

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2001

	Notes	2000-01 \$'000	1999-00 \$'000
<b>Revenues from ordinary activities</b>			
Revenues from government	3a	174,154	166,290
Sales of goods and services	3b	244,894	383,459
Interest	3c	30,331	24,178
Proceeds from asset disposals	3d	140,677	290,001
Premiums	3e	43,222	34,140
Foreign exchange gains	3f	7	178
Other revenues from independent sources	3g	9,686	3,992
Reversal of previous revaluation decrement	3h	51,258	-
<b>Total revenues from ordinary activities</b>		<b>694,229</b>	<b>902,238</b>
<b>Expenses from ordinary activities</b>			
Employees	4a	56,626	58,840
Suppliers	4b	233,905	298,802
Depreciation and amortisation	4c	53,693	59,359
Write-down of assets	4d	10,045	3,621
Disposal of assets	3d	131,213	210,791
Foreign exchange losses	4e	2,030	-
<b>Total expenses from ordinary activities</b>		<b>487,512</b>	<b>631,413</b>
Borrowing cost expense	5	19,093	26,368
<b>Net operating surplus/(deficit) from ordinary activities</b>		<b>187,624</b>	<b>244,457</b>
<b>Net surplus/(deficit)</b>		<b>187,624</b>	<b>244,457</b>
<b>Equity interests</b>			
<b>Net surplus/(deficit) attributable to the Commonwealth</b>		<b>187,624</b>	<b>244,457</b>
Net increase/(decrease) to asset revaluation reserve	6	176,318	-
Adjustments to accumulated results brought forward	12	-	(5,669)
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>176,318</b>	<b>(5,669)</b>
<b>Total increase/(decrease) in equity other than those resulting from transactions with owners as owners</b>		<b>363,942</b>	<b>238,788</b>
<b>Net Surplus/(deficit) attributable to the Commonwealth</b>		<b>187,624</b>	<b>244,457</b>
Less: Transfer to Deferred Activity Reserve <sup>1</sup>	12	17,869	-
Plus: Transfer from other reserves	12	9,036	-
Less: Transfers to other reserves		-	2,757
Less: Dividends	12	142,028	71,693
Less: Capital-use Charge	12	1,580	-
Less: Transfer of Assets	12	6,724	772
<b>Contributions to Accumulated Results</b>		<b>28,459</b>	<b>169,235</b>

<sup>1</sup> Refer to Note 2F.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

## NOTE 1

### OBJECTIVES OF DEPARTMENT OF FINANCE AND ADMINISTRATION

The objectives of the Department of Finance and Administration are detailed in the body of this annual report.

The Department is structured to meet the following outcomes:

Outcome 1: Sustainable Government Finances

Outcome 2: Improved and More Efficient Government Operations

Outcome 3: Efficiently Functioning Parliament

## NOTE 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- *Requirements for the Preparation of Financial Statements of Commonwealth Agencies and Authorities* made by the Minister for Finance and Administration (Schedule 1 of the Financial Management and Accountability (FMA) Orders).
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Boards;
- Other authoritative pronouncements of the Australian Accounting Standards Boards; and
- the Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts; and
- the Explanatory Notes to Schedule 1 issued by the Department of Finance and Administration.

These financial statements have been prepared on an accrual basis and in accordance with the historical cost convention except for certain assets which, as noted, are at valuation. They do not take account of changing money values on the results or the financial position, except where stated.

Assets and liabilities are recognised in the Agency Statement of Financial Position when and only when it is probable that future Department's economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than remote contingencies, which are reported at Note 33).

Revenues and expenses are recognised in the Agency Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of the Department in its present form, and with its present outcomes, is dependent on Government policy, and on continuing appropriations by Parliament for the Department's administration and outcomes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

### (b) Principles of Consolidation

The financial statements of the Department's business operations are consolidated into the Agency's financial statements. All balances and transactions between the Agency and the various business operations have been eliminated on consolidation.

### (c) Changes in Accounting Policy

Changes in accounting policy have been identified in this note under their appropriate headings.

### (d) Agency and Administered Items

Agency assets, liabilities, revenues and expenses are those items that are controlled by the Department. They are used by the Department in producing its outputs, including:

- ┆ land and buildings, computers, plant and equipment used in providing goods and services;
- ┆ liabilities for employee entitlements;
- ┆ revenues from running cost appropriations;
- ┆ revenues from user charging and profits on sales deemed to be appropriated under section 31 of the *Financial Management and Accountability Act 1997*; and
- ┆ employee expenses and other administrative expenses incurred in providing goods and services.

Administered assets, liabilities, revenues and expenses are those items which are controlled by the Government and managed or oversighted by the Department on behalf of the Government including:

- ┆ Natural Disaster Relief Arrangements;
- ┆ investments for former superannuation schemes;
- ┆ entitlements and services provided to Members of Parliament;
- ┆ grants and benefits payable;
- ┆ fees, fines and interest;
- ┆ loans; and
- ┆ transactions relating to the administration of the Official Public Account.

The purpose of separating administered and agency items is to provide for the separate scrutiny of the items and enable assessment of the Department's administrative efficiency in providing goods and services.

The basis of accounting described in this note applies to both agency and administered items.

Administered items are distinguished from agency items in the financial statements by a white keyline box.

### (e) Reporting by Outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Department is presented in Note 31. The net cost to Budget outcomes shown includes intra-government costs that are eliminated in calculating the actual budget outcome for the Government overall.

### (f) Revenues from Government

#### (i) Agency Appropriations

Appropriations for departmental outputs are recognised as revenue to the extent that the Finance Minister is prepared to release appropriations for use (that is, the full amount of the appropriation passed by the Parliament less any savings offered up at Additional Estimates and not subsequently released).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Where appropriations recognised as revenue under this policy effectively fund an activity that has been deferred to a future reporting period, an amount is transferred from the current year surplus to a Deferred Activity Reserve. This represents a change in accounting policy from previous years where such amounts were recorded as an unearned revenue liability in the Statement of Financial Position. This change in accounting policy has resulted in an increase of \$17,869,000 in appropriation revenue in the Statement of Financial Performance for the current financial year and a corresponding decrease in unearned revenue liability in the Statement of Financial Position at 30 June 2001.

The \$17,869,000 is represented by \$11,773,000 being revenue received in advance by Comcover in a prior accounting period to fund insurance premiums for some Commonwealth agencies. In addition, \$6,095,000 represents revenue received in advance to fund Defence property sales which have been deferred to a subsequent accounting period.

### **(ii) Administered Appropriations**

All revenues described in this note are revenues relating to the core operating activities performed by the Agency on behalf of the Commonwealth. These amounts are netted with transfers to agencies and are disclosed at Note 18a.

Appropriations for administered expenses may be unlimited or limited as to amounts. Where the appropriation is an annual appropriation and limited as to amount, revenue is recognised to the extent of the lesser of:

- l the amount appropriated by the Parliament; and
- l an amount determined by the Finance Minister—this amount is determined having regard to the expenses incurred for the reporting period.

Where unlimited, revenue is recognised to the extent that expenses have been incurred.

### **(g) Revenue**

Amounts disclosed as revenue are, unless specified, net of returns and allowances. Revenues are recognised from major activities as follows:

#### **Revenue from Property Portfolio**

Rental revenues from the Property Portfolio are recognised systematically over the period of the lease. Other revenue is recognised at such time as the good or service has been provided.

#### **Sales of Goods**

A sale is recorded when goods have been provided to a customer pursuant to a sales order and the associated risks have passed to the carrier or the customer.

#### **Provision of Services**

Revenue is recognised from services at the time the service is provided.

#### **Dividend Revenue**

Administered dividend revenue is recognised for dividends received from FMA agencies (including the Department of Finance and Administration) and other entities which are recognised by the Department as administered investments. They are recognised when the right to receive a dividend has been established.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

### **Interest Revenue**

Interest revenue is recognised on a time proportional basis taking into account the interest rates applicable to the financial assets.

### **Disposal of Assets**

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Please refer to Note 2(f) for appropriations revenue, 2(k) for revenue from general insurance activities, 2(s) for contributions revenue from Superannuation schemes and 2 (za) for resources received free of charge.

All revenue referred to in this note are revenues relating to core operating activities of the Department, whether in its own right or on behalf of the Commonwealth. Details of revenue amounts are given in Note 3 (Agency) and Note 14 (Administered).

### **(h) Assets Sales program**

Schedule 1 effectively provides for sales of Commonwealth interests in controlled entities conducted by the Office of Asset Sales and Commercial Support (OASACS) to be fully reported by the OASACS. There have been no such sales in 2000–01. (During 1999–2000 the Department disposed of the Removals Australia business. The remaining administered investment recognised in Removals Australia after repayment of capital was written off as a direct adjustment to equity.)

### **(i) Taxation**

The Department is not subject to income tax, nor to most indirect taxes and charges. It is however subject to fringe benefits tax, amounts in lieu of indirect taxes on work for non-Commonwealth clients and goods and services tax.

In addition, an amount equivalent to Customs Duty on imports is payable by all commercial activities and is included in the cost of the imported goods. Where these goods are recognised as assets, the amount is included in their cost.

### **(j) Capital-use Charge**

A Capital-use Charge of 12% is imposed by the Commonwealth on the net departmental assets of the agency which are not attributable to Business Operations. Assets attributable to Business Operations are subject to a rate of return appropriate to the activity and are returned to the Commonwealth by way of dividend and capital returns. As the Agency's appropriations were not supplemented for Capital-use Charge, the amount payable is based on the increase, if any, of the net assets of non-business operations adjusted to take account of asset gifts and revaluation increments.

### **(k) General Insurance Activities**

On 1 July 1998 Comcover was established within the Department as the Commonwealth's self managed fund for insurable risks. The Department and other Commonwealth agencies have insured with the fund for risks other than workers compensation, which is dealt with via continuing arrangements with Comcare. Comcover is obliged to provide cover under the *Financial Management and Accountability Act 1997* pursuant to Section 6.3.2 of the *Financial Management Orders*.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

As Comcover operates a 'general insurance' business, the accounting requirements of AAS 26—"Financial Reporting of General Insurance Activities" have been applied in these financial statements to all transactions which relate specifically to general insurance business. Accounting policies in relation to these items are as follows:

### **Premium Revenue**

Premiums comprise amounts charged to the fund member. The earned portion of premiums received and receivable, including unclosed business, is recognised as revenue. Premiums are treated as earned from the date of attachment of risk.

The pattern of recognition over the policy or indemnity periods is based on time, which is considered to closely approximate the pattern of risks underwritten. Unearned premiums are determined using the pro-rata method.

### **Outwards Reinsurance**

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premiums is treated at the reporting date as a prepayment. Reinsurance recoveries are recognised as revenue for claims incurred. Recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

### **Claims**

Claims incurred expense and a liability for outstanding claims are recognised in respect of all business. The liability covers claims incurred but not yet paid, incurred but not reported claims, and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by an independent actuary reviewing aggregated claim data and estimating unnotified claims and settlement costs using statistics based on past experience and trends.

The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and "superimposed inflation". Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury. The expected future payments are then discounted to a present value at the reporting date using discount rates based on investment opportunities available to the Department on the amounts of funds sufficient to meet claims as they become payable. The details of the rates applied are included in Note 11c.

### **Investments—specific to general insurance activities**

Investments are measured at net market value at the reporting date. Differences between the net market values of investments at the reporting date and their net market values at the previous reporting date (or cost of acquisition, if acquired during the reporting period) are recognised as revenue in the Statement of Financial Performance.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

### (l) Receivables

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at the end of the reporting period.

Bad debts are recognised as an expense, or as a reduction in the doubtful debts provision, during the reporting period in which they are identified.

### (m) Cash

Cash includes notes and coins held and deposits held at call with a bank.

### (n) Intangibles

Internally generated software is measured at current reproduction cost and is recognised as an asset when it can be reliably measured. It is amortised on a straight-line basis to reflect its estimated useful life to the Department. All purchased software, which meets the asset recognition threshold, is recognised as an asset and measured at cost less any accumulated amortisation.

### (o) Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

### (p) Measurement of Property, Plant and Equipment (land and buildings, and infrastructure, plant and equipment)

#### Asset Recognition Threshold

All items of infrastructure, plant and equipment with a historical cost equal to or in excess of \$5,000 are recognised as assets in the reporting period in which they are acquired. Items costing less than \$5,000 are recognised as an expense at the time of purchase.

#### Revaluations

In accordance with Schedule 1, land, buildings, infrastructure, and plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles. The Department has determined that these values do not differ materially from fair value.

Assets in each class acquired after the commencement of a progressive revaluation cycle are captured by the following 3-year revaluation cycle.

The application of the deprival method by the Department values land and buildings and specialised assets at their current market value and its specialised assets at their depreciated replacement costs. Any assets which would not be replaced or are surplus to requirements are valued at the higher of net present value and net realisable value.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

The gain or loss on disposal of items of land, buildings, infrastructure, and plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds from disposal.

All valuations are independent.

### Recoverable Amount Test

Schedule 1 requires the application of the recoverable amount test to departmental non-current assets in accordance with AAS 10 *Accounting for the Revaluation of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value using the long term Commonwealth Bond rate (5.32%).

### Buildings under Construction

Buildings under construction are classified as "Construction work in progress" under "Land and buildings", are measured at cost, and are not depreciated.

### (q) Depreciation and Amortisation of Infrastructure, Plant and Equipment

All infrastructure, plant and equipment assets, other than leasehold improvements, are depreciated to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Depreciation commences from the time the assets are first held ready for use.

Leasehold improvements are amortised on a straight-line basis over the lesser of the unexpired period of the lease or their estimated useful life.

