

CHAPTER 8

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

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Juvenile Justice
JUVENILE JUSTICE – NSW DEPARTMENT OF HUMAN SERVICES

STATEMENT BY DEPARTMENT HEAD

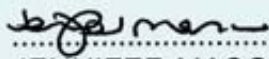
FOR THE YEAR ENDED 30 JUNE 2009

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 applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983* and regulation and the Financial reporting Directions published in the Financial reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

- b) the statements exhibit a true and fair view of the financial position and transactions of the agency.

- c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.


.....
JENNIFER MASON
Director General


.....
PETER MUIR
Chief Executive


.....
TERRY STRATFORD
Chief Financial Officer





GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Department of Juvenile Justice

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Department of Juvenile Justice (the Department), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement, service group statements and a summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Department as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Director-General's Responsibility for the Financial Report

The Director-General is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Department's preparation and fair presentation of the financial report 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 Director-General, as well as evaluating the overall presentation of the financial report.





I believe that 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 controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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

S Bond .

Sally Bond
Director, Financial Audit Services

20 October 2009
SYDNEY



OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	133,456	125,360	118,131
Other operating expenses	2(b)	31,771	26,855	25,677
Depreciation and amortisation	2(c), 13, 14	10,294	9,820	9,556
Grants and subsidies	2(d)	7,954	7,186	6,099
Finance costs	2(e)	77	-	35
Total Expenses excluding losses		183,552	169,221	159,498
Revenue				
Investment revenue	3(a)	664	630	845
Grants and contributions	3(b)	2,350	2,288	2,386
Other revenue	3(c)	1,713	459	831
Total Revenue		4,727	3,377	4,062
Gain/(loss) on disposal	4	(353)	-	(130)
Other Gains/ (losses)	5, 21, 22	(5,308)	-	-
Net Cost of Services	22	184,486	165,844	155,566
Government Contributions				
Recurrent appropriation	6	163,199	150,954	140,641
Capital appropriation	6	16,772	16,394	8,354
(Asset sale proceeds transferred to the Crown Entity)		-	-	(163)
Acceptance by the Crown Entity of employee benefits and other liabilities	7	4,835	3,890	4,149
Total Government Contributions		184,806	171,238	152,981
SURPLUS / (DEFICIT) FOR THE YEAR		320	5,394	(2,585)

The accompanying notes form part of these statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Net increase in property, plant and equipment asset revaluation reserve		6,398	-	5,677
Net change in asset revaluation reserve arising from a change in restoration liability		(183)	-	53
Equity transfer		(4,680)	-	-
Increment/decrement on revaluation of assets held for sale		(1,824)	-	-
Other net decreases in equity		(243)	-	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		(532)	-	5,730
Surplus/ (Deficit) for the Year		320	5,394	(2,585)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	18	(212)	5,394	3,145

The accompanying notes form part of these statements



BALANCE SHEET AS AT 30 JUNE 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	9	13,446	11,683	12,508
Receivables	11	2,726	2,395	2,128
<hr/>				
Non-current assets held for sale	12	2,543	-	-
Total Current Assets		18,715	14,078	14,636
<hr/>				
Non-Current Assets				
Receivables	11	39	-	67
Property, Plant and Equipment	13			
- Land and buildings		181,507	186,041	182,171
- Plant and equipment		8,349	8,326	9,944
- Infrastructure systems		39,634	37,211	38,542
Total Property, plant and equipment		229,490	231,578	230,657
Intangible assets	14	5,323	7,952	5,989
Total Non-Current Assets		234,852	239,530	236,713
<hr/>				
Total Assets		253,567	253,608	251,349
<hr/>				
LIABILITIES				
Current Liabilities				
Payables	15	7,643	6,432	6,162
Provisions	16	11,384	10,739	10,455
Other	17	418	579	579
Total Current Liabilities		19,445	17,750	17,196
<hr/>				
Non-Current Liabilities				
Provisions	16	784	604	603
Total Non-Current Liabilities		784	604	603
<hr/>				
Total Liabilities		20,229	18,354	17,799
<hr/>				
Net Assets		233,338	235,254	233,550
<hr/>				
EQUITY				
Reserves	18	70,090	70,043	70,043
Accumulated funds	18	161,298	165,211	163,507
<hr/>				
Amounts recognised in equity relating to assets held for sale	12	1,950	-	-
Total Equity		233,338	235,254	233,550
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The accompanying notes form part of these statements

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(127,389)	(120,915)	(112,472)
Grants and subsidies		(7,954)	(7,186)	(6,099)
Other		(36,860)	(30,709)	(29,294)
Total Payments		(172,203)	(158,810)	(147,865)
Receipts				
Sale of goods and services		-	(431)	-
Interest received		895	630	734
Other		9,650	6,832	7,421
Total Receipts		10,545	7,031	8,155
Cash Flows from Government				
Recurrent appropriation	6	163,286	150,954	141,220
Capital appropriation (excluding equity appropriations)	6	16,772	16,394	8,354
Asset sale proceeds transferred to the Crown Entity		-	-	(163)
Cash transfers to the Consolidated Fund		(579)	-	(19)
Net Cash Flows from Government		179,479	167,348	149,392
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	17,821	15,569	9,682
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		-	-	352
Purchases of land and buildings, plant and equipment and infrastructure systems		(16,883)	(16,394)	(8,600)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(16,883)	(16,394)	(8,248)
NET INCREASE/(DECREASE) IN CASH		938	(825)	1,434
Opening cash and cash equivalents		12,508	12,508	11,074
CLOSING CASH AND CASH EQUIVALENTS	9	13,446	11,683	12,508

