fire and Rescue NSW, Information and Privacy Commission, Legal Aid Commission of New South Wales, Ministry for Police and Emergency Services, New South Wales Crime Commission, NSW Police Force and State Emergency Service.

(i) Service Group 9 – Custody Management

Objective: This service group covers the containment of inmates in correctional centres and providing a secure environment for inmates, employees & 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 Aboriginal issues.

(j) Service Group 10 – 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

(k) Service Group 11 – 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.

(l) Service Group 12 – Community Based Services

Objective: This service group covers the administration of youth justice conferences, the supervision of young offenders on community-based sentences on order of the courts, the provision of reports to the courts, support for young people seeking bail and court-ordered supervision of young offenders on bail. It also covers the provision of counselling and interventions to address young offenders' risk of re-offending.

- 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.

(m) Service Group 13 – Juvenile Custodial Services

Objective: This service group covers the supervision of young offenders sentenced by the courts to detention or ordered to remain in custody pending the outcome of their court cases. It also covers the provision of counselling and intervention to address young offenders at risk of re-offending and transport for detainees to and from juvenile justice centres.

8 Cash and Cash Equivalents

	30 June 2012	30 June 2011
	$'000	$'000
Cash at bank	**65,826**	64,624
Cash on hand	**844**	892
Short Term Deposits – TCorp	**15,918**	12,445
	82,588	77,961

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. 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 2012	30 June 2011
	$'000	$'000
Cash and cash equivalents (per statement of financial position)	**82,588**	77,961
Closing cash and cash equivalents (per statement of cash flows)	**82,588**	77,961

Refer Note 23 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

9 Receivables

	30 June 2012	30 June 2011
	$'000	$'000
Current Receivables		
Sale of goods and services	**23,846**	22,135
Victims Compensation Fund	**3,944**	3,777
Goods and Services Tax recoverable from ATO	**9,017**	9,475
Prepayments	**5,017**	5,046
Personnel Services	**7,783**	7,728
Other Receivables	**10,453**	14,880
Receivables LSL	**24,802**	20,519
	84,862	83,560
Non-current Receivables		
Personnel Services	**79,247**	38,806
Prepayment of employee entitlements	**2,721**	3,487
Receivables – LSL	**748**	434
Victims Compensation Tribunal/Criminal Injuries Compensation debtors	**15,787**	15,123
Non-current GST accruals – Finance lease	**2,488**	2,715
	100,991	60,565
Movement in the allowance for impairment		
Balance at 1 July	**8,319**	8,559
Amounts written off during the year	**(896)**	(47)
Increase/(decrease) in allowance recognised in profit or loss	**934**	(193)
Balance at 30 June	**8,357**	8,319

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 23.

(a) Sale of goods and services debtors

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

	30 June 2012	30 June 2011
	$'000	$'000
Amounts receivable from the sale of goods and services	**80,779**	93,104
Less:		
Amounts receivable that do not meet the asset recognition criteria	**48,576**	62,649
Allowance for impairment	**8,357**	8,319
	23,846	22,136

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 the three years ended 30 June 2012. The balance of the debts held at the State Debt Recovery Office, which are not recognised, are shown above as "Amounts receivable that do not meet the asset recognition criteria".

9 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 2012	30 June 2011
	$'000	$'000
Amounts receivable from restitution orders made or confirmed by the Victims Compensation Tribunal	**309,716**	289,419
Less		
Amounts receivable that do not meet the asset recognition criteria	**290,006**	270,536
Victims Compensation Fund Debtors	**19,710**	18,883
This is represented by:		
Current	**3,944**	3,777
Non-Current	**15,766**	15,106
	19,710	18,883

Debts are recognised on the basis of average receipts for the five years ended 30 June 2012.

(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 2012	30 June 2011
	$'000	$'000
Amounts receivable from restitution orders made or confirmed under the *Criminal Injuries Compensation Act 1967*	**147**	153
Less		
Amounts receivable that do not meet the asset recognition criteria	**126**	136
Criminal Injuries Compensation Debtors	**21**	17
This is represented by:		
Current	**–**	–
Non-Current	**21**	17
	21	17

Debts are recognised on the basis of average receipts for the five years ended 30 June 2012.