The useful life of each asset is the estimated period of time over which it is expected to be able to be used, or the benefits represented by it are expected to be derived, by the Department.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2000-01	1999-00
Buildings on freehold land	<b>3 to 97 years</b>	9 to 50 years
Leasehold improvements	<b>Lease Term</b>	Lease Term
Plant and equipment	<b>2 to 10 years</b>	3 to 10 years
Intangibles	<b>3 to 7 years</b>	7 years

The aggregate amount of depreciation and amortisation allocated for each class of asset during the reporting period is disclosed in Note 4c (Agency) and Note 15b (Administered).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

### (r) Inventories

Inventories comprise goods held for sale and are recorded at the lower of cost and net realisable value.

Costs incurred in bringing each item to its present location and condition are allocated as follows:

- Finished goods and work in progress—purchase cost on a weighted average cost basis.

### (s) Superannuation Schemes

The Department recognises an administered liability for the present value of the Commonwealth's expected future payments arising from the Parliamentary Contributory Superannuation Scheme, South Australian Superannuation Fund and the Tasmanian Retirement Benefits Fund and the unfunded components of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation (PSS) Scheme.

The funded components of the CSS and PSS Schemes are reported in the financial statements of the respective scheme.

The Department also has the responsibility to record the Commonwealth's transactions in relation to the CSS and PSS schemes. Accounting policies in relation to these items are as follows:

#### **Employer Contributions**

Employer contributions received from Commonwealth agencies and entities are recorded as administered revenues.

#### **Benefits Paid and Employee Contributions**

Gross benefits paid less employee contributions and employer productivity contributions (offsets) received are recognised as a net reduction in the liability.

#### **Increases in the Accrued Benefits Liability**

Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as employee superannuation expense.

### (t) Grants

The Department administers a number of grant schemes on behalf of the Commonwealth. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied. A commitment is recorded when the Commonwealth has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant moneys are paid in advance of performance or eligibility, a prepayment is recognised. Payments made for non-reciprocal grants, where those grants are not subject to future criteria, are fully expensed in the year of payment.

### (u) Unearned Income

Deposits and prepayments for services yet to be rendered are recognised as a liability at the time of receipt. Revenues are recognised in relation to these items at the time the service is provided.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

### (v) Leases

#### Finance Leases

Leases of non-current assets, where substantially all risks and benefits incidental to ownership effectively pass to the Department, are classified as finance leases.

The asset is measured at the present value of the minimum lease payments at the inception of the lease, and amortised over the period of the lease.

A corresponding liability is also recognised at the same value as the asset, with each lease payment allocated between reduction of the principle component of the lease liability and interest expense.

#### Operating Leases

Leases where the lessor retains all the risks and benefits incidental to ownership are classified as operating leases. Operating lease payments are recognised as expenses in the reporting period in which they are incurred, being representative of the pattern of benefits derived from the leased assets.

### (w) Surplus Leased Space and Lease Incentives

The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives received taking the form of 'free' leasehold improvements and rent holidays are also recognised as liabilities, and are reduced by allocating the lease payments between rental expense and reduction of the liability when rental payments occur.

### (x) Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

The Department has no qualifying asset for which funds were borrowed specifically.

### (y) Financial Instruments

Accounting policies for financial instruments are stated at Note 32.

### (z) Employee Entitlements

This policy applies to both agency and administered employee entitlements. Administered employee entitlements relate to the entitlements owed to Senators and Members and their staff, the administration of which is managed by the Ministerial and Parliamentary Services Group.

The liability for employee entitlements encompasses unpaid wages and salaries, annual leave, long service leave and redundancy. Provision is made for separation and redundancy payments in circumstances where a reliable estimate of the amount of those payments can be determined.

No provision is made for sick leave as all sick leave is non-vesting and the average sick leave estimated to be taken by employees each year is less than the annual entitlement for sick leave.

Liabilities for employee entitlements for wages and salaries, annual leave and redundancy are measured on the basis of current wage and salary rates.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

The non-current provision for long service leave reflects the present value of the estimated future cash flows to be paid. In determining the present value of the liability, expected attrition rates and future pay increases through promotion and inflation as determined by the Government Actuary are taken into account.

The determination of current and non-current portions of the long service leave provision is based on past history of payments.

Staff of the Department contribute to the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). Employer contributions amounting to \$5,064,790 (1999–2000: \$8,713,664) in relation to these schemes are recognised as an expense as incurred.

No liability is shown for superannuation in the Agency Statement of Financial Position as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth (refer Note 1(s)).

Employer Superannuation Productivity Benefit contributions totalled \$929,585 (1999–2000: \$1,212,340).

### **(za) Resources Received Free of Charge**

Services received free of charge are recognised in the Statement of Financial Performance as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

In the latter case, the assets are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer.

### **(zb) Comparative Figures**

Comparative figures are provided and, where necessary, have been adjusted to conform with changes in presentation in these financial statements. Where it has not been possible to adjust comparative figures, amounts have been bracketed together or n/a has been shown, as applicable.

### **(zc) Administered Investments**

Administered investments are measured at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity, as adjusted for any subsequent capital contributions or withdrawals. The carrying amounts of administered investments have been reviewed to determine whether they are in excess of their recoverable amounts. Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the whole-of-government level.

The Department also recognises as administered investments, Commonwealth companies of which the Minister for Finance and Administration was the sole shareholder under the Commonwealth single shareholder arrangements. Companies which are not subject to these arrangements are recorded as an administered investment in their respective portfolio Department's financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

### **(zd) Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate on the date of payment and receipt. Foreign currency receivables and payables are converted at the exchange rates current as at the end of the reporting period. Resulting exchange differences are brought to account in the Agency Statement of Financial Performance. The Department hedges its exposure to foreign currency wherever possible. Refer to Notes 3f and 4e (Agency) and Note 14d (Administered).

### **(ze) Tuggeranong Office Park**

The Department has recognised an agency liability in respect of the expected shortfall in the sinking fund of Tuggeranong Office Park at 20 August 2008, when the bonds that financed construction of the building are due to be redeemed from the funds available in the sinking fund. The Commonwealth has guaranteed any shortfall. The liability recognised is an estimate of the shortfall based on various assumptions about the future cash flows of the sinking fund and is measured at net present value.

### **(zf) Rounding**

Amounts have been rounded to the nearest \$1,000, unless stated otherwise.

### **(zg) Dividends**

Dividends paid by the Department from commercial business activities are based on a required rate of return. Dividends are paid from current year surpluses.

### **(zh) Environmental Liabilities**

Where the Commonwealth has a contractual obligation for remediation works to restore the environmental status of properties, the cost of that work has been recognised for the amount incurred. Where there are contracts in place for future works, the value of the contracts have been included in the commitments note. Other exposures which are of a significant nature are disclosed in the contingent liabilities note.

### **(zi) GST Policy**

The financial statements are prepared consistent with GST accounting requirements as outlined by the Urgent Issues Group (UIG). The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash-flows, accounts payable and receivable be reported gross.

### **(zj) Transactions by the Government as Owner**

Appropriations designated as 'Capital—equity injections' are recognised directly in equity to the extent drawn down as at the reporting date.

Net assets received under a restructuring of administrative arrangements are designated by the Finance Minister as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer.

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

2000–01  
\$'000

1999–00  
\$'000

NOTE 3  
REVENUES FROM ORDINARY ACTIVITIES—AGENCY

**Note 3a—Revenues from Government**

Appropriations for outputs	158,073	149,866
Resources received free of charge	16,081	16,424
<b>Total revenues from government</b>	<b>174,154</b>	<b>166,290</b>

**Resources received free of charge**

Finance lease expenses for Tuggeranong Office Park met by other Commonwealth entities	14,040	13,949
Department of Foreign Affairs and Trade—overseas agency expenses	1,266	1,700
Provision of audit services by the Australian National Audit Office (refer Note 27)	775	710
Other	–	65
<b>Total resources received free of charge</b>	<b>16,081</b>	<b>16,424</b>

Services received free of charge, but not able to be reliably measured include: Accommodation provided by other agencies for the delivery of training courses; and Presentations given by officers of other agencies at seminars arranged by the Department of Finance and Administration.

**Note 3b—Sales of goods and services**

Sale of goods	6,473	5,553
Rendering of services	6,198	75,812
Rent	225,655	297,638
Other	6,568	4,456
<b>Total sales of goods and services</b>	<b>244,894</b>	<b>383,459</b>

Cost of sales	3,084	3,987
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**Note 3c—Interest**

Loans	110	45
Deposits	30,221	24,052
Other	–	81
<b>Total interest</b>	<b>30,331</b>	<b>24,178</b>

**Note 3d—Proceeds and Disposal Expenses from Sale of Assets**

Non financial assets—Property, plant & equipment:		
Proceeds from sale	140,677	290,001
Disposal of assets	(131,190)	(210,791)
<b>Total proceeds and disposal expenses from sale of property, plant and equipment</b>	<b>9,487</b>	<b>79,210</b>
Non financial assets – Intangibles:		
Proceeds from sale	–	–
Disposal of assets	(23)	–
<b>Total proceeds and disposal expenses from sale of intangibles</b>	<b>(23)</b>	<b>–</b>

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

	<b>2000–01</b>	1999–00
	<b>\$'000</b>	\$'000
<b>Note 3e—Premiums</b>		
Premium—direct insurance business (refer to Note 35)	43,222	34,140
<b>Total premiums</b>	<b>43,222</b>	<b>34,140</b>
<b>Note 3f—Foreign Exchange Gains</b>		
Net foreign exchange gains	7	178
<b>Total foreign exchange gains</b>	<b>7</b>	<b>178</b>
<b>Note 3g—Other Revenue from Independent Sources</b>		
Other	9,686	3,992
<b>Total other</b>	<b>9,686</b>	<b>3,992</b>
<b>Note 3h—Reversal of Previous Asset Write-down</b>		
Reversal of previous asset revaluation decrement	51,258	–
<b>Total reversal of previous asset write-down</b>	<b>51,258</b>	<b>–</b>
<b>NOTE 4</b>		
<b>EXPENSES FROM ORDINARY ACTIVITIES—AGENCY</b>		
<b>Note 4a—Employee Expenses</b>		
Remuneration (for services provided)	55,628	55,622
Separation and redundancy	998	3,218
<b>Total employees</b>	<b>56,626</b>	<b>58,840</b>
The average staffing levels for the Agency as at 30 June 2001 was 743.0 (1999–2000: 810.5)		
<b>Note 4b—Suppliers Expense</b>		
Supply of goods and services	233,199	282,393
Operating lease rentals <sup>1</sup>	706	16,409
<b>Total suppliers</b>	<b>233,905</b>	<b>298,802</b>
<b>Note 4c—Depreciation and Amortisation Expense</b>		
Depreciation—infrastructure, plant and equipment	212	330
Depreciation—buildings	45,161	51,622
Amortisation—intangibles	4,182	3,572
Amortisation—leased assets	4,138	3,835
<b>Total depreciation and amortisation</b>	<b>53,693</b>	<b>59,359</b>
<b>Note 4d—Write-down of Assets</b>		
Financial assets		
Receivables (bad and doubtful debts)	474	2,644
Non-financial assets		
Inventories (written off)	595	298
Infrastructure, plant and equipment (write offs)	6	351
Buildings (decrements)	8,798	294
Intangibles (written off)	172	34
<b>Total write-down of assets</b>	<b>10,045</b>	<b>3,621</b>

<sup>1</sup> Comprises minimum lease payments only.

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

	2000–01 \$'000	1999–00 \$'000
<b>Note 4e—Foreign Exchange Loss</b>		
Net foreign exchange loss	2,030	–
<b>Total foreign exchange loss</b>	<b>2,030</b>	–

**NOTE 5  
BORROWING COSTS—AGENCY**

Leases	7,424	7,751
Loans	7,599	9,573
Sinking Fund <sup>2</sup>	(15,729)	9,044
Deposits	329	–
Other	104	–
Borrowing cost relating to early repayment of loan	19,366	–
<b>Total borrowing costs</b>	<b>19,093</b>	26,368

<sup>2</sup> Tuggeranong Office Park Sinking Fund provision of \$7.2m and a one off retrospective adjustment of \$26.1m for a favourable tax ruling resulting in a lower shortfall.

**NOTE 6  
SIGNIFICANT ITEMS AND ASSET REVALUATION RECONCILIATION**

**Note 6a—Significant Items**

**DASFLEET Tied Contract Settlement**

Pursuant to Ministerial approval on 29 June 2001 the provision of motor vehicle fleet leasing services to the Commonwealth was novated from Macquarie Fleet Leasing Pty Ltd to Lease Plan Australia Limited effective 5 July 2001.

This novation formed part of the settlement of an on-going negotiation regarding the operation of the DASFLEET tied contract. This settlement also resulted in amounts being payable to and receivable from Macquarie Fleet Leasing Pty Ltd. Included in suppliers' expenses (note 4b) is an amount of \$15.7m arising from the agreed terms of the Deed of Release and an amount of \$14.7m arising from adjustments to the original sale price which were not in dispute and were not paid pending final settlement. Included in other revenue from independent services (Note 3g) is an amount of \$8.0m also relating to the agreed terms of the Deed of Release.