The accompanying notes form part of these statements

SUPPLEMENTARY FINANCIAL STATEMENTS
SERVICE GROUP STATEMENTS* FOR THE YEAR ENDED 30 JUNE 2009

AGENCY'S EXPENSES & INCOME	Service Group 1**		Service Group 2**		Service Group 3**		Not Attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008***	2009	2008***
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses										
Operating expenses										
- Employee related	4,871	4,607	40,437	33,904	88,148	79,620	-	-	133,456	118,131
- Other operating	1,160	1,001	9,627	7,369	20,984	17,307	-	-	31,771	25,677
Depreciation and amortisation	173	167	1,083	947	9,038	8,442	-	-	10,294	9,556
Grants and subsidies	-	-	7,556	5,794	398	305	-	-	7,954	6,099
Finance costs	-	-	-	-	-	-	77	35	77	35
Total expenses excluding losses	6,204	5,775	58,703	48,014	118,568	105,674	77	35	183,552	159,498
Revenue										
Investment revenue	-	-	2,115	2,147	235	239	664	845	664	845
Grants and contributions	-	-	-	-	540	450	-	-	2,350	2,386
Other revenue	-	-	2,115	2,147	775	689	1,173	381	1,713	831
Total revenue	-	-	-	-	(353)	(130)	1,837	1,226	4,727	4,062
Gain / (loss) on disposal	-	-	-	-	(4,807)	-	-	-	(353)	(130)
Other gains / (losses)	(54)	-	(447)	-	-	-	-	-	(5,308)	-
Net Cost of Services	6,258	5,775	57,035	45,867	122,953	105,115	(1,760)	(1,191)	184,486	155,566
Government contributions****	-	-	-	-	-	-	184,806	152,981	184,806	152,981
NET EXPENDITURE / (INCOME) FOR THE YEAR	6,258	5,775	57,035	45,867	122,953	105,115	(186,566)	(154,172)	(320)	2,585
AGENCY'S ASSETS & LIABILITIES										
Current Assets										
Cash and cash equivalents	-	-	-	-	-	-	13,446	12,508	13,446	12,508
Receivables	-	-	-	-	597	2	2,129	2,126	2,726	2,128
Non-current assets held for sale	-	-	-	-	2,543	-	-	-	2,543	-
Total current assets	-	-	-	-	3,140	2	15,575	14,634	18,715	14,636
Non-current Assets										
Receivables	-	-	-	-	-	-	39	67	39	67
Property, plant and equipment	305	941	2,530	7,693	226,655	222,023	-	-	229,490	230,657
Intangibles	323	383	1,647	1,936	3,353	3,670	-	-	5,323	5,989
Total non-current assets	628	1,324	4,177	9,629	230,008	225,693	39	67	234,852	236,713
TOTAL ASSETS	628	1,324	4,177	9,629	233,148	225,695	15,614	14,701	253,567	251,349



**SUPPLEMENTARY FINANCIAL STATEMENTS
SERVICE GROUP STATEMENTS* FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

AGENCY'S EXPENSES & INCOME	Service Group 1**		Service Group 2**		Service Group 3**		Not Attributable		Total	
	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000
Current liabilities										
Payables	279	240	2,316	1,768	5,048	4,154	-	-	7,643	6,162
Provisions	404	403	3,350	2,968	7,302	6,972	328	112	11,384	10,455
Other	-	-	-	-	331	-	87	579	418	579
Total current liabilities	683	643	5,666	4,736	12,681	11,126	415	691	19,445	17,196
Non-current liabilities										
Provisions	3	2	24	18	53	43	704	540	784	603
Total non-current liabilities	3	2	24	18	53	43	704	540	784	603
TOTAL LIABILITIES	686	645	5,690	4,754	12,734	11,169	1,119	1,231	20,229	17,799
NET ASSETS	(58)	679	(1,513)	4,875	220,414	214,526	14,495	13,470	233,338	233,550

* NSW Budget Paper No. 3 has replaced program statements with service group statements. Service group statements focus on the key measures of service delivery performance. The department reviewed the financial data according to programs shown in the chart of accounts (i.e. Core Business, Drug related activities and Youth Justice Initiatives). A cost dissection was then undertaken allocating costs, assets and liabilities on the front line service delivery basis (i.e. Custodial, Community and Youth Justice Conferencing). The dissection has an element of subjectivity but was consistent with each cost centre's contribution to achieving service delivery levels in 2007/08 and 2008/09.

** The names and purposes of each service group are summarised in Note 8.

*** Comparative amounts have been reclassified to align with the change in focus from programs to service groups.

**** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the 'Not Attributable' column.



SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2009				2008			
	Recurrent Appropriation	Expenditure / Net Claim on Consolidated Fund	Capital Appropriation	Expenditure / Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure / Net Claim on Consolidated Fund	Capital Appropriation	Expenditure / Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Original Budget Appropriation / Expenditure								
Appropriation Act	150,954	149,878	16,394	16,394	140,308	139,278	8,936	8,354
Additional Appropriations	-	-	-	-	1,363	1,363	-	-
	150,954	149,878	16,394	16,394	141,671	140,641	8,936	8,354
Other Appropriations / Expenditure								
Treasurer's Advance	13,321	13,321	4,350	480	-	-	-	-
s 31 PF&AA - transfers to another department	(989)	-	-	-	-	-	-	-
	12,332	13,321	4,350	480	-	-	-	-
Total Appropriations / Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	163,286	163,199	20,744	16,874	141,671	140,641	8,936	8,354
Amount drawn down against Appropriation		163,286		16,772		141,220		8,354
Liability to Consolidated Fund *		87		-		579		-

The Summary of Compliance is based on the assumption that Consolidated Fund moneys 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 Consolidated Fund".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Department of Juvenile Justice is a reporting entity with no other entities under its control.

The Department of Juvenile 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.

The financial report for the year ended 30 June 2009 has been authorised for issue by the Director-General on 20th October 2009.

(b) Basis of Preparation

The agency's financial report is a general purpose financial report which has 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 Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment and assets held for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

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

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 Australian Accounting Interpretations.

(d) Insurance

The agency'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.

