

Aboriginal Housing Office Group of Staff

**Financial report
for the year ended 30 June 2007**

**Aboriginal Housing Office Group of Staff
Income Statement
for the year ended 30 June 2007**

	Notes	2007 \$'000	2006 \$'000
Revenue			
Personnel Services	2	<u>6,722</u>	<u>6,391</u>
Total Revenue		<u>6,722</u>	<u>6,391</u>
		-	-
Expenses			
Employee related expenses	3	<u>6,722</u>	<u>6,391</u>
Total Expenses		<u>6,722</u>	<u>6,391</u>
OPERATING RESULT		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Aboriginal Housing Office Group of Staff
Statement of Recognised Income and Expense
for the year ended 30 June 2007**

	Notes	2007 \$'000	2006 \$'000
Surplus / (Deficit) for the year		-	-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		-	-
Accumulated Funds		-	-
		-	-

The accompanying notes form part of these financial statements.

**Aboriginal Housing Office Group of Staff
Balance Sheet
as at 30 June 2007**

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Current Assets			
Receivables	4	2,695	2,799
Other	5	931	650
Total Current Assets		3,626	3,449
Total Assets		3,626	3,449
Current Liabilities			
Payables	6	690	204
Provisions	7	1,641	1,745
Total Current Liabilities		2,331	1,949
Non-Current Liabilities			
Provisions	7	1,295	1,500
Total Non-Current Liabilities		1,295	1,500
Total Liabilities		3,626	3,449
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

**Aboriginal Housing Office Group of Staff
Cash Flow Statement
for the Year Ended 30 June 2007**

	Notes	2007 \$'000	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Provided / (Used) by Operating Activities		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	8	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Cash Provided / (Used) by Investing Activities		-	-
NET INCREASE (DECREASE) IN CASH HELD		-	-
Opening cash and cash equivalents		-	-
CLOSING CASH AND CASH EQUIVALENTS		-	-

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Aboriginal Housing Office Group of Staff (the Group) was established pursuant to Part 1 of Schedule 1 to the Public Sector Employment and Management Act 2002.

The Group is a NSW government department. The Group is a not-for-profit entity and it has no cash generating units. The accounts of the Group are consolidated as part of the NSW Total State Sector Accounts.

The Group's objective is to provide personnel services to the Aboriginal Housing Office (the Office).

The financial report for the year ended 30 June 2007 has been authorised for issue by the Chairman on behalf of the Board on 18 October 2007.

(b) Basis of Preparation

The Group's financial statements are a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standard (AIFRS));
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. Refer Note. 7.

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.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include AIFRS.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

Revenue from rendering of personnel services is recognised when the services are provided and only to the extent that the associated recoverable expenses are recognised.

(e) Employee Benefits and other provisions

(i) 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.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) *Employee Benefits and other provisions (cont'd)*

(ii) Long Service Leave and Superannuation

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 07/04) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The Group's liabilities for long service leave and superannuation are not assumed by the Crown Entity. However the Group contributes to the Non Budget Sector Treasury Pool Long Service Leave Fund.

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.

The Group contributes to a Superannuation Fund administrator. Refer Note 7 for further information.

(iii) Other Provisions

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

(f) *Receivables*

Receivables have been recognised for the payment of personnel services rendered to the Aboriginal Housing Office.

(g) *Payables*

Payables include accrued wages, salaries and related on-costs (such as payroll tax, fringe benefits tax and workers compensation insurance).

A short-term payable with no stated interest rate are measured at historical cost.

(h) *New Australian Accounting Standards Issued but not Effective*

At reporting date, a number of Australian Accounting Standards adopted by the Australian Accounting Standards Board have been issued but are not yet operative and have not been early adopted by the Division. NSW Treasury mandate precludes early adoption of these accounting standards.

The Group has reviewed the new accounting standards and at this stage does not anticipate any impact on the figures reported in this financial report.

