



2000

PARLIAMENT OF TASMANIA

REPORT OF THE AUDITOR-GENERAL

GOVERNMENT DEPARTMENTS AND PUBLIC BODIES 1999-2000

No. 2 of 2000 - November 2000

*Presented to both Houses of Parliament in accordance with the requirements of Section 57 of
the Financial Management and Audit Act 1990*

By Authority:

Government Printer, Tasmania

© Crown in Right of the State of Tasmania November 2000

Auditor-General's reports are available from the Tasmanian Audit Office, HOBART. This report and other recent reports published by the Office can be accessed via the Office's home page. For further information please contact:

Tasmanian Audit Office
GPO Box 851
Hobart
TASMANIA 7001

Phone: (03) 6233 4030, Fax (03) 6233 2957

Email:- admin@audit.tas.gov.au

Home Page: <http://www.audit.tas.gov.au>

This report is printed on recycled paper.

ISSN 1327 2608

30 November 2000

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Sirs

In accordance with the requirements of Section 57 of the Financial Management and Audit Act 1990, I have pleasure in presenting my report on the audit of Government departments and public bodies for the year ended 30 June 2000.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A J McHugh'.

A J McHugh
AUDITOR-GENERAL

TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
<i>Table of contents</i>	I
<i>List of appendices</i>	iv
INTRODUCTION	1
SIGNIFICANT ITEMS ARISING FROM AUDITS	5
PART 1 - EXECUTIVE AND LEGISLATURE	7
Part 1.1 Office of the Governor	8
Part 1.2 Legislative Council	11
Part 1.3 House of Assembly	15
Part 1.4 Legislature-General	18
PART 2 - MINISTERIAL DEPARTMENTS	23
Part 2.1 Department of Education	24
Part 2.2 Department of Health and Human Services	28
Part 2.3 Department of Infrastructure, Energy and Resources	44
Part 2.4 Department of Justice and Industrial Relations	52
Part 2.5 Department of Police and Public Safety	60
Part 2.6 Department of Premier and Cabinet	64
Part 2.7 Department of Primary Industries, Water and Environment	68
Part 2.8 Department of State Development	72
Part 2.9 Department of Treasury and Finance	77
PART 3 - GOVERNMENT BUSINESS AND AUTHORITIES	83
PART 3.1 - GOVERNMENT BUSINESS ENTERPRISES	84
Part 3.1.1 Civil Construction Services Corporation	86
Part 3.1.2 Egg Marketing Board	90
Part 3.1.3 Forestry Tasmania	93
Part 3.1.4 Hydro-Electric Corporation	97
Part 3.1.5 Motor Accidents Insurance Board	101
Part 3.1.6 North West Regional Water Authority	107
Part 3.1.7 Port Arthur Historic Site Management Authority	110
Part 3.1.8 Printing Authority of Tasmania	113
Part 3.1.9 Rivers and Waters Supply Commission	116
Part 3.1.10 Southern Regional Cemetery Trust	119
Part 3.1.11 Stanley Cool Stores Board	122
Part 3.1.12 Tasmanian Dairy Industry Authority	125
Part 3.1.13 Tasmanian Grain Elevators Board	129
Part 3.1.14 Tasmanian International Velodrome Management Authority	132
Part 3.1.15 Tasmanian Public Finance Corporation	136
Part 3.1.16 The Public Trustee	140
Part 3.1.17 Totalizator Agency Board	144

PART3.2 - STATE OWNED CORPORATIONS	149
Part 3.2.1 Aurora Pty Ltd	151
Part 3.2.2 Metro Pty Ltd	154
Part 3.2.3 Transend Networks Pty Ltd	157
Part 3.2.4 TT-Line Pty Ltd	161
PART3.3 - PORT CORPORATIONS	165
Part 3.3.1 Burnie Port Corporation Pty Ltd	166
Part 3.3.2 Hobart Port Corporation Pty Ltd	171
Part 3.3.3 Port of Devonport Corporation Pty Ltd	174
Part 3.3.4 Port of Launceston Pty Ltd	178
PART 3.4 - OTHER STATUTORY AUTHORITIES	182
Part 3.4.1 Legal Aid Commission	183
Part 3.4.2 Marine and Safety Authority	187
Part 3.4.3 Parliamentary Superannuation Fund and Parliamentary Retiring Benefits Fund	190
Part 3.4.4 Private Forests Tasmania	195
Part 3.4.5 Racing Tasmania	199
Part 3.4.6 Retirement Benefits Fund Board	203
Part 3.4.7 State Fire Commission	212
Part 3.4.8 Theatre Royal Management Board	216
PART 4 - LOCAL GOVERNMENT	219
Part 4.1 Dulverton Regional Waste Management Authority	233
Part 4.2 Esk Water Authority	235
Part 4.3 Hobart Regional Water Authority	239
Part 4.4 Kentish/Latrobe Joint Authority	242
Part 4.5 Local Government Association	245
Part 4.6 North West Water Authority	248
Part 4.7 West Coast Health and Community Services Pty Ltd	251
PART 5 - MISCELLANEOUS PUBLIC BODIES	254
Part 5.1 TAFE Tasmania	255
Part 5.2 University of Tasmania	258
Part 5.3 Other Public Bodies:	
Aboriginal Land Council of Tasmania	
Anzac Day Trust	
Ben Lomond Skifield Management Authority	
Clyde Water Trust	
Council of Law Reporting	
Fruit Crop Insurance	
Government Prices Oversight Commission	
Inland Fisheries Commission	
Inveresk Railyards Management Authority	
Launceston Sailors Home Fund Trust	
Office of the Tasmanian Electricity Regulator	
Royal Tasmanian Botanical Gardens	
St Giles Society Inc.	
Tasmanian Beef Industry (Research and Development) Trust	
Tasmanian Building and Construction Industry Training Board	
Tasmanian Museum and Art Gallery	
Tasmanian Office of Financial Supervision	

Tasmanian State Service Workers Compensation Scheme
Tasmania's West/North West Council's Association
Tsuneichi Fujii Fellowship Trust
Wellington Park Management Trust
Workplace Safety Board

PART 6 – OTHER ISSUES	264
Part 6.1 Potential Lack of Parliamentary Scrutiny Over 'Other Expenditure' from the Crown Lands Administration Fund	264
Part 6.2 Timeliness and Quality of Financial Statements	265
Part 6.3 Collection and Destruction of Firearms	267

APPENDIX A: Qualified Audit Reports
APPENDIX B: Ministerial Portfolios

INTRODUCTION

This Report deals with Ministerial Departments, State-Owned Corporations, State Authorities, Government Business Enterprises, Local Government Authorities, Port Corporations, and other public bodies together with special comments on various other issues.

FORMAT OF THE REPORT

Unless specifically indicated, the comment in this Report is current as at 29 November 2000.

The Report has been based on the administrative arrangements set out under the provisions of the *Administrative Arrangements Act 1990* as at 30 June 2000 and the report has been prepared in accordance with the following classifications:

Part 1	Executive and Legislature
Part 2	Ministerial Departments
Part 3	Statutory Authorities
Part 3.1	Government Business Enterprises
Part 3.2	State Owned Corporations
Part 3.3	Port Corporations
Part 3.4	Other Statutory Authorities
Part 4	Local Government
Part 5	Miscellaneous Public Bodies
Part 6	Other Issues

This classification does not attempt to recognise any lines of responsibility that some Statutory Authorities have through Ministerial Departments to the appropriate Minister, however the Portfolio or Responsible Minister is stated in each case.

STATUS OF AUDITS

The majority of audits for the year ended 30 June 2000 have been completed with some exceptions as detailed in the preamble under each Part of the Report.

AUDITS DISPENSED WITH

In accordance with Section 41 of the *Financial Management and Audit Act 1990* (FMAA), the following audits have been dispensed with after consideration of alternative accountability arrangements for the public bodies concerned. Two of the aspects considered were the materiality of the financial transactions involved and the most cost-effective means of conducting the audits.

Grants to Public Bodies

An organisation in receipt of a grant from the Consolidated Fund automatically becomes a public body as defined under the FMAA, and is required to meet certain accountability requirements in accordance with the Treasurer's Instructions. A recipient of a grant of \$5 000 or more is required to provide the appropriate Head of Agency with:-

- A signed copy of the public body's financial statements, showing the receipt and manner of disbursement of each grant, together with an audit report signed by a suitably qualified person; or
- A Statutory Declaration made in accordance with the *Evidence Act 1910*, and signed by two office holders or members considered to be bona fide representatives of the public body, to the effect that the grant was received and disbursed for the purpose for which it was given; or
- A certificate signed by a suitably qualified person to the effect that the grant was received and disbursed for the purpose for which it was given.

In the course of the various Agency audits, Audit Office staff ensure that Heads of Agencies comply with the requirements of the Treasurer's Instructions.

Registration Boards

The audits of the following Boards have been dispensed with on the basis that an audit is undertaken by a suitably qualified person.

Board of Architects
Chiropractors Registration Board
Dental Board
Dental Mechanics Board
Medical Council of Tasmania
Nursing Board
Optometrists Registration Board
Pharmacy Board of Tasmania
Physiotherapists Registration Board
Plumbers and Gasfitters Registration Board
Podiatrists Registration Board
Psychologists Registration Board
Radiographers Registration Board
Surveyors Registration Board
Teachers and Schools Registration Board
Travel Agents Licensing Board
Valuers Registration Board

Other Public Bodies

The audits of the following public bodies have also been dispensed with on the basis that an audit is undertaken by a suitably qualified person:-

National Trust of Australia (Tasmania)
National Trust Preservation Fund (Hobart)
Drainage Trusts

Local Government Committees

Committees appointed under the *Local Government Act 1993* are required to provide copies of their annual financial statements to the respective Council to enable the General Manager, or some other appropriate person, to perform an audit of those accounts.

Statements of Committees are normally consolidated in the financial statements of the respective Councils.

SIGNIFICANT ITEMS ARISING FROM AUDITS

The format of this Report is similar to the corresponding report in 1999. This Report contains operating statements and financial positions of ministerial departments, the more significant government business enterprises and statutory authorities. The Report continues to present summarised financial information for all councils. I hope that method of presentation provides a better overview of how these entities have fared without undertaking the futile task of reproducing all of the information that is available in the annual reports of these entities. The accompanying text sets out significant points, if any, arising from an analysis of the financial statements and in relation to the environment in which each operates.

The Report does not include many items arising from the audits that have been formally raised with the auditees. The rationale for inclusion or otherwise rests on my perception of the public interest in each point and the need to confine comments to those matters that have more than a managerial dimension.

SIGNIFICANT ITEMS

Royal Hobart Hospital Collocation Project - Pages (34 - 43)

The Collocation Project appears to be managed satisfactorily. While the earlier revenue projections have not been met, there have been tangible and intangible benefits from the Project.

Outstanding Fines and Fees - Pages (55 - 59)

The level of outstanding fines and fees continues to rise. The Department of Justice and Industrial Relations has undertaken some initiatives to address the situation.

Cheques drawn on 30 June 2000 - Pages (75 - 76)

Cheques to the value of \$1.005m were drawn by the Department of State Development in advance of the receipt of documentation and in advance of the grantee incurring the cost that was to be reimbursed. The cheques and were still held by the Department more than 4 months later. This has a significant effect on the State Budget outcome.

Annual Assessment of the State's Superannuation Liability - Pages (81 - 82)

The Department of Treasury and Finance has now commenced obtaining annual actuarial estimates of the State's superannuation liability. The timing is such that this estimate can be published together with the corresponding financial assets held to satisfy the liability.

**Operating Profits of Government Business Enterprises and State Owned Corporations -
Pages (83 - 164)**

The operating profits of a number of Government Business Enterprises and State Owned Corporations remain quite low based on the equity invested.

Tasmanian International Velodrome Management Authority - Page 135

The Authority is considering options to address its deficit situation.

**Potential Lack of Parliamentary Scrutiny Over 'Other Expenditure' From the Crown
Lands Administration Fund - Page 264**

During 1998-99, part proceeds from the sale or lease of Crown property standing to the credit of the Crown Lands Administration Fund Trust Account, \$16.538m, were utilised for Department of Health and Human Services purposes without being incorporated in the normal budgetary process.

1 EXECUTIVE AND LEGISLATURE

INTRODUCTION

The Parliament of Tasmania is comprised of the Crown (represented by the Governor), the Legislative Council and the House of Assembly that collectively form the Legislature.

Appropriation of funds to the Legislature-General Division provides, amongst other matters, for general parliamentary functions including the Parliamentary Catering and Reporting Services. These functions are administered by designated officers of the Parliament and financial transactions are recorded in the financial statements of:

- Office of the Governor
- The Legislative Council
- The House of Assembly
- The Legislature-General

Appropriation of funds to the Ministerial and Parliamentary Support Division provides for certain expenses and administrative support of Ministers and other Members of Parliament. The financial transactions of this Division are reported in the financial statements prepared by the Department of Premier and Cabinet.

The information on each function is summarised under the following headings:

- Employee Statistics as at 30 June 2000;
- Audit of the 1999-2000 Financial Statements; and
- Financial Results; and
- Additional Financial Information.

The disclosures under Financial Results are derived from the Accrual segments of the full audited financial statements which include Cash and Accrual segments.

1.1 OFFICE OF THE GOVERNOR

His Excellency the Governor represents the Crown in Tasmania and discharges the official, constitutional, and community responsibilities of the Office of the Governor. The Office of the Governor provides His Excellency with the administrative support to carry out this function.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June are as follows:

	30 June 1999	30 June 2000
Headcount	23	24
Full-time Equivalents	22.5	23.5

Source: Office of the Governor Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements were received by audit on 30 August 2000 and an unqualified audit report was issued on 25 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee costs	1 253	1 212
Depreciation	98	98
Supplies	10	5
Other	<u>684</u>	<u>611</u>
Total Cost Of Services	<u>2 045</u>	<u>1 926</u>
Operating Revenues		
Contributions	15	160
Other revenues	<u>9</u>	<u>1</u>
Total Operating Revenues	<u>24</u>	<u>161</u>
Net Cost of Services	<u>2 021</u>	<u>1 765</u>
Revenues From Government		
Recurrent appropriations	1 657	1 638
Capital appropriations	<u>278</u>	<u>0</u>
Total Revenues From Government	<u>1 935</u>	<u>1 638</u>
Change In Net Assets Resulting From Operations	<u>(86)</u>	<u>(127)</u>

Transactions reported on an accrual basis for 1999-2000 indicate a change in net assets of (\$86 000). These do not include the “administered” revenue and expenditure relating to the payment of the salary and allowances of the Governor of Tasmania.

A change in funding arrangements for essential maintenance to Government House has resulted in a decrease in operating revenue contributions and an increase in Revenues from Government.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash on hand and deposit accounts	1	1
Other	<u>3</u>	<u>4</u>
Total Current Assets	<u>4</u>	<u>5</u>
Non-current Assets		
Plant and equipment	164	297
Land and buildings	13 581	13 528
Heritage assets	<u>866</u>	<u>863</u>
Total Non-current Assets	<u>14 611</u>	<u>14 688</u>
Total Assets	<u>14 615</u>	<u>14 693</u>
Current Liabilities		
Payables	29	22
Employee entitlements	168	161
Accrued expenses	<u>15</u>	<u>14</u>
Total Current Liabilities	<u>212</u>	<u>197</u>
Non-current Liabilities		
Employee entitlements	<u>156</u>	<u>163</u>
Total Liabilities	<u>368</u>	<u>360</u>
Equity		
Accumulated surplus	<u>14 247</u>	<u>14 333</u>
Total Equity	<u>14 247</u>	<u>14 333</u>

Transactions for the year in relation to output groups are as follows:

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
The Office of the Governor	9	1 918	1 672
House Restoration	<u>0</u>	<u>127</u>	<u>278</u>
	<u>9</u>	<u>2 045</u>	<u>1 950</u>

1.2 LEGISLATIVE COUNCIL

The Legislative Council, together with the House of Assembly and His Excellency the Governor, constitute the Parliament of Tasmania.

The Legislative Council is the Upper House of Parliament and functions as a House of Review.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June are as follows:

	30 June 1999	30 June 2000
Headcount	18	18
Full-time Equivalents	17	17.6

Source: Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Legislative Council were received on 24 August 2000 and an unqualified audit report was issued on 16 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee costs	959	880
Communication	92	99
Travel	122	98
Information technology	29	29
Other	233	280
Total Cost Of Services	<u>1 435</u>	<u>1 386</u>
Operating Revenues		
Other revenues	76	71
Total Operating Revenues	<u>76</u>	<u>71</u>
Net Cost of Services	<u>1 359</u>	<u>1 315</u>
Revenues From Government		
Recurrent appropriation	1 331	1 353
Total Revenues From Government	<u>1 331</u>	<u>1 353</u>
Change In Net Assets Resulting From Operations	<u>(28)</u>	<u>38</u>

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	4	4
Prepaid expenses	11	0
Total Current Assets	<u>15</u>	<u>4</u>
Non-current Assets		
Furniture and fittings	716	716
Artwork and artefacts	138	138
Total Non-current Assets	<u>854</u>	<u>854</u>
Total Assets	<u>869</u>	<u>858</u>
Current Liabilities		
Payables	53	26
Accrued expenses	11	18
Employee entitlements	402	388
Total Current Liabilities	<u>466</u>	<u>432</u>
Non-current Liabilities		
Employee entitlements	16	11
Total Liabilities	<u>482</u>	<u>443</u>
Equity		
Accumulated surplus	387	415
Total Equity	<u>387</u>	<u>415</u>

OUTPUT INFORMATION

Output Group	Operating	Operating	Revenues
	Revenues	Expenses	from
	1999-00	1999-00	Government
	\$'000	\$'000	1999-00
			\$'000
Support services	<u>76</u>	<u>1 435</u>	<u>1 331</u>

Administered Transactions

The appropriations for Members salaries and allowances are classified as administered items and as such are not included in the Operating Statement or Statement of Financial Position disclosures in the above tables. Administered expenses and revenues for the year were as follows.

ADMINISTERED EXPENSES AND REVENUES

	1999-00	1998-99
	\$'000	\$'000
EXPENSES		
Parliamentary salaries and allowances	1 393	1 805
Parliamentary travelling allowances	35	53
Parliamentary communication costs	28	20
TOTAL ADMINISTERED EXPENSES	<u>1 456</u>	<u>1 878</u>
REVENUES FROM GOVERNMENT		
Reserved by Law	1 590	1 747
TOTAL ADMINISTERED REVENUES	<u>1 590</u>	<u>1 747</u>

Parliamentary salaries and allowances were higher in 1998-99 due to a greater number of Members and eligible termination payments to four previous Members totalling \$127 885.

1.3 HOUSE OF ASSEMBLY

The House of Assembly, together with the Legislative Council and His Excellency the Governor, constitute the Parliament of Tasmania, which has the responsibility to consider legislation and to authorise expenditure of State monies.

Officers of the House of Assembly provide the House, its Committees, the Speaker of the House and Members with advisory, procedural, research and administrative support services to assist them to effectively undertake their constitutional and Parliamentary duties.

The House is predominantly funded by Parliamentary appropriations and reserved by law appropriations for the above services and for the administration of payments of salaries and allowances as prescribed by the *Parliamentary Salaries, Superannuation and Allowances Act 1973*.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June are as follows:

	30 June 1999	30 June 2000
Headcount	20	18
Full-time Equivalents	18.7	18

Source: House of Assembly Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the House of Assembly were received by Audit on 24 August 2000 and an unqualified audit report was issued on 24 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee costs	930	966
Depreciation	19	18
Communication	167	184
Travel	170	150
Information technology	49	60
Other	305	253
Total Cost Of Services	<u>1 640</u>	<u>1 631</u>
Operating Revenues		
Other revenues	<u>7</u>	<u>2</u>
Total Operating Revenues	<u>7</u>	<u>2</u>
Net Cost of Services	<u>1 633</u>	<u>1 629</u>
Revenues From Government		
Recurrent appropriation	<u>1 686</u>	<u>1 667</u>
Total Revenues From Government	<u>1 686</u>	<u>1 667</u>
Change In Net Assets Resulting From Operations	<u>53</u>	<u>38</u>

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Prepaid expenses	28	0
Non-current Assets		
Antique furniture	594	594
Artworks and artefacts	213	213
Furniture and fittings	30	0
Computer equipment	20	32
Total Non-current Assets	<u>857</u>	<u>839</u>
Total Assets	<u>885</u>	<u>839</u>
Current Liabilities		
Payables	57	55
Employee entitlements	402	417
Total Current Liabilities	<u>459</u>	<u>472</u>
Non-current Liabilities		
Employee entitlements	28	22
Total Liabilities	<u>487</u>	<u>494</u>
Equity		
Accumulated surplus	398	345
Total Equity	<u>398</u>	<u>345</u>

Transactions for the year in relation to output groups are as follows:

OUTPUT INFORMATION

Output Group	Operating Revenue 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
House of Assembly Support Services	7	1 640	1 686
Totals	<u>7</u>	<u>1 640</u>	<u>1 686</u>

1.4 LEGISLATURE - GENERAL

Legislature-General consists of Joint House support staff, the Parliamentary Reporting Service, the Parliamentary Library Service and the Parliamentary Printing and Systems Service. These services represent support services provided to both Houses of Parliament and their Members.

The Clerk of the Legislative Council and the Clerk of the House of Assembly are jointly responsible for the effective and efficient support operations of the Legislature-General, including the responsibility for all human resources and financial administration issues. The Secretary to the Joint House Committee is responsible for the immediate control of support functions, liaison with and direction to the managers of the various branches.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June 2000 are as follows:

	30 June 1999	30 June 2000
Headcount	50	57
Full-time Equivalents	28.84	29.1

Source: Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Legislature-General were received on 25 August 2000 and an unqualified audit report was issued on 27 November 2000

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee costs	1 885	1 763
Depreciation	240	222
Rental	245	245
Communication	74	78
Printing and stationery	423	375
Information technology	38	44
Accommodation related expenses	582	616
Cost of goods sold	157	157
Other	744	212
Total Cost Of Services	<u>4 388</u>	<u>3 712</u>
Operating Revenues		
Contract works CIP funding	206	77
Other revenues	203	202
Total Operating Revenues	<u>409</u>	<u>279</u>
Net Cost of Services	<u>3 979</u>	<u>3 433</u>
Revenues From Government		
Recurrent appropriation	3 411	3 259
Capital investment program	330	375
Total Revenues From Government	<u>3 741</u>	<u>3 634</u>
Change In Net Assets Resulting From Operations	<u>(238)</u>	<u>201</u>

Operating Revenues have increased from \$279 000 in 1998-99 to \$409 000 in 1999-2000 due to extra funds for restoration and conservation of certain sections of Parliament House. This is also the principal cause for the increase in other operating expenses from \$188 000 in 1998-99 to \$718 000 in 1999-2000.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	33	119
Receivables	28	29
Inventories	33	14
Prepaid expenses	11	
Total Current Assets	<u>105</u>	<u>162</u>
Non-current Assets		
Buildings	9 200	9 400
Land	2 500	2 500
Furniture and fittings	11	17
Computer equipment	22	35
Plant & equipment	393	48
Security equipment	44	48
Capital work in progress	0	252
Total Non-current Assets	<u>12 170</u>	<u>12 300</u>
Total Assets	<u>12 275</u>	<u>12 462</u>
Current Liabilities		
Payables	149	62
Employee entitlements	376	399
Other	9	7
Total Current Liabilities	<u>534</u>	<u>468</u>
Non-current Liabilities		
Employee entitlements	53	68
Total Liabilities	<u>587</u>	<u>536</u>
Equity		
Accumulated surplus	<u>11 688</u>	<u>11 926</u>
Total Equity	<u>11 688</u>	<u>11 926</u>

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
Parliamentary Reporting Service	0	692	701
Parliamentary Library Services	0	542	535
Parliamentary Printing and Systems	2	578	555
Joint Services	407	2 241	1 620
General	0	334	330
	<u>409</u>	<u>4 387</u>	<u>3 741</u>

Administered Transactions

The Legislature-General is also responsible for appropriations for associations and other member benefits. These are administered items and as such are not included in the operating result or statement of financial position disclosures in the above tables. Administered expenses and revenues for the year were as follows:

ADMINISTERED EXPENSES AND REVENUES

	1999-00 \$'000	1998-99 \$'000
Expenses		
Commonwealth Parliamentary Association London	14	14
Commonwealth Parliamentary Association Tasmania	39	39
Railway passes for Members and former Members of Parliament	2	4
Total Administered Expenses	<u>55</u>	<u>57</u>
Revenues from Government		
Reserved by Law	56	61
Total Administered Revenues	<u>56</u>	<u>61</u>

2 MINISTERIAL DEPARTMENTS

INTRODUCTION

State Government Departments are established by order of the Governor, on the recommendation of the Minister responsible, under the provisions of the *Tasmanian State Service Act 1984* (TSSA). Ministerial responsibility for departments is assigned under the provisions of the *Administrative Arrangements Act 1990*.

Government departments are those listed in Schedule 1 of the TSSA.

This part of the Report provides information on Government departments in alphabetical order of their names. The information on each department is summarised under the following headings:

- Employee Statistics as at 30 June 2000;
- Audit of the 1999-2000 Financial Statements;
- Financial Results; and
- Additional Financial Information

The disclosures under Financial Results and Additional Financial Information headings are derived from the Accrual segments of the full audited financial statements which include Cash and Accrual segments. The reporting framework for departments is prescribed through Treasurer's Instructions issued under the *Financial Management and Audit Act 1990* and the requirements of Australian Accounting Standard AAS 29, Financial Reporting by Government Departments. Full (unabridged) financial statements are required to be published as part of Government departments' annual reports to Parliament by 30 November following the end of the financial year; they then become public documents.

Information provided under other headings was derived from various unaudited sources eg certain Employee Statistics were extracted centrally from the State Employees Information System while others were obtained from departments' annual reports.

2.1 DEPARTMENT OF EDUCATION

The Department's areas of responsibility during 1999-2000 included:

State Schools and Colleges - Tasmania is divided into six education districts for administrative purposes and operates a total of 221 schools and colleges - one unlinked kindergarten, 140 primary schools, 13 special schools, 27 district high schools, 32 high schools and 8 secondary colleges.

TAFE Tasmania - TAFE Tasmania is a Registered Training Organisation delivering vocational education and training (VET) and adult and community education on a statewide basis.

State Library Service - the State Library delivers its services through a statewide network of seven city libraries, 41 branch libraries, six reference and specialist collections, including the Tasmaniana and W L Crowther Libraries, the Allport Library, the Museum of Fine Arts, the *Tasmania On-line* Internet service and a network of community access centres.

Archives Office of Tasmania - the Archives Office is the repository for all Tasmanian State and Local Government records which are no longer of immediate administrative use, but which are considered worthy of permanent or long-term preservation. It also has a major collection of non-government records and manuscripts.

Strategic Development and Evaluation Services – This area provides effective strategic planning policy development and monitoring.

The Portfolio Minister for the Department is the Minister for Education.

EMPLOYEE STATISTICS

Employee Statistics as at June 2000 are as follows:

	24 June 1999	30 June 2000
Headcount	9087	9410
Full-time Equivalents	7274.02	7720.84

Teaching – Headcount	5424	5740
----------------------	------	------

Source: Department's Annual Report 1999-2000

The movement in teaching numbers from June 1999 to June 2000 is due principally to increases in primary staff due to an increase in numbers of primary students and a Government policy initiative to increase teacher numbers.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Department of Education were received on 31 August 2000 and an unqualified audit report was issued on 26 September 2000.

FINANCIAL RESULTS

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee costs	392 905	377 690
Supplies and services	194 187	169 999
Depreciation	<u>18 312</u>	<u>18 324</u>
Total Cost Of Services	<u>605 404</u>	<u>566 013</u>
Operating Revenues		
Operating revenue	63 701	33 324
Schools levies	<u>6 633</u>	<u>6 459</u>
Total Operating Revenues	<u>70 334</u>	<u>39 783</u>
Net Cost of Services	<u>535 070</u>	<u>526 230</u>
Revenues From Government		
Recurrent appropriation	528 808	509 064
Works and services appropriation	<u>20 395</u>	<u>18 016</u>
Total Revenues From Government	<u>549 203</u>	<u>527 080</u>
Net Revenue From Disposal Of Non-current Assets	<u>(1 375)</u>	<u>(1 745)</u>
Net Expense From Revaluation Of Non-current Assets	(88)	0
Abnormals		
Gain/(loss) on restructuring	<u>0</u>	<u>(15 946)</u>
Total Abnormals	<u>0</u>	<u>(15 946)</u>
Change In Net Assets Resulting From Operations	<u>12 670</u>	<u>(16 841)</u>

Employee costs increased from \$377.690m in 1998-1999 to \$392.905m in 1999-2000 due mainly to increases in salary rates and a change in the employee salary profile across the Agency.

Supplies and services increased by \$24.188m due principally to increases in school IT expenditure of \$11.010m and \$8.000m of grant payments to TAFE.

Operating revenue increased by \$30.377m to \$63.701m due principally to an increase of \$18.900m in Commonwealth funding for IT communications, \$1.741m of overseas student fees which the Department has recently become responsible for and an increase of \$7.000m in grant receipts.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	65 997	39 824
Receivables	1 711	1 857
Other	445	103
Total Current Assets	<u>68 153</u>	<u>41 784</u>
Non-current Assets		
Plant and equipment	8 368	8 617
Land and buildings	756 685	761 474
Work in progress	7 944	3 521
Library book stock	17 011	18 047
Heritage assets	2 329	2 292
Total Non-current Assets	<u>792 337</u>	<u>793 951</u>
Total Assets	<u>860 490</u>	<u>835 735</u>
Current Liabilities		
Payables	4 304	2 913
Employee entitlements	26 493	26 748
Other	1 359	1 381
Total Current Liabilities	<u>32 156</u>	<u>31 042</u>
Non-current Liabilities		
Employee entitlements	<u>61 144</u>	<u>52 718</u>
Total Liabilities	<u>93 300</u>	<u>83 760</u>
Equity		
Accumulated surplus	762 978	751 975
Asset revaluation reserve	4 212	0
Total Equity	<u>767 190</u>	<u>751 975</u>

Cash and deposit accounts increased by \$26.173m to \$65.997m due principally to the receipt of additional Commonwealth funds of \$18.9m which remained unspent at 30 June.