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

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

- the amount of GST incurred by the agency 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 cash flow statement on a gross basis. The GST component of the cash flow arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flow.

(f) 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 & Contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the agency obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally





the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 17 as part of "Current Liabilities - Other". The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the agency 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 (based on labour hours incurred to date).

(iv) 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.

(g) Assets

(i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. 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 (see also assets transferred as a result of an equity transfer – Note 1(i)).

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 \$5,000 and above individually (or forming part of a network costing more than \$5,000) 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.

Land and buildings and infrastructure assets are revalued 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. In 2009, land and building and infrastructure were revalued using the desktop method and was based on an independent assessment. The valuations were performed by CB Richard Ellis. The last detailed revaluation was completed on 30 June 2007 and was based on an independent assessment. The valuations were performed by the Australian Valuation Office.

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 Agency is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(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 agency.

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

Land is not a depreciable asset.

Depreciation of the agency's assets for accounting purposes is provided for as follows:

- Buildings (including furniture and fittings) and Infrastructure

Buildings and infrastructure are depreciated over 40 years. Furniture and fittings in leasehold premises are amortised over the unexpired period of the lease or the useful life of the asset, whichever is the shorter.

- Plant and Equipment

Computer equipment that forms part of a network is aggregated as a single asset and depreciated over 4 years. Major plant is depreciated over 10 years. All other plant and equipment is depreciated over 5 years.

The useful lives of assets are reviewed on an annual basis.

(vi) Major Inspection Costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) 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.

(viii) 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 component of an asset, in which case the costs are capitalised and depreciated.





(ix) 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.

The agency has not entered into any finance leases.

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

(x) Intangible Assets

The agency recognises intangible assets only if it is probable that future economic benefits will flow to the agency 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 agency's softwares are amortised using the straight line method over a period of 5 years.

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

(xi) Receivables

Receivables are non-derivative financial assets with fixed or determinable payment 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 accounted for in the Operating Statement 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.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, 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.

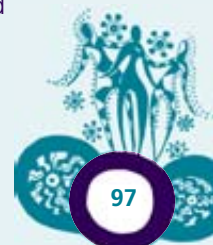
For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Operating Statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Operating Statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Operating Statement.

Any reversals of impairment losses are reversed through the Operating Statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals 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) Non-current assets held for sale

The agency has certain non-current assets classified as held for sale, where their carrying amount will be recovered



principally through a sale transaction, not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

(xiv) Trust Funds

The agency receives monies in a trustee capacity as set out in Note 23. As the agency performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the agency's own objectives, these funds are not recognised in the financial statements.

(xv) Other Assets

Other assets are recognised on a cost basis.

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the agency 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) 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 Commonwealth government bonds of 3.45% as published by the Reserve

Bank of Australia are used to discount long-term annual leave. Rates used are as at reporting date and relate to a term similar to that of the liability being measured.

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 agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency 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 09/04) 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 superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.





(iii) Other Provisions

Other provisions exist when: the agency 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.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at 3.45% using the market yield on Commonwealth government bonds as published by the Reserve Bank of Australia which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Rates used are as at reporting date and relate to a term similar to that of the liability being measured.

(i) **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' are designated as a contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(j) **Budgeted Amounts**

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s21A, s24 and/or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, 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 report (rather than carried forward estimates).

(k) **Comparative Information**

Where necessary, comparative information has been re-classified to enhance comparability in respect of changes in presentation adopted in the current year.

(l) **New Australian Accounting Standards issued but not effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

- AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements (1 January 2009);
- AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting (1 July 2008);
- AASB 2008-09 regarding amendment to AASB 1049 for Consistency with AASB 101.

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial report of the Department of Juvenile Justice.





2 EXPENSES EXCLUDING LOSSES

	2009 \$'000	2008 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	105,145	93,443
Workers' compensation insurance	3,716	6,098
Payroll tax and fringe benefits tax	6,738	6,155
Superannuation - defined benefits plans	1,736	1,635
Superannuation - defined contributions plans	8,029	6,900
Long service leave	3,302	2,451
Redundancy payments	4,790	1,449
	<u>133,456</u>	<u>118,131</u>
Employee related costs totalling \$1.072 million were capitalised to non-current assets and therefore excluded from the above (2007-08: \$1.129 million). There was no workers compensation hindsight adjustment deficit payment in 2008-09. In 2007-08, workers compensation costs included an interim hindsight adjustment deficit payment for 2003/04 of \$1.578 million.		
(b) Other operating expenses include the following:		
General administration	3,703	3,087
Computer network costs	3,147	2,596
Operating lease rental expense - minimum lease payments	3,825	3,074
Maintenance	6,774	4,029
Motor vehicles	2,882	2,598
Cleaning and utilities	2,245	2,045
Travel	1,764	1,734
Telecommunications	820	1,091
Insurance	668	609
Printing and stationery	611	509
Acquisition of minor plant and equipment	610	309
Auditor's remuneration		
- audit of financial reports	152	158
Consultancy	139	104
Bad and doubtful debts	-	23
Catering - Juveniles	2,710	2,303
Other expenses - Juveniles	1,721	1,408
	<u>31,771</u>	<u>25,677</u>
(c) Depreciation and amortisation expense		
Depreciation		
Buildings	5,466	5,222
Plant and equipment	2,019	1,609
Infrastructure	1,371	1,410
	<u>8,856</u>	<u>8,241</u>
Amortisation - intangibles	1,438	1,315
	<u>10,294</u>	<u>9,556</u>
(d) Grants and subsidies		
General grants and contributions	7,049	5,470
Religious attendance on juveniles	412	319
Aboriginal programs	493	310
	<u>7,954</u>	<u>6,099</u>
(e) Finance costs		
Unwinding of discount rate	77	35