	2000–01 \$'000	1999–00 \$'000
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**Note 6b—Reconciliation of Revaluation increment in Statement of Financial Performance and Statement of Financial Position**

Adjustment to Gross Asset Revaluation Reserve	162,188	–
Reversal of previous revaluation decrement (Note 3h)	(51,258)	–
Reversal to accumulated depreciation	65,388	–
Net credit to asset revaluation reserve (Note 12)	176,318	–
Asset Revaluation Reserve 1 July 2000	236,021	233,264
Transfer to/from Accumulated Results (Note 12)	(9,036)	2,757
Net credit to asset revaluation reserve	176,318	–
Asset Revaluation Reserve 30 June 2001 (Note 12)	<b>403,303</b>	236,021

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

	2000-01 \$'000	1999-00 \$'000
<b>NOTE 7</b>		
<b>BUSINESS OPERATIONS—AGENCY</b>		
<b>Property</b>		
Total revenue from appropriations	23,482	16,340
Total revenue from other ordinary activities	313,925	399,284
Total expenses from ordinary activities	<u>(148,635)</u>	<u>(199,666)</u>
Net surplus from ordinary activities	188,772	215,958
Total current assets	150,687	391,031
Total non-current assets	2,512,774	2,426,403
Total current liabilities	109,577	95,767
Total non-current liabilities	144,515	338,255
Equity	2,409,369	2,383,412
<b>Comcover</b>		
Total revenue from appropriations	30,554	9,509
Total revenue from other ordinary activities	51,896	38,473
Total expenses from ordinary activities	<u>(48,459)</u>	<u>(19,698)</u>
Net surplus from ordinary activities	33,991	28,284
Total current assets	94,930	70,962
Total non-current assets	7,448	8,489
Total current liabilities	19,842	35,538
Total non-current liabilities	17,508	15,600
Equity	53,255	28,313
<b>Removals Australia<sup>1</sup></b>		
Total revenue from appropriations	-	-
Total revenue from other ordinary activities	-	74,776
Total expenses from ordinary activities	<u>-</u>	<u>(70,958)</u>
Net surplus from ordinary activities	-	3,818
Total current assets	-	12,119
Total non-current assets	-	-
Total current liabilities	-	3,069
Total non-current liabilities	-	55
Equity	-	8,995

<sup>1</sup> Removals Australia was disposed during 1999-00.

NOTES TO AND FORMING PART OF THE  
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	2000-01	1999-00
	\$'000	\$'000

**NOTE 8**  
**FINANCIAL ASSETS—AGENCY**

**Note 8a—Cash**

Cash on hand	19	96
Cash at bank	38,014	119,568
<b>Total cash</b>	<b>38,033</b>	<b>119,664</b>

**Note 8b—Receivables**

Appropriations	–	9,800
Goods and services	45,734	28,904
Loans	3,634	11,931
Premiums receivable	3,585	162
Reinsurance and other recoveries receivable	17,350	15,609
Interest receivable	40	23,590
Gross receivables	70,343	89,996
Less: provision for doubtful debts	(5,046)	(12,506)
Net receivables	65,297	77,490

Receivables (gross) are aged as follows:

Not overdue	56,189	58,227
Overdue by:		
Less than 30 days	8,626	6,522
30 to 60 days	28	13,986
60 + days	5,500	11,261
Less: Provision for doubtful debts	(5,046)	(12,506)
<b>Net receivables</b>	<b>65,297</b>	<b>77,490</b>

**Note 8c—Investments**

Term deposits	120,000	370,000
Cash bonds	85,000	–
<b>Total investments</b>	<b>205,000</b>	<b>370,000</b>

**Note 8d—Accrued Revenues**

Accrued revenues	8,947	489
<b>Total accrued revenues</b>	<b>8,947</b>	<b>489</b>

**NOTE 9**  
**NON-FINANCIAL ASSETS—AGENCY**

**Note 9a—Land and Buildings**

Land—at June 1999 independent valuation	–	703,477
Land—at December 2000 independent valuation	1,028,885	–
Land—under finance lease at independent valuation	6,500	6,500
<b>Total Land</b>	<b>1,035,385</b>	<b>709,977</b>

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

	2000-01 \$'000	1999-00 \$'000
<b>Note 9a—Land and Buildings (continued)</b>		
Buildings—at cost	123	44,026
Accumulated depreciation	(3)	—
	<u>120</u>	<u>44,026</u>
Buildings—Leasehold Improvement—at cost	3,150	8,025
Accumulated amortisation	(646)	(6,025)
	<u>2,504</u>	<u>2,000</u>
Buildings—Leasehold Improvement—at 30 June 1999 valuation	817	—
Accumulated amortisation	(137)	—
	<u>680</u>	<u>—</u>
Buildings—under finance lease	79,900	79,900
Accumulated depreciation	(7,640)	(5,820)
	<u>72,260</u>	<u>74,080</u>
Buildings—at June 1999 independent valuation	—	1,669,318
Accumulated depreciation	—	(110,249)
	<u>—</u>	<u>1,559,069</u>
Buildings—at December 2000 independent valuation	1,385,052	—
Accumulated depreciation	(25,100)	—
	<u>1,359,952</u>	<u>—</u>
Construction work in progress at cost	45,446	75,569
Total Buildings (net)	<u>1,480,962</u>	<u>1,710,718</u>
<b>Total land and buildings</b>	<u>2,516,347</u>	<u>2,420,695</u>
The revaluations were undertaken as at 30 June 1999 and 31 December 2000 in accordance with the revaluation policy set out at Note 2(p). All such valuations were carried out by registered valuers.		
<b>Note 9b—Infrastructure, Plant and Equipment</b>		
Plant and equipment—at cost	147	202
Accumulated depreciation	(23)	(6)
	<u>124</u>	<u>196</u>
Plant and equipment – at June 1999 independent valuation	1,284	3,842
Accumulated depreciation	(309)	(2,708)
	<u>975</u>	<u>1,134</u>
Motor vehicle—at cost	—	148
Motor vehicles—at June 1999 independent valuation	188	192
Accumulated depreciation	(94)	(185)
	<u>94</u>	<u>155</u>
<b>Total infrastructure, plant and equipment</b>	<u>1,193</u>	<u>1,485</u>
The revaluations were undertaken as at 30 June 1999 in accordance with the revaluation policy set out at Note 2(p). All such valuations were completed by registered valuers.		

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

	2000-01 \$'000	1999-00 \$'000
<b>Note 9c—Intangibles</b>		
Licences—at June 1999 independent valuation	296	256
Accumulated amortisation	(112)	(84)
	<u>184</u>	<u>172</u>
Work in progress at cost	<u>1,315</u>	—
Computer software—internally developed—at cost	16,017	15,370
Accumulated amortisation	(3,772)	(1,598)
	<u>12,245</u>	<u>13,772</u>
Computer software—purchased:		
At cost	7,260	6,882
Accumulated amortisation	(3,450)	(1,720)
At June 1999 independent valuation	407	2,565
Accumulated amortisation	(322)	(2,172)
	<u>3,895</u>	<u>5,555</u>
<b>Total intangibles</b>	<u><u>17,639</u></u>	<u><u>19,499</u></u>

The revaluations were undertaken as at 30 June 1999 in accordance with the progressive revaluation policy set out at Note 2(p). All such valuations were completed by registered valuers.

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

**Note 9d—Analysis of Property, Plant, Equipment and Intangibles**

**Table A—Movement summary 2000–01 for all assets irrespective of valuation basis**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Computer Software \$'000	Other Intangibles \$'000	Total Intangibles \$'000	TOTAL \$'000
<b>Gross value as at 1 July 2000</b>	709,977	1,832,812	2,542,789	4,384	24,817	256	25,073	<b>2,572,246</b>
Additions:								
Acquisition of Assets	–	63,989	63,989	15	2,511	15	2,526	<b>66,530</b>
Acquisition of Assets by Finance Lease	–	–	–	–	–	–	–	–
Revaluations: increments/(decrements)	384,944	(222,757)	162,187	–	–	–	–	<b>162,187</b>
Assets transferred in/(out)	(1,500)	(5,177)	(6,677)	(63)	(10)	–	(10)	<b>(6,750)</b>
Reclassifications	–	–	–	–	–	–	–	–
Write-offs	–	(8,798)	(8,798)	(6)	(172)	–	(172)	<b>(8,976)</b>
Change in Presentation <sup>1</sup>	–	(71,881)	(71,881)	(2,654)	(2,022)	(52)	(2,074)	<b>(76,609)</b>
Disposals	(58,035)	(73,701)	(131,736)	(57)	(50)	–	(50)	<b>(131,843)</b>
<b>Gross value as at 30 June 2001</b>	<b>1,035,386</b>	<b>1,514,487</b>	<b>2,549,873</b>	<b>1,619</b>	<b>25,074</b>	<b>219</b>	<b>25,293</b>	<b>2,576,785</b>
Accumulated depreciation/ amortisation as at 1 July 2000	–	122,094	122,094	2,899	5,490	84	5,574	<b>130,567</b>
Disposals	–	(574)	(574)	(30)	(27)	–	(27)	<b>(631)</b>
Depreciation/amortisation charge for the year	–	49,299	49,299	212	4,149	32	4,181	<b>53,692</b>
Revaluations: Increment/(decrement)	–	(65,388)	(65,388)	–	–	–	–	<b>(65,388)</b>
Assets transferred in/(out)	–	(24)	(24)	–	–	–	–	<b>(24)</b>
Reclassifications	–	–	–	–	–	–	–	–
Write-offs	–	–	–	–	–	–	–	–
Change in Presentation <sup>1</sup>	–	(71,881)	(71,881)	(2,654)	(2,022)	(52)	(2,074)	<b>(76,609)</b>
<b>Accumulated Depreciation/ Amortisation as at 30 June 2001</b>	<b>–</b>	<b>33,526</b>	<b>33,526</b>	<b>427</b>	<b>7,590</b>	<b>64</b>	<b>7,654</b>	<b>41,607</b>
<b>Net book value as at 30 June 2001</b>	<b>1,035,386</b>	<b>1,480,961</b>	<b>2,516,347</b>	<b>1,193</b>	<b>17,484</b>	<b>155</b>	<b>17,639</b>	<b>2,535,178</b>
<b>Net book value as at 1 July 2000</b>	<b>709,977</b>	<b>1,710,718</b>	<b>2,420,695</b>	<b>1,485</b>	<b>19,327</b>	<b>172</b>	<b>19,499</b>	<b>2,441,679</b>

<sup>1</sup> The change in presentation has resulted from a change from the gross method of revaluation to the net method of revaluation during 2000–01.

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

**Note 9d—Analysis of Property, Plant, Equipment and Intangibles (continued)**

**Table B—Summary of Balances of Assets at Valuation as at 30 June 2001**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Computer Software \$'000	Other Intangibles \$'000	Total Intangibles \$'000	TOTAL \$'000
<b>As at 30 June 2001</b>								
Gross value	1,028,885	1,385,869	2,414,754	1,471	418	296	714	<b>2,416,939</b>
Accumulated depreciation/ amortisation	—	(25,237)	(25,237)	(403)	(326)	(112)	(438)	<b>(26,078)</b>
<b>Net Book Value</b>	<b>1,028,885</b>	<b>1,360,632</b>	<b>2,389,517</b>	<b>1,068</b>	<b>92</b>	<b>184</b>	<b>276</b>	<b>2,390,861</b>
<b>As at 30 June 2000</b>								
Gross value	709,977	1,757,243	2,467,220	4,034	2,565	256	2,821	<b>2,474,075</b>
Accumulated depreciation/amortisation	—	(122,094)	(122,094)	(2,866)	(2,172)	(84)	(2,256)	<b>(127,216)</b>
<b>Net Book Value</b>	<b>709,977</b>	<b>1,635,149</b>	<b>2,345,126</b>	<b>1,168</b>	<b>393</b>	<b>172</b>	<b>565</b>	<b>2,346,859</b>

**Table C—Summary of balances of assets held under Finance lease at 30 June 2001**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Computer Software \$'000	TOTAL \$'000
<b>As at 30 June 2001</b>						
Gross value	6,500	79,900	86,400	—	—	<b>86,400</b>
Accumulated depreciation/amortisation	—	(7,640)	(7,640)	—	—	<b>(7,640)</b>
<b>Net Book Value</b>	<b>6,500</b>	<b>72,260</b>	<b>78,760</b>	<b>—</b>	<b>—</b>	<b>78,760</b>
<b>As at 30 June 2000</b>						
Gross value	6,500	79,900	86,400	—	—	<b>86,400</b>
Accumulated depreciation/amortisation	—	(5,820)	(5,820)	—	—	<b>(5,820)</b>
<b>Net Book Value</b>	<b>6,500</b>	<b>74,080</b>	<b>80,580</b>	<b>—</b>	<b>—</b>	<b>80,580</b>

NOTES TO AND FORMING PART OF THE  
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**Note 9d—Analysis of Property, Plant, Equipment and Intangibles (continued)**

**Table D—Summary of assets under construction at 30 June 2001**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Computer Software \$'000	TOTAL \$'000
<b>As at 30 June 2001</b>						
Gross value	—	45,446	45,446	—	1,315	<b>46,761</b>
Accumulated depreciation/amortisation	—	—	—	—	—	—
<b>Net Book Value</b>	—	45,446	45,446	—	1,315	<b>46,761</b>
<b>As at 30 June 2000</b>						
Gross value	—	75,569	75,569	—	457	<b>76,026</b>
Accumulated depreciation/amortisation	—	—	—	—	—	—
<b>Net Book Value</b>	—	75,569	75,569	—	457	<b>76,026</b>

	2000–01 \$'000	1999–00 \$'000
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**Note 9e—Other Non-financial Assets**

Prepayments	<b>1,024</b>	2,033
<b>Total other</b>	<b>1,024</b>	2,033

**NOTE 10  
DEBT—AGENCY**

**Note 10a—Leases**

Finance lease commitments:		
Within one year	<b>12,000</b>	12,000
Within one to five years	<b>48,000</b>	48,000
More than five years	<b>26,000</b>	39,000
Minimum lease payments	<b>86,000</b>	99,000
Less—Future finance charges	<b>(19,878)</b>	(26,192)
<b>Total leases</b>	<b>66,122</b>	72,808
Lease liability is represented by:		
Current	<b>7,214</b>	6,686
Non-current	<b>58,908</b>	66,122
<b>Total leases</b>	<b>66,122</b>	72,808

**Note 10b— Other debt**

Loans and advances	<b>325</b>	187,362
Tuggeranong Office Park	<b>75,577</b>	91,306
<b>Total other</b>	<b>75,902</b>	278,668

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

	2000-01 \$'000	1999-00 \$'000
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**NOTE 11**  
**PROVISIONS AND PAYABLES—AGENCY**

**Note 11a—Employee Provisions**

Salaries and wages	910	924
Leave	14,813	14,691
Superannuation	41	97
Separation and redundancies	1,188	3,259
Aggregate employee entitlement liability	<b>16,952</b>	18,971

**Note 11b—Supplier Payables**

Trade creditors	77,306	30,129
Surplus leased space	1,863	4,382
<b>Total suppliers</b>	<b>79,169</b>	34,511

**Note 11c—Other Payables**

Unearned revenues	43,011	89,996
Outstanding claims—general insurance business:		
Expected future claims payments (undiscounted)	37,207	30,036
Discount to present value	(5,475)	(3,595)
	<b>31,732</b>	26,441
Other liabilities	34,238	9,528
<b>Total other</b>	<b>108,981</b>	125,965
Liability for outstanding claims is split:		
Current	14,288	10,886
Non-current	17,444	15,555
	<b>31,732</b>	26,441

The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be three years.