10 Inventories

Held for resale

	30 June 2012	30 June 2011
	$'000	$'000
Raw materials		
At cost	**3,804**	5,369
	3,804	5,369
Raw Material inventory includes, but is not limited to, papers, solvents, cooking ingredients, bolts, timber bars, mesh lubricant, copper sulphate fabric and buttons.		
Work in progress		
At cost	**660**	805
	660	805
Work In progress inventory includes, but is not limited to, processed meat, bed bases, barrel backers and unfinished clothing.		
Finished goods		
At cost	**3,281**	3,235
Less: provision for obsolescence	**192**	171
	3,089	3,064
Finished goods include, but are not limited to, signs, booklets, prepared meals, beds, cabinets, overalls and briefs.		
Livestock		
At net realisable value	**1,667**	1,824
	1,667	1,824
Professional valuations have been obtained to determine fair value less cost to sell of all livestock held at the end of the reporting period.		
Total	**9,220**	11,062

11 Non-Current Assets – Property, Plant and Equipment

	Land and Buildings	Plant and Equipment	Land and Buildings under Finance Lease	Total
	$'000	$'000	$'000	$'000
At 1 July 2011 – fair value				
Gross carrying amount	4,663,844	320,464	309,076	5,293,384
Accumulated depreciation and impairment	(1,503,555)	(111,106)	(137,850)	(1,752,511)
Net carrying amount	3,160,289	209,358	171,226	3,540,873
At 30 June 2012 – fair value				
Gross carrying amount	**4,770,104**	**369,040**	**242,965**	**5,382,109**
Accumulated depreciation and impairment	**(1,610,026)**	**(160,762)**	**(75,443)**	**(1,846,231)**
Net carrying amount	**3,160,078**	**208,278**	**167,522**	**3,535,878**

Reconciliation

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

	Land and Buildings	Plant and Equipment	Land and Buildings under Finance Lease	Total
	$'000	**$'000**	**$'000**	**$'000**
Year ended 30 June 2012				
Net carrying amount at start of year	**3,160,289**	**209,358**	**171,226**	**3,540,873**
Additions	**136,512**	**7,447**	**–**	**143,959**
Additions (non-cash)	**144**	**748**	**–**	**892**
Disposals	**(17,121)**	**(185)**	**–**	**(17,306)**
Acquisitions through administrative restructures	**–**	**–**	**–**	**–**
Net revaluation increment less revaluation decrements	**23,855**	**–**	**2,993**	**26,848**
Depreciation expense	**(95,020)**	**(52,384)**	**(6,697)**	**(154,101)**
Other movements	**(48,581)**	**43,294**	**–**	**(5,287)**
Net carrying amount at end of year	**3,160,078**	**208,278**	**167,522**	**3,535,878**
Year ended 30 June 2011				
Net carrying amount at start of year	2,550,906	198,912	152,089	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	(47,897)	22,902	–	(24,995)
Net carrying amount at end of year	3,160,289	209,358	171,226	3,540,873

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

Land and buildings comprise land, buildings, air conditioning, finance lease assets and work in progress of $16.02 million (2011: $3.16 million). Plant and equipment comprises computer equipment, furniture and fittings, plant, equipment, make-good assets, leasehold improvements, voice communications, data communications and work in progress of $115.45 million (2011: $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. Mr Goldsmith conducted a desk top review of the revalued amounts of land and buildings as at 31 March 2012 in respect of the 30 June 2012 position. 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 revaluing its land and buildings, the Department has applied the proportional gross restatement method to separately restate the gross amount and the related accumulated depreciation.

As the Parramatta Correctional Centre had been decommissioned to be transferred to the State Property Authority, a revaluation at market value was obtained for the land and buildings on this site. The Berrima and Kirconnell Correctional Centres’ buildings and improvements are valued using the depreciation replacement cost method (respective net book value of $3.063 million and $10.127 million) until a determination is made on the future of these assets.

Land and Buildings under Finance Lease

The finance lease asset relates to an arrangement entered into by the Attorney General’s Division 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 (2011: $0.6 million) which the Department recovers in rental offsets. The finance lease was revalued as at 30 June 2011 by Mr Paul Goldsmith. Mr Goldsmith conducted a desk top review of the revaluation of the finance lease as at 31 March 2012 in respect of the 30 June 2012 position.The leasehold asset will be amortised over the remainder of the lease.