3 REVENUE

	2009 \$'000	2008 \$'000
(a) Investment revenue		
Interest	644	828
Rents	20	17
	<u>664</u>	<u>845</u>
(b) Grants and contributions		
NSW Health Dept - National Illicit Drug Strategy	2,334	2,288
Attorney General's - Capital grant	-	98
Other	16	-
	<u>2,350</u>	<u>2,386</u>
(c) Other revenue		
Family allowance recovery	540	450
TMF hindsight adjustment 2001/02	-	192
TMF hindsight adjustment 2002/03	48	-
TMF hindsight adjustment 2004/05	934	-
TMF Motor vehicle hindsight adjustment	48	63
GST refund for salary packaging	112	66
External income	13	7
Other - Other revenue	18	53
	<u>1,713</u>	<u>831</u>

4 GAIN/(LOSS) ON DISPOSAL

Gain/(loss) on disposal of land and buildings

Proceeds from disposal	-	350
Written down value of assets disposed	-	(452)
Net gain/(loss) on disposal of land and buildings	<u>-</u>	<u>(102)</u>

The gain/(loss) on disposal of land and buildings in 2007/08 included assets held for sale of the Kariong property. The proceeds from sale was \$350,000 and the written down value was \$376,000.

Gain/(loss) on disposal of plant and equipment

Proceeds from disposal	-	2
Written down value of assets disposed	(353)	(30)
Net gain/(loss) on disposal of plant and equipment	<u>(353)</u>	<u>(28)</u>

Gain/ (Loss) on disposal of non-current assets

	<u>(353)</u>	<u>(130)</u>
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5 OTHER GAINS/(LOSSES)

Impairment losses on write down of Keelong building and infrastructure	(3,833)	-
Impairment losses due to write off of the Ellipse Upgrade Project	(1,475)	-
	<u>(5,308)</u>	<u>-</u>

The Keelong detention centre was decommissioned in February 2009. The department reflected the asset value for Keelong to non-current assets held for sale account as at 30 June 2009. The buildings and infrastructure are purpose built and therefore have no material value to the sale price. For this reason the building and infrastructure was written down to nil value and reflected as impairment losses in the accounts.

On 21 September 2009, the Treasurer approved the transition to the SAP platform operated by Businesslink. This resulted in the write-off of accumulated costs associated with the former Ellipse Upgrade System.





2009 **2008**
\$'000 **\$'000**

6 APPROPRIATIONS

Recurrent appropriations

Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	163,286	141,220
Less: Liability to Consolidated Fund (per Summary of Compliance)	<u>(87)</u>	<u>(579)</u>
	<u>163,199</u>	<u>140,641</u>
Comprising:		
Recurrent appropriations (per Operating Statement)	<u>163,199</u>	<u>140,641</u>

Capital appropriations

Total capital draw-downs from NSW Treasury (per Summary of Compliance)	16,772	8,354
Less: Liability to Consolidated Fund (per Summary of Compliance)	<u>-</u>	<u>-</u>
	<u>16,772</u>	<u>8,354</u>
Comprising:		
Capital appropriations (per Operating Statement)	<u>16,772</u>	<u>8,354</u>

7 ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity:

Superannuation	1,737	1,636
Long service leave	2,970	2,415
Payroll tax	<u>128</u>	<u>98</u>
	<u>4,835</u>	<u>4,149</u>

8 SERVICE GROUPS OF THE AGENCY

(a) Service Group 1 - Youth Justice Conferencing

Objectives:

This service group contributes to a reduction in juvenile re-offending and provides an effective community-based alternative to formal court orders by working towards a range of intermediate results that include the following:

- eligible young offenders are referred to conferences and
- young offenders complete their conference outcome plans.

(b) Service Group 2 - Community Based Services

Objectives:

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

- young offenders in the community and those sentenced to custody have a reduced risk of re-offending
- young offenders in the community are effectively supervised and complete their orders and
- detainees and community-based young offenders are assessed and receive the most appropriate interventions and programs.



(c) Service Group 3 - Custodial Services

Objectives:

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

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

2009 **2008**
\$'000 **\$'000**

9 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	13,446	12,508
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For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and cash at bank.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	13,446	12,508
Closing cash and cash equivalents (per Cash Flow Statement)	13,446	12,508

Department of Juvenile Justice has the following banking facilities as at 30 June 2009:

Cheque cashing authority of \$28,500 (2007-08: \$28,500), which is the total amount of encashment facility provided to regions to enable recoupment of urgent and minor expenses.

MasterCard facility of \$60,000 (2007-08: \$60,000), which is the total of the credit limit for all issued credit cards.

Tape negotiation authority of \$8.0 million (2007-08: \$8.0 million). This facility authorises the Bank to debit Department of Juvenile Justice's operating bank account up to the above limit when processing the electronic payroll and accounts payables.

10 RESTRICTED ASSETS

Restricted cash - liability to consolidated funds (Note 17)	87	579
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11 CURRENT ASSETS - RECEIVABLES

Goods & Services Tax	1,242	878
Employee related	273	354
General Insurance	4	39
Interest	228	459
Sundry debtors	37	51
Less: Allowance for impairment	-	-
Prepayments	281	300
Income from other government agency	402	32
Other	259	15
	<u>2,726</u>	<u>2,128</u>

NON CURRENT ASSETS - RECEIVABLES

Prepayments	39	67
	<u>39</u>	<u>67</u>

12 NON CURRENT ASSETS HELD FOR SALE

Assets held for sale

Land and buildings	2,543	-
	<u>2,543</u>	<u>-</u>

Amounts recognised in equity relating to assets held for sale

Land and buildings asset revaluation increments	1,950	-
	<u>1,950</u>	<u>-</u>

13 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
At 1 July 2008 - fair value				
Gross Carrying Amount	226,934	17,581	56,469	300,984
Accumulated depreciation and impairment	(44,763)	(7,637)	(17,927)	(70,327)
Net Carrying Amount	182,171	9,944	38,542	230,657
At 30 June 2009 - fair value				
Gross Carrying Amount	230,817	16,704	57,127	304,648
Accumulated depreciation and impairment	(49,310)	(8,355)	(17,493)	(75,158)
Net Carrying Amount	181,507	8,349	39,634	229,490