Payables increased from \$2.913m in 1998-99 to \$4.304m in 1999-2000 due principally to a larger number of invoices being received prior to 30 June as a result of the introduction of the new tax system.

Land and buildings were revalued during 1999-2000 which resulted in the establishment of an Asset Revaluation reserve.

Transactions for the year in relation to output groups are as follows.

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
Education Services	57 106	491 428	429 967
Vocational Education and Training (VET)	2 036	65 879	60 281
Delivery of Information Services	7 049	26 101	18 249
Strategic Development and Evaluation Services	4 003	13 916	10 889
General - Not Attributed	140	8 080	29 817
	<u>70 334</u>	<u>605 404</u>	<u>549 203</u>

Administered Transactions

Administered transactions are those that the Department manages on behalf of Government but cannot use for its own purposes. These transactions are not disclosed in the above tables.

Administered Revenues

Administered Revenues for 1999-2000 totalled \$182.003m and included:-

- Revenues from Government (Appropriation) which are passed on in the form of grants and subsidies to external recipients amounting to \$37.987m, the largest being grants to non-government schools, \$28.148m;
- Revenues received from the Commonwealth for non-government schools, \$63.357m; and
- Revenues received by the Department and then transferred to the Consolidated Fund, \$79.268m, the largest item being Commonwealth funds for schools and TAFE activities, \$70.886m.

Capital Investment Program

The program for 1999-2000 provided for redevelopment, refurbishment and upgrading of school and TAFE facilities across the State and amounted to approximately \$21.1m.

2.2 DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Department of Health and Human Services (DHHS) provides integrated services in the areas of health, housing, ambulance, and community services to people in Tasmania. These services are provided through the following output groups:

- Health Advancement – Dental services, family, child and youth health services, drug and alcohol services, and those provided by Public and Environmental Health and the new Health and Well-being Outcomes Unit, perform both a health advancement and health protection role;
- Community and Rural Health – the Department delivers individual services in community settings to people who require disability services, mental health services, palliative care services, aged care, rural and community health services;
- Child, Youth and Family Support – services are directed to improving the safety and well being of children, individuals, families and communities. This includes providing crisis support and accommodation, alternate care services for children who are unable to live with their families, local and overseas adoption services, services for women experiencing domestic violence and supervision, support and custodial services for young offenders;
- Hospitals and Ambulance Service – a wide range of specialist hospital based treatment and care is provided through the State hospital system. The Tasmanian Ambulance Service provides emergency ambulance care, rescue and transport services; and
- Housing Services – the major focus is to ensure that low income Tasmanians have access to adequate, affordable, appropriate and secure housing options. In addition to the provision of public housing, low income Tasmanians may be provided with financial assistance to access or maintain housing in the private rental market or be assisted to purchase their own home through the Home Ownership Assistance Program (HOAP).

The Portfolio Minister is the Minister for Health and Human Services.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June 1999 are as follows:

	Head - count	Full- Time Equivalent
Child Youth and Family Support	288	249
Community and Rural Health	2 804	2 105
Strategic and Corporate Support	229	212
Health Advancement	543	425
Hospitals and Ambulance Services	4 209	3 554
Housing	205	200
Total	8 278	6 745

Source: Department's Annual Report 1998-99

Employee Statistics as at 30 June 2000 are as follows:

	Head - count	Full- Time Equivalent
Child Youth and Family Support	283	270
Community and Rural Health	2 633	2 045
Strategic and Corporate Support	303	285
Health Advancement	538	429
Hospitals and Ambulance Services	4 420	3 590
Housing	216	208
Total	8 213	6 827

Source: Department of Health and Human Services – Human Resource Services

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Department of Health and Human Services were signed by the Secretary of the Department on 31 August 2000 and subsequently on 22 November 2000. An unqualified audit report was issued on 24 November 2000.

Signed statements for HOAP were received on 24 November 2000. Housing Services have not submitted signed statements at the date of this report. The audit of these statements is currently in progress.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee entitlements	377 362	354 543
Goods and services	75 874	85 913
Depreciation	23 873	24 448
Community grants	103 360	75 549
Interest on borrowings	15 441	15 952
Workers compensation insurance	14 051	20 639
Administration	47 981	39 744
Rates	17 030	15 952
Other	66 134	64 798
Total Cost Of Services	<u>741 106</u>	<u>697 538</u>
Operating Revenues		
User charges	84 373	104 138
Other	46 324	32 706
Total Operating Revenues	<u>130 697</u>	<u>136 844</u>
Net Cost of Services	<u>610 409</u>	<u>560 694</u>
Revenues From Government		
Recurrent appropriation	594 966	596 998
Works and services appropriation	26 037	24 941
Total Revenues From Government	<u>621 003</u>	<u>621 939</u>
Net Revenue (loss) From Disposal Of Non-current Assets	(3 575)	(1 120)
Abnormals		
Miscellaneous	(9 443)	(5 793)
Total Abnormals	<u>(9 443)</u>	<u>(5 793)</u>
Change In Net Assets from Operations before Restructure	(2 424)	54 332
Net Revenues (Expenses) from Restructuring	0	(1 670)
Change In Net Assets after Restructure	<u>(2 424)</u>	<u>52 662</u>

Operating expenses increased by \$43.568m from the previous year. The increase can be attributed to:

- An increase in employee entitlements, \$22.819 mainly resulting from increases in award rates and increased FTE staffing and a slight increase in employee provisions;
- Increased payments for community grants, \$27.811m; and
- An increase in other administration costs by \$8.237m.

These increases were offset by reductions in expenditure on goods and services \$10.039m and insurance costs - mainly workers compensation insurance, \$6.588m.

Operating revenue decreased by \$6.147m mainly due to reduced patient and client revenue.

In addition, the loss on disposal of assets increased by \$2.455m. The current balance mainly represents losses resulting from the sale of Housing Services rental dwellings. During 1998-99 losses attributable to Housing Services property disposals were offset by gains resulting from the sale of other departmental properties.

Abnormal items for the financial period relate to a \$3.654m adjustment to recognise revenue receipted in the prior period, but not banked until the current period. This is offset by an adjustment of \$2.307m relating to an actuarial valuation of the Housing Superannuation Liability at 30 June 2000. In addition, maintenance and construction costs of \$10.790m relating to the accumulated balance in work in progress was written off prior to the revaluation of Health and Human Services land and buildings.

As a result of the increase in the expenses and reduction in revenue, the Department has recorded a decrease in net assets totalling \$2.424m, which represents a movement of \$56.756m from the surplus of \$54.332m recorded in 1999.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	29 378	15 344
Investments	0	154
Receivables	7 100	6 691
Inventory	3 986	3 111
Other	11 457	9 289
Total Current Assets	<u>51 921</u>	<u>34 589</u>
Non-current Assets		
Plant and equipment, vehicles and library	26 670	29 475
Land and buildings	1 082 134	1 041 957
Work in progress	8 562	28 819
Loan advances	61 725	66 275
Receivables	557	695
Total Non-current Assets	<u>1 179 648</u>	<u>1 167 221</u>
Total Assets	<u>1 231 569</u>	<u>1 201 810</u>
Current Liabilities		
Payables	22 267	22 442
Borrowings	50 716	57 396
Accrued expenses	21 920	13 668
Employee entitlements	36 775	39 208
Total Current Liabilities	<u>131 678</u>	<u>132 714</u>
Non-current Liabilities		
Borrowings	278 307	277 664
Employee entitlements	44 169	41 292
Total Liabilities	<u>454 154</u>	<u>451 670</u>
Equity		
Invested capital	6 094	6 094
Asset revaluation reserve	242 544	212 845
Accumulated surplus	528 777	531 201
Total Equity	<u>777 415</u>	<u>750 140</u>

Cash and deposit accounts increased by \$14.034m as a result of:

- An increase in the balance of the Royal Derwent Hospital Task Force Account of \$6.063m relating to committed funds associated with the redevelopment of the Royal Hospital/Willow Court Centre;
- An increase in unexpended funds in Housing Services Operating Account of \$2.556m; and
- The abnormal adjustment of \$3.654m relating to cash in transit at 30 June 1999.

Land and buildings has increased by \$40.177m and this is mainly the result of a recent revaluation of departmental properties.

Work in progress decreased by \$20.257m resulting from transfers to completed works, and the write off of maintenance and construction expenditure of \$10.970m incorrectly capitalised as work in progress in prior years and included as an abnormal item for 1999-2000.

Accrued expenses increased by \$8.252m mainly due to increased salary and related expenses accruals \$4.649m and increased interstate charging liabilities of \$1.874m.

The increase in the Asset revaluation reserve of \$29.699m relates to the revaluation of major health land and buildings resulting in an increment of \$41.084m, offset by a housing land and buildings decrement of \$11.385m.

OUTPUT INFORMATION

Output Group	Operating	Operating	Revenues
	Revenues	Expenses	from
	1999-00	1999-00	Government
	\$'000	\$'000	1999-00
			\$'000
Health Advancement	5 401	37 361	31 617
Community and Rural Health	29 226	142 540	122 739
Child Youth and Family Support	269	23 127	19 687
Hospital and Ambulance Services	39 271	361 236	314 819
Housing Services	45 314	73 638	21 207
General - Not Attributed	24 235	103 204	84 897
	<u>143 716</u>	<u>741 106</u>	<u>594 966</u>

ADDITIONAL FINANCIAL INFORMATION

Administered Transactions

Administered transactions are those that the Department manages on behalf of Government but cannot use for its own purposes. These transactions are not shown in the Department's Operating Statement or Statement of Financial Position.

Administered Revenues

Administered Revenues for 1999-2000 totalled \$89.442m and included Revenues from Government (Appropriation), \$1.783m which were to satisfy the Department's employment rationalisation program payment, and \$69.012m of Commonwealth funded programs that are passed on in the form of grants to external recipients.

Capital Investment Program

A total of \$40.597m was expended on this program during 1999-2000, which included:

- The stage 2 upgrading of the RHH, including relocation of departments and wards affected by the collocation of the Hobart Private Hospital onto the RHH campus; and
- Continuing Housing community and safety and security projects, including raising the amenity of high demand, well located rental properties, particularly where they fail to meet contemporary standards;
- Ashley Youth Detention Centre redevelopment; and
- Upgrade of Finance and HR IT systems.

Collocation Project – Royal Hobart Hospital

As a result of a request from the Department, my Office undertook a review of the Royal Hobart Collocation project. A report was finalised in October 2000 and is detailed below for information purposes.

ROYAL HOBART HOSPITAL (RHH) COLLOCATION PROJECT

Objective: Review the outcome of the Collocation Project with regard to following points.

The outcome of the Collocation Project was reviewed with regard to:

- Revenue generation;
- Ongoing costs and the provision of services; and
- Management of the project.

Information sources

Information in the report has been gained from a number of sources, namely:

- An interview with the Director of Finance and Facilities at the Department of Health and Human Services;
- Interviews held with staff of the RHH, including the CEO, Director Corporate and Support Services, Collocation Project Manager, Financial Accountant and Business Managers of Pathology, Radiology and the Intensive Care Unit (ICU);
- Documents provided to the Audit Office, including copies of service agreements and accompanying schedules, financial reports and budget projections; and
- Files and papers previously obtained by the Audit Office.

1 Revenue generation

The Collocation Project was intended to secure the RHH's position as Tasmania's accredited teaching hospital by attracting and retaining medical specialists and services that may not otherwise be located in the State. A more tangible benefit of the project was the additional revenue that it would bring to the public hospital.

The successful tenderer for the project was Australian Hospital Care Limited (AHCL). The AHCL bid would provide the RHH with three sources of funds, the first of which was an

upfront rental prepayment of \$15M. Second was an annual franchise fee of \$1.2M, payment of which under the terms of the project agreement could be deferred within the 3-year start-up period. The third part encompassed medical and support services that the RHH would sell to the private facility and was estimated in the first 5 years of the project to generate profit in the order of \$1.1M per annum.

The agreement between the Crown and The Hobart Private Hospital (THPH) states that charges to each party in respect of (medical and support) services provided are listed in schedules to the agreement. The schedules comprising individual service specifications are for particular items such as angiography, food services, pharmacy, etc. These documents describe the service to be provided and detail the level and frequency of payment of prices that apply.

Due to the diverse and complex nature of some of these medical services different methods of pricing are used involving fixed and or variable elements. Where a variable cost component is used it reflects actual usage in the previous month. In broad terms, usage data may be derived from a number of sources and is verified by respective business managers in the units concerned.

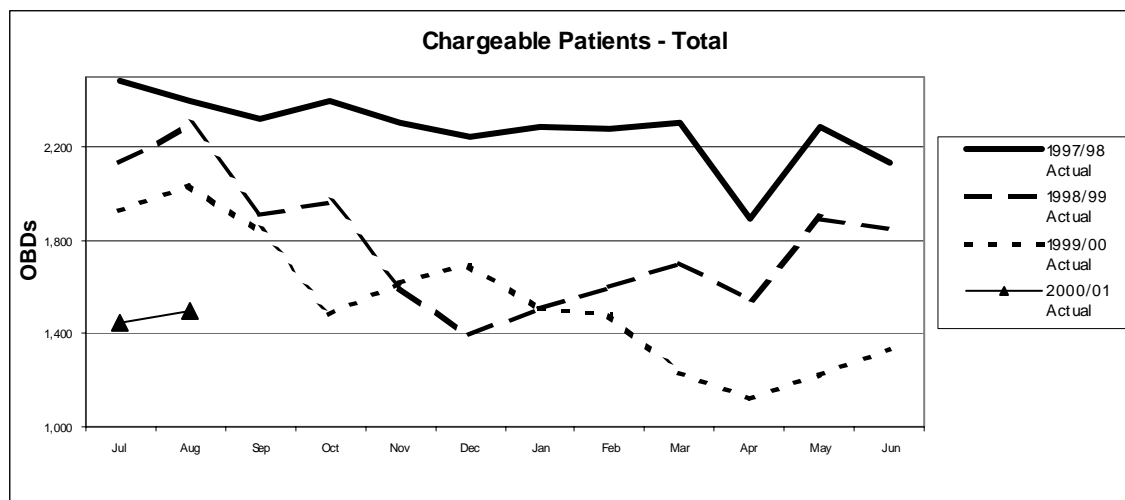
The impact on private patient revenue and any consequential effects on money available from this source to fund staff development, travel, research and other activities traditionally funded from this source.

The decline in privately insured patient revenue at RHH appears to be widely known and have been occurring over a number of years (refer to Table 1 and Figure 1 below). What is less understood is the reason for this drop off. The situation pre-dates the existence of THPH (which commenced business in November 1999) and although its proximity may now contribute to the reduction it is clearly not the primary reason. Some privately insured patients do choose to relocate to a private hospital but this situation is also not new.

Table 1: Number of Occupied Bed Days Analysis to 31 August 2000 - Category: Chargeable Patients

Financial Year	Actual 97/98	Actual 98/99	Actual 99/00	% Var'n 98/99 - 99/00	Actual 00/01	% Var'n 99/00 - 00/01	Target 00/01
Jul	2 480	2 129	1 926	-10%	1 447	-20%	1 587
Aug	2 393	2 291	2 039	-11%	1 667	-12%	1 578
Sep	2 321	1 911	1 842	-4%			1 503
Oct	2 395	1 963	1 476	-25%			1 302
Nov	2 299	1 603	1 618	1%			1 379
Dec	2 240	1 397	1 695	21%			1 399
Jan	2 282	1 507	1 507	0%			1 269
Feb	2 274	1 603	1 479	-8%			1 332
Mar	2 299	1 700	1 231	-28%			1 288
Apr	1 889	1 552	1 116	-28%			1 245
May	2 286	1 890	1 223	-35%			1 295
Jun	2 129	1 849	1 331	-28%			1 342
TOTAL	27 287	21 395	18 483	-14%	3 114		16 518

Figure 1: Number of Occupied Bed Days Jul 1997 – Aug 2000: Category- Chargeable Patients



One of the advantages for the RHH cited for the Collocation Project was that the provision of services to the private hospital was seen as a means of offsetting loss of private patient revenue. The decline in numbers of chargeable patients is evident from the data in Table 1 and Figure 1. The value of revenue lost through this decline varies according to the category of patient. For example, the average revenue per bed day, based on data that applied from August 1999 was as follows:

- Compensable, MAIB, workers' compensation and overseas visitors - \$585;
- Department of Veterans' Affairs (DVA) / Defence - \$454; and
- Private patients - \$211.

All groups of private patients have experienced this falling off but it was indicated that it was especially evident in Department of Veterans' Affairs (DVA) cases. It was explained that the reason for this group's decrease was a change in the way that DVA patients were handled. Doctors treating these patients now have greater freedom to determine whether public hospital waiting times are excessive on a case-by-case basis and if so they can more easily direct patients to private hospitals.

The Tasmanian private practice scheme that operates at the RHH has two components, namely salaried staff specialists and visiting medical officers (VMOs). In an effort to secure revenue from privately insured patients, management has implemented a scheme where salaried staff specialists are able to earn over 35% above their base salaries contingent on the hospital also gaining additional revenue. Mechanisms have also been introduced to provide added incentive for VMOs to increase the numbers of private patients they treat at the RHH.

Under the terms of the agreement between the Crown and THPH a sum from the franchise fee is earmarked for the specific purposes of research, teaching and education at the RHH (currently set at \$0.75M). Additional revenue may be derived from the private practice scheme outlined above. Any such additional revenue is paid into hospital trust funds.

Revenue from pathology, intensive care services etc provided.

In terms of medical services that RHH makes available to THPH the “big ticket” revenue items are pharmacy, ICU, pathology and radiology. Different methods of revenue generation apply to each of these and are described below.

2 Ongoing costs and the provision of services

It appears that those services provided to THPH are a routine part of RHH’s activities. Spare capacity exists to cater for those items done for, or on behalf of, the private hospital. The infrastructure needed to support the range of activities expected in a teaching hospital is in place and the additional load from THPH can be accommodated relatively easily. Because of this, charges to THPH are based around the additional costs incurred and there is little net financial benefit for providing the service.

The costs involved in the supply of services to the private hospital (including the costs of implementing revised data capture systems to support invoicing) and whether the associated revenues cover costs. In particular, are there any onerous contracts?

As with revenue, a variety of expenditure items are involved in determining the cost of collocation services. So far as the administrative costs are concerned (eg capturing data, preparing material for invoicing and monitoring), management takes the view that no additional resources were needed to undertake these activities. They have been rolled into the existing duties of business managers and other staff without detriment to their performance and therefore no extra costs have been incurred. To date, there has been no apportionment of business managers’ time or that of RHH corporate staff but this matter of distributing overheads is currently being analysed by the Collocation Project manager. Although this activity may have entailed extra work in setting up the Collocation Project, ongoing effort to keep it on track is not viewed as onerous.

The extent to which the marginal cost approach can be applied is open to conjecture. For each of the services provided the situation needs to be monitored carefully so that any additional costs that may arise incrementally are not left with the RHH but passed on to the collocation partner.

For the 1999 – 2000 financial year the Collocation Project was in operation for 7 months. Table 2 reports the performance until 30 June 2000.

Table 2: Services Provided under the Collocation Project: Results 1999-2000

Transactions	Revenue to the RHH (Incl Franchise Fee)	Expenditure by RHH	Net Effect
Services that RHH makes available to THPH (eg pharmacy, pathology, ICU)	\$2 042 530	\$1 176 603 (-\$528 028) ¹	\$1 393 955
Services that THPH makes available to RHH (e.g. coronary care ² , gynaecology ³)	Nil	\$794 350	-\$794 350
Set up costs	Nil	\$119 586	-\$119 586
Total	\$2 042 530	\$1 562 511	\$480,019

¹ Avoided costs - previously incurred by the RHH for in-house provision of Coronary Care services. Annual costs of \$875 000 pro-rated over 7 months.

² Proportion of the salary of the Director of CCU, a new position jointly funded by RHH and THPH.

³ Cost of leasing space in refurbished THPH building.

The set up costs in Table 2 were for two one-off items, namely advice obtained from Crown Law and removal costs associated with the angiography suite. The revenue figures in the table include an amount of \$707.6k for the pro-rated franchise fee that is accrued but not yet paid.

The budget estimate for 2000 – 2001 is given below in Table 3. It also includes set up costs for a penalty payment arising from delays during construction work, and avoided Coronary Care costs. Budget projections have been modelled on 1999-2000 activities and are considered by RHH management as conservative. There are a range of new services planned to come on line as well as anticipated increases to the volume of existing services provided.

Table 3: Services Provided under the Collocation Project: Budget 2000 - 2001

Transactions	Revenue to the RHH (Incl Franchise Fee)	Expenditure by RHH	Net Effect
Services that RHH makes available to THPH (eg pharmacy, pathology, ICU)	\$3 484 444	\$1 957 664 (-\$875,000) ¹	\$2 401 780
Services that THPH makes available to RHH (e.g. coronary care ² , gynaecology ³)	Nil	\$1 265 000	-\$1 265 000
Set up costs	Nil	\$148 162	-\$148 162
Total	\$3 484 444	\$2 495 826	\$988,618

¹ Avoided costs - previously incurred by the RHH for in-house provision of Coronary Care services.

² Proportion of the salary of the Director of CCU, a new position jointly funded by RHH and THPH.

³ Cost of leasing space in refurbished THPH building.

An examination of the service agreements did not reveal any that were particularly onerous or disadvantageous to the RHH.

The figures presented in Tables 2 and 3 indicate that the Collocation Project has operated without detriment to the RHH in 1999 – 2000 and is expected to do the same in its first full year of operation. A substantial cost that is not recorded is that associated with researching and managing the project from 1997 up to the stage where agreement between the parties was achieved in November 1999. During that time working parties, steering committees, project management groups and many individuals contributed significant amounts of time to the project. It would be misleading to assess the financial outcomes of collocation on the data recorded above without consideration of those management and administrative costs as well.

Examine some or all of coronary care, gynaecology etc having regard to the materiality of the amounts of revenue or expense involved.

The largest items related to the Collocation Project, in terms of revenue, are pharmacy, ICU, pathology and radiology.

Pharmacy revenue has fixed and variable components. The former is a fee that covers a portion of the monthly management costs while the variable charge reflects stores issues from the previous month. Pharmaceuticals for THPH are authorised by medical practitioners and issued directly to patients under their care. Within the AScribe stock control system used by pharmacy THPH is flagged as a separate business unit. Transactions are recorded against the relevant code and monthly reporting of stores issues is straightforward.

Revenue for ICU comprises two sub-items. The first of these is based on 60% of THPH's levy against private health funds. This information is conveyed to the RHH to facilitate their billing of THPH. The second element covers consumables and items that cost more than \$100 per day. The ICU Equipment Officer monitors the usage of these items and ensures that they are invoiced at the delivered cost to the hospital.

The cost to the RHH of providing ICU services is based on an apportionment of nursing costs. The rationale for this decision is that the facility is designed to accommodate more beds than current funding actually allows, thus a spare capacity exists. As intensive care medicine requires higher than usual levels of nursing, it is the additional nursing cost that forms the basis of costs incurred by the RHH. Actual usage (Occupied Bed Days) by THPH patients is recorded and expressed as a proportion of the total for ICU. This fraction is applied to the nursing costs of the business unit, as recorded in the automated rostering system, together with an oncost. The business manager prepares monthly usage figures for occupied bed days. A reconciliation of the RHH's patient data is done against information supplied by THPH.

Billing for pathology is based on costs levied to private patients with data coming from the accounts receivable area. Pathology's *Kestrel* MIS allows THPH patients to be identified. This data is extracted and verified by the pathology business manager.

RHH's cost of providing pathology services to THPH covers a fixed cost component reflecting a proportion of accommodation, IT (covering licences and maintenance) and lease costs for a blood/gas machine specifically used for THPH cases. The variable costs for pathology are salaries of two FTEs who work exclusively on THPH duties, an arrangement that avoids cost apportionment. Any consumables are also recorded separately.

THPH has its own medical imaging equipment but lacks the specialist medical staff to use it and so radiology expenditure incurred by RHH on behalf of services for THPH consists of rostered time of staff specialists or VMOs. The amount that the RHH charges as payment for its staff working in the THPH is 25% of the fee raised by the company. An adjustment is

made to the salary of the salaried staff specialists for the hours worked at THPH to prevent “double dipping”.

Accordingly, revenue for radiology is based on the rostered time spent by RHH radiologists working at THPH. The service agreement has a profit sharing arrangement whereby a proportion of THPH’s profit on medical imaging should be passed on to the RHH. To date, however, this aspect of THPH’s operation has not made a profit. The private hospital’s loss on this service does not impact on the RHH.

Material from business units that supports invoicing is forwarded to the accounts receivable area where invoices are generated as they are received. THPH is readily identifiable in the Finance 1 system and business managers can run reports for their respective units to confirm amounts actually billed.

The most expensive item that THPH makes available to the RHH is use of its coronary care unit (CCU). The conditions for payment in the service agreement are based around the provision of a total of five monitored beds. These five beds comprise a fixed component and a variable, actual usage component. The fixed charge covers the annual retainer paid for three beds made available to public patients whether they are actually occupied or not. The variable charge is the remaining two beds that are billed on an as needed daily basis together with consumables. In 1999 – 2000 some use was made of the extra capacity available from the fourth and fifth beds. As the federal Government encourages people to take out private health insurance, though, it is anticipated that occupancy of public beds in CCU will not increase, thus the budget for CCU in 2000 –2001 has been restricted to the fixed 3-bed figure.

To better understand the charges levied by THPH for coronary care, data was examined to compare the current situation with that where the RHH previously operated the CCU itself. The *Proact* MIS provided occupancy census data that was analysed against financial records for the time when CCU was part of the wider ICU. Two different models of cost per Occupied Bed Day were produced, based around assumptions of 3- or 4-bed occupancy. Calculations using a full cost recovery method produced average bed costs varying between \$726 and \$825 per day. Against these figures the current THPH lease cost of \$799 per bed per day does not appear to be unreasonable.

The other component of coronary care that the RHH pays to THPH is for the director’s salary. Under the previous arrangements the combined ICU and CCU at the RHH were headed by a single director’s position. With the establishment of the new unit at THPH there was a need for an additional position that was responsible for treatment of both private and public patients. Accordingly, the salary costs are split between the two hospitals. Since this is an extra position it is not viewed as an avoided cost in the same way as the bed-day costs of the CCU itself.

3 Management of the project and individual components

Is there a person within the RHH executive that has responsibility for monitoring the overall project?

Following staff movements, a new Collocation Project manager has taken up duty recently. This position has dual lines of reporting to the Director Corporate and Support Services and to the CEO.

The Collocation Project manager is the primary point of contact for official communications between the two hospitals. Managing this task involves budget monitoring of the various

services that the two hospitals provide to each other. The position's responsibilities include monitoring the efficacy of the service agreements. This is done in conjunction with finance staff who provide financial and performance reports.

Is data generated that will permit regular routine reporting on financial outcomes overall and individual services?

Monthly reports are produced that depict actual expenditure and revenue performance together with net gain or loss on individual services and for the Collocation Project as a whole.

Were revenue and cost projections made for each affected area prior to the commencement of the collocation agreement and have these expectations been realised?

Was any change the result of volume or price adjustments?

Has this information been made available to all of the relevant parties?

When the tenders for the Collocation Project were evaluated in April 1998 a 160-page document ("Collocation Project – Evaluation of Detailed Proposals") was compiled that compared the two short-listed companies. Annexure "C" of that formal evaluation was a financial analysis that contains *inter alia* twenty-year net projections of the Collocation Project. In respect of AHCL, who now run the THPH, annual profit to the RHH was estimated in the vicinity of \$2.3M per annum. Of this sum \$1.2M was the franchise fee with the balance of \$1.1M coming from services subject to individual agreements, which is items of medical-related activity as well as more general items like building services. The actual results for the pro-rated first year were a profit of \$480k with a budgeted profit at 30 June 2001 of \$989k (refer to Tables 2 and 3 respectively), figures somewhat removed from those referred to above.

A meeting was held with RHH staff to further examine this issue. Discussion was protracted but no documentary evidence was supplied to substantiate points raised. The principal reason given for this departure from the 1998 projections was that a number of decisions had been made, the overall effect of which was to make the actual scenario of the Collocation Project different to that envisioned in the spreadsheets of 'Annexure "C"'. It was stressed that many things had changed since the comparison of the tender bids had been made. Moreover, some items were viewed as being "open-ended" with the particulars to be sorted out later. Nevertheless, probity controls were applied to the evaluation process to ensure that both tenderers were equitably treated.

Some specific examples were cited to illustrate the changed circumstances. Firstly, the RHH was to provide meals and or ingredients to THPH for which a schedule of charges would apply depending on the volume and type of service provided. Later, however, THPH decided to meet this need itself. The projected revenue to the RHH according to 'Annexure "C"' was \$29.8k, so its amendment had little impact in the larger scheme.

Secondly, pathology was originally forecast to generate approximately \$400k profit. Instead, volumes were lower than anticipated with some services being obtained from private companies such as Hobart Pathology rather than from the RHH. In essence, the outside company was able to retain some business previously provided to AHCL patients at St Helens Hospital rather than it all flowing to the RHH. It is of note that the treating doctor orders pathology and other diagnostic tests from a service provider of their choice. Whilst THPH is able to encourage the use of RHH services they are not able to mandate that.

Thirdly, it was believed that with respect to medical imaging RHH would be providing the whole service but later this approach was not needed because THPH acquired its own equipment.

During the discussion the point was also made that external consultants had prepared the "Collocation Project – Evaluation of Detailed Proposals" document and that the staff now managing the Collocation Project could not answer in detail for all projections made previously. It was acknowledged that the RHH had signed off on the consultant's report. It was also noted that the report was necessarily based on a number of assumptions as to market size some of which hindsight has shown to be incorrect. However, the same assumptions were applied to the assessment of both submissions thereby ensuring a fair comparison of the respective offers. Reference was made to the political pressure that was driving the push towards collocation with speculation that this may have impacted on certain decisions made.