The finance lease of the Corrective Services NSW Division 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. Mr Goldsmith conducted a review of the revaluation of the finance lease as at 31 March 2012 in respect of the 30 June 2012 position.

12 Intangible Assets

	Software	Total
	$'000	$'000
At 1 July 2011		
Cost (gross carrying amount)	**144,256**	144,256
Accumulated amortisation and impairment	**(25,196)**	(25,196)
Net carrying amount	**119,060**	119,060
At 30 June 2012		
Cost (gross carrying amount)	**173,762**	173,762
Accumulated amortisation and impairment	**(45,763)**	(45,763)
Net carrying amount	**127,999**	127,999
Year ended 30 June 2012		
Net carrying amount at start of year	**119,060**	119,060
Transfers through administrative restructures	**–**	–
Additions	**28,714**	28,714
Disposals	**–**	–
Impairment losses	**(10,483)**	(10,483)
Amortisation (recognised in ''depreciation and amortisation'')	**(14,212)**	(14,212)
Other movements	**4,920**	4,920
Net carrying amount at end of year	**127,999**	127,999
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

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

	30 June 2012	30 June 2011
	$'000	$'000
Financial results for the period ended 30 June 2012		
Statement Of Financial Position		
Assets		
Total Current Assets	**25,338**	27,199
Total Non-Current Assets	**213,850**	223,256
Total Assets	**239,188**	250,455
Liability		
Total Current Liabilities	**5,495**	4,248
Total Non-Current Liabilities	**–**	–
Total Liabilities	**5,495**	4,248
NET ASSETS	**233,693**	246,207
Equity		
Asset Revaluation Reserve	**91,078**	98,270
Accumulated Funds	**142,615**	147,937
Total Equity	**233,693**	246,207
Statement of comprehensive income		
Revenue	**42,955**	52,734
Expense	**48,276**	27,641
PROFIT ATTRIBUTABLE TO MEMBERS	**(5,321)**	25,093
52.5% of NET ASSETS	**122,689**	129,258
52.5% share of the profit of joint venture accounted for using equity method	**(2,793)**	13,174
52.5% share of decrease in assets of joint venture accounted for using equity method	**(3,776)**	(6,099)
52.5% share of joint venture accounted for using equity method	**(6,569)**	7,075

Refer Note 1(n) and 5.

14 Payables

	30 June 2012	30 June 2011
	$'000	$'000
Payables		
Accrued salaries, wages and on-costs	**38,686**	33,895
Creditors	**42,179**	52,956
Accruals	**39,007**	35,073
Other Creditors	**311**	(2,720)
	120,183	119,204

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 23.

Payables include accruals for claims relating to the Victims Compensation Tribunal totalling $16.9 million (2011: $13.6 million) (refer Note 27).

15 Borrowings

	30 June 2012	30 June 2011
	$'000	$'000
Current Borrowings		
Secured/Unsecured		
TCorp borrowings	**1,750**	500
Finance leases (refer Note 19)	**3,401**	3,155
	5,151	3,655
Non-Current Borrowings		
Secured/Unsecured		
TCorp borrowings	**3,550**	5,300
Finance leases (see Note 19)	**83,113**	86,514
	86,663	91,814

15 Borrowings (continued)

Finance Lease

The Department has entered into two finance leases. At reporting date the value of the lease liability is:

	30 June 2012	30 June 2011
	$'000	$'000
Gross value of lease	**208,426**	220,485
Less: future finance charges	**(121,912)**	(130,816)
Lease liability	**86,514**	89,669
Repayment of Finance Lease		
Not later than one year	**3,401**	3,155
Between one and five years	**16,695**	15,428
Later than five years	**66,418**	71,086
Total – Finance Lease	**86,514**	89,669
Gross Commitments		
Not later than one year	**13,950**	13,740
Between one and five years	**55,802**	54,961
Later than five years	**138,674**	151,784
Less: Future finance charge	**(121,912)**	(130,816)
Present value of minimum lease payments	**86,514**	89,669

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.

Repayment of Treasury Advances

	30 June 2012	30 June 2011
	$'000	$'000
TCorp borrowings		
Repayment of TCorp borrowings		
Not later than one year	**1,750**	500
Between one and five years	**3,550**	5,300
Later than five years	**–**	–
Total – TCorp borrowings	**5,300**	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 30 June 2016.