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 \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
Year ended 30 June 2009				
Net carrying amount at start of the year	182,171	9,944	38,542	230,657
Net revaluation increment less revaluation decrements	2,908	-	3,440	6,348
Additions	13,689	774	167	14,630
Disposals	(3)	(350)	-	(353)
Assets held for sale	(2,493)	-	-	(2,493)
Impairment losses (recognised in "other gains/losses")	(4,513)	-	(1,144)	(5,657)
Disposals through administrative restructures	(4,925)	-	-	(4,925)
Depreciation expense	(5,466)	(2,019)	(1,371)	(8,856)
Other movements (restoration)	139	-	-	139
Net carrying amount at end of the year	181,507	8,349	39,634	229,490

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
At 1 July 2007 - fair value				
Gross Carrying Amount	218,877	15,720	56,382	290,979
Accumulated depreciation and impairment	(39,573)	(8,145)	(16,647)	(64,365)
Net Carrying Amount	179,304	7,575	39,735	226,614
At 30 June 2008 - fair value				
Gross Carrying Amount	226,934	17,581	56,469	300,984
Accumulated depreciation and impairment	(44,763)	(7,637)	(17,927)	(70,327)
Net Carrying Amount	182,171	9,944	38,542	230,657

Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
Year ended 30 June 2008				
Net carrying amount at start of the year	179,304	7,575	39,735	226,614
Reclassification adjustment	(129)	-	129	-
Net revaluation increment less revaluation decrements	5,677	-	-	5,677
Additions	2,587	4,012	88	6,687
Disposals	(77)	(34)	-	(111)
Depreciation expense	(5,222)	(1,609)	(1,410)	(8,241)
Other movements (restoration)	31	-	-	31
Net carrying amount at end of the year	<u>182,171</u>	<u>9,944</u>	<u>38,542</u>	<u>230,657</u>

14 INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2008		
Cost (gross carrying amount)	9,291	9,291
Accumulated amortisation and impairment	(3,302)	(3,302)
Net carrying amount	<u>5,989</u>	<u>5,989</u>
At 30 June 2009		
Cost (gross carrying amount)	10,063	10,063
Accumulated amortisation and impairment	(4,740)	(4,740)
Net carrying amount	<u>5,323</u>	<u>5,323</u>
Year ended 30 June 2009		
Net carrying amount at start of the year	5,989	5,989
Additions (from internal development)	2,247	2,247
Disposals	-	-
Impairment losses (recognised in "other gains/losses")	(1,475)	-
Amortisation (recognised in "depreciation and amortisation")	(1,438)	(1,438)
Net carrying amount at end of the year	<u>5,323</u>	<u>6,798</u>
At 1 July 2007		
Cost (gross carrying amount)	7,374	7,374
Accumulated amortisation and impairment	(1,987)	(1,987)
Net carrying amount	<u>5,387</u>	<u>5,387</u>
At 30 June 2008		
Cost (gross carrying amount)	9,291	9,291
Accumulated amortisation and impairment	(3,302)	(3,302)
Net carrying amount	<u>5,989</u>	<u>5,989</u>
Year ended 30 June 2008		
Net carrying amount at start of the year	5,387	5,387
Additions (from internal development)	1,917	1,917
Disposals	-	-
Amortisation (recognised in "depreciation and amortisation")	(1,315)	(1,315)
Net carrying amount at end of the year	<u>5,989</u>	<u>5,989</u>



	2009 \$'000	2008 \$'000
15 CURRENT LIABILITIES - PAYABLES		
Accrued salaries and wages and on-costs	2,727	2,295
Creditors	4,916	3,867
	<u>7,643</u>	<u>6,162</u>

16 CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

Current

Employee benefits and related on-costs

Recreation leave*	9,536	9,138
Long service leave oncosts	1,520	1,205
	<u>11,056</u>	<u>10,343</u>

Other Provisions

Restoration Costs	328	112
	<u>328</u>	<u>112</u>

Total Current Provisions

	<u>11,384</u>	<u>10,455</u>
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Non-Current

Employee benefits and related on-costs

Long service leave oncosts	80	63
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Other Provisions

Restoration Costs	704	540
	<u>704</u>	<u>540</u>

Total Non-Current Provisions

	<u>784</u>	<u>603</u>
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Total Provisions

	<u>12,168</u>	<u>11,058</u>
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* Recreation leave expected to be settled after more than twelve months is Nil (2007-08: \$0.753 million).

Aggregate employee benefits and related on-costs

Provisions - current	11,056	10,343
Provisions - non-current	80	63
Accrued salaries, wages and on-costs (Note 15)	2,727	2,295
	<u>13,863</u>	<u>12,701</u>

Other provisions represents the present value of the department's obligation to make-good leased premises, at reporting date. The assumed settlement date is based on contractual lease terms. The amount and timing of each estimate is reassessed annually.