The Audit Office also raised questions as to what threshold points existed in the service agreements. Were minimum levels established that would have to be met for the deal to be economic? The answer given was indirect and touched on issues such as doctors having the freedom to treat and thus being able to choose the provider of particular services such as pathology or radiology.

With the loss of revenue, relative to the projections made in April 1997 and referred to above, the question was asked as to whether there was a negative impact on the RHH's bottom line. The Audit Office was informed that the RHH budget had not been adjusted for the Collocation Project and consequently there was no effect from the foregone profits. Similarly, there was no factoring in of the reduction in revenue from private patients, because the number of variables made it impossible to do this with any confidence. As an example, patients can opt to go to the hospital of their choice whether they are privately insured or cover their own risk.

The contract provisions allow for major review of all service agreements with THPH after the first year of operation. The RHH is presently undertaking analysis of all service agreements with a view to negotiating amendment to those where it is considered improvements may be achieved.

Conclusion

On the basis of the above examination, the Collocation Project currently appears to be managed satisfactorily. There is a nominated manager and a structure that provides relevant information based on the terms of the respective service agreements.

However, earlier predictions of the ongoing revenues from collocation have not been met (namely a shortfall of approximately \$1.3M from the April 1998 prediction) and there appears to be little chance of this situation changing in the immediate future. Loss of revenue due to patients choosing THPH instead of the RHH accounts for only a part of the foregone revenue. As a hypothetical example, if the collocation of THPH took 500 chargeable OBDs from the RHH the revenue reduction, based on the averages given above in section 1 and assuming a similar mix of categories, would amount to approximately \$190k per annum. No documentation was made available to the Audit Office that indicated that revised long-term projections had been made or that detailed reasons for the initial variations had been documented.

Although it appears that increased revenue to the RHH has been at a lower level than was anticipated in April 1998 management maintains that collocation has also delivered some intangible benefits to the State, namely:

- Having a public and a private hospital on the same university campus and located near each other;
- Recruitment and staffing being made easier by the “pulling power” of the collocated entity; and
- Signalling to the wider community that Hobart is not a campus in decline.

What is unequivocal, though, is that the RHH did benefit by the upfront rental payment of \$15M and it retains ownership of the renovated and refitted former Queen Alexandra building (to be returned to the RHH in 2019 unless the period is subsequently extended).

At the time of this report, however, the project has been running for less than 12 months and reviewing it at this time may not provide a valid basis for predictions as to the future success of the Collocation Project. Reviewing progress at a later stage may be worthwhile as more data on usage patterns, and expenditure and revenue, emerge.

Items that could merit further attention at that time are:

- Performance against budget and the budgeting process itself. Budgets for 2000 – 2001 seem to be directly based on pro-rated actual figures for the period December 1999 to June 2000;
- The treatment of management overheads;
- The appropriateness of using marginal costs as the basis for determining costs and revenue;
- Movements in levels of private patient revenues, particularly measures taken to protect the RHH’s market share of the more profitable chargeable patients; and
- Re-negotiated service agreements.

2.3 DEPARTMENT OF INFRASTRUCTURE, ENERGY AND RESOURCES

The Department of Infrastructure, Energy and Resources (DIER) was formed in September 1998 under *Administrative Arrangements Order (No 2) 1998*. This Order amalgamated all of the functions of the former Department of Transport, Office of Energy and Planning and Conservation and Workplace Standards Authority. In addition, DIER assumed the functions of Mineral Resources Tasmania and the Local Government Building and Plumbing Regulation Unit, and relinquished those relating to the Workers' Rehabilitation and Compensation Tribunal. During 1999-2000 the regulatory and policy functions of the former Racing Tasmania were integrated into the Department. The Department also administers payments for the Forest Practices Board.

The Department of Infrastructure, Energy and Resources brings together the significant infrastructure activities of Government. Its goals are to:

- Deliver a strategic approach to the provision of infrastructure;
- Facilitate a safe, accessible and equitable transport system that enhances economic development;
- Promote reliable, efficient and safe energy systems;
- Promote energy conservation;
- Promote productive, safe workplaces where the rights of employees, employers, principals and the community are being met;
- Deliver compliance services in respect of Federal Awards, under contract to the Commonwealth Government;
- Facilitate mineral exploration and land management for Tasmanian land and offshore waters;
- Promote effective and efficient tenement management of the exploration and minerals industry for the Tasmanian community;
- Provide safe and accessible building and plumbing installation standards; and
- Deliver independent advice to government in relation to Government Business Enterprises and State-owned companies for which the Minister for Infrastructure, Energy and Resources has responsibility;
- Maintain probity and integrity within the racing industry.

The Portfolio Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

The number of employees employed under the *Tasmanian State Service Act 1984* at 30 June 2000 are as follows:

	30 June 1999	30 June 2000
Headcount	677	633
Full-time Equivalents	554.83	619.6

Source: Commissioner for Public Employment's 15th Annual Report 1 July 1999 – 30 June 2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements were signed by the Secretary of the Department on 31 August 2000 and an unqualified audit report was issued on 27 November 2000.

FINANCIAL RESULTS:

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Salaries and related payments	29 604	27 690
Depreciation	65 920	18 996
Doubtful debts	3	11
Other	47 127	45 299
Total Cost Of Services	<u>142 654</u>	<u>91 996</u>
Operating Revenues		
User fees and charges	950	962
Other revenues	5 434	3 530
Total Operating Revenues	<u>6 384</u>	<u>4 492</u>
Net Cost of Services	<u>136 270</u>	<u>87 504</u>
Revenues From Government		
Recurrent appropriation	40 070	37 239
Capital appropriation	90 941	82 560
Total Revenues From Government	<u>131 011</u>	<u>119 799</u>
Net Rev/(Loss) From Disposal of Non-Current Assets	<u>47</u>	<u>(234)</u>
Net Revenue/(Loss) From Restructuring	12 816	(1 633)
Abnormal Items	(23 650)	0
Change In Net Assets Resulting From Operations	<u>(16 046)</u>	<u>30 428</u>

Operating expenses increased by \$50.658m from \$91.996m (1998-99) to \$142.654m (1999-2000) mainly as a result of a change in the depreciation methodology for road infrastructure to comply with the Urgent Issues Group determination on the treatment of depreciation for long life assets.

Operating revenues increased by \$1.892m from \$4.492m in 1998-99 to \$6.384m in 1999-2000. The increase was predominantly made up of increased revenue amounting to \$0.517m under the Structural Performance and Initiative Program, with the remainder mainly attributable to increases in specific purpose grant items.

Net revenue from disposal of non-current assets amounted to \$0.047m in 1999-2000 as compared to a net loss of \$0.234m in 1998-99. The increase is mainly due to the realisation of a \$0.008m profit on sale of plant and equipment in 1999-2000 as compared to a \$0.154m loss the previous year.

Principally as a result of revenue recognition on restructure amounting to \$12.721m for transfer of roads from councils, net revenue from restructuring of \$12.816m was earned in 1999-2000 in comparison to a loss of \$1.633m the previous year.

Change in Net Assets Resulting From Operations decreased by \$46.474m from \$30.428m (1998-99) to \$16.046m (1999-2000) predominantly due to the movements mentioned above as well as an abnormal expense of \$23.650m. The abnormal item mainly comprises of a \$17.800m revaluation decrement in regard to road infrastructure and a \$5.792 write down of the value of the road infrastructure that relates to alignment changes associated with works on the Bass Highway.

STATEMENT OF FINANCIAL POSITION		
	1999-00	1998-99
	\$'000	\$'000
Current Assets		
Cash on hand and deposit accounts	6 374	1 325
Receivables	748	147
Prepayments and stores	811	905
Total Current Assets	<u>7 933</u>	<u>2 377</u>
Non-current Assets		
Receivables	255	259
Plant and equipment	5 703	5 854
Land and buildings	11 072	11 278
Road infrastructure	2 682 640	2 705 950
Other infrastructure	9 013	9 333
Total Non-current Assets	<u>2 708 683</u>	<u>2 732 674</u>
Total Assets	<u>2 716 616</u>	<u>2 735 051</u>
Current Liabilities		
Payables	4 926	3 085
Employee entitlements	4 803	4 330
Total Current Liabilities	<u>9 729</u>	<u>7 415</u>
Non-current Liabilities		
Employee entitlements	4 897	4 690
Total Liabilities	<u>14 626</u>	<u>12 105</u>
Equity		
Accumulated surplus	2 701 627	2 718 488
Asset revaluation reserve	363	4 458
Total Liabilities and Equity	<u>2 716 616</u>	<u>2 735 051</u>

Cash on hand and deposit accounts increased by \$5.125m from \$1.325m (1998-99) to \$6.477m (1999-2000) mainly as a result the following approved inter-year transfers of Consolidated Fund budget allocations:

- \$1.400m – Residual from Registration and Licencing Reform Project allocation; and
- \$2.400m – Residual of Commonwealth Road allocation.

Receivables increased by \$0.601m from \$0.147m (1998-99) to \$0.748m (1999-2000). This was mainly due to outstanding contributions of \$0.435m from other State Road and Traffic Authorities relating to the Mass Access Project.

Payables increased by \$1.841m from \$3.085m (1998-99) to \$4.926m due principally to an increase in accrued expenses from \$0.717m (1998-99) to \$2.804m (1999-2000).

OUTPUT INFORMATION

Output Group	Operating	Operating	Revenues
	Revenues	Expenses	from
	1999-00	1999-00	Government
	\$'000	\$'000	1999-00
			\$'000
Development of Transport Policy Advice and Planning	37	2 157	2 080
Land Transport Safety Programs	2 635	18 416	16 968
Ensuring the Provision of Transport Services and Infrastructure	280	7 402	6 369
Provision of Energy Advisory and Regulatory Services	0	409	400
Workplace Standards	227	8 548	8 241
Mineral Resources Management and Administration	636	5 588	4 779
Support for Minister in Infrastructure Development and Business Management	27	575	567
Support for Racing Industry	630	1 315	666
Capital Investment Program	14 775	121 894	90 941
	<u>19 247</u>	<u>166 304</u>	<u>131 011</u>

ADDITIONAL FINANCIAL INFORMATION

Administered Transactions

Administered transactions are those that the Department manages on behalf of the Government. These transactions are not shown in the Department's Operating Statement or Statement of Financial Position.

ADMINISTERED EXPENSES AND REVENUES

	1999-00 \$'000	1998-99 \$'000
Expenses		
Transfer payments	229 483	220 751
Concessions	42 547	40 213
Other grants, subsidies and loans	6 816	7 006
LSL (Construction Industry) Fund	0	30 094
LSL (Construction Industry) Fund - net loss from restructure	0	8 804
Workplace Safety Board	3 388	3 001
Forest Practices Board	1 430	0
Taxi industry area funds	60	802
Racing Services - Industry Clearing Account	112	0
Devaluation of Investments in State-Owned Corporations	6 006	3 112
Doubtful debts	41	16
Other	215	32
Total Administered Expenses	290 098	313 831
Revenues		
Appropriation	48 639	46 897
Fees and charges	37 426	35 548
For transfer	193 323	184 337
Workplace Safety Board	3 395	2 934
Workplace Safety Board - net gain from restructure	0	231
Mineral Resources Tas administered items - net gain from restructure	0	153
Taxi Industry Area Funds	88	94
Forest Practices Board	1 483	0
Forest Practices Board - net gain from restructure	112	0
Racing Services - Industry Clearing Account	112	0
Other	310	172
Total Administered Revenues	284 888	270 366

The assets and liabilities of the Long Service (Construction Industry) Fund were transferred to a private trustee company on 1 July 1998, and subsequently de-recognised.

Additional administered activities of the Department for 1999-2000 were those of the Forest Practices Board and the industry funds collected and transferred by Racing Services Division.

Taxi industry area funds expense decreased by \$0.742m from \$0.802m (1998-99) to \$0.060m (1999-2000). Amendments under the *Taxi Industry Amendment (Hobart Taxi Refund) Act 1998* resulted in an abnormal requirement to refund levies in 1998-99. There was no such requirement in 1999-2000.

The Minister for Infrastructure, Energy and Resources has a 50% shareholding in the following corporations:

- Metro Tasmania Pty Ltd;
- Port Corporations;
- Aurora Energy;
- Transend Networks Pty Ltd; and
- TT Line Company Pty Ltd.

A devaluation of the investment in Aurora Energy Pty Ltd by \$14.870m from \$128.335m (1998-99) to \$113.465m (1999-2000) was the main determinant for the increase in the devaluation of investments expense from \$3.112m (1998-99) to \$6.006m (1999-2000)

The \$284.888m turnover for 1999-2000 was predominantly made up of:

- The Consolidated Fund appropriation of \$48.639m for transfer to respective agencies;
- Fees and charges totalling \$37.426m for transfer to the Consolidated Fund; and
- Receipts of \$193.323m for transfer to other agencies and authorities. These receipts principally comprise collections for motor vehicle registration charges.

ADMINISTERED ASSETS AND LIABILITIES

	1999-00 \$'000	1998-99 \$'000
Administered Current Assets		
Cash on hand and deposit accounts	3 750	2 532
Receivables	306	123
Total Administered Current Assets	<u>4 056</u>	<u>2 655</u>
Administered Non-Current Assets		
Receivables	5	7
Property, plant and equipment	59	134
Investments	388 160	394 166
Total Administered Non-Current Assets	<u>388 224</u>	<u>394 307</u>
Total Administered Assets	<u>392 280</u>	<u>396 962</u>
Administered Current Liabilities		
Payables	1 383	998
Funds to be transferred	1 941	1 421
Loan liability	729	836
Employee entitlements	227	98
Total Administered Current Liabilities	<u>4 280</u>	<u>3 353</u>
Administered Non-Current Liabilities		
Employee entitlements	232	115
Total Administered Non-Current Liabilities	<u>232</u>	<u>115</u>
Total Administered Liabilities	<u>4 512</u>	<u>3 468</u>
Net Administered Assets	<u>387 768</u>	<u>393 494</u>

Cash on hand and deposit accounts increased by \$1.218m from \$2.532m (1998-99) to \$3.750m (1999-2000). This was predominantly due to larger than average 30 June collections on behalf of external bodies and the balance of funds held on behalf of the Forest Practices Board.

Receivables increased by \$0.183m from \$0.123m (1998-99) to \$0.306m (1999-2000) mainly due to the following:

- Accrued interest of \$0.058m payable by the Department of Treasury and Finance to the Workplace Safety Board;
- Multiple debtors of \$0.075m associated with the newly administered activities of Forest Practices Board; and
- Outstanding Workplace Safety Board invoices of \$0.088m relating to the audit of self insurers and insurers.

Employee entitlements (current liabilities) in 1999-2000 included a \$0.107m liability of the Forest Practices Board. The liability was not a component of employee entitlements in the previous year.

Similarly employee entitlements (non-current liabilities) in 1999-2000 included a \$0.113m liability of the Forest Practices Board.

2.4 DEPARTMENT OF JUSTICE AND INDUSTRIAL RELATIONS

The Department of Justice and Industrial Relations contributes to a just and safe society by providing systems and services for the promotion and maintenance of rights and responsibilities and the resolution of disputes, for the benefit of the Tasmanian community.

The Department provides administrative support for the Supreme and Magisterial Courts and includes the Offices of the Solicitor-General, the Director of Public Prosecutions, the Crown Solicitor, the Ombudsman, the Health Complaints Commissioner, the Anti-Discrimination Commissioner and the Commissioner for Review. It also includes the Registries for Births, Deaths and Marriages and Business Affairs, the Tasmanian Electoral Office, Corrective Services, the Poppy Advisory and Control Board, the Office of Consumer Affairs and Fair Trading, the Tasmanian Industrial Commission, Workers Rehabilitation and Compensation Tribunal, Mental Health Tribunal, Guardianship Board, Enterprise Commissioner and Industrial Relations Policy.

The Portfolio Minister is the Attorney-General and Minister for Justice and Industrial Relations.

EMPLOYEE STATISTICS

The number of employees employed under the *Tasmanian State Service Act 1984* at 30 June 2000 were as follows:

	30 June 1999	30 June 2000
Headcount	686	797
Full-time Equivalents	619.90	687.08

Source: Department of Justice and Industrial Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Department of Justice and Industrial Relations were signed by the Secretary of the Department on 31 August 2000, and an unqualified audit report was issued on 20 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee expenses	41 344	41 125
Depreciation	1 677	1 569
Supplies	3 189	3 297
Other	<u>17 582</u>	<u>15 151</u>
Total Cost Of Services	<u>63 792</u>	<u>61 142</u>
Operating Revenues		
User fees and charges	10 102	9 543
Other	<u>794</u>	<u>1 512</u>
Total Operating Revenues	<u>10 896</u>	<u>11 055</u>
Net Cost of Services	<u>52 896</u>	<u>50 087</u>
Revenues From Government		
Recurrent appropriations	45 703	42 278
Works and services appropriations	92	94
Other appropriations	<u>5 073</u>	<u>6 260</u>
Total Revenues From Government	<u>50 868</u>	<u>48 632</u>
Net Revenue From Disposal Of Non-current Assets	172	73
Change In Net Assets Before Restructuring	<u>(1 856)</u>	<u>(1 382)</u>
Net Revenue From Restructuring	<u>0</u>	<u>(950)</u>
Change In Net Assets After Restructuring	<u>(1 856)</u>	<u>(2 332)</u>

The increase in Other Operating Expenses of \$2.650m is related to several significant adjustments. The prior year balance was reduced by \$0.977m due to an opening creditors adjustment from the 1997-98 year. This year an additional \$0.530m of repairs and maintenance works were carried out at the Risdon Prison and Magistrates Courts and there was also an increased cost of \$0.859m in engaging consultants for various one-off activities. These included action taken by HECEC against State of Tasmania and Others, the Commission of Inquiry into the death of J Gilewicz, the Demand Based Funding model, Deaths in Custody Inquiry and Inquiry into the Prison Service's administrative practices.

The decrease in Other Operating Revenue occurred as the prior year balance included reimbursement for expenses in the transfer of activities from other departments including Tasmanian Industrial Commission, Enterprise Commissioner, Industrial Relations Policy and Workers Compensation Rehabilitation and Compensation Tribunal.

An agreement has been struck between the Secretary of Justice and Industrial Relations and the Secretary of Treasury and Finance for the Demand Based Funding model, for Risdon Prison, which was approved by the Treasurer on 20 April 2000.

The model aims to identify movements in costs associated with varying levels of demand (prisoner numbers) based on maintaining the minimum staffing levels under current awards.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	1 653	1 015
Receivables	1 092	941
Other	201	399
Total Current Assets	<u>2 946</u>	<u>2 355</u>
Non-current Assets		
Plant, equipment and vehicles	1 299	1 078
Land and buildings	79 326	80 765
Other	1 145	1 044
Total Non-current Assets	<u>81 770</u>	<u>82 887</u>
Total Assets	<u>84 716</u>	<u>85 242</u>
Current Liabilities		
Payables	2 344	1 429
Employee entitlements	9 041	7 011
Total Current Liabilities	<u>11 385</u>	<u>8 440</u>
Non-current Liabilities		
Employee entitlements	709	2 324
Total Non-current Liabilities	<u>709</u>	<u>2 324</u>
Total Liabilities	<u>12 094</u>	<u>10 764</u>
Equity		
Accumulated surplus	72 622	74 478
Total Equity	<u>72 622</u>	<u>74 478</u>

In 1999-2000 additional appropriations were given for the engagement of consultancies into the various inquiries, as noted in the commentary of movements under the Operating Statement. This led to the increase in cash holdings as at 30 June 2000 to \$1.653m.

Payables had increased from \$1.429m in 1998-99 to \$2.344m in 1999-2000 due to an increase in costs to be paid in relation to the numerous consultancies that have been previously mentioned.

The shift in Employee Entitlements, with approximately \$2m moving to current, is due to an increase in long service leave entitlements becoming due, as the Department changed its policy to record current entitlements from 10 years instead of 12 years.

OUTPUT INFORMATION

Output Group	Operating	Operating	Revenues
	Revenues	Expenses	from
	1999-00	1999-00	Government
	\$'000	\$'000	1999-00
			\$'000
Administration of Justice	3 549	20 182	16 235
Legal Services	2 109	6 926	5 570
Registration Services	271	774	1 375
Review Services	509	2 335	1 270
Electoral Services	282	1 924	612
Corrective Services	3 257	25 497	20 320
Other Services	2	593	572
Consumer Services	165	2 700	2 291
Industrial Relations Services	924	2 772	2 531
General - Not Attributed	0	89	92
	<u>11 068</u>	<u>63 792</u>	<u>50 868</u>

ADDITIONAL FINANCIAL INFORMATION
Administered Transactions

Administered transactions are those, which the Department manages on behalf of Government but cannot use for its own purposes. These transactions are not shown in the Department's Operating Statement or Statement of Financial Position.

Administered Revenues for the 1990-2000 totalled \$24.933m (1999, \$26.721m), with the major items being fees, fines and other revenues of \$20.644m (\$21.093m).

Finance - Fines Enforcement Unit (FEU) - Outstanding Fines

The background of the Fines Enforcement Unit and other fee collection procedures had already been described in my previous No 2 Reports to Parliament. It was noted that in March 1998 it was established as a separate Unit to the Magistrates Court and was attached to the Finance Division of the Department.

The following table shows the amount outstanding payable to Consolidated Revenue at the end of each financial year. It will be noted that this amount has consistently increased by \$2m per year since 1994.

Date	Outstanding \$	Increase \$	Increase %
June 1992	2 606 000	N/A	N/A
June 1993	3 577 000	971 000	37
June 1994	4 407 000	830 000	23
June 1995	6 560 000	2 153 000	49
June 1996	8 505 000	1 945 000	30
June 1997	10 316 000	1 811 000	21
June 1998	12 904 000	2 588 000	25
June 1999	14 844 000	1 940 000	15
June 2000	16 047 000	1 203 000	8

The data to reflect trends in amounts unpaid in respect of all end-beneficiaries including the Consolidated Fund are not available for the entire period commencing June 1992. However, the trends since June 1996 are as follows:

Date	Outstanding \$	Increase \$	Increase %
June 1995	9 588 000	N/A	N/A
June 1996	11 911 000	2 323 000	24
June 1997	15 434 000	2 523 000	21
June 1998	18 171 000	2 737 000	18
June 1999	22 251 000	4 080 000	22
June 2000	25 041 000	2 790 000	12

The growth during this period of time in amounts owing to all end-beneficiaries, including the Consolidated Fund, was 161%. However, the rate of increase has reduced from 24% to 12% during the same period.

Not all fines included in the above table are overdue for payment. For example, the amount shown as outstanding at 30 June 2000 includes \$1.640m in fines imposed that were not yet overdue at that time

The Department has provided the following information on rates of collection relative to fines imposed:

Source of Fines	1997-98	1998-99	1999-00
All Sources	62%	63%	63%
Courts	48%	52%	55%
Traffic Infringements	72%	71%	67%

Specific matters contributing to the increases in unpaid fines and costs are summarised below:

- An increasing trend whereby court fines have orders attached allowing extended periods for payment (in some instances years);
- Delays in the execution of warrants; and
- Non issue of warrants for some offences due to a legal opinion that Victims of Crime Compensation levies are unenforceable (this matter has now been addressed by an amendment to legislation).

The long standing write-off policy disallowing all write-offs except upon the death of an offender, has been reversed and the Fines Enforcement Unit has begun to write off unrecoverable debts. During 1999-2000, \$464 740 was subsequently written off after approval by the Governor-in-Council.

As would be expected, consideration is given from time to time in Tasmania and other jurisdictions to reforms in the legal processes available for recovery of financial penalties imposed by Courts. Of particular interest are those aimed at improving collections through a simplification of processes.

To this end, a Stakeholders Group has addressed the major issues that have stifled reforms with a view to introducing a whole of government streamlined approach to infringement notice processing that will provide a consistent increase in the collection of outstanding infringement notices.

In an attempt to streamline collection and enforcement, administrative and computerised processes are currently being reviewed and modified to enable the *Justices (Infringement Notices) Act 1997* to be proclaimed in May 2001.

In addition to this initiative, the Fines Enforcement Unit presented the Attorney-General with a document containing 30 different strategies for reducing the level of debt in Tasmania.

The Fines Enforcement Unit has made significant progress in implementing some of the recommended strategies that include:

- Fines Enforcement Blitz;
- Fines Enforcement Amnesty;
- Fines Enforcement Second Blitz;
- Fines Enforcement Brochure; and
- Internet payments

Fines Enforcement Blitz

The Fines Enforcement Blitz, code-named *Operation Optimum*, was undertaken in co-operation with Tasmania Police during the Queen's Birthday long weekend and operated in the Hobart area only over a period of three (3) days.

Any person detected throughout the operation as having an overdue fine was arrested on a Warrant of Apprehension for Non-Payment of Money and bailed to appear in a Court of Petty Sessions.

Bail Notices arising from the operation indicate that those arrested appeared before a Magistrate between 1 - 4 August 2000.

Final results of the operation are as follows:

Warrants issued:	113
Arrests:	39
Warrant Fees:	\$5,504
Amount on Warrants:	\$20,848.80
TOTAL VALUE	\$26,352.80

Fines Enforcement Amnesty

The Fines Enforcement Unit during the period of 5 May to 5 June 2000 offered an amnesty from the enforcement of unpaid fines. The conditions of the amnesty were as follows: -

All outstanding fines for which warrants of apprehension had been issued could be paid without fear of execution of the warrant and/or payment of the warrant fee. Excluded from this process were warrants of commitment.

Providing a person had not appeared or had been bailed to appear before a Magistrate on a warrant of apprehension, fine defaulters were able to contact the Fines Enforcement Unit and make definite arrangements to pay their overdue fines within a 6 month period without fear of a warrant being issued providing any agreement made was honoured.

If any agreement or arrangement was not maintained within the time frame agreed, a warrant of apprehension was issued once the agreement is in default.

Fines Enforcement Blitz No. 2

The Fines Enforcement Blitz, code-named *Operation Equate*, was undertaken in co-operation with Tasmania Police on 20 September 2000 and operated in the Otago Bay and Rokeby areas for a period of one (1) day.

Any person detected throughout the operation as having overdue fines in excess of \$600.00 was arrested on a warrant of apprehension for non-payment of money and either bailed or detained to appear in a Court of Petty Sessions.

Final results of the operation are as follows:

Warrants issued:	80
Arrests:	12
Warrant Fees:	\$4,080.00
Amount on Warrants:	\$9,786.90
TOTAL VALUE	\$13,866.90

Fines Enforcement Unit Brochure

In February 2000 the Fines Enforcement Unit published a brochure outlining payment options and available services provided by the Fines Enforcement Unit. These brochures are available from all *Service Tasmania* outlets and the Magistrates Court of Tasmania.

Internet Payments

In February 2000 the Fines Enforcement Unit in consultation with *Service Tasmania* launched an internet payment site. This facility is accessible 24 hours a day 7 days a week.

Outstanding Fees and Fines

In the course of reviewing outstanding fees and fines, a report was obtained out of the Fines Collection System on offenders having unpaid fines at 30 June 1998 in excess of \$20 000. On page 67 of my 1998 No 2 Report, 7 examples were given to demonstrate the circumstances involved. The action taken was discussed in my 1999 No 2 Report on page 53. A further review indicated that, despite all possible action being taken by the Department, no significant developments had taken place during the current year and the amounts remain outstanding.

However, the Secretary of the Department has advised my Office of some current trends and initiatives that may influence future collections, they are:

- Tightening of administrative arrangements for payment by instalment;
- Meeting of monthly target of 500 warrants of execution by FEU;
- Widening of *Service Tasmania* payment options by the introduction in February 1999 of internet payments for fines;
- Implementation of Infringement Registration; and
- Stakeholder Infringement Notice Working Group which has recently prepared a Business Case in relation to improvements in infringement notices processes.

2.5 DEPARTMENT OF POLICE AND PUBLIC SAFETY

The Department of Police and Public Safety consists of Tasmania Police, which is divided into four geographic districts assisted by specialised police support units and the State Emergency Service.

The Department's objectives are to achieve:

- An effective community service;
- A safe and secure community;
- Prevention of crime in the community; and
- Law enforcement services aimed at detecting, investigating and resolving offences.

The Portfolio Minister is the Minister for Police and Public Safety.

EMPLOYEE STATISTICS

The number of full-time equivalent employees employed by the Department of Police and Public Safety at 30 June 2000 is as follows:

	30 June 1999	30 June 2000
State service employees	343	349
Police officers	1 068	1074

Source: Department of Police and Public Safety's Human Resource Information Services Branch.