16 Provisions

	30 June 2012	30 June 2011
	$'000	$'000
Current		
Employee benefits and related on-costs		
Recreation leave	**119,895**	122,646
Sundays & Public Holidays	**3,247**	3,481
Payroll tax	**12,731**	11,659
Fringe benefits tax	**367**	365
Annual Leave Loading	**9,748**	9,828
Long Service Leave	**44,255**	35,575
Other employee benefits and related on-cost	**39**	–
	190,282	183,554
Current		
Other provisions		
Make Good – Current	**5,697**	5,160
Payments to Office of State Revenue	**–**	1,394
Provision for Discount	**–**	461
	5,697	7,015
Total provisions	**195,979**	190,569

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 Payments 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 by the Registry and the Office. On 9 June 2012, NSW Treasury also confirmed that the Registry has been removed from the Tax Equivalent Regime entity register and is not required to make payments under the Tax Equivalent Regime to the Office of State Revenue.

16 Provisions (continued)

	30 June 2012	30 June 2011
	$'000	$'000
Non-Current		
Employee benefits and related on-costs		
Long service leave	**2,165**	1,192
Prov for Superannuation – Non Current	**110,627**	50,092
	112,792	51,284
Non-Current		
Other provisions		
Make Good – Non Current	**7,291**	5,992
	7,291	5,992
Total provisions	**120,083**	57,276
Aggregate employee benefits and related on-costs		
Aggregate employee benefits and related on-costs		
Provisions – current	**190,282**	183,554
Provisions – non-current	**112,792**	51,284
Accrued salaries, wages and on-costs (Note 14)	**38,686**	33,895
	341,760	268,733

Movements in provisions (other than employee benefits)

	Make Good	Transfer Payments and Payments to OSR	Discounts	Total
	$'000	$'000	$'000	$'000
Current and Non-Current Liabilities				
Parent				
2012				
Carrying amount at the beginning of financial year	**11,152**	**1,394**	**461**	**13,007**
Additional provisions recognised	**2,412**	**–**	**–**	**2,412**
Amounts used	**(500)**	**–**	**–**	**(500)**
Unused amounts reversed	**(76)**	**(1,394)**	**(461)**	**(1,931)**
Unwinding/change in the discount rate	**–**	**–**	**–**	**–**
Carrying amount at end of financial year	**12,988**	**–**	**–**	**12,988**

17 Other Liabilities

	30 June 2012	30 June 2011
	$'000	$'000
Current		
Liability to Consolidated Fund	**2,032**	5,818
Asset Sale proceeds due to Treasury	**1,637**	1,418
	3,669	7,236

18 Decrease in Net Assets from Equity Transfers

	30 June 2012	30 June 2011
	$'000	$'000
Assets – land and buildings – Parramatta Correctional Centre was closed and transferred from the Department of Attorney General and Justice to the State Property Authority	**(16,000)**	–

19 Commitments for Expenditure

	30 June 2012	30 June 2011
	$'000	$'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:		
Not later than one year	**34,175**	84,196
Later than one year and not later than five years	**30,721**	28,565
Total (including GST)	**64,896**	112,761

In addition to the above, capital commitments of Law Courts Limited, the joint venture arrangement (refer Note 13), relating to building refurbishments due for completion in 2013 are $11.16 million (2011: $7.10 million).

	30 June 2012	30 June 2011
(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	**103,830**	95,862
Later than one year and not later than five years	**102,283**	190,074
Total (including GST)	**206,113**	285,936
(c) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	**47,830**	46,176
Later than one year and not later than five years	**114,410**	115,726
Later than five years	**77,615**	83,760
Total (including GST)	**239,855**	245,662

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 2012, 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 2012.

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 $46.7 million that are expected to be recoverable from the ATO.

Finance Lease Commitments are disclosed in Note 15.