The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims:

Claims expected to be paid:

Not later than one year		
Inflation rate	2.4%	5.2%
Discount rate	5.5%	6.0%
Later than one year		
Inflation rate	4.0%	4.9%
Discount rate	5.5%	6.0%

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

NOTE 12  
EQUITY—AGENCY

	Capital		Accumulated Results		Asset Revaluation Reserve		Deferred Activity Reserve		Total Reserves		Total Equity	
	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000
Balance at 1 July 2000	2,673,446	3,068,713	(425,692)	(589,258)	236,021	233,264	—	—	236,021	233,264	2,483,775	2,712,719
Operating result	—	—	187,624	244,457	—	—	—	—	—	—	187,624	244,457
Dividends paid	—	—	(142,028)	(71,693)	—	—	—	—	—	—	(142,028)	(71,693)
Capital-use Charge	—	—	(1,580)	—	—	—	—	—	—	—	(1,580)	—
Transfers to/(from) reserves	—	—	9,036	(2,757)	(9,036)	2,757	—	—	(9,036)	2,757	—	—
Transfer to Deferred Activity Reserve	—	—	(17,869)	—	—	—	17,869	—	17,869	—	—	—
Opening balance adjustments refer below	—	—	—	(5,669)	—	—	—	—	—	—	—	(5,669)
Capital contributions	59,432	43,592	—	—	—	—	—	—	—	—	59,432	43,592
Capital repayment	(247,787)	(382,625)	—	—	—	—	—	—	—	—	(247,787)	(382,625)
Transfer of assets to other Commonwealth agencies	—	(56,234)	(6,724)	(772)	—	—	—	—	—	—	(6,724)	(57,006)
Net revaluation increases	—	—	—	—	176,318	—	—	—	176,318	—	176,318	—
<b>Balance at 30 June 2001</b>	<b>2,485,091</b>	<b>2,673,446</b>	<b>(397,233)</b>	<b>(425,692)</b>	<b>403,303</b>	<b>236,021</b>	<b>17,869</b>	<b>—</b>	<b>421,172</b>	<b>236,021</b>	<b>2,509,030</b>	<b>2,483,775</b>

**Opening Balance adjustments—Equity**

The following adjustments have been made to the opening balance of Agency accumulated results in accordance with AAS29 Financial Reporting for Government Departments 15.3(b) to correct errors in certain assets and liabilities recognised. The transitional provision for the treatment of the recognition of previously unidentified assets and liabilities, section 15.3(b), expired on 30 June 2000. Any subsequent adjustments are required to be recognised as part of the operating result for the reporting period in which it is discovered.

	2000-01 \$'000	1999-00 \$'000
Correction to accrued interest receivable at 30 June 1999	—	(1,120)
Correction to cash balances recognised at 30 June 1999	—	(16,184)
Correction to overstated employee liabilities at 30 June 1999	—	1,804
Reinstatement of employee provisions for Long Service Leave Entitlement	—	(648)
Write off of loans payable by former departmental business operation	—	8,585
Correction to amounts previously accrued for Removals Australia in prior periods	—	3,359
Correction to dividend receivable balance which should have been recognised as an administered item in a previous period	—	(1,465)
	—	(5,669)

for the year ended 30 June 2001

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for the year ended 30 June 2001

	2000–01	1999–00
	\$'000	\$'000

**NOTE 13**  
**RECONCILIATION OF CASH FLOWS—AGENCY**

Reconciliation of net cost of services to net cash provided by operating activities:

<b>Net surplus/(deficit)</b>	<b>187,624</b>	244,457
Depreciation/amortisation	53,693	59,359
Gain on sale of non-current assets	(9,464)	(79,210)
Reversal of previous asset write downs	(51,258)	–
Net asset write-downs	10,045	3,620
Non cash interest expense recognised	(11,602)	16,795
Resources received free of charge	(14,038)	(13,949)
Prior period adjustment	–	1,930
Foreign exchange losses	2,447	(177)
Changes in assets and liabilities resulting from operating activities:		
(Increase)/decrease in receivables	14,264	(7,078)
(Increase)/decrease in other assets—financial	(8,458)	9,238
(Increase)/decrease in inventories	74	(334)
(Increase)/decrease in other assets—non financial	1,009	3,960
Increase/(decrease) in suppliers	44,850	(9,830)
Increase/(decrease) in provisions—employees	(2,019)	(12,647)
Increase/(decrease) in other liabilities	(18,756)	58,346
<b>Net cash provided by operating activities</b>	<b>198,411</b>	274,480

**NOTE 14**  
**REVENUES FROM ORDINARY ACTIVITIES—ADMINISTERED**

**Note 14a—Sales of goods and services**

Other	2,731	10,006
<b>Total other</b>	<b>2,731</b>	10,006

**Note 14b—Interest**

Interest from other governments:

General purpose advances	–	85
Housing agreements	15,578	15,858
State and Territory debt	6,514	9,830
Local government	2,931	3,048

Interest from other sources:

Deposits	98,827	76,640
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<b>Total interest</b>	<b>123,850</b>	105,461
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**Note 14c—Dividends**

Dividends	1,091,857	232,564
<b>Total dividends</b>	<b>1,091,857</b>	232,564

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

	2000–01 \$'000	1999–00 \$'000
<b>Note 14d—Net foreign exchange gains</b>		
Non-speculative	–	96
<b>Total foreign exchange gains</b>	<b>–</b>	<b>96</b>
<b>Note 14e—Superannuation contributions</b>		
Commonwealth Superannuation Scheme	364,893	451,499
Public Sector Superannuation Scheme	451,649	402,952
Parliamentary Contributory Superannuation Scheme	2,652	2,764
<b>Total superannuation contributions</b>	<b>819,194</b>	<b>857,215</b>
<b>Note 14f—Other revenue</b>		
Resources Received Free of Charge	2,530	2,530
Agency Contributions to DASFLEET Lease Liabilities	42,939	45,393
Recognition of Investment in Comland Limited	50,000	–
Recognition of Investment in Australian Submarine Corporation Pty Ltd	45,000	–
Other	8,554	3,920
<b>Total other sources of non-taxation revenues</b>	<b>149,023</b>	<b>51,843</b>
<b>Note 14g—Reversal of Previous Asset Write-downs</b>		
Administered Investment in the Business Services Trust Account	–	57,531
<b>Total reversal of previous asset write-downs</b>	<b>–</b>	<b>57,531</b>
<b>Note 14h—Proceeds and disposal expenses of sale of assets</b>		
Non-financial assets—Property, plant and equipment:		
Proceeds from sale	79	167
Disposal of assets	–	(167)
<b>Total proceeds and disposal expenses of sale of assets</b>	<b>79</b>	<b>–</b>
<b>NOTE 15</b>		
<b>EXPENSES FROM ORDINARY ACTIVITIES—ADMINISTERED</b>		
<b>Note 15a—Employee expenses</b>		
Employees		
Ministerial and staff remuneration for services provided	76,675	75,339
Ministerial and staff separation and redundancy expenses	767	–
Other	–	50
	<b>77,442</b>	<b>75,389</b>
Superannuation		
Tasmanian Retirement Benefits and South Australian Superannuation Funds	34,968	34,609
Parliamentary Contributory Superannuation Scheme	45,915	73,739
Commonwealth Superannuation Scheme	3,239,822	3,419,770
Public Sector Superannuation Scheme	1,034,404	962,058
	<b>4,355,109</b>	<b>4,490,176</b>
<b>Total employee expenses</b>	<b>4,432,551</b>	<b>4,565,565</b>

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	2000-01 \$'000	1999-00 \$'000
<b>Note 15b—Depreciation and Amortisation Expense</b>		
Depreciation—buildings	2,648	2,521
Depreciation—infrastructure, plant and equipment	1,961	2,365
Amortisation—leased assets	32,773	30,721
<b>Total depreciation and amortisation expense</b>	<b>37,382</b>	<b>35,607</b>
<b>Note 15c—Write-down of assets</b>		
Financial assets		
Receivables (bad and doubtful debts)	—	137
Non-financial assets		
Infrastructure, plant and equipment	(37)	—
Write off of Trust Account Investment	50,000	—
<b>Total write-down of assets</b>	<b>49,963</b>	<b>137</b>
<b>Note 15e—Suppliers expenses</b>		
Supply of goods and services	123,317	101,302
Operating lease rentals	17,896	22,080
<b>Total suppliers expenses</b>	<b>141,213</b>	<b>123,382</b>
<b>Note 15f—Other expenses</b>		
Act of grace payments	760	785
<b>Total other</b>	<b>760</b>	<b>785</b>
<b>Note 15g—Assumption of liability</b>		
Assumption of liability	—	2,730,000
<b>Total assumption of liability</b>	<b>—</b>	<b>2,730,000</b>
<b>NOTE 16</b>		
<b>GRANTS—ADMINISTERED</b>		
Grants in Aid	297	292
Grants to State and Territory governments		
Natural Disaster Relief and Restoration Scheme	91,045	98,150
Other Grants	17,750	1,984
<b>Total grants</b>	<b>109,092</b>	<b>100,426</b>
<b>NOTE 17</b>		
<b>INTEREST AND OTHER FINANCING COSTS—ADMINISTERED</b>		
Interest		
Agency bank balances	113,707	114,031
Leases	13,449	13,237
Other financing costs		
Bank charges	—	2,543
Other	—	417
<b>Total interest and other financing costs</b>	<b>127,156</b>	<b>130,228</b>

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for the year ended 30 June 2001

Notes	2000-01 \$'000	1999-00 \$'000
<b>NOTE 18</b>		
<b>TRANSFERS TO AND FROM AGENCIES—ADMINISTERED</b>		
<b>Note 18a—Transfers to Agencies</b>		
Payments to agencies—appropriations	<b>208,885,262</b>	211,397,103
Included in payments to Agencies above is an amount of \$4,105,269,000 (1999-00: \$4,220,959,000) which relates to the administered appropriations for which the Department of Finance and Administration is responsible.		
<b>Note 18b—Transfers from Agencies</b>		
Receipts from agencies	<b>211,353,569</b>	225,119,098
<b>NOTE 19</b>		
<b>RESTRUCTURING—TRANSFERS OUT—ADMINISTERED</b>		
In respect of the Agency activities transferred, the following assets and liabilities were recognised at the date of the transfer:		
Provisions and payables		
Suppliers	—	—
Other	—	—
Total provisions and payables	—	—
Financial assets		
Receivables	—	415
Prepayments	—	235
Total financial assets	—	650
Non-financial assets		
Infrastructure, plant and equipment	—	—
Other	—	—
Total non-financial assets	—	—
Total assets	—	650
Net assets relinquished	—	650
<b>Net Increase/(Decrease) In Accumulated Results</b>	<b>—</b>	<b>(650)</b>

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for the year ended 30 June 2001

Notes	2000-01 \$'000	1999-00 \$'000
<b>NOTE 20</b>		
<b>FINANCIAL ASSETS—ADMINISTERED</b>		
<b>Note 20a—Cash</b>		
Cash—at bank <sup>1</sup>	(832,168)	987,784
<b>Total cash</b>	<b>(832,168)</b>	<b>987,784</b>
<b>Note 20b—Receivables</b>		
Loans to State and Territory Governments		
Loans to States and the Northern Territory	153,735	110,636
Loans to the Australian Capital Territory	298,006	303,205
Less: Provision for waiving of debts	—	(98)
	<u>451,741</u>	<u>413,743</u>
Australian Office of Financial Management	13,400,000	9,200,000
Other loans	—	1,820
Receivable from Agencies	371,048	157,624
	<u>13,771,048</u>	<u>9,359,444</u>
Goods and services	3,529	5,421
Less: Provision for doubtful debts	(36)	(73)
	<u>3,493</u>	<u>5,348</u>
Appropriation Receivables	—	—
Other—Loan interest and dividends	—	217
<b>Net receivables</b>	<b>14,226,282</b>	<b>9,778,752</b>
Receivables (gross) are aged as follows:		
Not overdue	14,209,600	9,777,345
Overdue by:		
Less than 30 days	15,972	381
30 to 60 days	33	19
More than 60 days	713	1,178
Less: Provision for doubtful debts	(36)	(171)
<b>Net Receivables</b>	<b>14,226,282</b>	<b>9,778,752</b>
<b>Note 20c—Investments</b>		
Government securities <sup>2</sup>	45,679	48,290
Shares in Commonwealth Companies <sup>3</sup>		
Australian Submarine Corporation Pty Ltd	45,000	—
Employment National Pty Ltd	—	—
Sydney Airports Corporation	794,000	794,000
Essendon Airport Pty Ltd	15,000	15,000
Comland Limited	50,000	—
Bankstown Airport Ltd	48,850	—
Camden Airport Ltd	1,650	—
Hoxton Park Airport Ltd	1,100	—
FMA Agencies <sup>4</sup>	1,387,144	955,321
Trust Account Investment		
Business Services Trust Account Capital	—	217,763
Less: Provision for write-down	—	(167,763)
	<u>—</u>	<u>50,000</u>
<b>Total investments</b>	<b>2,388,423</b>	<b>1,862,611</b>

<sup>1</sup> The balance of cash at bank disclosed above is net of surplus funds invested on behalf of the Minister for Finance by the Australian Office of Management (refer Note 20b) and agency bank balances swept to the Official Public Account on a daily basis under the devolved banking arrangements.