The slight increase in Police numbers is partially due to the timing of the recruit intake to the Police Academy. The Department is on target to meet the Government's policy of 1 100 Police officers by the end of its parliamentary term.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements signed by the Commissioner for Police, as Secretary of the Department of Police and Public Safety, were received on 31 August 2000 and revised statements received on 8 November 2000. An unqualified audit report was issued on 9 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee entitlements	83 384	84 582
Depreciation	2 344	2 494
Materials and services	22 081	20 559
Other	341	687
Total Cost Of Services	<u>108 150</u>	<u>108 322</u>
Operating Revenues		
User charges and other retained revenue	<u>4 155</u>	4 044
Total Operating Revenues	<u>4 155</u>	<u>4 044</u>
Net Cost of Services	<u>103 995</u>	<u>104 278</u>
Revenues From Government		
Recurrent appropriation	102 951	96 631
Works and services appropriation	<u>1 022</u>	<u>376</u>
Total Revenues From Government	<u>103 973</u>	<u>97 007</u>
Net Revenue From Disposal Of Non-current Assets	<u>(173)</u>	<u>(184)</u>
Change In Net Assets Resulting From Operations	<u>(195)</u>	<u>(7 455)</u>

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	718	221
Receivables	8	34
Other	1 508	613
Total Current Assets	<u>2 234</u>	<u>868</u>
Non-current Assets		
Land and buildings	53 529	54 905
Plant and equipment	3 627	4 038
Infrastructure	193	225
Heritage assets	364	364
Total Non-current Assets	<u>57 713</u>	<u>59 532</u>
Total Assets	<u>59 947</u>	<u>60 400</u>
Current Liabilities		
Payables	1 918	2 697
Employee entitlements	25 422	23 974
Total Current Liabilities	<u>27 340</u>	<u>26 671</u>
Non-current Liabilities		
Payables	0	46
Employee entitlements	3 337	3 405
	<u>3 337</u>	<u>3 451</u>
Total Liabilities	<u>30 677</u>	<u>30 122</u>
Equity		
Accumulated surplus	29 270	30 278
Total Equity	<u>29 270</u>	<u>30 278</u>

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
Policing Support to the Community	1 383	58 592	55 886
Crime Detection and Investigation	478	22 422	21 782
Traffic Law Enforcement and Road Safety	1 183	12 050	10 938
Protection of Prim Ind & Fisheries Resources	686	4 843	4 169
Emergency Management	176	1 629	0
Support to Judicial Services	190	6 321	8 245
Ministerial Support and Information Services	59	2 051	2 953
General - Not Attributed	0	415	0
	<u>4 155</u>	<u>108 323</u>	<u>103 973</u>

ADDITIONAL FINANCIAL INFORMATION

The above financial information does not include transactions and balances administered by the Department. In 1999-2000 they included:

- User Charges and fees paid into the Consolidated Fund, \$0.721 million.
- Commonwealth Firearms Agreement, increased funds were remitted to the Commonwealth and to firearm owners. Commonwealth Funding for the firearms ceased in the 1998-99 financial year.
- All transactions for the operation of the Remus Consortium comprising the agents using the Remus human resource management system. Contributions by member agencies and other revenues amounted to \$0.748m, while expenses totalled \$0.657m.
- The main components of the administered items of the Department are those of the Remus Consortium, and the Firearms Buy Back

2.6 DEPARTMENT OF PREMIER AND CABINET

The Department provides a range of services to support the Premier and the Cabinet.

The Department comprises the Executive Unit, Policy Division, Government Support Division, Telecommunications Management Division, Office of Parliamentary Counsel, E-Services Group, Division of Employment Policy, Multicultural Tasmania, Women Tasmania, Office of Aboriginal Affairs and the Local Government Office.

The Portfolio Minister is the Premier.

EMPLOYEE STATISTICS

The number of Departmental and Ministerial employees as at 30 June 2000 is as follows:

	30 June 1999	30 June 2000
Headcount	355	363
Full-time Equivalents	327.8	338.8

Source: Annual Report 1999-2000, Department of Premier and Cabinet

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Department of Premier and Cabinet (DPAC) were received on 31 August 2000 and an unqualified audit report was issued on 31 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00	1998-99
	\$'000	\$'000
Operating Expenses		
Employee costs	17 193	17 448
Supplies	152	128
Depreciation	119	146
Other	<u>15 474</u>	<u>17 447</u>
Total Cost Of Services	<u>32 938</u>	<u>35 169</u>
Operating Revenues		
User charges and fees	4 484	5 284
Other revenues	<u>2 485</u>	<u>3 105</u>
Total Operating Revenues	<u>6 969</u>	<u>8 389</u>
Net Cost of Services	<u>25 969</u>	<u>26 780</u>
Revenues From Government		
Recurrent appropriation	<u>26 491</u>	<u>26 630</u>
Total Revenues From Government	<u>26 491</u>	<u>26 630</u>
Net Revenue From Disposal Of Non-current Assets	<u>(511)</u>	<u>(26)</u>
Change In Net Assets Resulting From Operations	11	(176)
Net Reveunes From Restructuring *	0	922
Change in Net Assets After Restructuring	11	746

User charges and fees reduced from \$5.284m to \$4.484m because of the following reasons :-

- lower level of training service activities;
- lower level of chargeable drafting services;
- revenue was not required for the Whole of Government Year 2000 project in 1999-2000,
- reduction due to a reduced Corporate Services fee from Telecommunications Management Division (TMD) of \$120 000 due to staff transfers from DPAC to TMD.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	2 476	1 951
Receivables	285	360
Other	<u>335</u>	<u>195</u>
Total Current Assets	<u>3 096</u>	<u>2 506</u>
Non-current Assets		
Plant and equipment and vehicles	276	840
Heritage assets	<u>65</u>	<u>65</u>
Total Non-current Assets	<u>341</u>	<u>905</u>
Total Assets	<u>3 437</u>	<u>3 411</u>
Current Liabilities		
Payables	182	295
Employee entitlements	<u>2 269</u>	<u>2 083</u>
Total Current Liabilities	<u>2 451</u>	<u>2 378</u>
Non-current Liabilities		
Employee entitlements	<u>2 168</u>	<u>2 226</u>
Total Liabilities	<u>4 619</u>	<u>4 604</u>
Equity		
Accumulated surplus	<u>(1 182)</u>	<u>(1 193)</u>
Total Equity	<u>(1 182)</u>	<u>(1 193)</u>

Plant and equipment and vehicles decreased from \$0.84m to \$0.276m due to the transfer of the Ministerial Vehicle Fleet to the Department of Treasury and Finance. The transfer was made for nil consideration.

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
Ministerial	100	10551	9909
Support for Executive Decision Making	155	3 063	2 766
Support for the Admin of Executive Govt.	263	3 690	3 876
Support for Government Agencies	5 561	12 045	6 587
Support for the Public Sector Employee	550	1 563	979
Aboriginal Affairs	254	449	280
Multicultural and Ethnic Affairs	2	234	217
Support for Local Government	0	946	987
Status of Women	82	907	890
	<u>6 967</u>	<u>33 448</u>	<u>26 491</u>

ADDITIONAL FINANCIAL INFORMATION

Administered Transactions

Administered transactions are those that the Department manages on behalf of the Government. These transactions are not shown in the Department's Operating Statement or Statement of Financial Position.

Administered transactions in 1999-2000 involved a turnover of some \$43m (1999, \$58m). Of that amount \$27.174m as received from the Commonwealth Government in relation to the Regional Forest Agreement.

Revenue of \$14.6m was collected as fees and charges from the operations of the Department's Telecommunications Management Division.

2.7 DEPARTMENT OF PRIMARY INDUSTRIES, WATER AND ENVIRONMENT

The Department's primary objective is to advance Tasmania's prosperity through sustainable development of our natural resources and conservation of our natural and cultural heritage.

The Portfolio Minister is the Minister for Primary Industries, Water and Environment.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June 2000 are as follows:

	30 June 1999	30 June 2000
Headcount	1 553	1 586
Full-time Equivalents	1 364	1 350

Source: Department's Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Department were received on 18 October 2000 and an unqualified audit report was issued on 22 November 2000. The financial statements were late in being prepared due to the promotion of some key finance staff to another department at the end of the financial year.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee costs	68 062	65 981
Depreciation	7 639	7 151
Other expenditure	<u>56 887</u>	<u>54 204</u>
Total Cost Of Services	<u>132 588</u>	<u>127 336</u>
Operating Revenues		
User charges, fees and fines	11 418	14 829
Property and investment income	2 051	5 847
Other revenues	<u>47 771</u>	<u>20 591</u>
Total Operating Revenues	<u>61 240</u>	<u>41 267</u>
Net Cost of Services	<u>71 348</u>	<u>86 069</u>
Revenues From Government		
Recurrent appropriation	75 674	76 001
Works and services appropriation	<u>1 691</u>	<u>2 496</u>
Total Revenues From Government	<u>77 365</u>	<u>78 497</u>
Net Revenue From Restructuring	0	1 500
Net Revenue From Disposal Of Non-current Assets	0	254
Change In Net Assets Resulting From Operations	<u>6 017</u>	<u>(5 818)</u>

Other revenues increased from \$20.591m to \$47.771 due to the receipt of Natural Heritage Trust funds from the Commonwealth were previously administered by the Department of Premier and Cabinet.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	36 964	25 994
Receivables	1 372	2 974
Tasmap stocks	2 162	2 126
Other	1 040	0
Total Current Assets	<u>41 538</u>	<u>31 094</u>
Non-current Assets		
Land and buildings	342 191	256 503
Plant, equipment and vehicles	4 634	5 530
Infrastructure	35 072	37 005
Tracks	42 786	44 451
Other	3 922	858
Total Non-current Assets	<u>428 605</u>	<u>344 347</u>
Total Assets	<u>470 143</u>	<u>375 441</u>
Current Liabilities		
Payables	1 834	1 471
Employee entitlements	17 307	11 750
Other	123	166
Total Current Liabilities	<u>19 264</u>	<u>13 387</u>
Non-current Liabilities		
Lease Liability	3 004	
Employee entitlements	1 699	5 772
	<u>4 703</u>	<u>5 772</u>
Total Liabilities	<u>23 967</u>	<u>19 159</u>
Equity		
Reserves	2 638	2 638
Accumulated surplus	443 538	353 644
Total Equity	<u>446 176</u>	<u>356 282</u>

The increase in Land and Buildings from \$256.503m in 1999 to \$342.191m in 2000 was due to the addition of Crown land and reserves not previously recorded with a value.

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
Information and Land Services	12 217	26 452	15 434
Food, Agriculture and Fisheries Services	12 003	25 986	15 164
Resource Management and Conservation	28 716	62 171	36 277
Environment Protection, Planning and Analytical Services	8 304	17 979	10 490
	<u>61 240</u>	<u>132 588</u>	<u>77 365</u>

ADDITIONAL FINANCIAL INFORMATION
Administered Transactions

In addition to the above controlled activities the Department administered revenue totalling \$239.629m including Service Tasmania Collections, \$168.799m; Crown Land Administration Fund revenue, \$15.332m; and User Charges, Fines and Fees, \$27.787m. These revenues were expended in accordance with conditions attaching to their collection.

2.8 DEPARTMENT OF STATE DEVELOPMENT

The Department's areas of responsibility during 1999-2000 included:

- Investment, Trade and Development – provides a range of industry support programs, including project development, investment attraction, marketing and trade development;
- State Industries – responsible for realising growth potential for existing Tasmanian industry through assessing and case managing new growth opportunities for business;
- Centre for Research, Industry and Strategic Planning – provides research and advice on industry directions and policy. It is also responsible for writing and updating industry plans with the primary objective being to create growth in existing industries and the establishment of new industries;
- Tourism Tasmania - Tourism Tasmania's objective is to provide leadership in promoting the State as a quality travel destination through innovative strategic marketing and sustainable development;
- Museums - the Department administers the Tasmanian Museum and Art Gallery in Hobart, while five other museums and art galleries (in Hobart, Launceston, Devonport, Burnie and Zeehan) receive ongoing State Government funding through a grants program;
- Arts Tasmania - Arts Tasmania is the State Government's arts policy and funding advisory body, administering an annual program of arts grants and loans; and
- The Office of Sport and Recreation - The Office of Sport and Recreation advises the Minister and the State Government on sport and recreation policy, administers programs of financial assistance and provides a consultancy service to sporting and recreation bodies.

The Portfolio Minister is the Minister for State Development.

EMPLOYEE STATISTICS

At 30 June 2000 the Department had a total of 431 FTE employees (416, 1999).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Department were received on 21 November 2000. An unqualified audit report was issued on 22 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Salaries and related payments	24 065	22 911
Materials and supplies	934	928
Telephone and communication	2 125	1 991
Travelling and transport	1 803	1 296
Data processing	2 406	1 510
Other operating expenses	3 150	3 802
Property expenses	4 121	3 258
Depreciation	1 270	1 457
Promotion and publicity	11 987	10 743
	<u>51 861</u>	<u>47 896</u>
Development Expenses		
Assistance to industries	<u>36 502</u>	<u>19 828</u>
Finance Expenses		
Interest and other borrowing costs	7 941	8 491
Bad and doubtful debts	390	454
	<u>8 331</u>	<u>8 945</u>
Total Cost Of Services	<u>96 694</u>	<u>76 669</u>
Operating Revenues		
Interest on advances	4 403	4 583
Investment and sundry income	21 751	11 216
Total Operating Revenues	<u>26 154</u>	<u>15 799</u>
Transfer of revenues to Government	(4 378)	(5 062)
Net Cost of Services	<u>(74 918)</u>	<u>(65 932)</u>
Revenues From Government		
Recurrent appropriation	<u>78 803</u>	<u>70 184</u>
Total Revenues From Government	<u>78 803</u>	<u>70 184</u>
Net Revenue From Disposal Of Non-current Assets	<u>(74)</u>	<u>1 626</u>
Net Revenues from Restructuring	<u>0</u>	<u>13 706</u>
Change In Net Assets Resulting From Operations	<u>3 811</u>	<u>19 584</u>

Assistance to industries increased from \$19.828m in 1998-99 to \$36.502m in 1999-2000 due to Abt Railway funds disbursed of \$8.323m and an increase in assistance generally compared to 1998-99.

Investment and sundry income increased from \$11.216m in 1998-99 to \$21.751m in 1999-2000 due mainly to the receipt of Abt railway funds of \$8.323m.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Treasury trust account balances	14 868	10 756
Cash on hand and at bank	0	5 622
Sundry receivables and prepayments	2 038	1 531
Loan advances	11 410	16 947
Total Current Assets	<u>28 316</u>	<u>34 856</u>
Non-current Assets		
Investments	6 379	4 051
Property, plant and equipment	49 108	53 350
Loan advances	35 420	43 198
Total Non-current Assets	<u>90 907</u>	<u>100 599</u>
Total Assets	<u>119 223</u>	<u>135 455</u>
Current Liabilities		
Bank overdraft	764	
Creditors and accrued interest	5 056	5 495
ERP liability	697	547
Borrowings	44 490	42 891
Provision for employee entitlements	3 185	3 129
Total Current Liabilities	<u>54 192</u>	<u>52 062</u>
Non-current Liabilities		
ERP liability	587	1 129
Borrowings	40 244	60 340
Provision for employee entitlements	1 930	1 762
Total Non-current Liabilities	<u>42 761</u>	<u>63 231</u>
Total Liabilities	<u>96 953</u>	<u>115 293</u>
Equity		
Accumulated surpluses	21 890	18 078
Asset revaluation reserve	380	2 084
Total Equity	<u>22 270</u>	<u>20 162</u>

Loan advances in total have decreased from \$60.145m in 1998-99 to \$46.83m due primarily to a reduction in amounts outstanding under the Rural Adjustment Scheme. This has also

impacted on Borrowings which have decreased from \$103.231m in 1998-99 to \$84.734m in 1999-2000.

Property, plant and equipment decreased from \$53.350m in 1998-99 to \$49.108m in 1999-2000 due mainly to a downwards revaluation of development properties, which in turn has decreased the Asset revaluation reserve from \$2.084m in 1998-99 to \$0.380m in 1999-2000.

OUTPUT INFORMATION

Output Group	Operating	Operating	Revenues
	Revenues	Expenses	from
	1999-00	1999-00	Government
	\$'000	\$'000	1999-00
			\$'000
Industry Development	14 765	50 720	40 540
Tourism Marketing and Development	8 917	30 605	22 373
Museums, Galleries, Arts and Sport and Recreation	2472	15 369	15 890
	<u>26 154</u>	<u>96 694</u>	<u>78 803</u>

Administered Transactions

Administered transactions are those that the Department manages on behalf of Government but cannot use for its own purposes. These transactions are not disclosed in the above tables.

Administered expenses for 1999-2000 totalled \$5.163m, with the main item being the Capital Investment Program of \$3.766m. Administered revenues of \$24.708m comprised recurrent appropriations from Government of \$4.708m and \$20m for the Intelligent Island Program.

ADDITIONAL FINANCIAL INFORMATION

Payments in Advance

Cheques to the value of \$1.005m were drawn by the Department on 30 June 2000 and were still being held on 15 November 2000. The cheques, which were in respect to a single grantee, were being held pending the receipt of appropriate documentation from the grantee to support the payment.

These cheques related to the reimbursement of rental paid by the grantee, however, the rental was in respect to the following financial year (July 2000 onwards) i.e. the year subsequent to when the cheques were drawn. No entitlement to the reimbursement existed as at 30 June 2000 for these payments.

The fact that the cheques had been held for over 4 months awaiting the appropriate supporting documentation, indicates that the cheques should never have been drawn until all documentation was complete. This action would appear to be in breach of Treasurer's Instructions (TI) 208, 505 and 521 which relates to "Cash Management", "Duties of Certifying Officers" and "Prepaid Expenditure" respectively.

It would also appear that this payment of \$1.005m exceeds the amount prescribed in the agreement that can be paid to the grantee in any one year.

As a result of these transactions, the Operating Statement item "Assistance to Industries" is overstated by \$1.005m and Cash as disclosed in the Statement of Financial Position is understated by the same amount. Whilst not material enough to require qualification to the financial statements, this does represent a serious breach in good management practices.

It was also found during the audit that a number of other cheques payable to grantees were drawn early and held, pending further necessary information, or subsequently cancelled after several months. Some of these payments relate to cheques drawn in June 1999.

An additional consequence is that funds have been inappropriately drawn down from the Department's appropriation. The consequence of this for the State Budget outcome is that the Budget "bottom line" was mis-stated by \$1.005m.

It was recommended to the Department that cheques only be drawn when all necessary documentation has been received and that they be forwarded to relevant payees on a prompt basis.

The Chief Executive of the Department of State Development has provided the following comments in relation to the above matter.

"In relation to the alleged overpayment (\$1.005 Million) of funds during the current financial year, I contend that the payments are in fact appropriate in the circumstances. The Deed of Grant between Tasmania Development and Resources and the grantee indicates at schedules 1, 2 and 3, under Capital Assistance, that the Grant shall not exceed \$450,000 in relation to any financial year, which is the case. Schedules prepared by your officers indicated that payments in relation to the Grant apply to the financial years ended 30 June 1999, 2000 and 2001 and do not exceed the maximum stipulated for each of the years in question. Grant payments in respect of the year ended 30 June 2001 were drawn in the 2000 financial year due to DSD's inability to carry funding forward to the 2001 financial year. Our understanding of the Grant Deed would indicate this to be an appropriate course of action in the circumstances. Those cheques are held pending the presentation of documentation to substantiate their release. Release of the cheques in advance of receipt of substantiation documentation would be inappropriate.

With respect to the matter of cheques drawn and held pending further information, the payments were drawn prior to 30 June in satisfaction of various funding arrangements. In some circumstances further investigation established that the payments should have been drawn grossed-up for GST. As a result of this information, the cheques were cancelled and re-issued."

2.9 DEPARTMENT OF TREASURY AND FINANCE

The Department of Treasury and Finance carries out functions associated with State economic and financial management including the collection of major forms of State taxation and the administration of gaming. The Department is also responsible for Government building services.

Revenues out of the Consolidated Fund used or administered by the Department during the year were provided under two Divisions (Division 2: Finance-General; and Division 15: Department of Treasury and Finance) of the *Consolidated Fund Appropriation Act 1999*.

The great majority of transactions processed by the Department during the year were on behalf of the State in a whole of government context and for accrual reporting purposes were classified as 'administered' rather than 'controlled'. To illustrate this point, out of total expenses of \$398m, 93.5% (\$372m) were administered, while only 6.5% (\$26m) were controlled. The proportions of total revenues of \$2 554m were 99.9% (\$2 552m) administered, and 0.1% (\$2m) controlled.

The Portfolio Ministers are the Treasurer and the Minister for Racing and Gaming.

EMPLOYEE STATISTICS

The number of employees employed under the *Tasmanian State Service Act 1984* at 30 June 2000 is as follows:

	30 June 1999	30 June 2000
Headcount	251	278
Full-time Equivalents	244.42	269.82

Source: Department of Treasury and Finance Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Department of Treasury and Finance were received from the Secretary of the Department on 31 August 2000 and an unqualified audit report was issued on 20 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Employee entitlements	13 422	14 445
Information technology	1 622	1 549
Property services	1 443	1 469
Consultants	7 169	6 458
Other	<u>2 353</u>	<u>1 468</u>
Total Cost Of Services	<u>26 009</u>	<u>25 389</u>
Operating Revenues		
User charges and fees	2 322	186
Other revenues	<u>14</u>	<u>11</u>
Total Operating Revenues	<u>2 336</u>	<u>197</u>
Net Cost of Services	<u>23 673</u>	<u>25 192</u>
Revenues From Government		
Recurrent appropriation	<u>25 873</u>	<u>25 078</u>
Total Revenues From Government	<u>25 873</u>	<u>25 078</u>
Change In Net Assets Resulting from Operations	2 200	(114)

The increase in user charges and fees from \$0.186m in 1998-99 to \$2.322m in 1999-2000 was mainly due to the recovery of gaming validation costs, \$2.014m.

Employee entitlements decreased from \$14.445m in 1998-99 to \$13.422m in 1999-2000 despite an increase in full-time equivalent staff because the Provision for Employee Entitlements reduced following Departmental efforts to reduce leave balances.

Consultancy expenditure was associated with the electricity investigation undertaken by the Office of the Tasmanian Electricity Regulator, advice for the Basslink Development project and advice on the wholesale pricing arrangements in relation to reform of the electricity supply industry.

CONSOLIDATED BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash on hand and deposit accounts	1 536	416
Receivables	347	63
Other	<u>80</u>	<u>31</u>
Total Current Assets	<u>1 963</u>	<u>510</u>
Non-current Assets		
Property plant and equipment	<u>106</u>	<u>50</u>
Total Non-current Assets	<u>106</u>	<u>50</u>
Total Assets	<u>2 069</u>	<u>560</u>
Current Liabilities		
Payables	254	95
Employee entitlements	1 338	1 620
Other	<u>26</u>	<u>32</u>
Total Current Liabilities	<u>1 618</u>	<u>1 747</u>
Non-current Liabilities		
Employee entitlements	<u>2 032</u>	<u>2 593</u>
Total Non-current Liabilities	<u>2 032</u>	<u>2 593</u>
Total Liabilities	<u>3 650</u>	<u>4 340</u>
Equity		
Accumulated deficit	<u>(1 581)</u>	<u>(3 781)</u>
Total Equity	<u>(1 581)</u>	<u>(3 781)</u>

OUTPUT INFORMATION

Output Group	Operating Revenues 1999-00 \$'000	Operating Expenses 1999-00 \$'000	Revenues from Government 1999-00 \$'000
Management of Public Sector Finances	89	5 346	5 305
Policy Advice on Tasmania's Economy and Business Environment	34	8 071	9 012
Public Sector Management and Accountability	5	358	551
Taxation Administration and Revenue Collection	82	5 764	5 736
Management of Gaming Activities	2 049	3 559	2 238
Liquor and Accommodation Licensing	51	1 455	1 546
Management of Government Owned and Leased Buildings	26	1 443	1 472
Government Procurement and Disposal	0	13	13
	<u>2 336</u>	<u>26 009</u>	<u>25 873</u>

ADDITIONAL FINANCIAL INFORMATION

Treasurer's Financial Statements

Transactions in the above summaries of financial statements only reflect those transactions and balances classified as controlled and capable of being applied to meeting the Department's objectives. They do not include transactions and balances for which the Department of Treasury and Finance maintains central records on behalf of all departments in its capacity as a central government agency. Those central transactions and balances were reported to Parliament in September 2000 through the Treasurer's Financial Statements. My Report No 1 of 2000, on the Public Account 1999-2000, included an unqualified audit report that was issued on those Statements.

Administered Transactions Reported by the Department of Treasury and Finance

The Department's financial statements include disclosures of transactions it administers in a whole of government context through appropriations made under the Finance-General and Treasury and Finance Divisions of the *Appropriation Act*.

Revenues administered in this way totalled \$2 552m with the main sources being:

Commonwealth Government	\$986m
State Government Appropriations etc	\$337m
State Taxation	\$709m
GBE and Business Units Returns	\$164m
Proceeds from Sale of Trust Bank	\$141m

Expenses administered in this way totalled \$371m with the following being the main transaction types:

Employee Related Benefits	\$81m
Interest and Debt Management	\$144m
Grants and Subsidies	\$54m

Sale of Trust Bank

The sale of the Trust Bank was enabled by the implementation of the *Trust Bank Sale Act 1999*. The Act provided that Trust Bank would sell the substantial part of its business to State Bank of New South Wales Limited (trading as Colonial State Bank), with the proceeds of the sale being paid directly to the Treasurer.

TB No 1 Limited, a public company, limited by shares, was established to manage the wind-up of the former Trust Bank and address any outstanding liabilities and ongoing obligations including the warranties provided to the purchaser. The Treasurer on behalf of the Crown holds all the shares.

The final sale amount paid was \$144.300 million and distributed as:

- \$28.860 million was deposited in an account within Special Deposits and Trust Fund (T424 Trust Bank Sale – Indemnities and Obligations Fund Account) to be held against any contingent liability created by standard commercial indemnities;
- \$12 million was also deposited in T424 for transfer to TB No 1 Limited to meet costs associated with the winding up the bank (only \$5 million has been transferred to TB No 1 Limited);
- \$5 million to be paid into the Consolidated Fund as tax revenue in lieu of the application of *Stamp Duties Act 1931* to the sale transaction;
- \$200 000 for reimbursement of costs to the Crown; and
- the balance, \$98.240 million, was used to retire State Debt.

The Act provided that the Trust Bank Foundation would be extinguished and the proceeds (\$1.552 million) would be transferred to the Tasmanian Community Fund.

Tasmanian Community Fund

The Tasmanian Community Fund was established to make grants for charitable, sporting, cultural, education, religious and other worthwhile community purposes out of the fund. Funds, equal to one half of the savings in interest costs from the debt retirement as a result of the sale of the Trust Bank, will be provided to the fund (estimated at \$3.5 million per year).

Management of Unfunded Superannuation Liability

In my 1998 and 1999 No 2 Reports I commented on aspects regarding the management of the State's unfunded superannuation liability, with particular reference to the Retirement Benefits Fund (RBF) Scheme as it predominantly applies to Inner Budget agencies.

One of the matters raised previously was that the lag between using the latest available figures obtained in the course of triennial actuarial reviews of the schemes required by legislation which does not always provide timely information. To address this issue Treasury from the year ended 30 June 2000 has commenced obtaining annual actuarial updates of the liability for the RBF scheme for the two years between the triennial reviews.

Another issue was that while the disclosed RBF Scheme liability remained fixed at the amount determined at the previous triennial review, the balance in the Superannuation Provision Account deducted to arrive at the Unfunded Liability figure, was adjusted to reflect the change (usually an annual increase) in the Account. Under this method any apparent improvement in the unfunded liability may have been illusory because changes in the underlying liability had no opportunity of being recognised.

In response, Treasury has from the year ended 30 June 2000 started to report more current and directly comparable year-end information: The net liability in respect of the Retirement Benefits Fund based on an actuarial assessment as at 30 June 2000 was \$1 543m, which does not take into account the Superannuation Provision Account (SPA) balance of \$287.6m. The gross liability in respect to employees in agencies who participate in SPA was estimated to be \$2 295m.

3 GOVERNMENT BUSINESSES AND AUTHORITIES

Government Businesses and Authorities are entities that are established under specific legislation which defines the purpose for which they are established and their general functions.

The information on each Government Business and Authority is summarised under the following headings:

- Employee Statistics as at 30 June 2000;
- Audit of the 1999-2000 Financial Statements;
- Financial Results; and
- Additional Financial Information.

The disclosures under Financial Results and Additional Financial Information headings are derived from the Accrual segments of the full audited financial statements which include Cash and Accrual segments.

3.1 GOVERNMENT BUSINESS ENTERPRISES

BACKGROUND

Statutory authorities which are subject to provisions of their enabling legislation, and are also subject to the provisions of the *Government Business Enterprises Act 1995* (GBE Act), are referred to as Government Business Enterprises (GBEs).

Tasmania's GBEs collectively have net assets valued in excess of \$2.695bn, employ over 1 809 people, and generate an estimated \$1.046bn in operating revenue annually, and are of fundamental significance to the Tasmanian economy.

The GBE Act made provision for a consistent framework for more accountable, responsive and commercially focussed GBEs. The GBE Act commenced on 1 July 1995 and repealed the *State Authorities Financial Management Act 1990*.

The GBE Act was consistent with the national competition reform agenda and formed part of legislative reform package that also included reform of the electricity supply industry and the establishment of the Government Prices Oversight Commission. The reforms introduced by the GBE Act included:

- a clearer commercial focus for GBEs
- greater accountability for financial performance
- increased return on investment from each GBE
- payment of financial returns to the State, and
- improved services to clients and consumers.

The GBE Act provides for the payment of guarantee fees, taxation equivalents and dividends by the majority of GBEs.

TAXATION EQUIVALENTS

The taxation equivalents regime provides for the payment of income tax equivalents, capital gains tax equivalents, and wholesale sales tax equivalents to the Consolidated Fund.

Income tax equivalents, are calculated, determined and paid to the Treasurer as if the *Commonwealth Tax Act* had applied. Capital gains tax (CGT) equivalents form part of the income tax equivalents regime. Most GBEs have paid income tax equivalents since 1 July 1991 under the now repealed *State Authorities Financial Management Act 1990*.

Sales tax equivalents are calculated as the value of any benefit gained by the GBE because of any exemption from sales tax that would have been payable under the enactments of the Commonwealth. Most GBEs became liable for wholesale sales tax equivalents from 1 July 1995.

GUARANTEE FEES

Guarantee fees are based on the amount of financial accommodation utilised by the GBE and all its subsidiaries at the end of the preceding year. For example, an explicit government guarantee is provided to GBEs borrowing through Tascorp. Guarantee fees are determined by the Treasurer subject to a maximum prescribed percentage of 1%.

DIVIDENDS

Consistent with commercial practice, the Board of a GBE recommends to the shareholding ministers whether a dividend should be paid in respect of the previous financial year and the amount of that dividend. The shareholding ministers will subsequently determine the dividend payable.

As a general rule the dividend can only be paid out of profits earned, and would normally represent 50% of after-tax profits. Ministers can, and do, require a Special Dividend in addition to, or in lieu of, the normal dividend.

AUDIT STATUS

The audits of the financial statements of the GBEs for the last financial year have been completed.

Selected comments arising from the audit of each entity are summarised below.

3.1.1 CIVIL CONSTRUCTION SERVICES CORPORATION

The Corporation was established under the *Civil Construction Services Corporation Act 1994*. The principal function of the Corporation is to carry on a civil construction and maintenance business.