19 Commitments for Expenditure (continued)

	30 June 2012	30 June 2011
	$'000	$'000
(d) Finance Lease Commitments		
Minimum lease payment commitments in relation to finance leases payable as follows:		
Not later than one year	**13,950**	13,740
Later than one year and not later than five years	**55,802**	54,961
Later than five years	**138,674**	151,784
Minimum lease payments	**208,426**	220,485
Less: future finance charges	**121,912**	130,816
Present value of minimum lease payments	**86,514**	89,669
The present value of finance lease commitments is as follows:		
Not later than one year	**3,401**	3,155
Later than one year and not later than five years	**16,695**	15,428
Later than five years	**66,418**	71,086
	86,514	89,669
Classified as:		
Current (Note 15)	**3,401**	3,155
Non-current (Note 15)	**83,113**	86,514
	86,514	89,669

In 2006/07, the former Department of Corrective Services engaged a private sector company, PPP Solutions (Long Bay) Pty Limited, to finance, design, construct and maintain the Long Bay Forensic and Prison Hospitals at Long Bay under a Project Deed. The development is a joint project between the NSW Department of Health and the former Department of Correctives Services. In addition to the hospital facilities, the project includes a new operations Building and a new Pharmacy Building for Justice Health, and a new gatehouse for the former Department of Corrective Services. The new gatehouse component was completed on 18 June 2008 and the Prison Hospital on 14 July 2008. Upon commissioning, the former Department of Corrective Services recognised the new Prison Hospital as an asset of $61.4 million. The basis for the accounting treatment is that custodial services will be delivered by the Department for the duration of the term until May 2034. In addition, the Department will recognise a finance lease liability for the duration of the term until May 2034.

The Department also entered into a finance lease arrangement to lease the John Maddison Tower from a private sector company to house the District Court. The lease commenced on 1 July 1995, with a non-cancellable lease of 25 years and provision for an option of a further 15 years. The building is constructed on land owned by the Department.

20 Contingent Liabilities and Contingent Assets

Contingent liabilities

	30 June 2012	30 June 2011
	$'000	$'000
Victims Compensation Fund (a)	**225,358**	239,164
Suitors Fund (b)	**75**	204
Current Litigation (c)	**1,200**	1,200
	226,633	240,568

(a) Victims Compensation Fund – There are 21,911 pending applications (claims) (2011: 21,610) on the Victims Compensation Fund as at 30 June 2012, which are expected to be paid at an average payment of $10,284 (2011: $11,067) , under the *Victims Support and Rehabilitation Act, 1996*. There are also 35 claims (2011: 36) remaining from the Criminal Injuries Compensation system averaging $729 (2011: $169).

(b) Suitors Fund – There are 8 (2011: 22) claims pending on the Suitors Fund as at 30 June 2012.

(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 (2011: $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.

Claims made against Corrective Services NSW in respect of compensation and litigation arising from normal operations are fully covered by the NSW Treasury Managed Fund. Corrective Services NSW is aware of an estimated potential liability at balance date of $0.060 million.

A liability may arise from an Occupational Health and Safety breach at Glen Innes Correctional Centre which may result in a penalty. The estimated value of the liability cannot be fully determined because of uncertain future events.

The liability for the development of the Long Bay 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 estimate value of the contingent liability cannot be fully determined because of uncertain future events.

Contingent assets

	30 June 2012	30 June 2011
	$'000	$'000
Guarantee Undertaking	**380**	380
Claim on third party organisation	**–**	–
	380	380

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.

21 Budget Review

Net result for the year

The actual net result exceeded budget by $20.2 million, primarily due to increased revenue exceeding budget by $206.2 million, offset by total expenditure excluding losses exceeding budget by $167.5 million.

Employee related expenditure exceeded budget by $69.3 million mainly due to voluntary redundancy costs and increases in long service leave costs.

Other operating expenses exceeded budget by $36.7 million, mainly due to an increase in CSI expenses, contractors, electricity, telephones, repairs and maintenance costs.

Depreciation exceeded budget by $2.8 million. This budget was supplemented by NSW Treasury during the year following advice of building revaluations.

The favourable variance in total revenue of $206.2 million is mainly due to increased recurrent appropriations of $106.8 million, increased personnel services revenue of $37.9 million revenue due to the impacts of the actuarial valuations of the defined benefit plans of the statutory bodies which receive employment services from the Department and increased Crown Entity acceptance of employee liabilities of $36.9 million.

Net losses exceeded budget by $18.5 million, mainly as a result of the Lifelink project impairment of $10.5 million and a $6.6 million charge relating to the joint venture investment in Law Courts LImited.

Assets and liabilities

Total assets exceeded budget by $5.5 million, which was mainly due to a revaluation of properties as at 30 June 2012.