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Restoration Costs \$'000
2009	
Carrying amount at the beginning of financial year	672
Additional/ (reduction) in provisions recognised	293
Amounts used	(8)
Unused amounts reversed	(2)
Unwinding of the discount rate	77
Carrying amount at the end of financial year	<u>1,032</u>

17 CURRENT LIABILITIES - OTHER

Liability to Consolidated Fund	87	579
Unearned Revenue	331	-
	<u>418</u>	<u>579</u>



18 CHANGES IN EQUITY

	Notes	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the financial year		163,507	165,859	70,043	64,546	233,550	230,405
Changes in equity - transactions with owners as owners							
Decrease in net assets from equity transfers		(4,680)	-	-	-	(4,680)	-
Total	19	(4,680)	-	-	-	(4,680)	-
Changes in equity - other than transactions with owners as owners							
Surplus/ (deficit) for the year		320	(2,585)	-	-	320	(2,585)
Increment on revaluation of Land, Buildings and Infrastructure		-	-	6,398	5,677	6,398	5,677
Increment/ (decrement) arising from change in restoration liability		-	-	(183)	53	(183)	53
Increment/decrement on revaluation of assets held for sale		-	-	(1,824)	-	(1,824)	-
Other increases / (decreases)		(243)	-	-	-	(243)	-
Total		77	(2,585)	4,391	5,730	4,468	3,145
Transfers within equity							
Asset revaluation reserve balance transferred to accumulated funds on disposal of asset		2,394	233	(2,394)	(233)	-	-
Total		2,394	233	(2,394)	(233)	-	-
Balance at the end of the financial year		161,298	163,507	72,040	70,043	233,338	233,550

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the "Revaluation of Physical Non-Current Assets" as discussed in Note 1.

The asset revaluation reserve includes \$1.95 million recognised in equity relating to assets held for sale (refer to Note 12).

2009 **2008**
\$'000 **\$'000**

19 DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

Land and Buildings	4,680	-
Decrease in net assets from administrative restructuring	4,680	-

From 1 July 2008, all government owned office accommodation were vested in the State Property Authority. The department has six office accommodations that were transferred to State Property Authority. These buildings are leased back by the department via an operating lease.



2009
\$'000 2008
\$'000

20 COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Not later than one year	27,277	11,024
Later than one year and not later than five years	-	3,471
Total (including GST)	27,277	14,495

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	5,119	4,232
Later than one year and not later than five years	6,027	2,956
Total (including GST)	11,146	7,188

These commitments are not recognised in the financial statements as liabilities. They comprise rental leases on offices, and leases on motor vehicles.

The total commitments include input tax credits of \$3.487 million (2007-08: \$1.964 million), which represents the GST that is estimated to be recoverable from the Australian Taxation Office.

(c) Other Expenditure Commitments

There were no material other expenditure commitments at balance date.

21 BUDGET REVIEW

Net cost of services

Actual net cost of services (NCS) were higher than budget by \$18.642 million. This was mainly due to additional funding provided for the opening of the Emu Plains Juvenile Justice centre (\$6.3 million) and additional bunk accommodation at Cobham Juvenile Justice centre (\$2.5 million), voluntary redundancies from internal restructure activities (\$4.5 million), adjustments to the Keelong JJC building write down, Elipse write off, disposal of plant and equipment (\$5.308 million) and adjustments to depreciation (\$500K). The department subsequently received an approved increase of \$15.215 million to take the approved 2008/09 NCS to \$181.059 million. Further, Treasury have approved \$4.5 million be provided to meet voluntary redundancy costs incurred in 2008/09 as a result of organisational restructure. This is in addition to the NCS budget limit which effectively allows the department to overspend total expenses by \$4.5 million.

Assets and liabilities

While the total assets were essentially equal to budget, there were internal movement related to a \$6.348 million valuation based incremental increase in land and buildings and an increase in cash balances of \$1.7 million. This was offset by a write down of \$3.833 million in the written down value of the Keelong Juvenile Justice centre and the write-off of the Ellipse Upgrade Project of \$1.475 million and deferring of the Riverina Re-development capital project of \$2.1 million.

Total liabilities were higher than budget by \$1.9 million due to higher anticipated accruals at 30 June 2009 and additional leave provisions.

Cash flows

The actual net cash flows from operating activities was higher than budget by \$2.3 million. This was mainly due to refund of workers compensation hindsight adjustments of \$1.0 million and an increase in GST receipts of \$1.4 million related to approved increases in goods and services expenditure.





	2009 \$'000	2008 \$'000
22 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
Net cash used on operating activities	17,821	9,682
Cash Flows from Government - Recurrent Appropriation	(163,199)	(140,641)
Cash Flows from Government - Capital Appropriation	(16,772)	(8,354)
Acceptance by the Crown Entity of employee benefits and other liabilities	(4,835)	(4,149)
Asset sale proceeds transferred to the Crown Entity	-	163
Depreciation and amortisation	(10,294)	(9,556)
Net Gain/(Loss) on sale of land & buildings, plant & equipment	(353)	(130)
Other Gains / (losses)	(5,308)	-
(Increase) / decrease in payables	(1,480)	(1,448)
(Increase) / decrease in provisions	(720)	(629)
(Increase) / decrease in other current liabilities	161	(560)
Increase / (decrease) in receivables	570	56
Finance Costs	(77)	-
Net cost of services	<u>(184,486)</u>	<u>(155,566)</u>

23 TRUST FUNDS

Cash held on behalf of Juveniles:		
Balance at the beginning of the financial year	2	2
Add: Receipts	9	8
Less: Payments	(9)	(8)
Balance at the end of the financial year	<u>2</u>	<u>2</u>

24 FINANCIAL INSTRUMENTS

The department's principal financial instruments are outlined below. These financial instruments arise directly from the department's operations. The department does not enter into or trade 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 this financial report.

The Audit and Risk Management Committee 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 department, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee / Internal auditors on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2009	2008
Class:				
Cash and cash equivalents	9	N/A	13,446	12,508
Receivables~	11	Loans and receivables (at amortised cost)	1,267	920
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables^	15	Financial liabilities measured at amortised cost	7,447	6,007

Notes

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

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



(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 and receivables. No collateral is held by the department. The department has not granted any financial guarantees.

Credit risk associated with the department's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

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 Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. 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. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

(c) Liquidity Risk

Liquidity risk is the risk that the department will be unable to meet its payment obligations when they fall due. The department continuously manages risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets.

The department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount ¹	\$'000			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1-5yrs	> 5yrs
2009								
Payables		7,447			7,447			7,447
		7,447			7,447			7,447
2008								
Payables		6,007			6,007			6,007
		6,007			6,007			6,007

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the balance sheet.