The Responsible Minister is the Attorney-General and Minister for Justice and Industrial Relations.

EMPLOYEE STATISTICS

At 30 June 2000 the Corporation had 101 employees (1999, 88), which equated to 99.5 (87.2) full time equivalents.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Corporation were received on 29 August 2000 and an unqualified audit report was issued on 18 September 2000.

Subsequently, revised financial statements were received on 31 October 2000. The revision was necessary to account for an adjustment to the statutory dividend provision. As a result, a further unqualified audit opinion, including an emphasis of matter paragraph explaining the change, was issued on 31 October 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Civil engineering operations	19 248	20 411
External plant hire	441	40
Quarry sales	71	0
Profit on asset disposals	471	34
Interest	187	164
Other income	9	5
Total Operating Revenue	<u>20 427</u>	<u>20 654</u>
Operating Expenditure		
Direct costs	16 310	17 425
Plant and equipment	205	164
Operating lease rental costs	354	307
Salaries and staff related costs	1 532	1 334
Depreciation	635	579
Administrative costs	717	480
Property and insurance costs	175	179
Wholesale sales tax	49	35
Bad debts	114	0
Other expenditure	21	0
Total Operating Expenditure	<u>20 112</u>	<u>20 503</u>
Operating profit before abnormal items and tax	315	151
Abnormal items	(148)	(105)
Taxation equivalent expense (credit)	25	(17)
Retained profits at year start	98	84
Dividends paid or provided for	(96)	(15)
Retained profits at year end	194	98

External plant hire revenue increased from \$0.040m in 1998-99 to \$0.441m in 1999-2000 due to a market initiative to offer plant equipment hire to other construction contracting firms.

The acquisition of a quarry at Nubeena in November 1999 produced a new revenue stream in 1999-2000. Sale of stock commenced shortly after the acquisition but full operation did not occur until upgrading of plant was completed in May 2000.

Profit on asset disposals increased from \$0.034m in 1998-99 to \$0.471m in 1999-2000 due to a net gain on sale of several larger value items including \$0.182m for the Corporation's sealing business plant.

Bad debts expense \$0.114m in 1999-2000 related to the anticipation that the State Government would reimburse the Corporation for the cost of maintaining the Fingerpost depot during 1998-99. This reimbursement however did not eventuate.

The increase in the dividend provided for was in line with the increased profits obtained by the Corporation in the 1999-2000 year.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	1 401	1 939
Receivables	876	1 034
Investments	995	3 000
Inventories	166	132
Other	1 007	1 226
Total Current Assets	<u>4 445</u>	<u>7 331</u>
Non-current Assets		
Property plant and equipment	6 522	5 811
Property plant and equipment under lease	105	0
Quarry lease rights and purchase options	71	0
Goodwill	118	0
Other	723	833
Total Non-current Assets	<u>7 539</u>	<u>6 644</u>
Total Assets	<u>11 984</u>	<u>13 975</u>
Current Liabilities		
Creditors	1 347	1 760
Borrowings	86	0
Lease liability - assets under lease	16	0
Provisions	854	654
Revenue in advance	69	92
Total Current Liabilities	<u>2 372</u>	<u>2 506</u>
Non-current Liabilities		
Borrowings	372	0
Lease liability - assets under lease	87	0
Provisions	928	1 340
Total Non-current Liabilities	<u>1 387</u>	<u>1 340</u>
Total Liabilities	<u>3 759</u>	<u>3 846</u>
Equity		
Capital	8 031	10 031
Retained profits	194	98
Total Equity	<u>8 225</u>	<u>10 129</u>

Capital decreased by \$2.000m during the 1999-2000 financial year as the Corporation made a capital payment to the State Government. This was the primary reason why cash and investments reduced to \$2.396m as at 30 June 2000 (\$4.939m, 1999).

Goodwill of \$0.118m as at 30 June 2000 resulted from the purchase of the Coastal Weed Spraying business during June.

Current and non-current borrowings of \$0.086m and \$0.372m respectively were recorded as at 30 June 2000 (nil, 1999) due to the purchase of several major plant items based on a financial arrangement directly with the supplier.

3.1.2 EGG MARKETING BOARD

The Egg Marketing Board was established under the *Marketing of Primary Products Act 1945* and the *Egg Marketing Act 1957*. These Acts and the former operating legislation, the *Egg Stabilisation Act 1973*, were repealed and consolidated into the *Egg Industry Act 1988*. The Board is governed as a business entity under the *Government Business Enterprises Act 1995*.

The Board has the role of ensuring that producers have an adequate supply of eggs to meet demand all year round. Major functions associated with this objective include egg production control through a hen quota scheme, receipts of surplus eggs for processing into egg products for sale to the bakery/catering market, obtaining eggs for producers in short supply, product promotion and quality assurance.

The Responsible Minister is the Minister for Primary Industries, Water and Environment.

EMPLOYEE STATISTICS

At 30 June 2000 the Egg Marketing Board had a total of 7 employees (1999, 7) that equated to 5 full time equivalent staff (5).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Egg Marketing Board were received on 2 November 2000 and an unqualified audit report was issued on 9 November 2000.

The audit had been contracted to the private sector, as my agent, for a number of years, but as from 1 July 1999 this audit is being conducted by my Office.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Sales	396	393
Exemption Fees	321	321
Interest Received	4	6
Other	1	1
Total Operating Revenue	<u>722</u>	<u>721</u>
Operating Expenditure		
Administration	220	231
Financial	12	8
Marketing	62	53
Statutory	7	7
Inspectorial	32	28
Cost of Goods Sold	298	264
Trading accounts	177	155
Total Operating Expenditure	<u>808</u>	<u>746</u>
Operating profit (loss) before grants and subsidies	(86)	(25)
Abnormal items - profit on sale of motor vehicles	7	5
Taxation equivalent (expense) benefit	25	6
Retained profits at year start	361	375
Amounts transferred (to) from reserves	0	0
Dividends paid or provided for	0	0
Retained profits at year end	307	361

The increase in Cost of Goods Sold of \$34,000 from the previous year was due to an increase in seconds eggs purchased from producers in line with the Board's obligation to purchase these products when necessary. These increased purchases also lead to an increase in the number of storage containers required, which explains a significant amount of the increase noted within Trading Accounts expenditure.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	30	64
Receivables	143	61
Investments	0	100
Inventories	66	74
Total Current Assets	<u>239</u>	<u>299</u>
Non-current Assets		
Property plant and equipment	136	142
Future income tax benefit	85	31
Total Non-current Assets	<u>221</u>	<u>173</u>
Total Assets	<u>460</u>	<u>472</u>
Current Liabilities		
Creditors and accruals	11	8
Provisions	75	65
Total Current Liabilities	<u>86</u>	<u>73</u>
Non-current Liabilities		
Provision for deferred income tax	37	8
Total Non-current Liabilities	<u>37</u>	<u>8</u>
Total Liabilities	<u>123</u>	<u>81</u>
Equity		
Retained profits	307	361
Building revaluation reserves	30	30
Total Equity	<u>337</u>	<u>391</u>

Receivables increased from \$61 000 in 1998-99 to \$143 000 in 1999-2000 mainly due to an increase in Exemption Fee debts for some major producers.

Cash and investments decreased from \$164 000 in 1998-99 to \$30 000 in 1999-2000 due principally to the increase in the loss sustained in 1999-2000.

Employee leave provisions increased from \$64 000 in 1998-99 to \$75 000 in 1999-2000 mainly due to a reduction in leave taken during the current year.

3.1.3 FORESTRY TASMANIA

Forestry Tasmania (FT) was established under the *Forestry Amendment (Forestry Corporation) Act 1994*, which amended the *Forestry Act 1920*. The Corporation has responsibility for optimising both the economic returns from its wood production activities and the benefits to the public and the State of the non-wood values of forests.

The core business of the Corporation is the sustainable production and delivery of forest products and services for optimum community benefit.

The Corporation's Board is comprised of six members, five of whom are appointed by the Governor on the recommendation of the Minister.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

At 30 June 2000 FT had a total of 586 employees (1999, 616), which equated to 559 (591) full time equivalent positions.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of FT were received on 31 August 2000, with amended financial statements being received on 9 November 2000. An unqualified audit report was issued on 17 November 2000

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00	1998-99
	\$'000	\$'000
Operating Revenue		
Sales revenue	94 514	88 157
Share of GMO Joint Venture Sales	15 733	0
Interest	2 935	1 206
Proceeds from sale of property, plant and equipment	2 138	2 411
Other	2 004	5 302
Total Operating Revenue	<u>117 324</u>	<u>97 076</u>
Operating Expenditure		
Value of property, plant and equipment sold	2 615	2 689
Personnel provisions	5 180	5 878
Operating lease rentals	1 488	1 606
Interest expense	2 455	2 340
Depreciation	7 827	7 020
Foreign exchange losses	(99)	26
Share of GMO Joint Venture Expenses	11 778	0
Doubtful debts provision (writeback)/ expense	23	(367)
Other	78 568	70 893
Total Operating Expenditure	<u>109 835</u>	<u>90 085</u>
Operating profit before grants and subsidies	7 489	6 991
Operating grants and reimbursements	1 039	1 131
Abnormal items	(196)	(317)
Taxation equivalent expense	5 097	(3 413)
Retained profits at year start	3 420	6 330
Dividends paid or provided for	(6 122)	(7 302)
Retained profits at year end	10 727	3 420

The Forestry Tasmania share of revenue and expenses of the Grantham, Mayo, van Otterloo Renewable Resources (GMORR) joint venture represent new items in 1999-2000 following the establishment of the joint venture in softwood plantations.

Expenses in respect of harvesting, general operating expenses and softwood forest planning & management, reported separately in 1998-99, were included under other operating expenditure in 1999-2000. For comparative purposes these categories have been re-classified.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	21 882	6 994
Receivables	16 176	35 873
Inventories	4 294	3 506
Forest estate	17 202	28 221
Other	2 322	183
Total Current Assets	<u>61 876</u>	<u>74 777</u>
Non-current Assets		
Forest estate	732 735	488 974
Property plant and equipment	29 897	30 326
Receivables	55	60
Investments	13 440	12 602
Other	3 882	5 534
Total Non-current Assets	<u>780 009</u>	<u>537 496</u>
Total Assets	<u>841 885</u>	<u>612 273</u>
Current Liabilities		
Creditors and accruals	13 992	10 124
Borrowings	157	694
Employee provisions	9 162	8 966
Provision for tax equivalent	0	109
Provision for dividend	6 122	2 855
Total Current Liabilities	<u>29 433</u>	<u>22 748</u>
Non-current Liabilities		
Borrowings	48	206
Deferred income tax	6 189	11 826
Employee provisions	47 496	45 074
Total Non-current Liabilities	<u>53 733</u>	<u>57 106</u>
Total Liabilities	<u>83 166</u>	<u>79 854</u>
Equity		
State equity	232 057	272 057
Reserves	515 935	256 941
Retained profits	10 727	3 420
Total Equity	<u>758 719</u>	<u>532 418</u>

Cash has increased from \$6.994m in 1998-99 to \$21.882m in 1999-2000 principally due to deferral of capital expenditure (\$7.000m), retention of cash to fund costs of the joint venture project (\$4.000m), retention of part of the sale proceeds from the joint venture to establish a Forestry Infrastructure Fund (\$4.900m) and Forestry's share in the cash holdings of the joint venture (\$2.700m).

Current receivables have decreased significantly from \$35.873m in 1998-99 to \$16.176m in 1999-2000. This is principally due to the receipt during 1999-2000 of the final payment of Regional Forest Agreement funds of \$22.334m that formed part of the receivables in the prior year. This was partially offset by an increase in trade debtors from \$2.331m in 1998-99 to \$11.190 in 1999-2000 due to a change in the timing of issuing invoices.

The total Forest Estate Asset has increased from \$517.195m in 1998-99 to \$749.938m in 1999-2000. This was principally due to change in methodology to substantially comply with requirements of AAS 35 "Self-Generating and Regenerating Assets" before the compulsory deadline of 30 June 2001. Refer below for details on the significant changes from the prior year model.

Reserves have increased from \$256.941m in 1998-99 to \$515.935m in 1999-2000 principally in line with the Forest Estate and Joint Venture revaluations.

ADDITIONAL FINANCIAL INFORMATION

In 1999-2000 Forestry Tasmania completed a joint venture agreement with GMO Renewable Resources for a 50% interest in the northern softwood plantation and a growth program. The 50% share in the joint venture was valued at \$46.8m. An independent valuation by overseas consultants as at 30 June 2000 has valued the 50% interest at \$71.4m. The 50% share is accounted for in new items in the profit & loss statement and statement of financial position.

For the 1999-2000 financial year, Forestry Tasmania made some changes in respect of its methodology for calculation of the Forest Estate valuation. The net market value of the forest crop has been separated from the gross value of land. This year an imputed rental charge was applied to reflect the land use value within the model. Previously, the land book value was subtracted from the discounted cash flow value within the forest valuation model. The calculation of the discount rate was adjusted to apply a weighted average cost of capital discount rate. The rates applied in 1999-2000 were 9.39% in respect of plantation crops and 7.02% in respect of Native Forest crops. Previously a pre tax rate at balance date of 6.31% was applied to all crops. In addition, the present value also includes for the first time in 1999-2000 an allowance for applicable forest management overhead costs. This increased cost is offset by a decrease in forest establishment and other expenditure. The cost decreases were excluded from the model, as they are not allowable under the requirements of AAS35.

3.1.4 HYDRO-ELECTRIC CORPORATION

The Hydro-Electric Corporation (HEC) was established as a Commission by the *Hydro-Electric Commission Act 1944* and corporatised by the *Hydro-Electric Corporation Act 1995*. The Corporation now trades as *Hydro Tasmania*.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

The Corporation is a Government Business Enterprise and is the electricity generator for the State of Tasmania. The Corporation also operates a consulting division and owns the electricity distribution assets on the Bass Strait Islands.

EMPLOYEE STATISTICS

At 30 June 2000 Hydro Tasmania had a total of 667 employees (1999, 660).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of Hydro Tasmania were received by Audit on 27 September 2000 and an unqualified audit report was issued on 9 October 2000.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Electricity sales revenue	278 560	272 775
Services to external customers	35 441	42 905
Contribution to consolidated fund	120	83
Customer contributions received	115	129
Operating grants and subsidies	4 549	4 420
Other	4 650	3 065
Total Operating Revenue	<u>323 435</u>	<u>323 377</u>
Operating Expenditure		
Labour	45 178	39 227
Materials	7 047	6 617
Other division expenses	49 875	52 511
Financial charges	100 797	108 022
Depreciation	76 502	74 862
Contributions for retirement benefits	15 336	15 194
Contribution to consolidated fund	161	123
Bad and doubtful debts	27	29
Total Operating Expenditure	<u>294 923</u>	<u>296 585</u>
Operating profit before abnormal items	28 512	26 792
Abnormal items	(26 836)	
Taxation equivalent benefit/(expense)	5 547	(24 201)
Operating profit after tax and abnormal items	7 223	2 591
Accumulated profits at year start	161 936	1 577
Amounts transferred (to) from reserves		200 359
Dividends paid or provided for	(45 062)	(42 591)
Accumulated profits at year end	124 097	161 936

Services to external customers decreased from \$42.905m in 1998-99 to \$35.441m in 1999-2000 due to a reduction in the level of consulting work undertaken.

Labour costs increased from \$39.227m in 1998-99 to \$45.178m in 1999-2000 due principally to increases in salary rates and redundancy costs.

During the year Hydro Tasmania restructured its loan portfolio. Loans with a face value of \$198.0m and interest rate swaps of \$302.0m were terminated prior to maturity. This restructure resulted in an abnormal loss of \$26.836m as shown above. Associated with this restructure, average interest rates have reduced across the portfolio, resulting in a decrease in financial charges from \$108.022m in 1998-99 to \$100.797m in 1999-2000.

Income tax expense for the year amounted to \$16.962m and was offset by an adjustment of \$22.509m due to a change in company income tax rates. This resulted in a tax equivalent benefit of \$5.547m for the year.

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	274	249
Receivables	36 772	34 420
Investments	20 000	32 740
Inventories	6 180	4 254
Other	763	7 928
Total Current Assets	<u>63 989</u>	<u>79 591</u>
Non-current Assets		
Receivables	0	140
Property, plant and equipment	3 180 746	3 112 562
Other	4 903	6 703
Total Non-current Assets	<u>3 185 649</u>	<u>3 119 405</u>
Total Assets	<u>3 249 638</u>	<u>3 198 996</u>
Current Liabilities		
Accounts payable	35 484	45 896
Borrowings	136 384	317 738
Provisions	81 088	81 546
Other	602	230
Total Current Liabilities	<u>253 558</u>	<u>445 410</u>
Non-current Liabilities		
Borrowings	900 175	728 846
Provisions	292 473	314 255
Other	2 000	0
Total Non-current Liabilities	<u>1 194 648</u>	<u>1 043 101</u>
Total Liabilities	<u>1 448 206</u>	<u>1 488 511</u>
Equity		
Reserves	1 677 335	1 548 549
Accumulated profits	124 097	161 936
Total Equity	<u>1 801 432</u>	<u>1 710 485</u>

Investments decreased from \$32.740m in 1998-99 to \$20m in 1999-2000 due to a reduction in cash reserves.

During the year Hydro Tasmania restructured its loan portfolio. Loans with a face value of \$198.0m were terminated prior to maturity and the level of long term debt has been increased.

ADDITIONAL FINANCIAL INFORMATION

The accounts include provision for a special dividend payment of \$40.000m in accordance with Government policy. Total dividends and tax provided for in the accounts in respect of the year ending 30 June 2000 was \$54.826m.

Property plant and equipment is revalued at 30 June each year to its deprival value, which is the lower of service value and recoverable amount.

Hydro Tasmania has a policy to revalue the service value of its assets at least every 5 years. This was last performed in the 1996-97 financial year. The 1999-2000 service valuations of Generation assets were derived by applying appropriate indexation factors.

Recoverable amount valuations are performed annually. The recoverable amount of the Generation assets is determined by estimating the future cash flows to be derived from them and discounting the cash flows to present values. Cash flow projections are supported by a number of assumptions which, although judgemental in nature, are based on the best information available at the time and are consistent with Hydro Tasmania's own internal budget estimates. In addition Hydro Tasmania has included the pricing outcomes as outlined by the Tasmanian Electricity Regulator in his Report entitled *Investigation into Electricity Supply Industry Pricing Policies*.

The 30 June 2000 revaluation resulted in a revaluation increase of \$128.786m. The gross and written down service values of generation assets at 30 June 2000 were \$7.184bn (1998-99 \$6.916bn) and \$4.576bn (\$4.498bn) respectively. The recoverable amount was assessed at \$2.987bn (\$2.829bn). The increase in the value of these assets is mainly due to the reduction in Corporate tax rates and increases in electricity sales revenue forecasts.

3.1.5 MOTOR ACCIDENTS INSURANCE BOARD

The Motor Accidents Insurance Board (MAIB) was established under the *Motor Accidents (Liability and Compensation) Act 1973*. The principal business of the MAIB is to provide no fault insurance coverage to Tasmanian motorists.

The Board of Directors of the MAIB comprises six members appointed by the Governor on the recommendation of the Responsible Minister.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

In terms of employee statistics, the MAIB has 35.7 FTEs (1998-99, 32.3). The head count for the MAIB at 30 June 2000 was 36 employees (36).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the MAIB were signed by the Chairperson and a Director on 30 August 2000 and an unqualified audit report was issued on 18 September 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00	1998-99
	\$'000	\$'000
Operating Expenses		
Claims expense	102 056	78 341
Outwards reinsurance	2 095	1 913
General and administration	3 393	2 643
Road safety initiative	1 606	1 300
Injury prevention and management foundation	537	556
Other underwriting expenses	1 588	1 474
Total Cost Of Services	<u>111 275</u>	<u>86 227</u>
Operating Revenues		
Premium revenue	78 934	75 592
Investment revenue	40 912	16 537
Total Operating Revenues	<u>119 846</u>	<u>92 129</u>
Operating result before abnormal item & taxation	8 571	5 902
Abnormal item	(2 526)	(16 000)
Operating result before taxation	6 045	(10 098)
Taxation equivalent expense	(2 979)	4 530
Operating result after taxation	3 066	(5 568)
Retained Surplus at Beginning of Reporting Period	55 044	63 612
Dividends provided or paid	(1 533)	(3 000)
Retained Surplus at End of Reporting Period	56 577	55 044

The operating revenue increased by \$27.617m from the previous year primarily as a result of changes in market values of investments held at the end of the reporting period. Unrealised gains totalled \$11.706m (1998-99 losses of \$7.380m) and realised gains during the period totalled \$1.042m (1998-99 losses of \$2.737m). In addition, premium revenue recognised during the year increased by \$3.343m.

Operating expenses increased by \$25.048m. This increase can be attributed to increases in claims paid totalling \$5.601m and outstanding and unreported claims of \$17.658m. Claim payments increased as a consequence of the ongoing efforts of the Board to reduce the number of outstanding claims. The value of the Board's claims liability is actuarially assessed each year. The increase in outstanding and unreported claims that followed from the Actuary's review primarily results from future care claims. General and administration expenses increased by \$0.750m. This increase is mainly due to depreciation charged on the Board's new computer system which commenced operation during the year. Additional costs were also incurred regarding the introduction of *A New Tax System (Goods and Services Tax) Act 1999*.

The Board's operating result after abnormal items and taxation totalled \$3.066m. This included an abnormal item relating to the impact of the new tax system of \$2.526m (1998-99, \$16m). The taxation equivalent expense totalled \$2.979m although no tax will be paid as a result of carried forward tax losses totalling \$28.031m.

The Board provided for a dividend of \$1.533m representing fifty percent of the operating result after abnormal items and taxation.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	1 556	100
Short term deposits and inscribed stock	255 726	106 031
Accounts receivable	32	65
Accrued interest	35	69
Accrued income	26	34
Lease receivable	280	266
Prepaid expenses	20	29
Total Current Assets	<u>257 675</u>	<u>106 594</u>
Non-current Assets		
Government securities and other investments	245 537	349 906
Property	33 744	37 794
Plant and equipment	1 969	1 436
Rehabilitation Tasmania	0	0
Lease receivable	2 324	2 629
Future income tax benefit	7 659	10 604
Total Non-current Assets	<u>291 233</u>	<u>402 369</u>
Total Assets	<u>548 908</u>	<u>508 963</u>
Current Liabilities		
Provision for outstanding and unreported claims	72 806	66 940
Provision for dividend	1 533	0
Provision for unearned income	39 459	39 488
Provision for unexpired risk	0	500
Provision for injury prevention and management foundation	562	564
Provision for employee entitlements	318	404
Provision for unearned rent	238	249
Sundry creditors and accrued expenses	4 828	733
Total Current Liabilities	<u>119 744</u>	<u>108 878</u>
Non-current Liabilities		
Provision for outstanding and unreported claims	371 615	344 094
Provision for deferred tax	75	41
Provision for employee entitlements	897	906
Total Non-current Liabilities	<u>372 587</u>	<u>345 041</u>
Total Liabilities	<u>492 331</u>	<u>453 919</u>
Equity		
Accumulated surplus	56 577	55 044
Total Equity	<u>56 577</u>	<u>55 044</u>

The Board, at 30 June 2000, held investments in short term deposits, inscribed stock, government securities and other investments totalling \$501.263m (1998-99, \$455.937m). The

investments are measured at net market value and include unrealised movements on investments held at the end of the reporting period. The Board has contracts with five external managers who invest 93% of the total investment portfolio. The balance is invested by the Board. The external managers work within an asset allocation benchmark determined by the Board's investment strategy. The movement between current and non current balances reflects the external managers' strategies to meet the Board's investment requirements.

It is noted that at 30 June 1999, the Board held non current investments in shares listed on a prescribed stock exchange of \$52.349m. The equity investments, at 30 June 2000, were held in unit trusts in the current investment balance and totalled \$69.413m.

Properties decreased by \$4.050m which largely represents the Board's sale of the Kirksway Place building in Hobart in July 1999.

The future income tax benefits decreased by \$2.945m due to a change in taxation rates which will come into effect in the 2000-01 financial period and the realisation of timing differences during this financial year.

Provision for outstanding and unreported claims increased by \$33.387m. The liability is determined by an Independent Actuary based upon claims information held by the Board. The increase relates mainly to an assessed increase in the expected future claim payments. In addition, the impact of *A New Tax System (Goods and Services Tax) Act 1999* has been assessed at \$2.526m for the 1999-2000 financial year.

The provision for unexpired risk has been written down from \$0.5m to nil based upon Actuarial advice. The write down relates to the assessment that premiums had returned to a break-even position.

Sundry creditors and accrued expenses increased by \$4.095m. The increase includes \$3.9m attributable to the GST payable on premiums collected in this financial year, which span the 1999-2000 and 2000-2001 financial periods.

ADDITIONAL FINANCIAL INFORMATION

The nature of the MAIB's operation results in claims being made for personal injury resulting from motor vehicle accidents. The claims made take a considerable amount of time to be settled and as a consequence, the determination of a liability for outstanding and unreported claims is an estimate.

As noted in the Financial Results tables, the total liability at 30 June 2000 was \$444.421m (1998-99, \$411.034m).

To ensure the adequacy of the claims liability the MAIB has appointed an independent Actuary to review claims data and provide the valuation of the claims liability.

It is noted that the estimation of future payments is inherently imprecise, particularly in respect of liabilities settled over an extended time frame. Although the valuation is prepared in accordance with probable future experience, the actual experience could vary from that assumed.

Consequently, the liability includes a prudential margin on central claims estimates. Central claims estimates are the Actuary's estimate of liabilities with no deliberate bias to either under or overstate the provision.

The level at which the prudential margin is set has a significant impact on the outstanding claims liability and impacts on the claims expense total, which directly effects the operating result of the MAIB. It is noted that the prudential margin has remained constant over the previous three accounting periods.

3.1.6 NORTH WEST REGIONAL WATER AUTHORITY

The North West Regional Water Authority was established under the *North West Regional Water Authority Act 1987* to operate as a bulk metering authority and charge councils for water consumption according to the 'user pays' principle. The Authority trades under its own name.

The core business of the Authority is to collect, treat and conserve water in bulk and to supply it at an acceptable standard which conforms to quality guidelines to its constituent councils of Circular Head, Waratah-Wynyard, Central Coast, Devonport City, Latrobe and Kentish.

The *North West Regional Water (Arrangements) Act 1997* came into effect on 1 July 1998 and on that date repealed the *North West Regional Water Authority Act 1987*; provided for the transfer of staff; and, subject to a notice published in the Gazette, provided for the transfer of prescribed property (i.e. property used exclusively or mainly in operating a bulk water scheme), rights, obligations and liabilities to North West Water Authority.

In accordance with that Act the Minister for Primary Industry, Water and Environment published a notice in the Gazette on 10 August 1999 transferring to North West Water Authority all the prescribed property, obligations and liabilities of the North West Regional Water Authority. The North West Regional Water Authority ceased operations on 9 August 1999.

Comments in relation to the operations of the North West Water Authority are noted under Section 4.6.

EMPLOYEE STATISTICS

As at 30 June 2000 the Authority had no employees (1998-99, 22.8) as all staff transferred to the North West Water Authority on 10 August 1999.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Authority for the period 1 July 1999 to 9 August 1999 were signed by the members of the Authority on 24 November 1999 and an unqualified audit report was issued on 20 January 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	Forty days to 9 August 1999 \$'000	1998-99 \$'000
Operating Revenue		
Sales	787	7 305
Interest on investments	9	79
Profit (Loss) on sale of assets	(4)	(9)
Other	1	5
Reimbursement of Fluoridation Costs	3	26
Non - Operating - Property Rentals	4	18
Non - Operating - Sundry Inome	1	15
Total Operating Revenue	<u>801</u>	<u>7 439</u>
Operating Expenditure		
Administration	84	602
Operating and Maintenance Costs	268	2 504
Borrowing costs	164	1 527
Depreciation	131	1 204
Government guarantee fee		136
Total Operating Expenditure	<u>647</u>	<u>5 973</u>
Operating profit before abnormals and tax	154	1 466
Abnormal items		155
Taxation equivalent benefit (expense)	(9)	1 100
Retained profits at year start	6 044	3 996
Amounts transferred (to) from reserves		
Dividends paid or provided for	0	(673)
Retained profits at year end	6 189	6 044

An analysis of the operating statement for the 40 day period indicates all items are consistent with the amounts expected by the Board.

The operating profit for the period totalled \$154 000 with a taxation equivalent expense of \$9 000. No taxation payments will be made as the Board had carried forward tax losses of \$5.073m. In addition, no dividend was proposed as the Board considered that this was a matter for the new Board of North West Water Authority.

STATEMENT OF FINANCIAL POSITION

	Balance as at 9 August 1999 \$'000	1998-99 \$'000
Current Assets		
Cash	1	1
Investments	1 600	1 900
Prepayments and accruals	910	114
Inventories	35	35
Sundry debtors	45	50
Total Current Assets	<u>2 591</u>	<u>2 100</u>
Non-current Assets		
Infrastructure Assets	55 272	55 237
Land	1 295	1 295
Furniture, equipment and vehicles	510	498
Future income tax equivalent benefit	1 446	1 455
Total Non-current Assets	<u>58 523</u>	<u>58 485</u>
Total Assets	<u>61 114</u>	<u>60 585</u>
Current Liabilities		
Employee provisions	1 734	1 693
Creditors	1 085	885
Bank overdraft	20	1
Borrowings	551	551
Total Current Liabilities	<u>3 390</u>	<u>3 130</u>
Non-current Liabilities		
Borrowings	23 246	23 246
Employee provisions	276	277
Total Non-current Liabilities	<u>23 522</u>	<u>23 523</u>
Total Liabilities	<u>26 912</u>	<u>26 653</u>
Equity		
Reserves	28 013	27 888
Retained profits	6 189	6 044
Total Equity	<u>34 202</u>	<u>33 932</u>

Investments decreased by \$300 000 to fund the operations of the Authority, as the revenue for the sale of water was not invoiced. An accrual of \$787 000 for the water sales resulted in an increase in the prepayments and accruals balance.