<sup>2</sup> These consist of assets of former superannuation schemes administered by the Department.

<sup>3</sup> Shares in Commonwealth Companies are recorded at net asset value at 1 July 1997 adjusted for returns of capital to the Commonwealth or at the amount of capital contributed if established after this date. Administered investments received for no consideration are recorded at fair value. Investment in Employment National is currently recognised at nil.

<sup>4</sup> Capital contributions paid to FMA agencies from the introduction of accrual budgeting in 1 July 1999.

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Notes	2000-01 \$'000	1999-00 \$'000
<b>Note 20d—Accrued Revenues</b>		
Interest	57,692	80,169
Other	1,325	537
<b>Total accrued revenues</b>	<b>59,017</b>	<b>80,706</b>

NOTE 21

NON-FINANCIAL ASSETS—ADMINISTERED

**Note 21a—Land and Buildings**

Leasehold Improvements—at June 1999 independent valuation	10,531	10,679
Accumulated amortisation	(5,840)	(5,287)
	<b>4,691</b>	<b>5,392</b>
Leasehold Improvement Under Construction	596	—
Leasehold Improvements—at cost	3,839	2,667
Accumulated amortisation	(2,542)	(633)
	<b>1,297</b>	<b>2,034</b>
Total buildings (net)	<b>6,584</b>	<b>7,426</b>
<b>Total land and buildings</b>	<b>6,584</b>	<b>7,426</b>

The revaluations were undertaken as at 30 June 1999 in accordance with the revaluation policy set out at Note 2(p). All such valuations were completed by registered valuers.

**Note 21b—Infrastructure, Plant and Equipment**

Plant and equipment—at cost	3,234	14,720
Accumulated depreciation	(1,014)	(10,849)
	<b>2,220</b>	<b>3,871</b>
Plant and equipment—at June 1999 independent valuation	15,032	6,364
Accumulated depreciation	(12,423)	(5,775)
	<b>2,609</b>	<b>589</b>
Motor vehicles—under finance lease	227,916	236,258
Accumulated amortisation	(36,565)	(35,658)
	<b>191,351</b>	<b>200,600</b>
<b>Total infrastructure, plant and equipment</b>	<b>196,180</b>	<b>205,060</b>

The revaluations were undertaken as at 30 June 1999 in accordance with the revaluation policy set out at Note 2(p). All such valuations were completed by registered valuers.

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for the year ended 30 June 2001

**Note 21c—Analysis of Administered Property, Plant and Equipment and Intangibles**

**Table A—Movement summary 2000–01 for all Administered assets irrespective of valuation basis**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	TOTAL \$'000
<b>Gross value as at 1 July 2000</b>	–	13,346	13,346	257,342	<b>270,688</b>
Additions:					
Acquisition of assets	–	1,954	1,954	76,423	<b>78,377</b>
Write-offs	–	–	–	–	–
Disposals	–	(334)	(334)	(87,584)	<b>(87,918)</b>
<b>Gross value as at 30 June 2001</b>	–	14,966	14,966	246,181	<b>261,147</b>
<b>Accumulated depreciation/ amortisation as at 1 July 2000</b>	–	5,920	5,920	52,282	<b>58,202</b>
Disposals	–	(186)	(186)	(37,015)	<b>(37,201)</b>
Depreciation/amortisation charge for the year	–	2,648	2,648	34,734	<b>37,382</b>
Write-offs	–	–	–	–	–
<b>Accumulated depreciation/ amortisation as at 30 June 2001</b>	–	8,382	8,382	50,001	<b>58,383</b>
<b>Net book value as at 30 June 2001</b>	–	6,584	6,584	196,180	<b>202,764</b>
<b>Net book value as at 1 July 2000</b>	–	7,426	7,426	205,060	<b>212,486</b>

**Table B—Summary of balances of Administered assets at Valuation as at 30 June 2001**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	TOTAL \$'000
<b>As at 30 June 2001</b>					
Gross value	–	10,531	10,531	15,032	<b>25,563</b>
Accumulated depreciation/ amortisation	–	(5,840)	(5,840)	(12,423)	<b>(18,263)</b>
<b>Net Book Value</b>	–	4,691	4,691	2,609	<b>7,300</b>
<b>As at 30 June 2000</b>					
Gross value	–	10,679	10,679	6,364	<b>17,043</b>
Accumulated depreciation/ amortisation	–	(5,287)	(5,287)	(5,775)	<b>(11,062)</b>
<b>Net Book Value</b>	–	5,392	5,392	589	<b>5,981</b>

NOTES TO AND FORMING PART OF THE  
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**Note 21c—Analysis of Administered Property, Plant and Equipment and Intangibles (continued)**

**Table C—Summary of balances of Administered assets held under Finance Lease at 30 June 2001**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	TOTAL \$'000
<b>As at 30 June 2001</b>					
Gross value	—	—	—	227,916	<b>227,916</b>
Accumulated depreciation/ amortisation	—	—	—	(36,565)	<b>(36,565)</b>
<b>Net Book Value</b>	—	—	—	191,351	<b>191,351</b>
<b>As at 30 June 2000</b>					
Gross value	—	—	—	236,258	<b>236,258</b>
Accumulated depreciation/ amortisation	—	—	—	(35,658)	<b>(35,658)</b>
<b>Net Book Value</b>	—	—	—	200,600	<b>200,600</b>

**Table D—Summary of Administered Assets Under Construction at 30 June 2001**

Item	Land \$'000	Buildings \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	TOTAL \$'000
<b>As at 30 June 2001</b>					
Gross value	—	596	—	—	<b>596</b>
Accumulated depreciation/ amortisation	—	—	—	—	—
<b>Net Book Value</b>	—	596	—	—	<b>596</b>
<b>As at 30 June 2000</b>					
Gross value	—	—	—	—	—
Accumulated depreciation/ amortisation	—	—	—	—	—
<b>Net Book Value</b>	—	—	—	—	—

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Notes	2000-01 \$'000	1999-00 \$'000
<b>Note 21d—Other non-financial assets</b>		
Prepayments	1,557	1,026
<b>Total other</b>	<b>1,557</b>	<b>1,026</b>
<b>NOTE 22</b>		
<b>INTEREST BEARING LIABILITIES—ADMINISTERED</b>		
<b>Note 22a—Leases</b>		
Finance lease commitments		
Within one year	153,820	125,741
Within one to five years	51,597	93,293
More than five years	—	—
Subtotal—Minimum lease payments	205,417	219,034
Less—future finance charges	(12,806)	(20,454)
<b>Total leases</b>	<b>192,611</b>	<b>198,580</b>
Lease liability is represented by:		
Current	145,413	114,076
Non-current	47,198	84,504
<b>Total leases</b>	<b>192,611</b>	<b>198,580</b>
<b>Note 22b—Other debt</b>		
Lease incentives	720	775
<b>Total other</b>	<b>720</b>	<b>775</b>
<b>NOTE 23</b>		
<b>PROVISIONS AND PAYABLES—ADMINISTERED</b>		
<b>Note 23a—Employee Provisions</b>		
Employees		
Salaries and wages	2,813	1,948
Leave	12,540	12,397
Post retirement benefits <sup>1</sup>	22,528	24,256
	<b>37,881</b>	<b>38,601</b>
Provisions for superannuation		
Tasmanian Retirement Benefits Fund	45,377	44,658
South Australian Superannuation Fund	418,569	431,176
Parliamentary Contributory Superannuation Scheme	472,830	444,334
Commonwealth Superannuation Scheme	44,697,767	44,079,400
Public Sector Superannuation Scheme	6,969,908	6,100,000
	<b>52,604,451</b>	<b>51,099,568</b>
Aggregate employee entitlement liability	<b>52,642,332</b>	<b>51,138,169</b>

<sup>1</sup> No provision is made for serving Senators and Members who have acquired the right to these post retirement benefits. There is no mandatory retirement age for Senators and Members and as such no reliable measurement is possible. A provision is made for Superannuation benefits for Senators and Members.

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Notes	2000-01 \$'000	1999-00 \$'000
<b>Note 23b—Supplier Payables</b>		
Trade creditors	13,565	9,563
<b>Total suppliers</b>	<b>13,565</b>	<b>9,563</b>
<b>Note 23c—Other Payables</b>		
Appropriations payable to Agencies	14,123,610	12,040,733
Special Public Monies	1,344,935	1,444,189
Special Account liabilities <sup>2</sup>	—	861,502
Interest Payable	2,239	36,863
Grants	3,934	3,934
Other	4,699	2,943
<b>Total other</b>	<b>15,479,417</b>	<b>14,390,164</b>

<sup>2</sup>Amounts held within the OPA which relate to Administered Special Accounts are no longer recorded as a liability. The Commonwealth is not presently obliged to the payment of any funds until such time as an actual liability has been established by the Agency responsible for that Special Account.

	Accumulated Results		Accumulated Investment Reserve		Asset Revaluation Reserve		Total Reserves		Capital		Total Equity	
	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000
Balance at 1 July 2000	<b>(53,625,430)</b>	(46,313,791)	<b>809,000</b>	856,580	<b>2,544</b>	2,544	<b>811,544</b>	859,124	-	-	<b>(52,813,886)</b>	(45,454,667)
Net surplus/(deficit)	<b>(243,076)</b>	7,350,581	-	-	-	-	-	-	-	-	<b>(243,076)</b>	7,350,581
Opening balance adjustments refer below	-	(14,661,570)	-	-	-	-	-	-	-	-	-	(14,661,570)
Transfer on restructuring	-	(650)	-	-	-	-	-	-	-	-	-	(650)
Net revaluation increases/(decreases)	-	-	-	(47,580)	-	-	-	(47,580)	-	-	-	(47,580)
Transfer to Capital	<b>(9,330)</b>	-	-	-	-	-	-	-	<b>9,330</b>	-	-	-
Capital Contributions	-	-	-	-	-	-	-	-	<b>774,192</b>	-	<b>774,192</b>	-
Balance at 30 June 2001	<b>(53,877,836)</b>	(53,625,430)	<b>809,000</b>	809,000	<b>2,544</b>	2,544	<b>811,544</b>	811,544	<b>783,522</b>	-	<b>(52,282,770)</b>	(52,813,886)

NOTE 24  
EQUITY—ADMINISTERED

NOTES TO AND FORMING PART OF THE  
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	2000-01 \$'000	1999-00 \$'000
<b>NOTE 25</b>		
<b>RECONCILIATION OF CASH FLOWS—ADMINISTERED</b>		
Reconciliation of net contribution (cost) to Government to net cash provided by operating activities:		
<b>Net change in administered net assets before transfers</b>	<b>(2,711,383)</b>	(3,641,414)
Transfers to agencies	<b>(208,885,262)</b>	(211,397,103)
Transfers from agencies	<b>211,353,569</b>	225,119,098
Extraordinary and abnormal items	–	(2,730,000)
<b>Net change in administered assets</b>	<b>(243,076)</b>	7,350,581
Depreciation/amortisation	<b>37,382</b>	35,607
Net loss on disposal of property, plant and equipment	<b>(79)</b>	–
Net write-downs of assets	<b>49,963</b>	137
Non cash interest expense	<b>13,449</b>	13,237
Reversal of previous asset write downs	–	(57,531)
Other non cash revenue from independent sources	<b>(192,069)</b>	(45,393)
Prior period adjustment	–	(14,470,716)
Changes in assets and liabilities resulting from operating activities		
(Increase)/decrease in receivables	<b>(134,156)</b>	(9,047,784)
(Increase)/decrease in other assets	<b>22,164</b>	(65,613)
(Increase)/decrease in accrued revenues	<b>(788)</b>	(56)
(Decrease)/increase in provisions—employees and superannuation	<b>1,501,470</b>	4,665,031
(Decrease)/increase in other liabilities	<b>1,091,003</b>	13,604,876
(Decrease)/increase in suppliers	<b>6,477</b>	4,835
<b>Net Cash from/(used by) operating activities</b>	<b>2,151,740</b>	1,987,211

**Non-cash Investing Activities**

During the financial year, the Department acquired administered investments in Commonwealth companies with an aggregate value of \$96.6m (1999-2000: Nil) by means of an in specie dividend and as a result of a transfer of ownership from another Commonwealth entity for nil consideration. The administered investments acquired included the Australian Submarine Corporation Pty Ltd—\$45m, Bankstown Airport Ltd—\$48.9m, Camden Airport Limited—\$1.6m and Hoxton Park Airport Ltd—\$1.1m. These transactions are not reflected in the Statement of Cash Flows.