(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The department's exposures to market risk are primarily through interest rate risk on the department's cash balance.

The effect on profit and equity due to a reasonably possible change in interest rate risk variable is outlined in the information below. A reasonably possible change in interest rate 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 balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the department's interest earnings on cash balances. The department earns interest through the Treasury Banking System Performance Interest Scheme. 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.

	\$'000				
	Carry Amount	Profit	-1% Equity	Profit	1% Equity
2009					
<i>Financial assets</i>					
Cash and cash equivalents	13,446	(138)	(138)	138	138
2008					
<i>Financial assets</i>					
Cash and cash equivalents	12,508	(142)	(142)	142	142

(e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

25 CONTINGENT LIABILITIES

As at balance date there were no contingent liabilities for legal matters (2007-08: \$100,000). There were contingent liabilities for redundancies associated with the department's internal restructure estimated to be \$3.5M in 2008/09 (2007-08 Nil).

26 AFTER BALANCE DATE EVENTS

The Keelong detention centre was decommissioned in February 2009. The department reflected the Keelong detention centre to a non-current assets held for sale account as at 30 June 2009. The public auction of the site was scheduled on the 7th July 2009 and was sold for \$2.75M. A 10% deposit was received with final settlement expected in January 2010.

On 1st July 2009 the department was combined with several other NSW government departments to create a new not-for-profit entity which will be known as the Department of Human Services. The newly formed department is a reporting entity which will be consolidated as part of the NSW Total State Sector Accounts.

END OF AUDITED FINANCIAL STATEMENTS



CAPITAL WORKS EXPENDITURE

Project	Expenditure 2008-09
Redevelopment of Riverina	\$0.558 million
Orana Additional Accommodation Unit	\$6.129 million
Acmena Additional Accommodation Unit	\$0.785 million
Fit out of Emu Plains	\$4.361 million
Total Centre Works	\$11.833 million
Corporate Information System (CIS)	\$1.271 million
Total Major Works	\$13.104 million

FUNDS GRANTED TO NON-GOVERNMENT ORGANISATIONS

Grants of more than \$5,000 were made to the following non-government organisations during the year ending 30 June 2009:

Organisation	Amount (\$)
ACCESS COMMUNITY TRAINING	86,049
ACPT DIOCESE OF CANBERRA	18,725
ALBURY WODONGA YOUTH EMERGENCY	289,335
ANGLICAN DIOCESE OF BATHURST	19,475
ANGLICAN DIOCESE OF NEWCASTLE	77,816
ANGLICAN PARISH OF GOSFORD	32,343
ANGLICARE NSW	170,750
ANGLICARE YOUTH & FAMILY SERVICE	83,134
ARMIDALE & DISTRICT YOUTH SUPPORT	165,780
ASSISTANCE DOGS AUSTRALIA LTD	26,541
AUST INSTITUTE OF HEALTH AND WELLBEING	12,308
BAPTIST COMMUNITY SERVICES	73,006
BARNARDOS AUSTRALIA	174,434
BONDI COMMUNITY STREET PROJECT	19,996
BRIDGE HOUSING LIMITED	5,720
CAFE HORIZON	82,673
CATHOLIC CARE SYDNEY	387,125



CATHOLIC CARE WOLLONGONG	70,558
CENTACARE	138,381
CENTACARE CATHOLIC FAMILY	25,237
COASTAL ACCOMMODATION SERVICES	124,147
COMMUNITY BUSINESS DEVELOPMENT	50,944
GREAT LAKES COMMUNITY RESOURCES	50,944
GRIFFITH BASE HOSPITAL	74,000
KARITANE	27,036
MARIST YOUTH CARE	147,587
MISSION AUSTRALIA FINANCE	780,817
NARRABRI & DISTRICT COMMUNITY	23,000
NORTHERN INLAND INC.	9,999
PCYC ADVANCEMENT FUND	200,000
PCYC COFFS HARBOUR	57,801
PCYC GOONDIWINDI	9,999
PCYC KEMPSEY	69,485
PCYC LAKE ILLAWARRA	25,000
PCYC SHOALHAVEN	25,000
RELATIONSHIPS AUSTRALIA (NSW)	53,653
SAMARITANS FOUNDATION	16,172
SHIRE WIDE YOUTH SERVICES INC	85,598
SMART RECOVERY AUSTRALIA LTD	20,000
SOUTH SYDNEY YOUTH SERVICES	90,961
SOUTHERN YOUTH & FAMILY SERVICES	160,474
STREETWORK INC.	20,000
THE AUSTRALIAN CHILDREN'S MUSIC	40,000
THE TED NOFFS FOUNDATION INC	2,341,346
TRUSTEES OF THE CHRIST BROTHER	108,455
UNITINGCARE NSW ACT	8,210
WAVERLEY ACTION FOR YOUTH SVCE	72,339
WESTERN COLLEGE	69,485

STATISTICS REGARDING FINANCIAL MATTERS AND CREDIT CARD CERTIFICATION

As at 30 June 2009, \$9.536 million was provided for employee recreation leave entitlements. Long service leave entitlements accepted by The Crown Transactions Entity were \$14.754 million. Long service leave oncosts were \$1.600 million.



USE OF CONSULTANTS

Consultancies equal to or more than \$30,000

Consultant	Cost	Nature of project	Title of project
Optyma	\$45,000	Organisational Review	Review of cost drivers for custodial services
Optyma	\$30,000	Organisational Review	Review of costs and benefits of Juvenile Justice programs
Icemia	\$44,324	Organisational Review	Juvenile Justice Centre Procedures

Consultancies less than \$30,000

During 2008-09, two consultancies were engaged in the following areas:

Nature of projects	Number of projects	Total cost
Organisational Review	2	\$19,850
Total	2	\$19,850

Total consultancies \$139,174

CREDIT CARD CERTIFICATION

In accordance with Treasurer's Direction 205.01, it is certified that credit card usage by officers of the Department of Juvenile Justice has been in accordance with the appropriate government policy, Premier's Memoranda and Treasurer's Directions.