Creditors increase by \$200 000 as a result of an increase in the interest on loans accrual for the additional 40 day period from 30 June 1999.

All other balances remained constant with the balances at 30 June 1999.

3.1.7 PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY

The Authority is constituted under the *Port Arthur Historic Site Management Authority Act 1987*. The Authority is responsible for the management of the historic site including its preservation and maintenance as an example of a major British convict settlement and penal institution.

The Authority consists of 6 members as at 30 June 2000.

The Responsible Minister is the Minister for State Development.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The 1999-2000 financial statements of the Authority were signed on 12 October 2000 and an unqualified audit report was issued on 19 October 2000.

EMPLOYEE STATISTICS

The Authority had 74 full time equivalent employees as at 30 June 2000 (1999, 87).

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Visitor services - entrance fees and other tour income	2 780	2 741
Ghost tours	420	372
Food and merchandising	2 385	1 858
Other income	389	202
Total Operating Revenue	<u>5 974</u>	<u>5 173</u>
Operating Expenditure		
Visitor services	1 337	1 182
Ghost tours	267	237
Food & merchandising	2 473	1 895
Conservation	1 497	1 371
Administration	1 384	1 250
Marketing	156	145
Education and training	0	82
Total Operating Expenditure	<u>7 114</u>	<u>6 162</u>
Operating (loss) before grants and abnormals	(1 140)	(989)
National estate grant	20	26
Conservation funding	2 136	0
Abnormal items	265	293
Government deficit funding	0	3 696
Retained profits at year start	8 864	5 838
Retained profits at year end	10 145	8 864

During 1999-2000 the Authority recorded revenue from Food and merchandising \$2.385m, as opposed to Food and merchandising expenses of \$2.473m, a loss of \$88 000. As the expense item does not include an allocated depreciation charge for assets utilised in this area, with all depreciation being recorded as an administration expense, the loss on Food and merchandising could be considerably larger. I have requested information from the Authority as to the Board's relevant pricing policy with regard to cost recoveries, not only for Food and merchandising, but for all cost centres.

During 1999-2000, the Authority received conservation funding totalling \$2.136m, \$1.200m of which represents an advance payment against an approved \$2.000m annual allocation for 5 years for a conservation program to preserve its convict heritage for future generations. The remainder of the first annual instalment, \$0.800m was received in July 2000.

The abnormal item represents an adjustment to the Authority's Retirement benefits liability at 30 June 2000 in accordance with an actuarial determination as at that date.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposits	2 635	1 490
Receivables	91	185
Inventories	180	228
Prepayments	93	60
Total Current Assets	<u>2 999</u>	<u>1 963</u>
Non-current Assets		
Property, plant and equipment	9 575	9 416
Intangibles	0	1
Total Non-current Assets	<u>9 575</u>	<u>9 417</u>
Total Assets	<u>12 574</u>	<u>11 380</u>
Current Liabilities		
Creditors and accruals	462	403
Provisions	591	564
Total Current Liabilities	<u>1 053</u>	<u>967</u>
Non-current Liabilities		
Provisions	1 376	1 549
Total Non-current Liabilities	<u>1 376</u>	<u>1 549</u>
Total Liabilities	<u>2 429</u>	<u>2 516</u>
Equity		
Accumulated Funds	10 145	8 864
Total Equity	<u>10 145</u>	<u>8 864</u>

The increase in Cash and deposits, \$1.235m, principally reflects an advance payment to the Authority in respect to its Conservation Work Program for 2000-2001. This is also reflected in the movement in Accumulated Funds, \$1.281m.

3.1.8 PRINTING AUTHORITY OF TASMANIA

The Printing Authority of Tasmania (PAT) was established under the *Printing Authority of Tasmania Act 1994*.

The Authority's mission is to provide a fail-safe printing service to the Tasmanian Government for the printing of legislation, reports and other printed materials. In addition, the PAT competes with the private sector for printing services to the public sector departments and other authorities. The PAT is also permitted to do printing for prescribed bodies, which include:

- Any body corporate which receives funding from the Tasmanian Government or the Australian Government;
- Any person or body that carries on a business or resides in a place other than Tasmania; and
- Work that any businesses are unable to carry out effectively.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

At 30 June 2000, the Authority had a total of 74 staff (1999, 77), comprising full time staff of 59 employees (58) and casual staff of 15 employees (19).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Authority were received on 4 September 2000. An unqualified audit report was issued on 13 September 2000.

Subsequently, revised financial statements were received on 17 October 2000. The revision was necessary to account for an adjustment to the statutory dividend provision. As a result, a further unqualified audit opinion, including an emphasis of matter paragraph explaining the change, was issued on 19 October 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Sales revenue	7 878	7 668
Interest revenue	49	36
Other	41	54
Total Operating Revenue	<u>7 968</u>	<u>7 758</u>
Operating Expenditure		
Salaries & wages	2 857	2 940
Direct materials	1 710	1 715
Depreciation	302	250
Other expenses	2 848	2 798
Total Operating Expenditure	<u>7 717</u>	<u>7 703</u>
Operating profit before abnormal items and tax	251	55
Abnormal items	0	0
Taxation equivalent expense	0	0
Retained profits at year start	1 203	1 148
Dividend provided/payable	125	0
Retained profits at year end	1 329	1 203

Sales revenue increased by \$0.210m to \$7.878m in 1999-2000 (\$7.668m, 1998-99) mainly due to increased activity in Parliamentary printing works.

Salaries and wages expenditure decreased by \$0.083m to \$2.857m in 1999-2000 (\$2.940m, 1998-99) due to productivity improvements and the use of less casual labour during the year. This reduction of \$0.232m was partly offset by an increase of \$0.085m in permanent salaries and wages.

Depreciation increased \$0.052m to \$302m in 1999-2000 (\$0.250m, 1998-99) mainly due the purchase of a new folding machine at a cost of \$0.179m.

The increase in other expenses of \$0.050m to \$2.848m in 1999-2000 (\$2.798m, 1998-99) included numerous minor movements, but also included an increase of \$0.081m in rental expenditure that was in line with lease rental agreements.

In the current year, the Authority was able to provide a dividend to the State Government for the first time, which amounted to \$0.125m.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	506	230
Receivables	603	605
Investments	569	395
Inventories	492	451
Other	28	41
Total Current Assets	<u>2 198</u>	<u>1 722</u>
Non-current Assets		
Property plant and equipment	<u>1 117</u>	1 220
Total Non-current Assets	<u>1 117</u>	<u>1 220</u>
Total Assets	<u>3 315</u>	<u>2 942</u>
Current Liabilities		
Accounts payable	866	717
Provisions	793	587
Other	400	447
Total Current Liabilities	<u>2 059</u>	<u>1 751</u>
Non-current Liabilities		
Provisions	<u>77</u>	138
Total Non-current Liabilities	<u>77</u>	<u>138</u>
Total Liabilities	<u>2 136</u>	<u>1 889</u>
Equity		
Negative Equity - Government Printing Office	(150)	(150)
Retained profits	<u>1 329</u>	<u>1 203</u>
Total Equity	<u>1 179</u>	<u>1 053</u>

The increase in total cash and investments of \$0.450m to \$1.075m as at 30 June 2000 (\$0.625m, 1999) is consistent with the after tax profit of \$0.251m and increased payables of \$0.149m.

The accounts payable increase noted above, from \$0.717m in the prior year, is mainly due to increased sub-contracting, resulting from higher trading volume towards the end of the year, amounting to \$0.093m and GST related transactions, \$0.027m.

Current provisions as at 30 June 2000 of \$0.793m (\$0.587m, 1999) reflect an increase in the current portion of employee long service leave entitlements, in addition to the dividend provision of \$0.125m.

3.1.9 RIVERS AND WATER SUPPLY COMMISSION

The Rivers and Water Supply Commission was established under the now repealed *Water Act 1957* and continues its operations under the *Rivers and Water Supply Commission Act 1999*.

The Commission's Board comprises four members appointed by the Governor.

The Commission administers the following eleven schemes:

- Cressy-Longford Irrigation Scheme;
- Furneaux Drainage Scheme;
- Lobster Rivulet River Improvement Scheme;
- Montagu River Improvement Scheme;
- Prosser River Water Supply Scheme;
- South East Irrigation Scheme;
- Togari Water Supply Scheme;
- Welcome River Drainage Scheme;
- Winnaleah Irrigation Scheme.

In addition there is the Meander Valley Irrigation Scheme which has not yet been proclaimed. The future of this Scheme has still not been decided.

The Responsible Minister is the Minister for Primary Industries, Water and Environment.

EMPLOYEE STATISTICS

The Commission is not a direct employer of people involved in Commission activities. Administrative and operational support is provided by persons employed by Department of Primary Industries, Water and Environment (DPIWE).

At 30 June 2000 DPIWE employed 12 staff (1999, 9) which equated to 6 full time equivalent positions to carry out operations and maintenance work on the Commission Schemes.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Revised financial statements of the Commission were signed by two Members of the Commission and received on 16 November 2000 and an unqualified audit report was issued on 22 November 2000.

Treasury Contribution to Equity

The Audit Office notes that the Commission treats its annual appropriation from the Government as a Capital Contribution to Equity rather than as revenue, on the basis that such funding is made for the purpose of meeting capital costs of borrowings undertaken to fund the construction of the Commission's irrigation schemes.

In 1999-2000 the contribution was \$3 029 972 (1998-99: \$2 775 975). This should be taken into consideration when reviewing the accumulated loss for the year which was \$8 839 072 (1998-99: \$7 095 780).

FINANCIAL RESULTS

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Water rates and charges	1 276	1 274
Interest on investments	49	51
Other	428	30
Total Operating Revenue	<u>1 753</u>	<u>1 355</u>
Operating Expenditure		
Operations and maintenance	968	648
Administration	412	392
Financial	1 943	2 075
Total Operating Expenditure	<u>3 323</u>	<u>3 115</u>
Operating profit/(loss) before abnormals and tax	(1 570)	(1 760)
Taxation equivalent expense	(19)	221
Retained profits at year start	(7 096)	(5 557)
Retained profits at year end	(8 685)	(7 096)
Adjustment to accumulated funds	0	2 776
Adjusted accumulated funds	(8 685)	(4 320)

Other operating revenue rose for three reasons.

- The Cressy-Longford scheme collected an Asset Renewal Levy of \$19 868;
- RWSC sold trees from a plantation which raised \$43 474; and
- Major pump repairs and maintenance costs at South-East were subject to successful insurance claims totalling \$97 139

Expenditure on Operations and Maintenance increased because of:-

- Major pump repairs and maintenance work carried out for the South-East Irrigation Scheme; and
- There was an increase in the use of consultants.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	648	141
Receivables	518	428
Investments	793	1 042
Total Current Assets	<u>1 959</u>	<u>1 611</u>
Non-current Assets		
Property plant and equipment	35 768	36 250
Other	578	575
Total Non-current Assets	<u>36 346</u>	<u>36 825</u>
Total Assets	<u>38 305</u>	<u>38 436</u>
Current Liabilities		
Creditors and accruals	327	128
Borrowings	2 866	300
Employee provisions	348	336
Total Current Liabilities	<u>3 541</u>	<u>764</u>
Non-current Liabilities		
Borrowings	13 993	18 127
Employee provisions	369	315
Total Non-current Liabilities	<u>14 362</u>	<u>18 442</u>
Total Liabilities	<u>17 903</u>	<u>19 206</u>
Equity		
Reserves	17 860	17 901
Retained profits	2 541	1 330
Total Equity	<u>20 401</u>	<u>19 231</u>

Cash rose and Investments fell due to extra funds being received from the sale of trees from a plantation. Excess funds were left in the bank account and not transferred to the Investment Account at Tascorp.

Overall borrowings decreased by \$4.107m due to both loan repayments and the fact that no new borrowings were made. The increase in Current Borrowings reflects the loans due for repayment during 2000-01.

3.1.10 SOUTHERN REGIONAL CEMETERY TRUST

The Southern Regional Cemetery Trust (the Trust) was established under the *Southern Regional Cemetery Act 1981*.

The Trust is responsible for the control and management of cemeteries and crematoria vested in or acquired by it for the burial or cremation of persons who were former residents of the southern area of the State, and for ensuring that adequate cemeteries and crematoria are available to meet future requirements.

The Trust comprises six members appointed by the Governor.

The Responsible Minister is the Premier.

The Premier has advised that it is the Government's intention to hand over control of the Trust to Local Government Authorities after 30 June 2001.

EMPLOYEE STATISTICS

As at 30 June 2000 there were 16 (1999, 17) employees at the Trust, all full-time (16) with no part-time employees (1).

AUDIT OF THE 1998-99 & 1999-2000 FINANCIAL STATEMENTS

As noted in my last report the financial statements of the Trust for 1998-99 were signed by two Trust Members on 27 August 1999. However, amendments to the financial statements were not received in time for inclusion in that report. An unqualified audit report was issued on 3 December 1999.

The financial statements for 1999-2000 were received on 20 September 2000 and an unqualified audit report was issued on 24 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Cemetery fees	702	530
Crematorium fees	718	710
Plaques	105	87
Interest & commission	140	120
Other	18	(19)
Total Operating Revenue	<u>1 683</u>	<u>1 428</u>
Operating Expenditure		
Cemetery	725	766
Crematorium	98	146
Administration	307	313
Payments to trust members	19	18
Depreciation	185	183
Superannuation & leave entitlements	101	61
Total Operating Expenditure	<u>1 435</u>	<u>1 487</u>
Operating profit before grants and subsidies	248	(59)
Abnormal items	0	(231)
Taxation equivalent expense	(88)	62
Retained profits at year start	(173)	67
Amounts transferred (to) from reserves		
Dividends paid or provided for	(80)	(12)
Retained profits at year end	(93)	(173)

Cemetery fees increased from \$530 000 in 1998-99 to \$702 000 in 1999-2000 due mainly to an increase of \$108 000 of sales of grave sites at Cornelian Bay and a subsequent increase of \$56 000 in respect of burial fees.

Sales of plaques increased from \$87 000 in 1998-99 to \$105 000 in 1999-2000 due to the Trust developing marketing skills in this area.

The increase in other income of \$37 000 in 1999-2000 resulted from loss on sale of assets in 1998-99. This did not occur in 1999-2000.

Crematorium expenses decreased from \$146 000 in 1998-99 to \$98 000 in 1999-2000 due mainly to expenses for a major repair program undertaken in 1998-99.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	42	13
Receivables	261	263
Investments	2 851	2 519
Other	3	55
Total Current Assets	<u>3 157</u>	<u>2 850</u>
Non-current Assets		
Property plant and equipment	<u>5 398</u>	5 431
Total Non-current Assets	<u>5 398</u>	<u>5 431</u>
Total Assets	<u>8 555</u>	<u>8 281</u>
Current Liabilities		
Creditors	76	53
Provisions	174	91
Other	27	22
Total Current Liabilities	<u>277</u>	<u>166</u>
Non-current Liabilities		
Provisions	<u>1 107</u>	1 025
Total Non-current Liabilities	<u>1 107</u>	<u>1 025</u>
Total Liabilities	<u>1 384</u>	<u>1 191</u>
Equity		
Capital	1 252	1 252
Reserves	3 914	3 914
Asset revaluation reserve	2 098	2 098
Retained profits	(93)	(173)
Total Equity	<u>7 171</u>	<u>7 091</u>

Investments increased from \$2 519 000 in 1998-99 to \$2 851 000 due mainly to surplus funds available for investment resulting from increased revenue and a small reduction in costs.

Other current assets decreased from \$55 000 in 1998-99 to \$3 000 in 1999-2000 because of the realisation of a Future Income Tax Benefit of \$50 000.

3.1.11 STANLEY COOL STORES BOARD

The Stanley Cool Stores Board was established under the *Stanley Cool Stores Act 1945*, with responsibility for the 'management and control of certain cool stores erected at Stanley, and for matters incidental thereto'. The Principal Act has been subsequently amended in certain areas, but its original intent has not changed. The Board trades under its own name.

The core business of the Board is to lease and/or licence the use of refrigerated cool store space in support of regional enterprise development.

The Responsible Minister is the Minister for Primary Industries, Water and Environment.

EMPLOYEE STATISTICS

As at 30 June 2000 the Board employed 2 full time staff (1999, 2).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Board were signed on 25 August 2000. The final statements, after amendments had been made, were received on 15 November 2000 and an unqualified audit report was issued on 24 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Cold storage charges	524	524
Bin Movement	29	2
Interest received	76	67
Other income	5	2
Total Operating Revenue	<u>634</u>	<u>595</u>
Operating Expenditure		
Audit fees	3	3
Administration	157	133
Depreciation	44	44
Maintenance and operation	155	116
Total Operating Expenditure	<u>359</u>	<u>296</u>
Operating profit before Income Tax	275	299
Income tax expense	(89)	(115)
Retained profits at year start	819	727
Amounts transferred (to) from reserves		
Dividends paid or provided for	(1 108)	(92)
Retained profits at year end	(103)	819

Operating Revenue for 1999-2000 amounted to \$634 000. This represented an increase of \$39 000 from the previous year. The increased revenue is mainly attributable to an increase in Bin Movement charges of \$27 000 and an increase in interest revenue of \$9 000. The Bin Movement revenue for 1998-99 related to a two month period, whereas the 1999-2000 revenue related to the entire financial year.

Operating Expenditure has increased by \$63 000 compared to the prior year. The increase is mainly due to repairs undertaken on the air ducting and floor ventilation of the cool store.

Dividends paid or provided for during 1999-2000 amounted to \$1.108m. This figure includes a special dividend paid to the Government of \$1m.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	159	151
Investments	356	1 275
Receivables	3	0
Inventories	18	16
Other	1	13
Total Current Assets	<u>537</u>	<u>1 455</u>
Non-current Assets		
Property plant and equipment	<u>872</u>	916
Total Non-current Assets	<u>872</u>	<u>916</u>
Total Assets	<u>1 409</u>	<u>2 371</u>
Current Liabilities		
Creditors and borrowings	38	68
Provisions	<u>66</u>	<u>76</u>
Total Current Liabilities	<u>104</u>	<u>144</u>
Total Liabilities	<u>104</u>	<u>144</u>
Equity		
Reserves	1 408	1 408
Retained profits	<u>(103)</u>	<u>819</u>
Total Equity	<u>1 305</u>	<u>2 227</u>

The balance of Investments has decreased from \$1.275m at 30 June 1999 to \$0.356m at 30 June 2000. The decrease of \$0.919m is mainly due to the payment of the special dividend of \$1m during 1999-2000. The payment of the special dividend is also reflected in the decrease in Retained Profits of \$0.922m.

The balance of Creditors and Borrowings has decreased by \$30 000 from the prior year. The decrease is mainly attributable to the fact that there was no prepaid revenue as at 30 June 2000. Normally, the rental of the cool stores is paid monthly in advance, however, the rental for July 2000 was received in early July.

3.1.12 TASMANIAN DAIRY INDUSTRY AUTHORITY

The Tasmanian Dairy Industry Authority was established under the *Dairy Industry Act 1976* to make ‘... fresh provision for the regulation and control of the dairy industry and milk and dairy produce; for the encouragement of the consumption and use of milk and dairy produce; for the constitution of a dairy authority...’, essentially in the fresh market milk and cream sector. As a result of several changes impacting on the Authority, including deregulation of the distribution and pricing system and the Authority being given responsibility for administering the herd recording service for Tasmania, this Act was replaced by the *Dairy Industry Act 1994*.

The core business functions of the Authority were to operate the:

- Market milk pooling system in Tasmania including ensuring the Winter supply of milk; and
- Herd recording service for Tasmania and to administer and ensure quality assurance compliance for all dairy factories and dairy food processors in Tasmania.

The *Dairy Industry Amendment Act 2000* proclaimed on 1 July 2000 removed the Authority’s market milk regulation powers and consequently the pool operations ceased. The food safety and quality assurance functions are to continue. However, the Authority has ceased to be a Government Business Enterprise and has reverted to a Statutory Authority under the *Dairy Industry Act 1994*.

In addition, with Parliamentary approval for the disposal of assets, the plant and equipment relating to the herd recording operation has been given to TasHerd Pty Ltd, which will operate the service. Land and buildings at Hadspen Park have been given to the Tasmanian Dairy Trust. Other assets will be disposed of in a commercial manner.

The Authority will continue to be comprised of five members appointed by the Minister and trade under its own name.

The Responsible Minister is the Minister for Primary Industries, Water and Environment.

EMPLOYEE STATISTICS

The Authority has 1 FTE (1998-99, 18.5). The head count for the Authority is 1 (22) employee.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The final financial statements of the Authority were signed by the Chairman and a Director of the Authority on 30 August 2000 and an unqualified audit report was issued on 22 September 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Sales	29 404	30 047
Interest received	137	124
Proceeds from sale of assets	55	43
Other income	249	294
Total Operating Revenue	<u>29 845</u>	<u>30 508</u>
Operating Expenditure	<u>29 512</u>	<u>30 544</u>
Operating profit (deficit) before income tax	333	(36)
Taxation equivalent (expense) benefit	0	(47)
Operating profit (deficit) after income tax	333	(83)
Extra- ordinary Items	(1 541)	0
Operating profit (deficit) after Extra-ordinary Items	(1 208)	(83)
Retained profits at year start	551	584
Capital written off	72	0
Amounts transferred (to) from reserves	139	50
Statutory Funds written off	478	0
Retained profits at year end	32	551

The operating surplus before income tax of \$333 000 (1998-99, \$36 000) is comprised of a \$300 000 surplus (\$50 000 deficit) in the dairy division and a \$33 000 surplus (\$14 000 surplus) in the herd improvement division. The surplus in the dairy division can be attributed to the wind-up of the pool operations and the write-off of Capital and Reserves to Accumulated Funds. The excess of Accumulated Funds above the retained plant and equipment, has been included in the pool distribution in accordance with Section 37 of the *Dairy Industry Act 1994*.

In 1998-99, the Authority's tax balances relating to the herd improvement division, \$47 000, were written off as doubts existed over the future realisation of the future income tax benefits. No taxation equivalent entries have been recognised for the 1999-2000 financial year.

Extraordinary expenditure of \$1.541m was recognised in 1999-2000. The expenditure relates to the costs of winding up the pool and herd operations, including staff redundancies, \$0.641m and loss on disposal of assets, \$0.710m.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	3 719	1 536
Receivables	2 730	2 719
Inventories	0	9
Prepayments	0	71
Total Current Assets	<u>6 449</u>	<u>4 335</u>
Non-current Assets		
Property plant and equipment	33	960
Future income tax benefit	0	0
Total Non-current Assets	<u>33</u>	<u>960</u>
Total Assets	<u>6 482</u>	<u>5 295</u>
Current Liabilities		
Creditors	5 129	3 564
Provisions	1 126	296
Total Current Liabilities	<u>6 255</u>	<u>3 860</u>
Non-current Liabilities		
Deferred income tax	0	0
Provisions	0	0
Total Non-current Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>6 255</u>	<u>3 860</u>
Equity		
Capital	0	72
Reserves	194	334
Statutory funds	0	478
Accumulated funds	33	551
Total Equity	<u>227</u>	<u>1 435</u>

The major movements in the Statement of Financial Position are as follows:

- The increase in the Cash balance of \$2.183m from 1998-99 is primarily due to a reduction in cash payments from operating activities of \$2.890m;
- The balance of Property, Plant and Equipment at 30 June 2000, \$33 000, consists of those assets to be used in performing the quality assurance function. All other assets were disposed or written off during 1999-2000;
- The increase in the balance of Creditors of \$1.565m is primarily due to the accrual of the milk payment “step-up” at 30 June 2000 and an increase in the annual pool distribution adjustment. The milk payment “step-up” was paid prior to 30 June in the 1998-99 financial year;

- The balance of Provisions, \$1.126m, has increased from the prior year due to the inclusion of staff redundancies, \$0.641m and provisions for winding up, \$0.168m; and
- All Capital, Reserves and Statutory Funds balances were written back against Accumulated Funds at 30 June 2000. A Food Safety and Quality Assurance Reserve of \$194 000 was created to fund the ongoing function of the Authority until it becomes self sufficient from licence and inspection fees.

3.1.13 TASMANIAN GRAIN ELEVATORS BOARD

The Tasmanian Grain Elevators Board was established under the *Grain Reserve Act 1950* and in effect, permits the Board to undertake all the activities of a grain merchant.

The core business of the Board is to provide efficient and effective grain handling facilities for the benefit of suppliers and consumers of grain and the community at large. It is the major supplier of wheat to the Tasmanian flour and stock feed milling and intensive animal industries and is also the key supplier of grain for stock feed during adverse climatic conditions.

Through an arrangement with the Australian Wheat Board (AWB) the Board stores, issues and sells wheat and collects the proceeds on the AWB's behalf. These transactions are not included in the Board's financial statements. A handling fee per tonne is paid by the AWB and is included in Operating Revenue. In addition, the Board trades in its own right and is the major trader and supplier of locally grown grain in the state.

The Responsible Minister is the Minister for Primary Industries, Water and Environment.

EMPLOYEE STATISTICS

At 30 June 200 the Board employed 8 (1999, 8) full time staff members.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Board were signed by the Chairman and Managing Director on 23 September 2000 and an unqualified audit report was issued on 25 September 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Sales of goods	4 723	4 155
Handling and storage charges	457	423
Freight recoveries	454	441
Other	135	189
Total Operating Revenue	<u>5 769</u>	<u>5 208</u>
Operating Expenditure		
Auditors remuneration	11	12
Board members' remuneration	118	99
Depreciation	185	184
Other operating expenditure including purchases	5 325	4 875
Total Operating Expenditure	<u>5 639</u>	<u>5 170</u>
Operating profit before abnormal items and tax	130	38
Abnormal item	107	(13)
Taxation equivalent expense	(65)	(11)
Retained profits at year start	389	455
Amounts transferred (to) from reserves	(70)	0
Dividends provided for or paid	(7)	(80)
Retained profits at year end	<u>484</u>	<u>389</u>

The increase in Sales of goods \$0.568m, is due predominantly to increased turnover of grain sales.

The Abnormal item represents a reduction in the Provision for employees Retirement Benefits in accordance with an actuarial determination as at 30 June 2000.

Transfers to reserves reflects a transfer to the General Reserve, \$50 000, and to a Maintenance Reserve, \$20 000.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	176	447
Receivables	1 471	722
Investments	635	943
Inventories	435	813
Other	57	49
Total Current Assets	<u>2 774</u>	<u>2 974</u>
Non-current Assets		
Property plant and equipment	1 991	1 931
Total Non-current Assets	<u>1 991</u>	<u>1 931</u>
Total Assets	<u>4 765</u>	<u>4 905</u>
Current Liabilities		
Accounts payable	282	569
Provisions	241	100
Total Current Liabilities	<u>523</u>	<u>669</u>
Non-current Liabilities		
Provisions	1 169	1 328
Total Non-current Liabilities	<u>1 169</u>	<u>1 328</u>
Total Liabilities	<u>1 692</u>	<u>1 997</u>
Equity		
Reserves	2 590	2 520
Accumulated surplus	483	388
Total Equity	<u>3 073</u>	<u>2 908</u>

The increase in Receivables, \$749 000, reflects an increase in demand for grain in June 2000 due to drought conditions which in turn is also reflected in a decrease in grain inventory stocks held as at 30 June, \$378 000.

The decrease in Accounts payable, \$287 000, is due principally to the fact that the prior year amount included certain silo maintenance and refurbishment costs \$172 400.

Movement in the Current Liability item Provisions, \$141 000, is mainly due to an increase in the provision for income tax applicable for the year, \$89 000, and a reclassification of part of the retirement benefits provision previously included with Non-current Liabilities, \$60 000. The decrease in the Non-current item Provisions, \$159 000, generally reflects a reduction in the retirement benefits provision in accordance with an actuarial review as at 30 June, \$107 000, and the reclassification referred to in the penultimate sentence.

3.1.14 TASMANIAN INTERNATIONAL VELODROME MANAGEMENT AUTHORITY

The Tasmanian International Velodrome Management Authority was established under the *Tasmanian International Velodrome Management Authority Act 1984*. The Authority trades under its own name and the registered trade name of the Silverdome.

The core business of the Authority is the management and operation of the Silverdome for sporting, entertainment, exhibition and related purposes.

The Authority normally comprises five members appointed by the Governor, however, due to the resignation of a member in 1999-2000 the Authority consisted of four members at 30 June 2000. The Authority is currently awaiting the appointment of a fifth member.

The Responsible Minister is the Minister for State Development.

EMPLOYEE STATISTICS

As at 30 June 2000 the Authority employed 3 FTEs (1999, 4).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Tasmanian International Velodrome Management Authority were signed by the members of the Authority on 31 August 2000 and an unqualified audit report was issued on 25 September 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Sporting operations	43	37
Non sporting operations	49	46
Other	209	174
Total Operating Revenue	<u>301</u>	<u>257</u>
Operating Expenditure		
Staff expenses	267	256
Operating	92	89
Depreciation	58	73
	155	157
Total Operating Expenditure	<u>572</u>	<u>575</u>
Operating profit before grants and subsidies	(271)	(318)
Abnormal Revenue	63	0
Operating grants and reimbursements	185	185
Taxation equivalent expense	0	21
Retained profits at year start	(348)	(236)
Adjustment for change in accounting policy	0	0
Retained profits at year end	(371)	(348)

Operating Revenue for the Authority for 1999-2000 amounted to \$301 000, which represents an increase of \$44 000 from the prior year. The increase is mainly attributable to an increase in Recoveries of \$25 000 and Merchandising and Licences of \$9 000.