The above schedule should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE  
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2000-01

1999-00

NOTE 26  
EXECUTIVE REMUNERATION

The number of executive officers who received or were due to receive total remuneration of \$100,000 or more:

\$100,000 to \$110,000	4	5
\$110,001 to \$120,000	—	5
\$120,001 to \$130,000	6	2
\$130,001 to \$140,000	3	4
\$140,001 to \$150,000	4	5
\$150,001 to \$160,000	9	10
\$160,001 to \$170,000	5	2
\$170,001 to \$180,000	3	1
\$180,001 to \$190,000	3	6
\$190,001 to \$200,000	2	1
\$200,001 to \$210,000	2	2
\$210,001 to \$220,000	1	—
\$220,001 to \$230,000	1	1
\$270,001 to \$280,000	—	1
\$330,001 to \$340,000	1	—
\$340,001 to \$350,000	—	1
	<b>44</b>	<b>46</b>

2000-01

1999-00

\$'000

\$'000

Aggregate remuneration of the executive officers included in the above table:

7,022

7,270

Aggregate amount of separation and redundancy payments during the year to executive officers included in the above table:

254

556

NOTE 27  
SERVICES PROVIDED BY THE AUDITOR-GENERAL

Figures in Note 27 are presented in whole dollars.

\$

\$

Financial statement audit services are provided free of charge to the Department. The fair value of audit services provided was:

Department of Finance and Administration		
Department's financial statements	410,000	410,000
Whole-of-government financial statements	365,000	300,000
	<b>775,000</b>	<b>710,000</b>

No other services were provided by the Auditor-General.

NOTES TO AND FORMING PART OF THE  
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	2000-01	1999-00
	\$	\$
<b>NOTE 28</b>		
<b>ACT OF GRACE PAYMENTS AND WAIVERS AND DEFECTIVE ADMINISTRATION SCHEME</b>		
Figures in Note 28 are presented in whole dollars.		
<b>Act of Grace payments</b>		
Included under other expenses are 77 payments (1999-2000: 60) relating to three ongoing pensions and other assistance that were made pursuant to authorisations given under sub-section 33 (1) of the <i>Financial Management and Accountability Act 1997</i> .	<b>760,078</b>	785,000
<b>Waivers</b>		
One waiver of an amount owing to the Commonwealth was made pursuant to subsection 34 (1) of the <i>Financial Management and Accountability Act 1997</i> .	<b>50,000,000</b> <sup>1</sup>	-
<sup>1</sup> Relates to a debt for equity swap in relation to the Administered Investment in Comland. Refer note 20c.		
<b>Defective Administration Scheme</b>		
No payments were made under the Defective Administration Scheme during the reporting period.	-	-

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

	2000–01	1999–00
	\$'000	\$'000

NOTE 29  
APPROPRIATIONS

**Note 29a—Agency Appropriations**

**Annual appropriations for Departmental items (price of outputs)**

Appropriation Acts No 1 & 3 credits:		
Section 7—Act 1—basic appropriations (budget)	120,237	172,340
Section 7—Act 3—basic appropriations	13,062	(1,719)
Section 10—adjustments	–	–
Section 11—Advance to the Finance Minister	–	–
Section 12—Comcover receipts	–	–
Total Current Appropriation Acts	<b>133,299</b>	170,621
Add: FMA Act		
s30 appropriations	–	–
s30A appropriations (GST recoverables)	7,635	–
s31 appropriations	13,100	4,410
s32 appropriations transfers	<b>(5,780)</b>	–
Total appropriations available for the year	<b>148,254</b>	175,031
Balance brought forward from previous period	<b>15,607</b>	–
Total appropriations available for payments	<b>163,861</b>	175,031
Appropriation credited to Agency Special Accounts	<b>(19,931)</b>	(71,828)
Payments during the year	<b>(121,955)</b>	(87,596)
Balance of appropriations (unspent) at 30 June	<b>21,975</b>	15,607

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

**Note 29b — Annual Appropriations for Departmental Capital Items**

	Capital Contributions		Loans		Carryovers		Total	
	2000-01 1999-00		2000-01 1999-00		2000-01 1999-00		2000-01 1999-00	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Appropriation Act No 2 & 4								
Section 10—Act No 2 (Budget)	<b>59,432</b>	63,739	—	—	<b>9,777</b>	—	<b>69,209</b>	63,739
Section 10—Act No 4	—	—	—	—	—	20,248	—	20,248
Advance to the Finance Minister	—	—	—	—	—	—	—	—
<b>Total Current Appropriations Acts</b>	<b>59,432</b>	63,739	—	—	<b>9,777</b>	20,248	<b>69,209</b>	83,987
Add: FMA Act appropriations								
s30 appropriations	—	—	—	—	—	—	—	—
s30A appropriations (GST recoverables)	—	—	—	—	—	—	—	—
<b>Total appropriations available for the year</b>	<b>59,432</b>	63,739	—	—	<b>9,777</b>	20,248	<b>69,209</b>	83,987
Balance available at 1 July brought forward	—	—	—	—	—	—	—	—
<b>Total appropriations available for payments</b>	<b>59,432</b>	63,739	—	—	<b>9,777</b>	20,248	<b>69,209</b>	83,987
Appropriation credited to Special Accounts	<b>(59,432)</b>	(43,593)	—	—	—	—	<b>(59,432)</b>	(43,593)
Payments during the year	—	—	—	—	<b>(9,777)</b>	(20,248)	<b>(9,777)</b>	(20,248)
Appropriations lapsing	—	(20,146)	—	—	—	—	—	(20,146)
<b>Balance of appropriations for capital at 30 June</b>	<b>—</b>	—	—	—	<b>—</b>	—	<b>—</b>	—

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

**Note 29c—Administered Appropriations**

**Annual Appropriations for Administered expense items  
OUTCOME 1—Sustainable Government Finances**

	Administered expenses Appropriation Act No 1 & 3		Other administered expenses Appropriation Act No 2 & 4		State Payment items Appropriation Act No 2 & 4		Total Outcome 1	
	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000
Appropriation Act credits:								
Act 1/2—basic appropriations (budget)	546	8	—	—	—	—	546	8
Act 3/4—basic appropriations	—	—	—	—	—	—	—	—
Section 11—Advance to the Finance Minister	—	—	—	—	—	—	—	—
Section 12—Comcover Receipts	—	—	—	—	—	—	—	—
<b>Total Current Appropriation Acts</b>	<b>546</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>546</b>	<b>8</b>
Add: FMA Appropriations								
S30 appropriations	—	—	—	—	—	—	—	—
S30A appropriations (GST recoverables)	—	—	—	—	—	—	—	—
S31 appropriations	—	—	—	—	—	—	—	—
<b>Total appropriated in the year</b>	<b>546</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>546</b>	<b>8</b>
Less: amounts lapsed by Ministerial determination	(554)	—	—	—	—	—	(554)	—
Balance available at 1 July brought forward from previous period	8	—	—	—	—	—	8	—
<b>Total Appropriations available for payments</b>	<b>—</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8</b>
Payments during the year	—	—	—	—	—	—	—	—
<b>Balance of appropriations carried to next period</b>	<b>—</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8</b>

The balance of appropriations carried forward to next period represents the estimated funding to be retained under section 8 of the Appropriation Acts.

Any difference to the formal determination by the Finance Minister will be recognised in the 2001/2002 financial statements.

NOTES TO AND FORMING PART OF THE  
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**Note 29c—Administered Appropriations (continued)**

**Annual Appropriations for Administered expense items**

**OUTCOME 2—Improved and More Efficient Government Operations**

	Administered expenses Appropriation Act No 1 & 3		Other administered expenses Appropriation Act No 2 & 4		State Payment items Appropriation Act No 2 & 4		Total Outcome 2	
	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000
Appropriation Act credits:								
Act 1/2—basic appropriations (budget)	146,926	78,372	—	—	64,000	33,000	210,926	111,372
Act 3/4—basic appropriations	39,200	—	—	302	50	36,650	39,250	36,952
Section 11—Advance to the Finance Minister	20,760	51,600	—	—	23,762	29,850	44,522	81,450
Section 12—Comcover Receipts	—	—	—	—	—	—	—	—
<b>Total Current Appropriation Acts</b>	<b>206,886</b>	<b>129,972</b>	<b>—</b>	<b>302</b>	<b>87,812</b>	<b>99,500</b>	<b>294,698</b>	<b>229,774</b>
Add: FMA appropriations								
S30 appropriations	—	—	—	—	—	—	—	—
S30A appropriations (GST recoverables)	167	—	—	—	—	—	167	—
S31 appropriations	—	—	—	—	—	—	—	—
<b>Total appropriated in the year</b>	<b>207,053</b>	<b>129,972</b>	<b>—</b>	<b>302</b>	<b>87,812</b>	<b>99,500</b>	<b>294,865</b>	<b>229,774</b>
Less: amounts lapsed by Ministerial determination	—	—	(302)	—	—	—	(302)	—
Balance available at 1 July brought forward from previous period	8,633	—	302	—	57	—	8,992	—
<b>Total appropriations available for payments</b>	<b>215,686</b>	<b>129,972</b>	<b>—</b>	<b>302</b>	<b>87,869</b>	<b>99,500</b>	<b>303,555</b>	<b>229,774</b>
Payments during the year	(215,516)	(121,339)	—	—	(87,814)	(99,443)	(303,330)	(220,782)
<b>Balance of appropriations carried to next period</b>	<b>170</b>	<b>8,633</b>	<b>—</b>	<b>302</b>	<b>55</b>	<b>57</b>	<b>225</b>	<b>8,992</b>

The balance of appropriations carried forward to next period represents the estimated funding to be retained under section 8 of the Appropriation Acts. Any difference to the formal determination by the Finance Minister will be recognised in the 2001/2002 financial statements.

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

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**Note 29c—Administered Appropriations (continued)**

**Annual Appropriations for Administered expense items**

**OUTCOME 3—Efficiently Functioning Parliament**

	Administered expenses Appropriation Act No 1 & 3		Other administered expenses Appropriation Act No 2 & 4		State Payment items Appropriation Act No 2 & 4		Total Outcome 3	
	2000–01 \$'000	1999–00 \$'000	2000–01 \$'000	1999–00 \$'000	2000–01 \$'000	1999–00 \$'000	2000–01 \$'000	1999–00 \$'000
Appropriation Act credits:								
Act 1/2—basic appropriations (budget)	142,847	143,065	–	–	–	–	142,847	143,065
Act 3/4—basic appropriations	–	(5,100)	–	–	–	–	–	(5,100)
Section 11—Advance to the Finance Minister	–	–	–	–	–	–	–	–
Section 12 – Comcover Receipts	–	–	–	–	–	–	–	–
<b>Total Current Appropriation Acts</b>	<b>142,847</b>	<b>137,965</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>142,847</b>	<b>137,965</b>
Add: FMA Appropriations								
S30 appropriations	–	–	–	–	–	–	–	–
S30A appropriations (GST recoverables)	6,626	–	–	–	–	–	6,626	–
S31 appropriations	–	–	–	–	–	–	–	–
<b>Total appropriated in the year</b>	<b>149,473</b>	<b>137,965</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>149,473</b>	<b>137,965</b>
Less: amounts lapsed by Ministerial determination	(25,791)	–	–	–	–	–	(25,791)	–
Balance available at 1 July brought forward from previous period	13,528	–	–	–	–	–	13,528	–
<b>Total Appropriations available for payments</b>	<b>137,210</b>	<b>137,965</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>137,210</b>	<b>137,965</b>
Payments during the year	(130,802)	(124,437)	–	–	–	–	(130,802)	(124,437)
<b>Balance of appropriations carried to next period</b>	<b>6,408</b>	<b>13,528</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,408</b>	<b>13,528</b>

The balance of appropriations carried forward to next period represents the estimated funding to be retained under section 8 of the Appropriation Acts. Any difference to the formal determination by the Finance Minister will be recognised in the 2001/2002 financial statements.

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

	2000–01 \$'000	1999–00 \$'000
<b>Note 29c—Annual Appropriations for Administered Capital</b>		
Appropriation Act No 2 & 4		
Section 10—Act No 2 (Budget)	96,943	2,600
Section 10—Act No 4	2,200	–
Advance to the Finance Minister	–	17,390
Total Current Appropriation Acts	99,143	19,990
Add: FMA Act appropriations		
s30 appropriations	–	–
s30A appropriations (GST recoverables)	–	–
Total appropriated in the year	99,143	19,990
Balance available at 1 July brought forward from previous period	38	–
Total appropriations available for payments	99,181	19,990
Payments during the year	(82,074)	(19,952)
Balance of appropriations carried to next period	17,107	38

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 29c—Special Appropriations (Unlimited) for Administered Items

	Outcome 1		Outcome 2		Outcome 3		Total	
	2000–01	1999–00	2000–01	1999–00	2000–01	1999–00	2000–01	1999–00
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Parliamentary Contributory Superannuation Act 1948; Parliamentary Contributory Superannuation Act 1948 and Parliamentary Retiring Allowances (Increases) Act 1976 and 1971—Ministerial</i>								
Budget estimate	–	–	–	–	33,741	22,051	33,741	22,051
Payments made	–	–	–	–	16,609	18,614	16,609	18,614
<i>Minister of State Act 1952—Salaries</i>								
Budget estimate	–	–	–	–	2,300	1,600	2,300	1,600
Payments made	–	–	–	–	2,553	1,804	2,553	1,804
<i>Parliamentary Entitlements Act 1990</i>								
Budget estimate	–	–	–	–	38,664	49,008	38,664	49,008
Payments made	–	–	–	–	62,141	60,148	62,141	60,148
<i>Remuneration Tribunals Act 1973—Ministerial</i>								
Budget estimate	–	–	–	–	1,291	1,361	1,291	1,361
Payments made	–	–	–	–	1,152	1,070	1,152	1,070
<i>Remuneration Tribunals Act 1973—Members</i>								
Budget estimate	–	–	–	–	7,516	8,000	7,516	8,000
Payments made	–	–	–	–	6,022	5,497	6,022	5,497
<i>Superannuation Act 1922, 1961, 1967, 1971, 1976 and 1990 Benefits and Surcharge</i>								
Budget estimate	–	–	4,132,797	2,506,923	–	–	4,132,797	2,506,923
Payments made	–	–	3,507,380	3,790,906	–	–	3,507,380	3,790,906
<i>Proposed Commonwealth Superannuation Board Act 1999—Member Remuneration</i>								
Budget Estimates	–	–	–	91	–	–	–	91
Payments Made	–	–	–	–	–	–	–	–
<b>Totals for unlimited Special Appropriations</b>								
Budget estimate	–	–	4,132,797	2,507,014	83,512	82,020	4,216,309	2,589,034
Payments made	–	–	3,507,380	3,790,906	88,477	87,133	3,595,857	3,878,039

Budget estimates and payments also include capital items funded by Special Appropriations.