PAYMENT OF ACCOUNTS

Payment Performance

The information below shows that by the last quarter of 2008-09, approximately 97 per cent of total payments were paid on time. Payment performance reflects the statewide coverage of the department's activities.

No penalty interest was paid during the year for late payments.

Quarter	Accounts paid on time within each quarter			Total Amount Paid \$Million
	Total Accounts Paid on Time Target %	Actual %	\$Million	
September	95	97	25.44	26.21
December	95	97	24.59	25.30
March	95	94	19.97	21.32
June	95	97	35.97	37.14





Aged analysis at end of each quarter 2008-09

Quarter	Current (ie within due date)		Less than 30 days overdue		Between 30 and 60 days overdue		Between 60 and 90 days overdue		More than 90 days overdue		Total	
	\$Million	%	\$Million	%	\$Million	%	\$Million	%	\$Million	%	\$Million	%
September	25.44	97	0.63	2	0.08	0	0.02	0	0.04	1	26.21	100
December	24.59	97	0.36	2	0.24	1	0.09	0	0.02	0	25.30	100
March	19.97	94	1.02	5	0.10	0	0.04	0	0.19	1	21.32	100
June	35.97	97	0.63	2	0.06	0	0.09	0	0.39	1	37.14	100

MAJOR ASSETS

Acmena Juvenile Justice Centre
Lot 57 Swallow Road
South Grafton NSW 2460

Broken Hill Juvenile Justice Centre
146 Chloride Street
Broken Hill NSW 2880

Cobham Juvenile Justice Centre
Water Street
St Marys NSW 2760

Frank Baxter Juvenile Justice Centre
Pacific Highway
Kariong NSW 2250

Juniperina Juvenile Justice Centre
169 Joseph Street
Lidcombe NSW 2141

Keelong Juvenile Justice Centre
Staff Road
Unanderra NSW 2526

Orana Juvenile Justice Centre
Westview Street
Dubbo NSW 2830

Reiby Juvenile Justice Centre
Briar Road
Airds NSW 2560

Riverina Juvenile Justice Centre
Fernleigh Road
Mount Austin NSW 2650

Windorah Park
14L Furneys Road
Dubbo NSW 2830

DISPOSALS AND VESTMENTS

In accordance with Premiers Memorandum 2008-02, the department participated in initiatives that assisted State Property Authority (SPA) to achieve its legislative objectives.

On 1 July 2008 the following properties were vested to SPA:

- Liverpool Youth Drug and Alcohol Court - 7 Speed Street, Liverpool NSW 2170
- Moree Juvenile Justice Community Service - 46 Auburn Street, Moree NSW 2400

- Newcastle Juvenile Justice Community Service - 24 Maitland Road, Islington NSW 2296
- Kempsey Juvenile Justice Community Service - Cnr Forth and Regent Streets, Kempsey NSW 2440
- Blacktown East Juvenile Justice Community Service - 211 Stephen Street, Blacktown NSW 2148



On 1 November 2008 the following property was vested to SPA:

- Petersham Juvenile Justice Community Service - 22 Middleton Street, Petersham NSW 2049

No disposals were undertaken during 2008-2009, however works were undertaken in preparing Keelong Juvenile Justice Centre for disposal early in 2009-2010.

CAPITAL WORKS

Orana JJC New 15-bed Accommodation (construction phase)

The design, documentation, tendering and letting of the contract for the new 15-bed accommodation unit at Orana JJC was completed in May 2008.

The construction phase commenced in June 2008 with a total project allocation of \$7.368M and expenditure of \$6.130M in 2008-2009. The Project is on schedule for completion in August 2009

Acmena JJC New 15-bed Accommodation (design phase)

2008-09 saw the design, documentation, tendering and letting of the contract for the new 15-bed accommodation unit at Acmena Juvenile Justice Centre with early works commencing in April 2009 and the main construction phase to commence in 2009-2010. The project has a total allocation of \$8.225M and an anticipated completion date of June 2010.

Emu Plains JJC (construction)

In 2008-09 the department commenced operations at the Emu Plains Periodic Detention Centre under agreement from the Department of Corrective Services. Enhancements to the facility were undertaken in two stages to enable the centre to commence operation as a juvenile justice centre.

Stage 1 was complete in July 2008 and Stage 2 in June 2009 at a total cost of \$4.361M. Works included general condition enhancements as well as provision of improved security and building services.

Riverina Redevelopment to 60 bed centre

Major capital works planning was initiated for the alterations and additions to the centre to costing approximately \$558K. The project is to bring the centre to an operational capacity of 60 detainees with appropriate support services. Works included site investigations, preliminary replanning options and essential services upgrade works.

Corporate Information System (CIS) Project

In 2006-07 the government approved funding of \$4.977 million over four years for Juvenile Justice to implement a corporate information system.

The scope of the project is to:

- design an information framework for reporting on the agency's corporate and operational performance;
- make modifications to any existing computerised information systems to enable required data to be captured at the source;
- develop a data warehouse as a repository of all corporate information for performance measurement and reporting.

The information management systems are a key component in managing Juvenile Justice operations on a daily basis, and for developing strategies to improve strategic and tactical decision-making to support operational core business. Continual improvement in accessing data is a high priority to support Juvenile Justice's corporate objectives.

The project is progressing satisfactorily.

Corporate Services Management Information System (Ellipse) Upgrade

In 2007-08 the government approved funding of \$3.55 million over three years for Juvenile Justice to implement an upgrade to its Ellipse Corporate Services Management Information System.

As a result of the plan to transition to a shared services arrangement for corporate services transaction processing requirements the Ellipse Upgrade project was terminated in the 2008-09 financial year.

Note that there was no IT Infrastructure Renewal project in 2008-09.