The Authority recognised Abnormal Revenue of \$63 000 in relation to a write back of the Superannuation Provision. As a result of the introduction of the Retirement Benefits Fund – Tasmanian Accumulation Scheme, the Authority is only required to maintain a provision in respect of those employees who have benefits retained in the Compulsory Preservation Account. At 30 June 2000, this liability was assessed as being \$23 000. An adjustment of \$63 000 was therefore made to the Superannuation Provision.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	59	139
Receivables	19	17
Other	15	9
Total Current Assets	<u>93</u>	<u>165</u>
Non-current Assets		
Property plant and equipment	240	270
Future income tax benefit	0	0
Total Non-current Assets	<u>240</u>	<u>270</u>
Total Assets	<u>333</u>	<u>435</u>
Current Liabilities		
Creditors	19	30
Employee provisions	64	56
Other	6	5
Total Current Liabilities	<u>89</u>	<u>91</u>
Non-current Liabilities		
Deferred income tax	0	0
Employee provisions	0	77
Total Non-current Liabilities	<u>0</u>	<u>77</u>
Total Liabilities	<u>89</u>	<u>168</u>
Equity		
Reserves	615	615
Accumulated losses	(371)	(348)
Total Equity	<u>244</u>	<u>267</u>

The balance of Cash has decreased from \$139 000 at 30 June 1999 to \$59 000 at 30 June 2000. The decrease is due to payments for the purchase of assets of \$28 000 and cash used in operating activities of \$52 000.

The balance of Non-Current Employee Provisions decreased by \$77 000 from the prior period. The decrease is mainly due to the adjustment made to the Superannuation Provision of \$63 000 following the introduction of the Retirement Benefits Fund – Tasmanian Accumulation Scheme.

FUTURE OF AUTHORITY

Further to my Report No 2 for 1998-99 (page 128), I note that the Department of State Development, in cooperation with the Launceston Chamber of Commerce, conducted a feasibility study into the establishment of a convention centre in Launceston. Part of the study included an assessment of the Velodrome's suitability for that purpose. The feasibility study concluded that the Velodrome is not a preferred location for a convention centre.

In a letter from the Premier dated 8 November 2000, the Authority was advised that the Government has included the transfer of the ownership of the Velodrome to local government for discussion as part of the partnership agreement with the Northern Tasmanian Municipal Organisation (NTMO). Discussions with the NTMO are expected to be concluded by December 2000.

The Authority's draft corporate plan indicates that the Velodrome is seeking additional Government funding to meet its projected deficit during 2000-01. The Authority, together with the Department of State Development, is currently considering options to address the deficit situation and provide a recommendation.

3.1.15 TASMANIAN PUBLIC FINANCE CORPORATION

The Corporation was established by the *Tasmanian Public Finance Corporation Act 1985*. The Corporation comprises four members appointed by the Governor. The functions of the Corporation include the development and implementation of borrowing and investment programs for State Authorities, including local government.

The Responsible Minister is the Treasurer.

EMPLOYEE STATISTICS

At 30 June 2000 the Corporation employed 13 employees (1999, 14).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Corporation were received on 24 August 2000 and a **qualified audit report** was issued on 25 August 2000. That qualification related to the non compliance with the requirements of Australian Accounting Standard AAS 23, Set-off and Extinguishment of Debt. The Corporation redeems debt before its maturity in order to replace it with more suitable debt or because the debt is no longer required due to early repayment of loans by clients. Since 1 April 1992, the Corporation has amortised gains and losses arising on debt redeemed over the remaining term of the liability, under the terms of an exemption from the Treasurer in applying AAS 23. However it is still necessary for me to take cognisance of any non-compliance with Accounting Standards in issuing my audit opinion.

Liabilities of \$384.362m (1998-99, \$264.362m), have been redeemed since April 1992. As at 30 June 2000 the un-amortised loss totalled \$8.122m (\$0.272m), and net expense of \$3.783m (\$0.100m), was amortised during the year. Had these transactions taken place in the absence of an exemption from AAS 23 the result for the year would be an operating loss of \$2.709m (Profit \$4.576m) before tax and the amount of \$8.122m (\$0.272m) Deferred Debt Buy-Back Losses would not have appeared as an asset in the Balance Sheet.

I have been advised by the Corporation that if the exemption had not been granted under the Act, the debt concerned would not have been redeemed.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Income		
Interest on advances	232 686	242 577
Interest on investments	142 182	114 363
Administration fees	2 154	2 112
Rental income	1 637	1 598
Asset management fees	46	109
Total Income	<u>378 705</u>	<u>360 759</u>
Expenditure		
Interest on deposits	22 716	10 245
Interest on borrowings	336 910	340 772
Interest on cross currency swaps	6 332	1 465
Debt reconstruction amortisation	3 783	100
Administration costs	3 192	3 243
Operating lease costs	105	103
Other Expenses	525	355
Total Operating Expenditure	<u>373 563</u>	<u>356 283</u>
Operating profit before tax	5 142	4 476
Taxation equivalent expense	(919)	(1 498)
Retained profits at year start	0	0
Amounts transferred to reserves	0	0
Dividend paid/payable	(4 223)	(2 978)
Retained profits at year end	0	0

Tascorp's profit before tax of \$5.142m in 1999-2000 was the highest result in the Corporation's history, exceeding the previous record of \$4.476m set in 1998-99.

Earned on a capital base of \$10m, Tascorp's profit this year represents a return on net assets of 51%.

Net operating profit after tax was \$4.223m, (1999, \$2.978m). The 1999-2000 result was affected by an increase of \$17.946m (decrease of \$13.756m), in income and an increase of \$17.280m (decrease of \$14.731m), in expenditure and due principally to favourable market conditions, investment strategies, underlying interest rates and margins.

The increase in debt reconstruction amortisation expenditure from \$0.100m in 1998-99 to \$3.783m in 1999-2000 occurred as a selection of liabilities were redeemed before their maturity during the 1999-2000 year.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Assets		
Cash	775	0
Debtors and prepayments	384	397
Stock lending	20 800	0
Interest receivable	115 691	156 365
Investments	1 700 117	1 269 397
Advances	3 137 316	3 204 292
Investment property	17 470	17 470
Furniture and equipment	217	265
Future income tax benefit	5 750	11 115
Swap prepayments	25 719	41 592
Foreign exchange hedging receivables	1 390	0
Cross currency swap receivables	94 716	18 823
Deferred debt reconstruction	8 122	272
Total Assets	<u>5 128 467</u>	<u>4 719 988</u>
Liabilities		
Bank overdraft	0	248
Creditors	329	409
Unsettled transactions payable	6000	0
Interest payable	109 188	125 500
Stock lending	20 800	0
Cross currency swap payables	8 356	0
Provision for dividend	4 223	2 978
Deposits	949 027	602 298
Borrowings	4 009 082	3 962 571
Employee entitlements	453	349
Unamortised swap interest pre-payments	210	389
Provision for deferred income tax	10 799	15 246
Total Liabilities	<u>5 118 467</u>	<u>4 709 988</u>
Equity		
Retained earnings	0	0
General reserve	10 000	10 000
Total Equity	<u>10 000</u>	<u>10 000</u>

The asset and liability of \$20.800m in relation to stock lending reflects specific deal types that are being separately disclosed for the first time, as they were previously disclosed within investments and borrowings. These facilities are used to lend preferred stocks to certain institutions in return for security to cover the loan.

The reporting of transactions and interest in relation to cross currency swaps was previously included on a net basis in Foreign exchange receivables and payables

The increase in cross currency swap receivables from \$18.823m in 1998-99 to \$94.716m in 1999-2000 reflects the net position in relation to the foreign currency receivables. The

increase is merely due to an increase in the number of deals undertaken to match underlying borrowings.

ADDITIONAL FINANCIAL INFORMATION

Whilst mark to market accounting has not been adopted for the Profit and Loss Statement, the notes to the Statements provide the following comparison of carrying value and net fair value of financial instruments (excluding derivatives) for 2000 and 1999:-

	Carrying Value \$ '000	Net Fair Value \$ '000	Effect on Equity \$ '000
2000			
Financial Assets	4 917 850	5 071 516	153 666
Financial Liabilities	5 037 509	5 173 166	(135 657)
1999			
Financial Assets	4 560 056	4 794 997	234 941
Financial Liabilities	4 644 454	4 864 407	(219 953)

Movements in Tascorp's market value of assets and liabilities are attributed to changes in interest and credit risk strategies, underlying interest rates and margins.

It is Tascorp's policy to hold investments and borrowings to maturity and hence the carrying values should be realised.

3.1.16 THE PUBLIC TRUSTEE

The Public Trustee was established under *The Public Trustee Act 1930*.

The Public Trustee is empowered to act as executor, administrator or trustee under a will or settlement, as an attorney including an enduring power of attorney and in a number of other capacities. The Public Trustee is also appointed to act on behalf of individuals under a legal, physical or intellectual disability to protect their financial interests.

As at 30 June 2000 the Board of the Public Trustee comprised 6 members. One director being the Chairman, four other non-executive Directors and one person being the Chief Executive Officer.

The Responsible Minister is the Attorney-General and Minister for Justice and Industrial Relations.

EMPLOYEE STATISTICS

At 30 June 2000 the Public Trustee had a total of 49 employees (1999, 51) that equated to 48.6 (50.4) full time equivalent positions.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements were received from the Public Trustee on 4 September 2000 and an unqualified audit report was issued on 23 October 2000.

The audit had been contracted to the private sector, as my agent, for a number of years but as from 1 July 1999 the audit has been conducted by my office.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Commissions and fees	2 944	3 281
Income from investments	315	312
Profit on sale of assets	1	0
Total Operating Revenue	<u>3 260</u>	<u>3 593</u>
Operating Expenditure		
Salaries and associated expenses	1 846	1 901
Provisions for employee benefits	456	672
Accommodation expenses	103	110
Depreciation	91	108
Administrative expenses	959	776
Total Operating Expenditure	<u>3 455</u>	<u>3 567</u>
Operating Profit before Grants, Subsidies and Tax	(195)	26
Abnormal items	186	68
Taxation equivalent expense	0	(70)
Accumulated Reserves at year start	951	939
Amounts transferred (to) from reserves	0	0
Dividends paid or provided for	0	(12)
Accumulated Reserves at year end	942	951

Commissions & fees income decreased from \$3.281m in 1998-99 to \$2.944m in 1999-2000 due mainly to a decrease of \$0.455m in the management fee received from the Common Fund.

Provisions expenditure reduced from \$0.672m in 1998-99 to \$0.456m in 1999-2000 as an actuarial review of the superannuation provision highlighted the need for a lower provision.

Administration expenses increased from \$0.778m in 1998-99 to \$0.959m in 1999-2000 due mainly to expenses of \$0.187m in relation to implementation of a new information technology system.

Abnormal items include an abnormal revenue of \$0.294m relating to the write back of the surplus provision identified during the actuarial review of the Retirement Benefits Fund liability. This was offset by an abnormal expense relating to the revaluation decrement in Land and Buildings of \$0.108m.

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Investment in common fund	1 992	2 251
Cash	1	1
Debtors	52	88
Total Current Assets	<u>2 045</u>	<u>2 340</u>
Non-current Assets		
Land and buildings	3 065	3 130
Unamortised lease fees	6	10
Plant and equipment	344	329
Total Non-current Assets	<u>3 415</u>	<u>3 469</u>
Total Assets	<u>5 460</u>	<u>5 809</u>
Current Liabilities		
Creditors	243	420
Provision for annual leave	193	199
Provision for long service leave	209	224
Provision for retirement benefits	148	144
Provision for dividend		12
Total Current Liabilities	<u>793</u>	<u>999</u>
Non-current Liabilities		
Provision for employee benefits	3 725	3 859
Total Non-current Liabilities	<u>3 725</u>	<u>3 859</u>
Total Liabilities	<u>4 518</u>	<u>4 858</u>
Equity		
Reserves	942	951
Total Equity	<u>942</u>	<u>951</u>

The investment in the Common Fund reduced from \$2.251m in 1998-99 to \$1.992m in 1999-2000 as the Public Trustee required additional funds for increased operating expenditure.

Creditors decreased from \$0.420m in 1998-99 to \$0.243m in 1999-2000 mainly due to a large creditor of \$0.150m in respect of retirement benefits included in 1998-99.

As a result of the actuarial review previously noted, the non-current provision for employee entitlements decreased by \$0.134m to \$3.725m.

ADDITIONAL FINANCIAL INFORMATION

Common Fund

The Common Fund was established under the *Public Trustee Act 1930* to pool those funds in the hands of the Public Trustee that are not specifically invested on behalf of individual estates and trusts elsewhere. In addition the Public Trustee invests its own funds in the Common Fund. The Common Fund is invested in trustee securities, and trust funds invested are guaranteed by the Government. Estate and trust contributors are paid interest calculated monthly and credited quarterly after deducting administration costs including management fees charged by the Public Trustee for administering the Common Fund.

The net assets of the Common Fund as at 30 June 2000 were \$69.460m (30 June 1999, \$60.174m).

3.1.17 TOTALIZATOR AGENCY BOARD

The Totalizator Agency Board (TAB), constituted by the *Racing and Gaming Act (1952)*, is empowered to establish and conduct totalizator betting in Tasmania. The *Racing and Gaming Amendment Act (No 40 of 1983)* extended the Board's powers to conduct totalizator betting in relation to any sporting contingency relating to any other race or any other event that is approved by the Minister. The amendment also empowers the Board, with the approval of the Minister and the Treasurer, to enter into such business transactions as the Board considers are in its best interests.

The Board comprises seven members who are appointed by the Governor.

The Board owns a 100% interest in Tasradio Pty Ltd, a commercial radio broadcaster, which enables it to provide race broadcasts throughout most of Tasmania. Consequently, the financial information presented below represents the consolidated Profit and Loss Statement and Balance Sheet of the TAB and its subsidiary.

As noted in my last report, Parliament passed legislation to expand TAB duties to take over the majority of functions previously performed by Racing Tasmania.

The changes took place on 1 December 1999. As at that date an amount of \$4.497m was added to the Board's reserves representing the fair values of the assets transferred.

The Responsible Minister is the Minister for Racing and Gaming.

Legislation is currently before Parliament to corporatise the TAB. The legislation will be given retrospective effect from 1 August 2000.

EMPLOYEE STATISTICS

At 31 July 2000 the TAB had a total of 160 staff, (1999, 176), comprising full time permanent staff, 53 (39), and part time staff/casual staff, 107 (137). Full time equivalent positions at 31 July 2000 were 97.5 (103).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the TAB were received on 12 October 2000 and an unqualified audit report was issued on 22 November 2000.

FINANCIAL RESULTS

CONSOLIDATED PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Gross Wagering Revenue	213 814	220 661
less:		
Dividends on winning investments	179 262	185 177
Commissions and tax to State Government	7 494	7 787
Commissions to Racing Tasmania	839	2 500
Commissions to TANFL	4	7
Wagering Revenue	26 215	25 190
Unclaimed dividends	438	0
Broadcast revenue	667	546
Interest received	231	183
Other income	623	577
Total Operating Revenue	28 174	26 496
Operating Expenses		
Agents commission	3 982	3 411
Salaries and wages	4 722	4 220
Other labour	1 145	969
Communications	2 063	1 756
Occupancy	749	725
Marketing	996	608
Race day & other racing expenses	798	0
Stakes & owner benefits	7 035	0
Wagering pooling fees	1 869	2 068
Administration and finance	1 590	1 293
Depreciation	1 670	1 453
Amortisation	550	84
Other	989	630
Total Operating Expenditure	28 158	17 217
Operating profit before grants and subsidies	16	9 279
Operating grants and reimbursements	0	0
Abnormal items	141	0
Taxation equivalent expense	0	0
Retained profits at year start	0	0
Amounts transferred (to) from capital fund	2818	0
Dividends paid or provided for	0	0
Distribution to Racing Tasmania	(2 875)	(9 279)
Retained profit at year end	100	0

The take over of Racing Tasmania has influenced a number of amounts disclosed within the operating statement, namely the Commissions to Racing Tasmania, which decreased in line with the reduced time frame.

Revenue from unclaimed dividends was previously forwarded to Racing Tasmania but is now retained by TAB. Race day and other racing expenses of \$0.798m and Stake and owner benefits of \$7.035m were previously expenses of Racing Tasmania. Amortisation increased from \$0.084m in 1998-99 to \$0.550m in 1999-2000 following the assumption of Racecourse Leasehold Improvements.

The Abnormal Revenue of \$0.141m comprised revenue from sale of software licences of \$0.401m and redundancy expenditure of \$0.260m.

CONSOLIDATED BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	2 957	1 920
Receivables	1 055	391
Investments	2 633	2 239
Other	555	385
Total Current Assets	<u>7 200</u>	<u>4 935</u>
Non-current Assets		
Property plant and equipment	17 000	11 773
Intangibles	634	690
Goodwill on consolidation	227	246
Total Non-current Assets	<u>17 861</u>	<u>12 709</u>
Total Assets	<u>25 061</u>	<u>17 644</u>
Current Liabilities		
Telephone betting deposits	1 300	965
Dividends and refunds due and unpaid	403	470
Due to State Government	636	211
Due to Racing Tasmania	0	645
Accruals and amounts payable	2 244	687
Borrowings - unsecured	1 052	0
Agent's bonds on deposit	187	175
Employee provisions	634	563
Racing industry funds	212	563
Total Current Liabilities	<u>6 668</u>	<u>4 279</u>
Non-current Liabilities		
Borrowings - unsecured	1 733	0
Employee provisions	1 157	104
Total Non-current Liabilities	<u>2 890</u>	<u>104</u>
Total Liabilities	<u>9 558</u>	<u>4 383</u>
Equity		
Retained profits	100	0
Capital fund	9 891	12 709
Asset revaluation reserve	1 015	1 114
Equity transfer - Racing Tasmania	4 497	0
Total Equity	<u>15 503</u>	<u>13 823</u>

Cash and investments increased from \$4.159m in 1998-99 to \$5.590m in 1999-2000 due to increases in funds received from agencies as at 31 July and an increase in investments taken over from Racing Tasmania.

Other balance sheet items influenced by the take over of Racing Tasmania are as follows:

Property, plant & equipment increased from \$11.773m in 1998-99 to \$17.000m in 1999-2000 mainly due to the assumption of Racecourse Leasehold Improvements;
Debt due to Racing Tasmania of \$0.645m in 1998-99 is no longer included for 1999-2000;
and
Unsecured borrowings of \$2.785 from Racing Tasmania were included for the first time.

Accruals and accounts payable increased from \$0.687m in 1998-99 to \$2.244m in 1999-2000. Functions transferred from Racing Tasmania comprise \$0.774m of the increase. Other contributing factors included \$0.327m in GST payable, which was incurred as the TAB financial year closed on 31 July, and computer purchases of \$0.103m.

Total employee provisions increased from \$0.667m in 1998-99 to \$1.791m in 1999-2000. The main reason for the increase is a liability of \$1.065m in respect of superannuation for employees transferred from Racing Tasmania, who are members of the State Retirement Benefits Fund. Most of the liability relates to staff that transferred to the Department of Infrastructure, Energy and Resources, but the liability in respect of their service with Racing Tasmania transferred to the TAB.

3.2 STATE OWNED CORPORATIONS

BACKGROUND

Government Businesses and Authorities which may be subject to provisions of their enabling legislation, and which are also subject to the provisions of Corporations law, are referred to as State Owned Corporations (SOCs).

Tasmania's SOC's collectively have net assets valued in excess of \$812m, employ over 1 895 people, and generate an estimated \$774m in operating revenue annually, and are of fundamental significance to the Tasmanian economy.

The Government is the sole shareholder in each SOC on behalf of the Tasmanian community. The broad governance framework for SOC's is set out in the portfolio legislation for each SOC, the Corporations Law and the Memorandum and Articles of Association of each SOC.

The corporatisation of Government Businesses and Authorities under *Corporations Law* continues the reform process for improving public sector efficiency and effectiveness. While still serving a public purpose and owned by Government, corporatised entities are autonomous in day to day decision making with Ministerial direction provided through the strategic planning process.

Enabling legislation provides for the payment of guarantee fees, taxation equivalents and dividends.

TAXATION EQUIVALENTS

The taxation equivalents regime provides for the payment of income tax equivalents, capital gains tax equivalents, and wholesale sales tax equivalents to the Consolidated Fund.

Income tax equivalents, are calculated, determined and paid to the Treasurer as if the *Commonwealth Tax Act* had applied. Capital gains tax (CGT) equivalents form part of the income tax equivalents regime. Most SOC's have paid income tax equivalents since 1 July 1991 under the now repealed *State Authorities Financial Management Act 1990*.

Sales tax equivalents are calculated as the value of any benefit gained by the SOC because of any exemption from sales tax that would have been payable under the enactments of the Commonwealth.

GUARANTEE FEES

Guarantee fees are based on the amount of financial accommodation utilised by the SOC and all its subsidiaries at the end of the preceding year. For example, an explicit government guarantee is provided to SOC's borrowing through Tascorp. Guarantee fees are determined by the Treasurer subject to a maximum prescribed percentage of 1%.

DIVIDENDS

Consistent with commercial practice, the Board of a SOC recommends to the shareholding ministers whether a dividend should be paid in respect of the previous financial year and the amount of that dividend. The shareholding ministers will subsequently determine the dividend payable.

As a general rule the dividend can only be paid out of profits earned, and would normally represent 50% of after-tax profits.

AUDIT STATUS

The audits of the financial statements of the SOC's for the last financial year have been completed.

Selected comments arising from the audit of each entity are summarised below.

3.2.1 AURORA ENERGY PTY LTD

Aurora Energy Pty Ltd (Aurora) was established under the *Electricity Companies Act 1997* and was incorporated under the Corporations Law on 17 June 1998. Its shareholders are the Treasurer and the Minister for Infrastructure, Energy and Resources.

Aurora consists of three core business divisions comprising Energy Services (electricity retailing), Network (distribution asset management), and Aurora Services (asset maintenance and improvement services).

The Company is managed by a board of seven directors, appointed by the Government.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

At 30 June 2000 Aurora had a total of 841 employees (1999, 859).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Company were received by Audit on 25 October 2000 and an unqualified audit report was issued on that date.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Business customer sales	338 798	332 689
General sales	181 062	177 303
Community service agreement	9 797	9 826
Contribution to Consolidated Fund - electricity levy	14 386	14 167
Customer contributions received	1 905	2 449
Other	5 226	6 416
Total Operating Revenue	551 174	542 850
Operating Expenditure		
Energy and transmission purchases	343 358	336 079
Labour	39 074	39 488
Materials	6 865	4 863
Other division expenses	23 966	27 812
Financial charges	41 912	38 658
Contributions for retirement benefits	1 298	2 301
Depreciation	39 183	37 292
Contribution to Consolidated Fund - electricity levy	14 510	14 283
Community service agreement	9 779	9 668
Bad and doubtful debts	1 509	1 978
Total Operating Expenditure	521 454	512 422
Operating profit before abnormal items	29 720	30 428
Abnormal items	(615)	(3 832)
Taxation equivalent expense	(9 002)	(14 196)
Operating profit after tax and abnormals	20 103	12 400
Accumulated profits at year start	6 200	0
Amounts transferred (to) from reserves	0	0
Dividends paid or provided for	(10 052)	(6 200)
Accumulated profits at year end	16 251	6 200

Financial charges increased from \$38.658m in 1998-99 to \$41.912m in 1999-2000 due mainly to a restructuring of the Company's loan portfolio, including early termination of some loans.

The Taxation equivalent expense reduced from \$14.196m in 1998-99 to \$9.002m in 1999-2000 due mainly to a reduction in the company tax rate.

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	10	37
Receivables	78 278	87 591
Investments	3 100	4 400
Inventories	3 905	4 988
Other	2 772	3 618
Total Current Assets	<u>88 065</u>	<u>100 634</u>
Non-current Assets		
Property, plant and equipment	672 000	655 702
Other	4 601	5 465
Total Non-current Assets	<u>676 601</u>	<u>661 167</u>
Total Assets	<u>764 666</u>	<u>761 801</u>
Current Liabilities		
Accounts payable	60 681	57 372
Borrowings	20 000	52 900
Provisions	31 045	25 785
Other	3 017	3 313
Total Current Liabilities	<u>114 743</u>	<u>139 370</u>
Non-current Liabilities		
Borrowings	358 138	335 577
Provisions	53 702	59 924
Total Non-current Liabilities	<u>411 840</u>	<u>395 501</u>
Total Liabilities	<u>526 583</u>	<u>534 871</u>
Equity		
Issued Capital	201 555	201 555
Reserves	20 277	19 175
Accumulated profits	16 251	6 200
Total Equity	<u>238 083</u>	<u>226 930</u>

Receivables has reduced from \$87.591m in 1998-99 to \$78.278m in 1999-2000 due mainly to changes in collection processes.

During 1999-2000 the Company re-structured its loan portfolio, including the repayment of \$10m of debt.

The valuation methodology of the Company's distribution assets reflects the Tasmanian Electricity Code rules which regulate the revenue from these assets based on the written down optimised replacement value of the assets and adjustments to these values as determined by the regulator. In other words it represents the least cost, modern equivalent assets which would provide the same service potential of the existing assets. It is appropriate for the recoverable amount to reflect the adjusted written down optimised replacement value.

3.2.2 METRO TASMANIA PTY LTD

Metro Tasmania is a State-owned company that provides public urban road transport services in the metropolitan areas of Hobart, Launceston, Devonport and Burnie and through its subsidiary, to Kingston/Channel, New Norfolk and Richmond/Campania.

Metro Tasmania Pty Ltd was incorporated on 2 February 1998 under the *Metro Tasmania Act 1997*. This company is a successor in law of the Metropolitan Transport Trust.

Metro Coaches (Tas) Pty Ltd was established as a subsidiary company on 7 May 1999, following the purchase by Metro Tasmania of a portion of the former Hobart Coaches Pty Ltd. The Auditor-General has been appointed as the auditor of the subsidiary company.

The financial information presented below represents the consolidated Profit and Loss Statement and Balance Sheet of Metro Tasmania Pty Ltd and its subsidiary.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

At 30 June 2000 Metro Tasmania had a total of 415 staff (1999, 408) which equated to 381 (376) full time equivalent employees. Metro Coaches had a total of 11 full time staff (1999, 10) and 5 part time staff (3).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS.

The final version of the financial statements of Metro Tasmania Pty Ltd was received on 4 October 2000. An unqualified audit report was issued on 13 October 2000.

The financial statements of Metro Coaches (Tas) Pty Ltd were received on 3 October 2000 and an unqualified audit report was issued on 18 October 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Traffic operations	27 571	26 109
Interest on investments	335	651
Other	1 327	890
Total Operating Revenue	<u>29 233</u>	<u>27 650</u>
Operating Expenditure		
Traffic operations	20 666	19 747
Engineering and maintenance services	3 757	3 470
Administration and general	4 226	3 998
Total Operating Expenditure	<u>28 649</u>	<u>27 215</u>
Operating profit before abnormal items and tax	584	435
Abnormal items	179	(504)
Taxation equivalent expense	0	0
Operating profit after taxation equivalent	<u>763</u>	<u>(69)</u>
Extraordinary items	0	(2 196)
Tax equivalent on extraordinary items	0	0
Operating loss and extraordinary items after tax equivalent	<u>763</u>	<u>(2 265)</u>
Retained profits at year start	184	257
Dividends provided for	(533)	0
Amounts transferred (to) from Shareholders equity on formation	(4)	2 192
Retained profits at year end	<u>410</u>	<u>184</u>

Traffic operation income has increased by \$1.642m mainly because of a full years operating revenue from Metro Coaches (Tas) Pty Ltd. Interest income decreased \$0.316m from the 1998-99 amount as the opening investment balance of \$4.116m was substantially less than the previous year's amount (\$16.173m). Interest earned therefore, was calculated on a much lower, average balance than the previous year.

The abnormal item of \$0.179m includes a revenue item for a reduction in the superannuation provision of \$0.649m. As Metro has no liability from 25 April 2000 to provide funding for members of the RBF Non-Contributory Fund, it has written back the provision following actuarial advice. Abnormal items also included an expense for the increase in the workers compensation provision of \$0.250m. The increase in the workers compensation provision is for the expected cost of claims relating to a compensation scheme exited by Metro at 30 June 1996.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	175	379
Receivables	380	611
Investments	2 673	1 076
Inventories	700	820
Other	<u>260</u>	<u>318</u>
Total Current Assets	<u>4 188</u>	<u>3 204</u>
Non-current Assets		
Investments	2 599	3 040
Property, plant and equipment	27 800	30 778
Intangibles	<u>143</u>	<u>159</u>
Total Non-current Assets	<u>30 542</u>	<u>33 977</u>
Total Assets	<u>34 730</u>	<u>37 181</u>
Current Liabilities		
Accounts payable	1 497	1 348
Borrowings	514	5 923
Employee provisions	<u>3 828</u>	<u>3 142</u>
Total Current Liabilities	<u>5 839</u>	<u>10 413</u>
Non-current Liabilities		
Borrowings	3 179	901
Employee provisions	<u>9 804</u>	<u>10 189</u>
Total Non-current Liabilities	<u>12 983</u>	<u>11 090</u>
Total Liabilities	<u>18 822</u>	<u>21 503</u>
Equity		
Shareholder's equity on formation	15 498	15 494
Retained profits	<u>410</u>	<u>184</u>
Total Equity	<u>15 908</u>	<u>15 678</u>

Investments have increased by \$1.156m due to an increase in surplus cash as at the end of the year. The excess funds have been obtained in anticipation of capital expenditure on replacement buses early in 2001.

Overall borrowings decreased by \$3.131m due to debt repayments to Tascorp, of \$5.923m and the Department of Treasury and Finance of \$0.631 and new borrowing from Tascorp of \$2 792m as noted above for bus replacements.

The decrease in Non-Current employee provisions is due to the change in the superannuation provision, as previously discussed.

3.2.3 TRANSEND NETWORKS PTY LTD

Transend Networks Pty Ltd (Transend) was established under the *Electricity Companies Act 1997* and was incorporated under the Corporations Law on 17 June 1998. One share was issued to each of its two shareholders - the Treasurer and the Minister for Infrastructure, Energy and Resources.

Transend owns and operates the electricity transmission system in Tasmania – the link between power stations and the electricity distribution network.

The Company is managed by a board of 5 directors appointed by the Government.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

At 30 June 2000 Transend had a total of 53 employees (30 June 1999, 50).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Company were received by Audit on 27 October 2000 and an unqualified audit report was issued on that date.