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

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NOTE 30  
SPECIAL ACCOUNTS

**Business Services Trust Account**

Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure relating to services in the field of transport, publishing, procurement, testing, property management etc and closure of various trust accounts.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	56,747	112,240
Current Appropriation—Capital	–	–
Current Appropriation—Outputs	1,109	4,349
Receipts from other sources	8,377	4,268
Input tax credits	164	–
Available for payments	66,397	120,857
Payments made	(34,995)	(64,110)
Balance carried forward to next period	31,402	56,747

**Other Trust Moneys**

Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For the receipt of moneys temporarily held in trust for other persons.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	2,273	628
Current Appropriation—Capital	–	–
Current Appropriation—Outputs	–	–
Receipts from other sources	–	1,645
Input tax credits	–	–
Available for payments	2,273	2,273
Payments made	(1)	–
Balance carried forward to next period	2,272	2,273

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FINANCIAL STATEMENTS

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**Removals Australia Account**

Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure relating to services in the field of relocation activities. Abolished 30 June 2001.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	10,849	4,117
Current Appropriation—Capital	–	–
Current Appropriation—Outputs	–	–
Receipts from other sources	1,923	87,943
Input tax credits	4	–
Available for payments	12,776	92,060
Payments made	(12,776)	(81,212)
Balance carried forward to next period	–	10,848

**Domestic Property Group Account**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure relating to the maintenance and estate management of Commonwealth office properties. Abolished 4 December 2000, remaining balance transferred to Property Group Account.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	82,538	132,216
Current Appropriation—Capital	30,237	–
Current Appropriation—Outputs	6,756	39,189
Adjustment to balance brought forward <sup>1</sup>	46,313	–
Receipts from other sources	78,944	423,988
Input tax credits	2,664	–
Available for payments	247,452	595,393
Transferred to Property Group Account	(127,376)	–
Payments made	(54,050)	(160,344)
Return of capital and payments	(66,026)	(352,511)
Balance carried forward to next period	–	82,538

<sup>1</sup> To correct understatement in closing balance brought forward from 1999–2000

NOTES TO AND FORMING PART OF THE  
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**COMCAR Account**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure relating to the provision of services, and matters incidental thereto, in the fields of transportation management and associated services by the Business Unit, COMCAR. Abolished 30 November 2000.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	42	75
Current Appropriation—Capital	–	–
Current Appropriation—Outputs	1,865	5,300
Receipts from other sources	5,143	9,241
Input tax credits	196	–
Available for payments	7,246	14,616
Payments made	(7,246)	(14,574)
Balance carried forward to next period	–	42

**Overseas Property Group Account**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure relating to the provision of accommodation for Australian officials posted overseas and the acquisition, construction and maintenance of estates overseas. Abolished 4 December 2000, remaining balance transferred to Property Group Account.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	137,916	103,678
Current Appropriation—Capital	9,160	–
Current Appropriation—Outputs	797	10,947
Adjustment to balance brought forward <sup>1</sup>	68,710	–
Receipts from other sources	153,756	154,513
Input tax credits	–	–
Available for payments	370,339	269,138
Transferred to Property Group Account	(322,647)	–
Payments made	(40,356)	(51,424)
Return of capital and dividends	(7,336)	(79,798)
Balance carried forward to next period	–	137,916

<sup>1</sup> To correct understatement in closing balance brought forward from 1999–2000

NOTES TO AND FORMING PART OF THE  
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### The Comcover Account

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: (a) for expenditure relating to the administration of Comcover including direct and indirect costs (both recurrent and capital) for staff and the Advisory Board; and (b) for expenditure in relation to Comcover's operations in meeting liabilities that arise from its function as the Commonwealth's insurable risks claims manager.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	68,451	12,288
Current Appropriation—Capital	–	–
Current Appropriation—Outputs	–	39,999
Receipts from other sources	51,221	36,128
Input tax credits	1,862	–
Available for payments	121,534	88,415
Payments made	(120,672)	(19,964)
Balance carried forward to next period	862	68,451

### Federation Fund Account

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian Community Abolished 30 June 2001.

	2000–01 \$'000	1999–00 \$'000
Balance carried forward from previous period	2,491	7,983
Current Appropriation—Capital	–	–
Current Appropriation—Outputs	–	–
Receipts from other sources	–	–
Input tax credits	–	–
Available for payments	2,491	7,983
Payments made	(2,491)	(5,492)
Balance carried forward to next period	–	2,491

NOTES TO AND FORMING PART OF THE  
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**Property Account (established 4 December 2000)**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure relating to the maintenance and estate management of Commonwealth office properties both domestically and internationally.

	2000–01	1999–00
	\$'000	\$'000
Balance carried forward from previous period	–	–
Current Appropriation—Capital	29,812	–
Current Appropriation—Outputs	9,404	–
Transferred from other Special Accounts	450,024	–
Receipts from other sources	203,278	–
Input tax credits	6,535	–
Available for payments	699,053	–
Payments made	(593,667)	–
Balance carried forward to next period	105,386	–

**CSL Limited Public Share Offer Account**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure to disburse application moneys following the allocation of shares in the CSL public share offer. Abolished 30 June 2001. There were no balances remaining or transactions in the current or prior year.

**Provision of Accounting Services to Daw Park Hospital, South Australia**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure related to the provision of payroll and general accounting services to Daw Park Hospital, SA. Abolished 30 June 2001. There were no balances remaining or transactions in the current or prior year.

**Australian Property Group Account**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure associated with property services, activities incidental to providing property services and other related services provided by the Domestic Property Group. There were no balances remaining or transactions in the current or prior year.

**Political Exchange Program Account**

Under the Legal Authority: *Financial Management and Accountability Act 1997*, section 20.

Purpose: For expenditure and investment, private contributions in relation to the Political Exchange program. Abolished 30 June 2001. There were no balances remaining or transactions in the current or prior year.

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NOTE 31  
REPORTING OF OUTCOMES—AGENCY AND ADMINISTERED

Note: Excludes transactions and balances relating to the administration of the Official Public Account.

	Outcome 1		Outcome 2		Outcome 3		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net subsidies, benefits and grants expenses	—	—	64,300	109,092	—	—	64,300	109,092
Other administered expenses	546	—	3,527,623	4,434,443	226,359	240,796	3,754,528	4,675,239
Net cost of departmental outputs	225	3,970	(142,870)	(197,461)	617	5,867	(142,028)	(187,624)
Cost of outcome before extraordinary items	771	3,970	3,449,053	4,346,074	226,976	246,663	3,676,800	4,596,707
Extraordinary items	—	—	—	—	—	—	—	—
<b>Net cost to Budget outcome<sup>1</sup></b>	<b>771</b>	<b>3,970</b>	<b>3,449,053</b>	<b>4,346,074</b>	<b>226,976</b>	<b>246,663</b>	<b>3,676,800</b>	<b>4,596,707</b>
Outcome-specific Assets <sup>2</sup>	N/A	1,440,168	N/A	3,028,101	N/A	18,264	N/A	4,486,533
Assets <sup>2</sup> that are not outcome-specific							N/A	31,943

<sup>1</sup> Net cost to Budget outcome shown includes intra-government costs that would be eliminated in calculating the actual Budget outcome.

<sup>2</sup> Appropriation Receivables are not included in the Asset balances.

	Outcome 1						Outcome 2					
	Output 1.1.1	Output 1.1.2	Output 1.1.3	Output 1.1.4	Output 1.1.5	Total Outcome 1	Output 2.1.1	Output 2.1.2	Output 2.1.3	Output 2.1.4	Output 2.1.5	Output 2.1.6
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
<b>Operating Revenues</b>												
Revenues from Government	4,762	3,711	18,342	5,441	5,013	<b>37,269</b>	8,773	3,080	306	1,601	3,688	483
Sale of Goods and Services	159	903	618	123	143	<b>1,946</b>	171	1,214	20	59	147	-
Other non-taxation revenues	71	73	365	133	138	<b>780</b>	150	83	23	39	54	-
<b>Total Operating Revenues</b>	<b>4,992</b>	<b>4,687</b>	<b>19,325</b>	<b>5,697</b>	<b>5,294</b>	<b>39,995</b>	<b>9,094</b>	<b>4,377</b>	<b>349</b>	<b>1,699</b>	<b>3,889</b>	<b>483</b>
<b>Operating Expenses</b>												
Employees	1,787	1,591	7,874	2,418	1,671	<b>15,341</b>	3,185	1,541	286	943	1,335	132
Suppliers	8,013	2,056	7,891	4,075	4,457	<b>26,492</b>	5,103	2,716	2,915	1,043	5,006	348
Other	1,520	54	320	105	131	<b>2,130</b>	171	79	26	42	53	-
<b>Total Operating Expenses</b>	<b>11,320</b>	<b>3,701</b>	<b>16,085</b>	<b>6,598</b>	<b>6,259</b>	<b>43,963</b>	<b>8,459</b>	<b>4,336</b>	<b>3,227</b>	<b>2,028</b>	<b>6,394</b>	<b>480</b>

	Outcome 2				Outcome 3			Total	
	Output 2.2.1	Output 2.2.2	Output 2.3.1	Total Outcome 2	Output 3.1.1	Output 3.2.2	Total Outcome 3	Budget	Actual
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000	\$'000	\$'000
<b>Operating Revenues</b>									
Revenues from Government	32,689	34,129	13,022	<b>97,771</b>	26,841	12,273	<b>39,114</b>	140,237	174,154
Sale of Goods and Services	224,801	4,188	8,062	<b>238,662</b>	520	3,766	<b>4,286</b>	296,994	244,894
Other non-taxation revenues	211,128	61,344	780	<b>273,601</b>	518	282	<b>800</b>	28,509	275,181
<b>Total Operating Revenues</b>	<b>468,618</b>	<b>99,661</b>	<b>21,864</b>	<b>610,034</b>	<b>27,879</b>	<b>16,321</b>	<b>44,200</b>	<b>465,740</b>	<b>694,229</b>
<b>Operating Expenses</b>									
Employees	6,057	2,081	5,133	<b>20,693</b>	9,547	11,045	<b>20,592</b>	50,474	56,626
Suppliers	63,634	80,779	18,124	<b>179,668</b>	15,806	11,939	<b>27,745</b>	199,326	233,905
Other	209,641	834	1,366	<b>212,212</b>	1,347	385	<b>1,732</b>	73,912	216,074
<b>Total Operating Expenses</b>	<b>279,332</b>	<b>83,694</b>	<b>24,623</b>	<b>412,573</b>	<b>26,700</b>	<b>23,369</b>	<b>50,069</b>	<b>323,712</b>	<b>506,605</b>

Major Agency Revenues and Expenses by Outcomes

NOTES TO AND FORMING PART OF THE  
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FINANCIAL STATEMENTS

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**Major Administered Revenues and Expenses by Outcome**

Note: Excludes transactions and balances relating to the Official Public Account.

	Outcome 1	Outcome 2	Outcome 3	Budget	Actual
	Actual \$'000	Actual \$'000	Actual \$'000	\$'000	\$'000
<b>Operating Revenues</b>					
Revenues from Government	–	4,542,439	251,486	3,818,827	4,793,925
Other non-taxation revenues	189,429	872,133	7,032	1,062,892	1,068,594
<b>Total Operating Revenues</b>	<b>189,429</b>	<b>5,414,572</b>	<b>258,518</b>	<b>4,881,719</b>	<b>5,862,519</b>
<b>Operating Expenses</b>					
Employees	–	–	77,442	77,835	77,442
Superannuation	–	4,309,194	45,915	3,438,697	4,355,109
Grants	–	109,092	–	64,820	109,092
Suppliers	–	28,268	112,945	136,241	141,213
Other	–	96,981	4,494	118,809	101,475
<b>Total Operating Expenses</b>	<b>–</b>	<b>4,543,535</b>	<b>240,796</b>	<b>3,836,402</b>	<b>4,784,331</b>

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

NOTE 32  
FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods	Nature of underlying instrument
<b>Financial Assets</b>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	8a/20a	Deposits are measured at their nominal amounts. Interest is recognised as revenue as it accrues.	Interest is earned on the daily balance. The average rate for funds held in bank accounts at balance date was 2.00%.
Receivables for goods and services	8b/20b	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are generally net 30 days.
Loans receivable	8b/20b	Loans are measured at the amounts lent. Collectability of amounts outstanding is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan or part thereof is judged to be less rather than more likely.	Loans are made under contract with varying terms to maturity. No security is generally required. Principal is repaid in full at maturity. Interest rates are fixed or variable. Effective interest rates average 5.48% for Agency and 6.95% for Administered.
Investments	8c/20c	Investments in term deposits are recognised at face value. Cash Bonds are measured at the purchase price.	Investments of surplus cash held in Cash Bonds are made in accordance with s39 of the FMA Act.
Accrued revenue	8d/20d	Revenue is recognised as it is earned or accrues.	Accrued revenue includes interest and sales revenue earned in the reporting periods.
<b>Financial Liabilities</b>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance lease liabilities	10a/22a	Liabilities are measured at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the Department had finance leases with a maximum term of 10 years. The interest rate implicit in the leases averaged 7.50%.