Total liabilities exceeded budget by $46.9 million, mainly due to an increase in provisions of $72.5 million due to the unfavourable impacts of the actuarial valuations of the defined benefit plans and long service leave, offset by lower other liabilities of $25.6 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 $6.8 million.

22 Reconciliation of Cash Flows from Operating Activities to Net Result for the Year

	30 June 2012	30 June 2011
	$'000	$'000
Net cash used on operating activities	**182,992**	210,231
Depreciation	**(168,313)**	(152,741)
Net Capital Movements	**(383)**	13,749
Decrease/(increase) in provisions	**(4,943)**	(4,230)
Increase/(decrease) in prepayments and other assets	**39,886**	(17,355)
Decrease/(Increase) in creditors	**2,405**	23,704
Net gain/(loss)	**(18,564)**	(3,186)
Net result for the year	**33,080**	70,172

23 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 2012	Carrying Amount 2011
			$'000	$'000
Financial Assets Class:				
Cash and cash equivalents	8	N/A	**82,588**	77,961
Receivables[1]	9	Loans and receivables (at amortised cost)	**167,728**	126,130
Financial Liabilities Class:				
Payables[2]	14	Financial liabilities measured at amortised cost	**102,789**	116,880
Borrowings	15	Financial liabilities measured at amortised cost	**91,814**	95,469

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)

23 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 9(b)), where debts are recognised on the basis of average receipts for the five years ended 30 June 2012. 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 $309.7 million (2011: $289.4 million), only $19.7 million (2011: $18.9 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 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 was enhanced when it assumed responsibility for all debt management during 2010/2011 and used the new Debtrack software to provide more flexibility to debt management processes. The implementation of Justicelink throughout the Courts and the decommissioning of the old legacy systems have provided more effective debt collection techniques. Better communication and debt reconciliation processes with Justicelink continue to 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 pending Service Level Agreement. 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 (a) 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 (2012: $14.71 million; 2011: $11.80 million) and less than six months past due (2012: $15.25 million; 2011: $27.04 million) are not considered impaired and together these represent 72% (2011: 95%) of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

23 Financial Instruments (continued)

	Total	Past due but not impaired	Considered impaired
	$'000	$'000	$'000
2012			
< 3 months overdue	**11,440**	**11,308**	**132**
3 months – 6 months overdue	**3,812**	**3,287**	**525**
> 6 months overdue	**11,499**	**3,813**	**7,686**
2011			
< 3 months overdue	21,829	21,829	–
3 months – 6 months overdue	5,208	5,208	–
> 6 months overdue	3,983	3,983	–

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 NSW TC 11/12. For small suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the payment of simple interest is at the discretion of the Director General. The rate of interest applied was 12.62% per annum for the quarter ended 31 March 2012 and 12.37% per annum for the quarter ended 30 June 2012.

During the current year and prior year, there were no defaults of 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.

23 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
Consolidated								
2012								
Payables:								
Accrued salaries, wages and on-costs	**–**	**14,689**	**–**	**–**	**14,689**	**–**	**–**	**–**
Creditors	**–**	**88,100**	**–**	**–**	**88,100**	**–**	**–**	**–**
Borrowings:								
Advances repayable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TCorp borrowings	**6.00**	**5,300**	**5,300**	**–**	**–**	**1,750**	**3,550**	**–**
Other loans and deposits	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Finance leases	**6.88**	**69,792**	**69,792**	**–**	**–**	**6,979**	**27,917**	**34,896**
Finance leases	**10.44**	**152,592**	**152,592**	**–**	**–**	**6,971**	**27,884**	**117,737**
		330,473	**227,684**	**–**	**102,789**	**15,700**	**59,351**	**152,633**
2011								
Payables:								
Accrued salaries, wages and on-costs	–	28,992	–	–	28,992	–	–	–
Creditors	–	87,888	–	–	87,888	–	–	–
Borrowings:								
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.

23 Financial Instruments (continued)

(a) 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 2011. The analysis assumes that all other variables remain constant.