2 REVENUES

	2007	2006
	\$'000	\$'000
Personnel Services income	<u>6,722</u>	6,391
	<u>6,722</u>	6,391

Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007

3 EXPENSES

	2007 \$'000	2006 \$'000
Employee related expenses		
Salaries and wages (including recreation leave)	5,788	5,363
Superannuation - defined contribution plans	383	353
Long service leave	209	252
Workers compensation insurance	13	18
Payroll and Fringe Benefits tax	329	399
Job Assistance Scheme	-	6
	<u>6,722</u>	<u>6,391</u>

4 CURRENT ASSETS - RECEIVABLES

	2007 \$'000	2006 \$'000
Current		
Personnel Services Fees	2,177	2,561
Employee Services	493	215
Other	25	23
	<u>2,695</u>	<u>2,799</u>
	<u>2,695</u>	<u>2,799</u>

5 CURRENT ASSETS - OTHER

	2007 \$'000	2006 \$'000
Current		
Long service leave pool contribution	931	650
	<u>931</u>	<u>650</u>

6 CURRENT LIABILITIES - PAYABLES

	2007 \$'000	2006 \$'000
Current		
Accrued salaries, wages and on-costs	690	204
	<u>690</u>	<u>204</u>

7 CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2007 \$'000	2006 \$'000
Current		
Employee benefits and related on-costs		
Recreation leave	567	612
Long service leave	3	324
Payroll tax	140	148
Fringe benefits tax	-	11
Long service leave pool contribution	931	650
	<u>1,641</u>	<u>1,745</u>

Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007

2007 2006
\$'000 \$'000

Non-current

Superannuation	1,215	1,449
Long service leave and related on-costs	80	51
	<u>1,295</u>	<u>1,500</u>

Aggregate employee benefits and related on-costs

2007 2006
\$'000 \$'000

Provisions - current	1,641	1,745
Provisions - non-current	1,295	1,500
Accrued salaries, wages and on-costs	690	204
	<u>3,626</u>	<u>3,449</u>

SUPERANNUATION FUNDS

30 June 2007 superannuation position
Basis – AASB 119

	SASS 30-Jun-07	SANCS 30-Jun-07	SSS 30-Jun-07	TOTAL 30-Jun-07
Member Numbers				
Contributors	4	11	7	22
Deferred benefits	0	0	0	0
Pensioners	0	0	0	0
Pensions fully commuted	0	0	0	0
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability	492,053	390,476	4,323,070	5,205,599
Estimated reserve account balance	(259,668)	(261,098)	(3,469,397)	(3,990,163)
	232,385	129,378	853,673	1,215,436
Future Service Liability (Note 1)	(230,768)	(158,259)	(374,068)	(763,095)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in balance sheet	232,385	129,378	853,673	1,215,436

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.

Disclosure Items 30 June 2007

Accounting policy {AASB 119 – paragraph 120A(a) }

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A(b) }

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

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

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

All the Schemes are closed to new members.

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

	SASS	SANCS	SSS
	Financial Year	Financial Year	Financial Year
	to 30 June	to 30 June	to 30 June
	2007	2007	2007
	A\$	A\$	A\$
<i>Present value of partly funded defined benefit obligations at beginning of the year</i>	421,558	322,624	3,378,399
Current service cost	26,865	18,406	75,599
Interest cost	24,914	18,472	201,188
Contributions by fund participants	14,828	0	68,378
Actuarial (gains)/losses	13,361	(7,310)	281,635
Benefits paid	(9,474)	38,284	317,870
Past service cost	0	0	0
Curtailments	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Present value of partly funded defined benefit obligations at end of the year</i>	492,053	390,476	4,323,070

Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007

Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A(e)}

	SASS Financial Year to 30 June 2007 A\$	SANCS Financial Year to 30 June 2007 A\$	SSS Financial Year to 30 June 2007 A\$
<i>Fair value of Fund assets at beginning of the year</i>	192,748	171,642	2,308,923
Expected return on fund assets	15,746	13,077	180,232
Actuarial gains/(losses)	19,347	16,578	522,134
Employer contributions	26,473	21,517	71,860
Contributions by Fund participants	14,828	0	68,378
Benefits paid	(9,474)	38,284	317,870
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
<i>Fair value of Fund assets at end of the year</i>	259,668	261,098	3,469,397

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A(d) and (f)}

	SASS Financial Year to 30 June 2007 A\$	SANCS Financial Year to 30 June 2007 A\$	SSS Financial Year to 30 June 2007 A\$
Present value of partly funded defined benefit obligations at end of year	492,053	390,476	4,323,070
Fair value of fund assets at end of year	(259,668)	(261,098)	(3,469,397)
<i>Subtotal</i>	232,385	129,378	853,673
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	232,385	129,378	853,673

Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007

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

	SASS	SANCS	SSS
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
Components Recognised in Income Statement	A\$	A\$	A\$
Current service cost	26,865	18,406	75,599
Interest cost	24,914	18,472	201,188
Expected return on Fund assets (net of expenses)	(15,746)	(13,077)	(180,232)
Actuarial losses/(gains) recognised in year	(5,986)	(23,887)	(240,499)
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	30,048	(87)	(143,943)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A(h)}

	SASS	SANCS	SSS
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
	A\$	A\$	A\$
Actuarial (gains)/losses	0	0	0
Adjustment for limit on net asset	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A(i)}

	SASS	SANCS	SSS
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
	A\$	A\$	A\$
Cumulative amount of actuarial (gains)/losses	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0

**Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007**

Fund assets {AASB 119 – paragraph 120A(j)}

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

	30-Jun-07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

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	SANCS	SSS
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
	A\$	A\$	A\$
Actual return on Fund assets	30,304	29,655	381,162

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.

Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007

b) Economic Assumptions

30-Jun-07	
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2007 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors - the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy		increase rate %
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	
Males									
30	4	8	-	-	280	395	150	-	2.90
40	6	10	-	-	150	285	150	-	1.80
50	11	30	-	-	112	172	150	-	0.00
60	30	-	1,400	950	-	-	150	-	0.00
Females									
30	2	2	-	-	372	700	150	-	2.90
40	3	6	-	-	175	320	150	-	1.80
50	7	28	-	-	144	270	150	-	0.00
60	18	-	1,500	1,500	-	-	150	-	0.00

(ii) SSS Contributors - the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

Aboriginal Housing Office Group of Staff
Notes to the financial statements
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Age nearest birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

(iii) SSS Commutation - the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

(iv) SSS Pensioner Mortality - assumed mortality rates (in 2006/2007) for SSS pensioners (separately for normal retirement/spouses and invalidity).

Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements - per annum assumed rates of mortality improvement for SSS pensioners.

Age	Improvement rates- (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Aboriginal Housing Office Group of Staff
Notes to the financial statements
for the year ended 30 June 2007

Historical information {AASB119 – paragraph 120A(p)}

	SASS	SANCS	SSS
	Financial Year	Financial Year	Financial Year
	to 30 June	to 30 June	to 30 June
	2007	2007	2007
	A\$	A\$	A\$
Present value of defined benefit obligation	492,053	390,476	4,323,070
Fair value of Fund assets	(259,668)	(261,098)	(3,469,397)
(Surplus)/Deficit in Fund	232,385	129,378	853,673
Experience adjustments – Fund liabilities	13,361	(7,310)	281,635
Experience adjustments – Fund assets	(19,347)	(16,578)	(522,134)

Expected contributions {AASB119 – paragraph 120A(q)}

	SASS	SANCS	SSS
	A\$	A\$	A\$
Expected employer contributions	28,173	20,433	63,592

Disclosures required under paragraph Aus121.1 and Aus121.2

Aus121.1 Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2007 financial position of the Fund calculated in accordance with AAS 25 “Financial Reporting by Superannuation Plans”:

	SASS	SANCS	SSS
	30-Jun-07	30-Jun-07	30-Jun-07
	A\$	A\$	A\$
Accrued benefits	488,151	386,985	3,972,297
Net market value of Fund assets	(259,668)	(261,098)	(3,469,397)
<i>Net (surplus)/deficit</i>	228,483	125,887	502,900

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	0.93

**Aboriginal Housing Office Group of Staff
Notes to the financial statements
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(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Aus121.2 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.

8 NOTE TO CASH FLOW STATEMENT

Reconciliation of Net Cash Provided by Operating Activities to Operating Results

	2007	2006
	\$'000	\$'000
Operating Results	-	-
Decrease / (increase) in receivables	(177)	(511)
Increase / (decrease) in payables	486	144
Increase / (decrease) in provisions	(309)	367
Net Cash Provided by Operating Activities	<u>-</u>	<u>-</u>

9 FINANCIAL INSTRUMENTS

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

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value.

Payables

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. Nil interest was payable during the year (2005 -06 Nil).

10 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has no contingent liabilities or contingent assets to disclose.

11 AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date which affect the financial report.

End of audited financial statements.