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<b>Financial Instrument</b>	<b>Notes</b>	<b>Accounting Policies and Methods</b>	<b>Nature of underlying instrument</b>
Lease incentives	22b	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	The Department has received incentives in the form of rent-free periods on entering property operating leases.
Surplus leased space	11b/23b	Surplus leased space is recognised as a liability and is measured at the present value of future rental payments reduced by probable rental income from sub-leasing. The liability is amortised on a straight-line basis over the future life of the lease.	The liability arises under the Department's non-cancellable operating leases for office accommodation.
Trade creditors	11b/23b	Creditors and accruals are measured at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days from date of invoice.
Grant liabilities	23c	Grants are recognised as liabilities and expenses in the year in which grant agreements are made. The amounts recognised are the full amounts subject to the agreement.	This department makes grants to State and Local Governments for various purposes.
<b>Unrecognised Financial Liabilities</b>			
Guarantees		The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.	The guarantees have been issued to various parties to guarantee the satisfactory completion of certain projects undertaken by the Department.
Indemnities		The maximum amount payable under the indemnities given is disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnity would be called upon, and recognition of the liability was therefore not required.	Indemnities have been provided with respect to the provision and management of certain services and to limit liability arising from certain contracts and/or any negligence.

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**(b) Interest Rate Risk Exposures**

The Department's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out on the following pages.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Department intends to hold fixed rate assets and liabilities to maturity.

All off-balance sheet financial liabilities are non-interest bearing.

**30 June 2001**

Fixed interest maturing in:

		Floating Interest Rate	1 year or less	1 to 5 years	More than 5 years	Non- Interest Bearing	Total	Weighted Average Interest Rate
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Financial assets</b>								
Cash	8a	38,034	—	—	—	—	38,034	2.00
Receivables	8b	—	2	8	62	45,742	45,814	5.75
Investments	8c	205,000	—	—	—	—	205,000	5.98
Other	8d	—	—	—	—	8,788	8,788	—
<b>Total financial assets</b>		<b>243,034</b>	<b>2</b>	<b>8</b>	<b>62</b>	<b>54,530</b>	<b>297,636</b>	
<b>Financial liabilities</b>								
Provisions & payables	11b/c	—	—	—	—	120,114	120,114	—
Other debt	10b	—	—	—	—	—	—	—
Leases	10a	66,122	—	—	—	—	66,122	7.60
<b>Total financial liabilities</b>		<b>66,122</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>120,114</b>	<b>186,236</b>	
<b>Net financial assets/ (liabilities)</b>		<b>176,912</b>	<b>2</b>	<b>8</b>	<b>62</b>	<b>(65,584)</b>	<b>111,400</b>	

NOTES TO AND FORMING PART OF THE  
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for the year ended 30 June 2001

30 June 2000

	Notes	Fixed interest maturing in:					Total \$'000	Weighted Average Interest Rate %
		Floating Interest Rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non- Interest Bearing \$'000		
<b>Financial assets</b>								
Cash	8a	119,664	–	–	–	–	119,664	5.00
Receivables	8b	–	11	40	42	77,397	77,490	5.48
Investments	8c	370,000	–	–	–	–	370,000	5.90
Other	8d	–	–	–	–	489	489	–
<b>Total financial assets</b>		<b>489,664</b>	<b>11</b>	<b>40</b>	<b>42</b>	<b>77,886</b>	<b>567,643</b>	
<b>Financial liabilities</b>								
Provisions and payables	11b	–	–	–	–	30,129	30,129	–
Other debt	10b	91,307	17,239	85,500	84,109	513	278,668	8.96
Leases	10a	72,808	–	–	–	4,382	77,190	6.50
<b>Total financial liabilities</b>		<b>164,115</b>	<b>17,239</b>	<b>85,500</b>	<b>84,109</b>	<b>35,024</b>	<b>385,987</b>	
<b>Net financial assets/ (liabilities)</b>		<b>325,549</b>	<b>(17,228)</b>	<b>(85,460)</b>	<b>(84,067)</b>	<b>42,862</b>	<b>181,656</b>	

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for the year ended 30 June 2001

30 June 2001

Fixed interest maturing in:

	Floating Interest Rate	1 year or less	1 to 5 years	More than 5 years	Non- Interest Bearing	Total	Weighted Average Interest Rate
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Financial assets</b>							
Cash	20a (832,168)	–	–	–	–	(832,168)	2.00
Receivables	20b –	30,080	48,856	330,637	45,633	455,206	4.36
Investments	20c –	2,201	10,867	32,611	–	45,679	6.43
Accrued revenue	20d –	–	–	–	59,017	59,017	–
<b>Total financial assets</b>	<b>(832,168)</b>	<b>32,281</b>	<b>59,723</b>	<b>363,248</b>	<b>104,650</b>	<b>(272,266)</b>	
<b>Financial liabilities</b>							
Provisions and payables (including interest)	23c 223	–	–	–	29,593	29,816	–
Other debt & lease incentives	22b –	–	–	–	720	720	–
Leases	22a 192,611	–	–	–	–	192,611	–
<b>Total financial liabilities</b>	<b>192,834</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>30,313</b>	<b>223,147</b>	
<b>Net financial assets/ (liabilities)</b>	<b>(1,025,002)</b>	<b>32,281</b>	<b>59,723</b>	<b>363,248</b>	<b>74,337</b>	<b>(495,413)</b>	

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30 June 2000

	Notes	Fixed interest maturing in:					Total \$'000	Weighted Average Interest Rate %
		Floating Interest Rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non- Interest Bearing \$'000		
<b>Financial assets</b>								
Cash	20a	987,784	–	–	–	–	987,784	5.11
Receivables	20b	9,368,846	13,041	48,936	343,224	4,705	9,778,752	5.56
Investments	20c	48,290	–	–	–	–	48,290	5.53
Accrued revenue	20d	–	–	–	–	80,295	80,295	–
<b>Total financial assets</b>		<b>10,404,920</b>	<b>13,041</b>	<b>48,936</b>	<b>343,224</b>	<b>85,000</b>	<b>10,895,121</b>	
<b>Financial liabilities</b>								
Provisions and payables (including interest)	23e	–	–	–	–	50,612	50,612	–
Other debt and lease incentives	22b	–	–	–	–	775	775	–
Leases	22a	198,580	–	–	–	–	198,580	5.83
<b>Total financial liabilities</b>		<b>198,580</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>51,387</b>	<b>249,967</b>	
<b>Net financial assets/ (liabilities)</b>		<b>10,206,340</b>	<b>13,041</b>	<b>48,936</b>	<b>343,224</b>	<b>33,613</b>	<b>10,645,154</b>	

NOTES TO AND FORMING PART OF THE  
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**(c) Credit Risk Exposures**

The Department's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Department has no significant exposures to any concentration of credit risk.

All figures referred to for credit risk do not take into account the value of any collateral or other security.

**(d) Net Fair Value of Financial Assets and Liabilities**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Department approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Trade creditors and grant liabilities are short term in nature and their fair values are approximated by their carrying amounts.

There are a number of potential financial liabilities which may arise from certain contingencies disclosed in the Schedule of Contingencies. The value of the contingencies disclosed in the Schedule of Contingencies is an estimate of the fair value of the amount payable by the Department as consideration for the assumption of those contingencies.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

**Asset and Liability Carrying Amounts**

Agency	2000-01		1999-00	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<b>On-balance sheet financial instruments</b>				
<b>Financial assets</b>				
Cash	38,034	38,034	119,664	119,664
Receivables	45,814	45,814	77,490	77,490
Investments	205,000	205,000	370,000	370,000
Other	8,788	8,788	489	489
	<b>297,636</b>	<b>297,636</b>	<b>567,643</b>	<b>567,643</b>
<b>Financial liabilities</b>				
Provisions and payables	120,114	120,114	30,129	30,129
Other debt	—	—	278,668	278,668
Leases	66,122	66,122	77,190	77,190
	<b>186,236</b>	<b>186,236</b>	<b>385,987</b>	<b>385,987</b>

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Asset and Liability Carrying Amounts Administered	2000-01		1999-00	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<b>On-balance sheet financial instruments</b>				
<b>Financial assets</b>				
Cash	(832,168)	(832,168)	987,784	987,784
Receivables	455,206	455,206	9,778,752	9,778,752
Investments	45,679	45,679	48,290	48,290
Accrued revenues	59,018	59,018	80,295	80,295
	<b>(272,265)</b>	<b>(272,265)</b>	<b>10,895,121</b>	<b>10,895,121</b>
<b>Financial liabilities</b>				
Provisions and payables	29,816	29,816	50,612	50,612
Lease incentives	720	720	775	775
Leases	192,611	192,611	198,580	198,580
	<b>223,147</b>	<b>223,147</b>	<b>249,967</b>	<b>249,967</b>

NOTE 33  
REMOTE CONTINGENCIES

UNQUANTIFIABLE

**General**

The Department of Finance and Administration from time to time is required, on behalf of the Commonwealth, to accept liabilities not otherwise attributable to specific agencies.

The nature and existence of these liabilities, if any, may generally not be known and therefore not possible to quantify.

**National Disaster Relief Arrangements**

Payments are made to State Governments under specific criteria relating to costs incurred by the State Governments following natural disasters. The actual level of payments under this scheme would depend on the incidence and severity of natural disasters and thus may not be quantified at this stage.

**National Disaster Memorials**

Payments are made by the Commonwealth Government to state Governments under specific criteria relating to the building of Disaster Memorials. The expenditure is contingent upon any commitment the Commonwealth Government may make in response to a disaster.

**Employment National Ltd (EN)**

**Board of Members Indemnities**

Indemnities by the Commonwealth have been provided to EN board members to protect against civil claims relating to their employment and conduct as directors. These indemnities are unquantifiable and no expiry date has been set.

**Letter of Comfort**

A Commonwealth letter of comfort has been provided to EN to protect the Government's investment in EN during the company's restructuring. This letter of comfort indicates continuing financial support for the company. The Commonwealth's exposure under these arrangements is unquantifiable.

**Sale of Catering Services**

The Commonwealth has indemnified Command Services Corporation Ltd and Delaware North Companies International Ltd against cost of claims by ex directors of CAC for loss of office, failures of due diligence with respect to assets and liabilities, cost of claims by former employees for superannuation payments, cost of certain tax imposts and claims arising from pre-sale management actions. The indemnities are ongoing and were issued in 1988.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### **Sale of Australian Airlines**

The Commonwealth has indemnified Board Members and officials of Australian Airlines Ltd against false or misleading information provided by the Commonwealth relating to the airline's operation resulting in litigation from prospective purchasers. The indemnity is open-ended and was issued on 28 May 1991.

The Commonwealth has indemnified employees of Australian Airlines Ltd against any civil action arising out of the disclosure of information. The indemnity is open-ended and was issued on 19 November 1991.

The Commonwealth has indemnified CS First Boston Australia Ltd against loss caused in proper performance of services. The indemnity is open-ended and was issued on 16 May 1991.

### **Australian Law Reform Commission (ALRC) employees**

Notice of potential claims under the Commonwealth Funds Management (CFM) share sale agreement has been received from the Commonwealth Bank in relation to an action brought against CFM (among others) as successor to the former Superannuation Fund Investment Trust by certain employees of the Australian Law Reform Commission in respect of their superannuation entitlements. The Commonwealth has exercised its right to take over the defence of the action. The financial effect of this claim cannot be quantified at this stage.

### **Davis Samuel Case**

The Department is subject to a counter claim in relation to legal action before the Courts. This matter is subject to sufficient uncertainty that it is not possible to quantify the amount, if any, of the liability. The Department is defending this case and believes no liability will arise.

### **Commonwealth shareholding in the Australian Submarine Corporation Pty Ltd**

An indemnity was issued to Barry AC Hilson and BACH Pty Ltd in relation to liabilities arising from assistance provided to the Commonwealth during the conduct of a review of the Commonwealth's shareholding in the Australian Submarine Corporation Pty Ltd. This indemnity is ongoing.

## NOTE 34

### POST BALANCE DATE EVENTS

Pursuant to the settlement of the DASFLEET tied contract (refer note 6(a)), future leases of motor vehicles will be treated as operating leases.

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS

for the year ended 30 June 2001

NOTE 35  
COMCOVER INSURANCE ACTIVITIES

**General Insurance Activities (included in Note 4b—Suppliers expense)**

	2000–01			1999–00		
	Current Year	Prior Year	Total	Current Year	Prior Year	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Direct Business Expenses</b>						
Gross claims incurred and related expenses—undiscounted	30,132	(8,837)	21,295	18,922	(10,917)	8,005
Reinsurance and other recoveries—undiscounted	(15,247)	8,400	(6,847)	(7,572)	4,662	(2,910)
Net claims incurred—undiscounted	14,885	(437)	14,448	11,350	(6,255)	5,095
Discount and discount movement—gross claims incurred	(3,998)	(1,476)	(5,474)	(2,907)	1,946	(961)
Discount and discount movement—reinsurance and other recoveries	2,765	141	2,906	1,805	(1,418)	387
Net discount movement	(1,233)	(1,335)	(2,568)	(1,102)	528	(574)
Net claims incurred	13,652	(1,772)	11,880	10,248	(5,727)	4,521
<b>Other Underwriting Expenses</b>						
Other Underwriting expenses	29,721	–	29,721	11,601	–	11,601

This represents Comcover's first three years of operation. The claims have been calculated considering the emerging experience of the fund and relying on industry loss ratios, loss development and payment patterns which may or may not be representative of the ultimate performance of the fund. It is not possible, at this stage, to clearly establish to what extent industry experience will be applicable to the fund's experience.

The claims background is:

Claims paid 2000-01 policy year—\$1,760,996

Claims paid prior policy years—\$2,268,622

Claims not settled—\$16,138,509

Estimated claims incurred but not reported—\$15,593,195