(i) 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	Impact of 1% Increase		Impact of 1% Decrease	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2012					
Financial assets					
Cash and cash equivalents	**82,588**	**(826)**	**(826)**	**826**	**826**
Receivables	**167,728**	**–**	**–**	**–**	**–**
Financial liabilities					
Payables	**102,789**	**–**	**–**	**–**	**–**
Borrowings	**5,300**	**–**	**–**	**–**	**–**
Finance Lease	**86,514**	**–**	**–**	**–**	**–**
Total	**444,919**	**(826)**	**(826)**	**826**	**826**
2011					
Financial assets					
Cash and cash equivalents	77,961	(780)	(780)	780	780
Receivables	126,130	–	–	–	–
Financial liabilities					
Payables	116,880	–	–	–	–
Borrowings	5,800	–	–	–	–
Finance Lease	89,669	–	–	–	–
Total	416,440	(780)	(780)	780	780

23 Financial Instruments (continued)

(ii) 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	2012	2011
			$'000	$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	**82,588**	77,961

(b) 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 8).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.

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

	Level 1	Level 2	Level 3	2012 Total
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at fair value				
TCorp Hour-Glass Cash Facility and short term deposits	**–**	**16,762**	**–**	**16,762**
Total	**–**	**16,762**	**–**	**16,762**

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 year ended 30 June 2012.

24 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 2012	30 June 2011
	$'000	$'000
Cash balance at the beginning of the year	**45,362**	45,823
Add: Receipts	**569,850**	408,445
Less: Expenditure	**(576,984)**	(408,906)
Cash balance at the end of the financial year	**38,228**	45,362

For the Supreme Court, an amount of $70.72 million (2011: $55.62 million) is held outside the Department's Public Monies Account for Supreme Court matters and is invested with NSW Trustee and Guardian and an amount of $US0.96 million (2011: $US1.58 million) is held at the Commonwealth Bank, 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 $9.98 million (2011: $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 $0.77 million (2011: $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.

25 Administered Assets and Liabilities

	2012	2011
	$'000	$'000
Consolidated		
Administered Assets		
Receivables – Fines	**11,414**	10,288
Less:	**–**	–
Allowance for impairment	**(1,196)**	(4,518)
Total Administered Assets and Liabilities	**10,218**	5,770
Total Administered Liabilities	**–**	–

26 Administered Income – Schedule Of Uncollected Amounts

	30 June 2012	30 June 2011
	$'000	$'000
Amounts received from fines	**11,414**	10,288
Less:	**–**	–
Allowance for impairment	**1,196**	4,518
	10,218	5,770
	10,218	5,770

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.

27 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 Attorney General and Justice. 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 2012 was $66.4 million (2011: $63.4 million) (refer Note 2 (f)), including an accrual of $16.9 million (2011: $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 79 of the Act by the Supreme, District, Local and Children's Courts.

28 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 2012 is estimated to be $97.80 million (2011: $98.30 million). This amount is not included in the Department's operating result for the year.

29 Events after the Reporting Period

On 29 June 2012, the Commissioner, Corrective Services NSW announced that the Grafton Correctional Centre would be restructured to take a new role as a transient and reception facility and that it would be downsized from the existing 240 beds to 60 beds. He indicated that staff would be considered for vacant positions at the new facility opening at Cessnock and across the state, and that voluntary redundancies would also be made available.

Note 30 – Appendix 1

30 June 2012 Superannuation Position Basis – AASB 119

AGD CONSOL	SASS 30 June 12	SANCS 30 June 12	SSS 30 June 12	Total 30 June 12
Member Numbers				
Contributors	120	189	69	
Deferred benefits	0	0	16	
Pensioners	2	0	176	
Pensions fully commuted	0	0	37	
Superannuation Position for AASB 119 purposes	A$	A$	A$	A$
Accrued liability	32,044,556	8,614,179	209,327,343	249,986,078
Estimated reserve account balance	(26,546,412)	(6,960,231)	(108,572,865)	(142,079,509)
	5,498,144	1,653,948	100,754,478	107,906,569
Future Service Liability (Note 1)	(5,725,723)	(2,067,308)	(5,001,415)	(12,794,446)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in statement of financial position	**5,498,144**	**1,653,948**	**100,754,478**	**107,906,569**
Prepayment of employee entitlements (refer Note 9)				2,720,690
Provision for superannuation (refer Note 16)				(110,627,259)
				(107,906,569)

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.

Note 30 – Appendix 2

AASB 119 Disclosure Items 30 June 2012

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)]

AGD CONSOL	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	A$	A$
Present value of partly funded defined benefit obligation at beginning of the year	28,174,002	8,092,410	160,144,776
Current service cost	1,063,336	356,302	729,659
Interest cost	1,422,012	405,949	8,289,253
Contributions by Fund participants	534,784	0	851,206
Actuarial (gains)/losses	2,604,357	585,303	47,852,222
Benefits paid	(1,753,935)	(825,786)	(8,539,772)
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
Present value of partly funded defined benefit obligation at end of the year	**32,044,556**	**8,614,179**	**209,327,343**

Note 30 – Appendix 2 (continued)

AASB 119 Disclosure Items 30 June 2012 (continued)

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

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	**A$**	**A$**
Fair value of Fund assets at beginning of the year	25,828,847	7,535,421	116,440,989
Expected return on Fund assets	2,161,992	625,073	9,783,010
Actuarial gains/(losses)	(1,330,391)	(648,165)	(10,895,153)
Employer contributions	1,105,115	273,688	932,585
Contributions by Fund participants	534,784	0	851,206
Benefits paid	(1,753,935)	(825,786)	(8,539,772)
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
Fair value of Fund assets at end of the year	**26,546,412**	**6,960,231**	**108,572,865**

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 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	**A$**	**A$**
Present value of partly funded defined benefit obligation at end of year	32,044,556	8,614,179	209,327,343
Fair value of Fund assets at end of year	(26,546,412)	(6,960,231)	(108,572,865)
Subtotal	5,498,144	1,653,948	100,754,478
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
Net Liability/(Asset) recognised in statement of financial position at end of year	**5,498,144**	**1,653,948**	**100,754,478**

Note 30 – Appendix 2 (continued)

AABB 119 Disclosure Items 30 June 2012 (continued)

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

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
Components Recognised in Income Statement	**A$**	**A$**	**A$**
Current service cost	1,063,336	356,302	729,659
Interest cost	1,422,012	405,949	8,289,253
Expected return on Fund assets (net of expenses)	(2,161,992)	(625,073)	(9,783,010)
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
Expense/(income) recognised	**323,356**	**137,179**	**(764,098)**

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

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	**A$**	**A$**
Actuarial (gains)/losses	3,934,748	1,233,468	58,747,374
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.

Note 30 – Appendix 2 (continued)

AASB 119 Disclosure Items 30 June 2012 (continued)

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

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

	30 June 2012 %
Australian equities	28.0
Overseas equities	23.7
Australian fixed interest securities	4.9
Overseas fixed interest securities	2.4
Property	8.6
Cash	19.5
Other	12.9

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 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	**A$**	**A$**
Actual return on Fund assets	**35,154**	**(23,092)**	**(137,480)**

Note 30 – Appendix 2 (continued)

AASB 119 Disclosure Items 30 June 2012 (continued)

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 2012
Salary increase rate (excluding promotional increases)	2.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets	8.60%
Discount rate	3.06% pa

(c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation plus an additional allowance for staff reductions consistent with the Labour Expense Cap advised in the 2012–13 Budget. The triennial review report is available from the NSW Treasury website.

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 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	A$	A$
Present value of defined benefit obligation	32,044,556	8,614,179	209,327,343
Fair value of Fund assets	(26,546,412)	(6,960,231)	(108,572,865)
(Surplus)/Deficit in Fund	5,498,144	1,653,948	100,754,478
Experience adjustments – Fund liabilities	2,604,357	585,303	47,852,222
Experience adjustments – Fund assets	1,330,391	648,165	10,895,153

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

Note 30 – Appendix 2 (continued)

AASB 119 Disclosure Items 30 June 2012 (continued)

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

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A$	**A$**	**A$**
Expected employer contributions to be paid in the next reporting period	773,883	288,068	1,120,534

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30 June 12	SANCS 30 June 12	SSS 30 June 12
	A$	**A$**	**A$**
Accrued benefits	27,927,201	7,287,154	113,729,735
Net market value of Fund assets	(26,546,412)	(6,960,231)	(108,572,865)
Net (surplus)/deficit	**1,380,789**	**326,923**	**5,156,870**

(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.

Note 30 – Appendix 2 (continued)

AASB 119 Disclosure Items 30 June 2012 (continued)

(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