FINANCIAL RESULTS

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Transmission use of system (TUOS)	66 644	65 765
Interest	0	145
Other	1 351	355
Total Operating Revenue	<u>67 995</u>	<u>66 265</u>
Operating Expenditure		
Operating and maintenance costs	17 521	16 748
Depreciation	15 457	14 080
Interest	338	382
Other	459	399
Total Operating Expenditure	<u>33 775</u>	<u>31 609</u>
Operating profit before tax equivalent expense	34 220	34 656
Taxation equivalent expense	(11 821)	(14 668)
Accumulated profits at year start	9 994	0
Dividends paid or provided for	(11 199)	(9 994)
Accumulated profits at year end	21 194	9 994

Depreciation expenses increased from \$14.080m in 1998-99 to \$15.457m in 1999-2000 due principally to increases in Transmission asset holdings.

The Taxation equivalent expense for 1999-2000 reduced from \$14.668m to \$11.821m due mainly to a reduction in the company tax rate.

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	0	1
Receivables	9 191	10 215
Inventories	489	727
Other	70	48
Total Current Assets	<u>9 750</u>	<u>10 991</u>
Non-current Assets		
Property, plant and equipment	426 708	394 913
Other	394	470
Total Non-current Assets	<u>427 102</u>	<u>395 383</u>
Total Assets	<u>436 852</u>	<u>406 374</u>
Current Liabilities		
Bank overdraft	117	888
Accounts payable	10 138	8 973
Borrowings	9 400	14 140
Provisions	15 971	16 499
Other	63	95
Total Current Liabilities	<u>35 689</u>	<u>40 595</u>
Non-current Liabilities		
Borrowings	9 945	0
Provisions	17 311	14 636
Total Non-current Liabilities	<u>27 256</u>	<u>14 636</u>
Total Liabilities	<u>62 945</u>	<u>55 231</u>
Equity		
Issued capital	336 549	336 549
Reserves	16 164	4 600
Accumulated profits	21 194	9 994
Total Equity	<u>373 907</u>	<u>351 143</u>

Property, plant and equipment was revalued as at 30 June 2000 resulting in an increase in the Company's Asset Revaluation Reserve of \$11.564m. The valuation methodology of the Company's assets reflects the Tasmanian Electricity Code rules which regulate the revenue from these assets based on the written down optimised replacement value of the assets. In other words it represents the least cost, modern equivalent assets which would provide the same service potential of the existing assets.

Property, plant and equipment increased from \$394.913m in 1998-99 to \$426.708m in 1999-2000 due mainly to increases in asset holdings.

Total borrowings have increased from \$14.140m in 1998-99 to \$19.345m in 1999-2000 and reflects the Company's capital expenditure program, designed to improve the reliability of the State's transmission system.

3.2.4 TT-LINE COMPANY PTY LTD

TT-Line Company Pty Ltd was established under the *TT-Line Arrangements Act 1993*. The core business of the Company is the provision of a passenger, vehicle and freight service between Devonport and Melbourne.

In addition, the Company has agreed with its shareholders to operate a summer catamaran service between George Town and Melbourne for a three year period covering 1999, 2000 and 2001.

TT-Line Company Pty Ltd was incorporated on 1 November 1993 as a Company limited by shares and is registered under the Corporations Law. The shareholders of the Company are the Minister for Infrastructure, Energy and Resources and the Treasurer.

The Company is managed by a board of seven directors, appointed by the Government.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

In terms of employee statistics, the Company has 350 (1998-99, 336) FTEs working on the ship and in administration. The head count for the Company is 382 (359) employees.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Company were signed by two Directors on 5 September 2000 and an unqualified audit report was issued on 13 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Expenses		
Operations	34 650	33 932
Hotel Services	16 924	17 783
Customer acquisitions	5 900	6 015
Administration	4 889	5 707
Depreciation and amortisation	6 040	5 748
Spirit of Tasmania Breakdown	5 430	0
Interest	3 412	4 045
Total Cost Of Services	<u>77 245</u>	<u>73 230</u>
Operating Revenues		
Ferry revenue	75 290	78 213
Interest	439	549
Rental	524	549
Other	1 228	1 296
Total Operating Revenues	<u>77 481</u>	<u>80 607</u>
Operating Profit Before Abnormal Items and Taxation Equivalents	<u>236</u>	<u>7 377</u>
Abnormal items	0	0
Taxation equivalent expense	0	0
Retained Profits (losses) at Start of Year	(37 889)	(47 200)
Dividends paid or provided for	0	0
Equity adjustment - adoption UIG 26	0	1 934
Retained Profits (losses) at End of Year	(37 653)	(37 889)

Ferry revenue decreased by \$2.923m from the previous year as a result of a downturn in the operations of the summer catamaran service operated from George Town. The breaks in the Spirit's operations relating to dry-docking in July 1999 and the major breakdown in September 1999 did reduce revenue but generally the operation was above budget expectations. Other revenue remained constant although interest revenue decreased by \$0.110m as a result of investment balances being reduced by a \$10.000m principal repayment made during the year.

Operating expenses increased by \$4.015m as a result of additional costs being incurred with the Spirit breakdown. The total costs of the breakdown totalled \$5.430m and included repairs \$2.975m, passenger relocation \$1.558m and administrative overheads \$2.920m. These expenses have been offset by an insurance recovery for the engine repairs totalling \$2.023m. The administrative overheads represent the cost of operations during the breakdown in which all attention was focused upon accommodating and relocating passengers due to sail on the Spirit.

Other expenses remained constant except interest expense, which decreased by \$0.633m as a result of the Board's diminishing loan debt.

Although the Board is making losses on the catamaran service and the Spirit breakdown had a significant impact on the operations, an operating surplus of \$236 000 was recorded for the financial period. This is a decrease of \$7.141m from the previous year and is a result of the abovementioned factors.

As a result of tax losses carried forward, the Board does not pay an income tax equivalent and it is considered unlikely that this will change in the future. In addition, the Board has not recommended a dividend as it considers its subsidy of the catamaran service represents a return to the shareholders.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	3 010	11 642
Receivables	5 179	5 395
Inventories	550	449
Other	799	369
Total Current Assets	<u>9 538</u>	<u>17 855</u>
Non-current Assets		
Plant and equipment	105 769	109 602
Other	0	0
Total Non-current Assets	<u>105 769</u>	<u>109 602</u>
Total Assets	<u>115 307</u>	<u>127 457</u>
Current Liabilities		
Accounts payable	5 708	5 466
Borrowings	2 526	12 360
Provisions	3 909	3 781
Other	4 881	5 153
Total Current Liabilities	<u>17 024</u>	<u>26 760</u>
Non-current Liabilities		
Borrowings	39 810	42 573
Provisions	1 558	1 445
Total Non-current Liabilities	<u>41 368</u>	<u>44 018</u>
Total Liabilities	<u>58 392</u>	<u>70 778</u>
Equity		
Share capital	94 568	94 568
Accumulated deficit	<u>(37 653)</u>	<u>(37 889)</u>
Total Equity	<u>56 915</u>	<u>56 679</u>

Significant movements in asset balances include:

- Cash balances decreased by \$8.632m and relates to a loan principal repayment of \$10.000m during the year;

- Other current assets increased by \$0.450m which represents the capitalisation and amortisation of the dry-docking costs and a reduction in prepaid operating lease expenses; and
- Plant and equipment decreased by \$3.833, which related in the majority to depreciation of the Board's assets.

Liabilities have remained constant except for loan debt, which reduced \$12.597m as a result of scheduled loan repayments and a principal repayment of \$10.000m.

The equity in the Company did not alter significantly as a result of the small operating surplus of \$236 000.

ADDITIONAL FINANCIAL INFORMATION

As noted in my Report No 2 of 1999, a major breakdown on 4 September 1999 in three of the four engines on the Spirit of Tasmania resulted in a suspension of the service for a two week period.

The Board has suffered a net loss totalling \$5.430m as a result of the breakdown. However, due to the nature of the damage, the cause has not yet been conclusively identified. The Board has undertaken all possible actions to identify the cause of the breakdown but due to a number of contributing factors the exact cause may never be known.

A failure to identify the cause of the breakdown will prevent the Board from pursuing possible recovery action for the loss. Although, insurance cover for machinery breakdown resulted in a recovery of \$2.023m from the Board's insurers.

3.3 PORT CORPORATIONS

The *Port Companies Act 1997* which came into effect on 30 July 1997, replaced the *Marine Act 1976* and associated legislation from that date and provided a framework for the establishment of State owned port companies.

In accordance with this Act, all Port Authorities and Marine Boards ceased operations on 29 July 1997.

All assets, rights and liabilities vested in the former Port Authorities and Marine Boards were vested in the new port Companies.

The joint shareholders of each corporation are the Treasurer and the Minister for Infrastructure, Energy and Resources.

RESPONSIBLE MINISTER

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

3.3.1 BURNIE PORT CORPORATION PTY LTD

EMPLOYEE STATISTICS

At 30 June 2000 the Corporation had a total of 49 (1998-99, 49) full-time equivalent employees.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Corporation were signed by a member of the Board on 3 November 2000 and an unqualified audit report was issued on 8 November 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Rendering of services	12 680	12 009
Interest	408	336
Rental	878	956
Discounts and commissions	0	0
Licences and fees	1	1
Power sales	125	110
Other	6	5
Total Sales Revenue	<u>14 098</u>	<u>13 417</u>
Other Revenue		
Profit on disposal of assets	25	6
Transfers from provisions	16	0
Total Other Revenue	<u>41</u>	<u>6</u>
Total Revenue	<u>14 139</u>	<u>13 423</u>
Expenses		
Borrowing costs	1 624	1 997
Depreciation & amortisation	2 220	2 351
Transfer to provision for doubtful debts	0	67
Transfers to employee provisions	35	26
Contributions to superannuation	51	46
Operating lease rental	1 887	1 843
Administration	1 861	1 930
Operations and maintenance	2 613	2 717
Other	1 764	1 499
Total Expenditure	<u>12 055</u>	<u>12 476</u>
Operating Surplus/(Deficit) before Abnormal Items & Tax	2 084	947
Abnormal items	(4 668)	118
Tax equivalent expense	0	0
Retained Profits at Start of Year	(2 593)	(5 493)
Equity adjustment	0	2 470
Transfers to and from reserves	0	(635)
Retained Profits at End of Year	(5 177)	(2 593)

Operating Revenues for the consolidated entity for 1999-2000 included services revenue, \$12.68m and rental income, \$0.878m. The increase in Operating Revenue from the prior year of \$0.681m was due principally to increased cargo throughput. A major influence on the increase was Brambles Shipping, with its two new ships providing a daily service to Melbourne. The export of woodchips also contributed to the Port's increased cargo figures. The increase in Operating Profit before abnormal items and income tax reflects increased revenues from operations, \$681m, and a decrease in operating expenditure, \$0.421m.

Abnormal Items of \$4.668m have been recognised in 1999-2000. Of this amount, \$5.143m relates to the write-down of Seaport assets, in accordance with the deprival valuation methodology adopted in 1998. In determining the appropriate asset values, expected net cash flows were discounted to their present value.

The Corporation's Operating Profit before abnormal items and income tax, \$2.084m, represents a return on net assets at 30 June 2000, after the write-down of Seaport assets, of 11.06%. Net assets include Property, Plant and Equipment, the majority of which is valued at deprival valuation.

As a result of negotiations with Brambles Shipping and the Corporation's shareholders, no dividend has been provided for in 1999-2000. In a letter dated 30 June 2000, the shareholders agreed to waive dividend payments, if any, in respect of the 1998-99 and 1999-2000 operating results.

There was no income tax equivalent expense or provision for income tax payable in relation to the 1999-2000 year due to the operating loss after abnormal items of \$2.584m and the existence of carried forward tax losses.

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Receivables	2 117	1 904
Investments	9 000	6 800
Inventories	262	275
Cash on hand and at bank	1	60
Total Current Assets	<u>11 380</u>	<u>9 039</u>
Non-current Assets		
Property, plant and equipment	<u>29 787</u>	<u>36 668</u>
Total Non-current Assets	<u>29 787</u>	<u>36 668</u>
Total Assets	<u>41 167</u>	<u>45 707</u>
Current Liabilities		
Creditors	2 358	1 879
Bank Overdraft	32	0
Borrowings	8 076	2 027
Provisions	748	716
Total Current Liabilities	<u>11 214</u>	<u>4 622</u>
Non-current Liabilities		
Deferred revenue	345	819
Borrowings	10 722	18 798
Provisions	<u>38</u>	<u>36</u>
Total Non-current Liabilities	<u>11 105</u>	<u>19 653</u>
Total Liabilities	<u>22 319</u>	<u>24 275</u>
Equity		
Issued capital	0	0
Reserves	24 025	24 025
Retained surplus	<u>(5 177)</u>	<u>(2 593)</u>
Total Equity	<u>18 848</u>	<u>21 432</u>

The balance of Investments has increased from \$6.800m at 30 June 1999 to \$9.000m at 30 June 2000. The increase of \$2.200m is primarily due to an increase in net cash provided by operating activities, \$1.694m, and a decrease in payments for Property, plant and equipment, \$0.929m.

The balance of Property, plant and equipment has decreased from \$36.668m at 30 June 1999 to \$29.787m at 30 June 2000. The decrease of \$6.881m is mainly due to the write-down of Seaport assets in accordance with the deprival valuation methodology, \$5.143m, which is included as an abnormal item in the Operating Statement. The write-down is also reflected in the decrease in Retained surplus.

The Corporation has reclassified a significant proportion of its Borrowings from Non-current to Current as a result of the new arrangements with Brambles Shipping. Under these arrangements, it is intended that the Corporation will repay a significant amount of its long-term debt over the next two years.

Issued Capital is shown as nil due to rounding to the nearest \$'000. Actual Issued capital is two dollars.

3.3.2 HOBART PORTS CORPORATION PTY LTD

EMPLOYEE STATISTICS

At 30 June 2000 the Corporation had a total of 76 full time equivalent staff (1999, 57).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation, including the King Island Ports Corporation as a wholly owned subsidiary, were signed by the Directors of the Corporation on 20 September 2000 and an unqualified audit report was issued on 25 September 2000.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue	<u>15 777</u>	<u>14 893</u>
Operating profit before abnormal items and income tax	764	(66)
Abnormal items	0	436
Taxation equivalent expense	37	102
Retained profits at year start	333	159
Dividends paid or provided for	540	700
Transfer to (from) reserves	(29)	(402)
Retained profits at year end	623	333

Operating Revenues for the consolidated entity for 1999-2000 included sales revenue, \$11.594m, and rental income, \$4.039m. The increase in Operating Revenue from the prior year was due principally to the Corporation's continued expansion of its stevedoring activity.

The increase in Operating Profit before abnormal items and income tax reflects increased revenues from operations, \$0.884m; an increase in the proceeds of asset sales over that of the prior year, \$0.588m; and a decrease in depreciation expense for the year, \$0.861m. This latter item principally reflects the impact of the valuation decrement for buildings, including wharves, as at 30 June 1999 and which was brought to account in that year. These positive influences on Operating Profit were principally offset by increased employee expenses including travel and accommodation, \$0.914m, and increased land tax, \$0.294m. Total Operating Expenditure also included "one-off" set-up costs of establishing stevedoring activities in Melbourne and Port Pirie, \$0.419m.

The Corporation's Operating Profit before abnormal items and income tax, \$0.764m, and from which it has provided for a dividend of \$0.540m, represents a return on net assets of 1.59%. Net assets include Property, Plant and Equipment, an overwhelming majority of

which is valued at 1998 or later valuations and so represent current values. Although no income tax is payable in relation to the 1999-2000 year due to the existence of carried forward tax losses, the income tax equivalent expense attributable for the year was a credit of \$36 702 after allowing for a restatement of Deferred Tax balances due to a reduction in Company Tax rates to 34% and 30% respectively.

At 30 June 2000 the Corporation had a 68% ownership interest in Hobart International Airport Pty Ltd (1999, 49%) which is accounted for in the Corporations records as an investment in an associate. The Corporation's share of the associated company's operating profit after income tax is a loss of \$147 257 – representing a 68% ownership (loss, \$46 920 – 49% ownership).

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	2 191	1 696
Investments	256	256
Receivables	3 490	2 877
Inventories	30	25
Other	83	60
Total Current Assets	<u>6 050</u>	<u>4 914</u>
Non-current Assets		
Investments	5 415	5 797
Property, plant and equipment	51 631	49 641
Other	1 007	1 079
Total Non-current Assets	<u>58 053</u>	<u>56 517</u>
Total Assets	<u>64 103</u>	<u>61 431</u>
Current Liabilities		
Accounts payable	2 262	1 753
Borrowings	329	294
Provisions	1 527	1 566
Total Current Liabilities	<u>4 118</u>	<u>3 613</u>
Non-current Liabilities		
Borrowings	9 681	10 011
Provisions	2 278	2 316
Total Non-current Liabilities	<u>11 959</u>	<u>12 327</u>
Total Liabilities	<u>16 077</u>	<u>15 940</u>
Equity		
Issued capital	0	0
Reserves	47 402	45 158
Retained profits	623	333
Total Equity	<u>48 025</u>	<u>45 491</u>

Movements in the items Property plant and equipment, and Reserves, principally reflect valuation adjustments to carrying values for certain wharf assets previously recorded at either cost or at a nominal amount on incorporation, 30 July 1997, which were transferred from the former Hobart Marine Board at book value. The delay in finalising valuations was due to either enabling appropriate surveys to be undertaken to facilitate valuations being carried out or to clarification as to the future of the proposed OceanPort development.

Issued capital is shown as nil due to rounding to the nearest \$'000. Actual Issued Capital is two dollars.

3.3.3 PORT OF DEVONPORT CORPORATION PTY LTD

EMPLOYEE STATISTICS

At 30 June 2000 the Corporation had a total of 42 (1999, 42) full-time equivalent staff.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Corporation were signed by the Directors on 29 August 2000 and an unqualified audit report was issued on 22 September 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Port revenue	6 920	6 597
Cold store revenue	1 426	1 350
Airport revenue	1 222	1 002
Interest received	551	525
Rents received	220	224
Services rendered	47	71
Other	2	7
Gain on disposal of assets	19	49
Total Operating Revenue	<u>10 407</u>	<u>9 825</u>
Operating Expenditure	<u>8 338</u>	8 574
Total Operating Expenditure	<u>8 338</u>	<u>8 574</u>
Operating profit before abnormals and income tax	2 069	1 251
Abnormal items	0	(847)
Taxation equivalent expense	(848)	(386)
Retained profits at year start	765	3 097
Amounts transferred (to) from reserves	0	(1 910)
Dividends paid or provided for	(925)	(440)
Retained profits at year end	1 061	765

Operating Revenues for the consolidated entity for 1999-2000 included Port revenue, \$6.92m, Cold store revenue, \$1.426m, and Airport revenue, \$1.222m. The increase in Operating Revenue of \$0.582m was due principally to increased revenue from the seaport and airport operations. The increase in seaport revenue of \$0.323m is a reflection of the increased cargo throughput compared to 1998-99. Airport revenue has increased by \$0.220m from the prior year due to increased passenger numbers and an increase in landing and passenger charges.

The increase in Operating profit before abnormal items and income tax reflects increased revenues from operations, \$0.582m and a decrease in operating expenditure, \$0.236m. The Corporation's Operating profit before abnormal items and income tax, \$2.069m, represents a return on net assets at 30 June 2000 of 6.07%. Net assets include Property, Plant and Equipment, which are valued at historical cost.

Dividends paid or provided for during 1999-2000 totalled \$0.925m. This amount includes \$0.304m paid in relation to the 1998-99 financial year and \$0.621 provided for in respect of the 1999-2000 year.

The income tax equivalent expense attributable for the year was \$0.848m after allowing for a restatement of deferred tax balances due to a reduction in company tax rates to 34% and 30%

respectively. At 30 June 2000, the Corporation had a Provision for income tax equivalent of \$0.724m.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	1	1
Receivables	1 690	1 681
Investments	9 188	8 516
Inventories	6	8
Total Current Assets	<u>10 885</u>	<u>10 206</u>
Non-current Assets		
Receivables	0	0
Investments	550	550
Property plant and equipment	33 870	34 127
Future income tax benefit	226	229
Total Non-current Assets	<u>34 646</u>	<u>34 906</u>
Total Assets	<u>45 531</u>	<u>45 112</u>
Current Liabilities		
Creditors	362	543
Borrowings	1 039	1 030
Employee provisions	627	546
Provision for dividend	621	0
Provision for tax equivalent	724	126
Total Current Liabilities	<u>3 373</u>	<u>2 245</u>
Non-current Liabilities		
Borrowings	6 543	7 526
Deferred income tax	1 486	1 467
Employee provisions	19	59
Total Non-current Liabilities	<u>8 048</u>	<u>9 052</u>
Total Liabilities	<u>11 421</u>	<u>11 297</u>
Equity		
Issued capital	0	0
Reserves	33 049	33 049
Retained profits	1 061	766
Total Equity	<u>34 110</u>	<u>33 815</u>

At 30 June 2000, the Corporation had provided for a dividend of \$0.621m in relation to the 1999-2000 year. As previously noted, a dividend of \$0.304m was paid in 1999-2000 in

respect of the 1998-99 financial year. No provision had been made for the dividend at 30 June 1999.

The Corporation's total borrowings have decreased by \$0.974 from the prior year. The decrease represents repayments of borrowings as no new borrowings were made during the year.

Issued Capital is shown as nil due to rounding to the nearest \$'000. Actual Issued Capital is two dollars.

3.3.4 PORT OF LAUNCESTON PTY LTD

EMPLOYEE STATISTICS

At 30 June 2000 the Corporation had a total of 37 (1999, 43) full-time equivalent staff.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Corporation were signed by the Chairman of the Board on 29 September 2000 and an unqualified audit report was issued on 30 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Services revenue	7 185	6 715
Property rentals	689	901
Total Operating Revenue	<u>7 874</u>	<u>7 616</u>
Other Revenue		
Profit on disposal of assets	89	501
Interest	152	51
Total Other Revenue	<u>241</u>	<u>552</u>
Expenses		
Operating expenses	6 163	5 157
Borrowings costs	1 193	1 326
Depreciation and amortisation	1 376	1 467
Total Expenditure	<u>8 732</u>	<u>7 950</u>
Operating surplus/(deficit) before abnormal items & tax	(617)	218
Abnormal items	2 049	(30)
Tax equivalent expense	<u>(258)</u>	<u>285</u>
Operating surplus/(deficit) after abnormal items & tax	1 174	473
Retained profits at year start	697	374
Adjustment to retained profits	0	0
Dividend proposed	0	(150)
Retained profits at year end	<u>1 871</u>	<u>697</u>

Operating Revenues for the consolidated entity for 1999-2000 included Services revenue, \$7.185m, and Property rentals, \$0.689m. The increase in Operating Revenue from the prior year of \$0.258m was due principally to increased exports such as general container cargo, manganese, pine logs, aluminium and aluminium paste, woodchip and medium density fibre board.

The Profit on disposal of assets of \$89 000 includes the disposal of assets relating to the Low Head Pilot Station, which was handed back to the State Government on 30 June 2000.

Total expenditure for 1999-2000 amounted to \$8.732m, compared with \$7.950m in 1998-99. The increase in expenditure of \$0.782m is mainly attributable to significant rehabilitation works carried out on the Port access roads.

The Corporation's Operating Result before abnormal items and income tax was a deficit of \$0.617m. Abnormal Revenue of \$2.049m was recognised by the Port in 1999-2000. Of this amount, \$2m relates to proceeds from the settlement of a writ issued by the Port against a shipping company for termination of a terminal lease in June 1996. The Corporation's result,

after allowing for abnormal items and income tax, was a surplus of \$1.174m. This represents a return on net assets at 30 June 2000 of 4.46%. Net assets include Property, Plant and Equipment which are valued at historical cost.

A dividend has not been provided for in the 1999-2000 Operating Statement as an amount had not been determined at the time of preparing the financial statements. An amount of \$0.15m was provided for and paid in relation to the 1998-99 financial year.

The income tax equivalent expense attributable for the year was \$0.258m after allowing for a restatement of deferred tax balances due to a reduction in company tax rates to 34% and 30% respectively. No income tax is payable in relation to the 1999-2000 year due to the existence of carried forward tax losses.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Receivables	1 266	1 224
Investments	3 259	520
Inventories	556	257
Cash on hand and at bank	50	713
Total Current Assets	<u>5 131</u>	<u>2 714</u>
Non-current Assets		
Property plant and equipment	35 978	38 533
Leased assets	226	283
Future income tax benefit	3 226	3 804
Total Non-current Assets	<u>39 430</u>	<u>42 620</u>
Total Assets	<u>44 561</u>	<u>45 334</u>
Current Liabilities		
Creditors and borrowings	2 325	2 030
Provisions	440	609
Total Current Liabilities	<u>2 765</u>	<u>2 639</u>
Non-current Liabilities		
Creditors and borrowings	12 193	13 922
Provisions	3 278	3 622
Total Non-current Liabilities	<u>15 471</u>	<u>17 544</u>
Total Liabilities	<u>18 236</u>	<u>20 183</u>
Equity		
Issued capital	0	0
Reserves	24 454	24 454
Retained surplus	1 871	697
Total Equity	<u>26 325</u>	<u>25 151</u>

The balance of Property, plant and equipment has decreased from \$38.533m at 30 June 1999 to \$35.978m at 30 June 2000. The decrease of \$2.555m is primarily due to the sale of the Port's mobile harbour crane.

Issued Capital is shown as nil due to rounding to the nearest \$'000. Actual Issued Capital is two dollars.

3.4 OTHER STATUTORY AUTHORITIES

Statutory authorities that are subject only to the specific requirements specified in their enabling legislation are sometimes also referred to as State authorities. State authorities usually fulfil a regulatory or supervisory function.

3.4.1 LEGAL AID COMMISSION

The Commission is an independent statutory body established by the *Legal Aid Commission Act 1990*. It is principally funded by the State and Commonwealth Governments, with other sources of income derived from the recovery of legal costs in successful cases, contributions from legally assisted clients and interest on invested moneys.

The Commission seeks to increase access to justice for all Tasmanians by the provision of legal representation, advice, information and referral services. The Commission ensures that within the limits of funds available, no person is denied access to the law by reason of financial or social disadvantage.

The Responsible Minister is the Minister for Justice and Industrial Relations.

EMPLOYEE STATISTICS

At 30 June 2000 the Legal Aid Commission had a total of 72 staff, (1999, 78), which equated to 51.5, (55.6), full time equivalent positions.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The Commission's financial statements were signed by the Chairman and Director on 22 September 2000. Final amended financial statements were received on 28 September 2000 and an unqualified audit report was issued on 27 November 2000.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Commonwealth contributions	4 688	4 581
State contributions	2 770	2 735
Contributions from clients and recovered costs	401	537
Interest	56	81
Other	0	1
Total Operating Revenue	<u>7 915</u>	<u>7 935</u>
Operating Expenditure		
Employee expenses	2 873	3 068
Administration expenses	1 193	1 265
Payments to private legal practitioners	3 344	3 937
Depreciation	200	257
Provisions	(2)	6
Total Operating Expenditure	<u>7 608</u>	<u>8 533</u>
Operating profit before grants and subsidies	307	(598)
Grants to community legal centres	(967)	(861)
Abnormal items	0	0
Retained profits at year start	925	2 384
Retained profits at year end	265	925

Contributions from clients decreased from \$537 000 in 1998-99 to \$401 000 in 1999-2000 due mainly to cessation of the State Civil Law program through which most recoveries were received and targetting of services at lower income groups who have less capacity to pay a contribution.

Interest income decreased from \$81 000 in 1998-99 to \$56 000 in 1999-2000 due to the reduced surplus of cash available for investment.

Payments to private practitioners decreased from \$3 937 000 in 1998-99 to \$3 344 000 in 1999-99 due mainly to cessation of the State Civil Law program.

Grants to community legal centres, which is a Commonwealth program administered by Legal Aid Commission, increased from \$861 000 in 1998-99 to \$967 000 as a result of Commonwealth agreements on funding.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	354	687
Receivables	135	340
Prepayments	41	16
Accrued revenue	1	2
Total Current Assets	<u>531</u>	<u>1 045</u>
Non-current Assets		
Freehold property	259	266
Office equipment	98	228
Furniture and fittings	12	26
Library	111	111
Alterations to accommodation	17	23
Total Non-current Assets	<u>497</u>	<u>654</u>
Total Assets	<u>1 028</u>	<u>1 699</u>
Current Liabilities		
Sundry creditors and accruals	104	88
Private legal practitioner creditors	0	0
Provision for long service leave	101	107
Provision for recreation leave	183	184
Total Current Liabilities	<u>388</u>	<u>379</u>
Non-current Liabilities		
Provision for long service leave	50	69
Total Non-current Liabilities	<u>50</u>	<u>69</u>
Total Liabilities	<u>438</u>	<u>448</u>
Equity		
Capital contribution	325	325
Accumulated surpluses	265	926
Total Equity	<u>590</u>	<u>1 251</u>

Cash decreased from \$687 000 in 1998-99 to \$354 000 in 1999-2000 as there was a need to draw on reserves to fund an over budget legal aid program in the Assigned Grants Division and to fund legal salaries in an unfunded Legal practitioners award.

Debtors decreased from \$340 000 in 1998-99 to \$135 000 in 1999-2000 due to revised administrative arrangements between the Commission, the State Department of Justice and the State Government.

Office equipment decreased from \$228 000 in 1998-99 to \$98 000 in 1999-2000 as a significant number of items reached a fully depreciated stage during 1999-2000.

ADDITIONAL FINANCIAL INFORMATION

The Commission has at the time of the publication of this report, rolled out to its Private Practitioner Business Partners its transaction e-commerce business interface via the Internet which is platformed on the Commissions web site. The current take-up is approximately 60% with a total take-up planned by 31 January 2001.

The significant efficiencies associated with this are being re-directed into assistance of legal aid.

3.4.2 MARINE AND SAFETY AUTHORITY

The Authority was created by the *Marine and Safety Authority Act 1997*. The functions of the Authority are to:-

- ensure safe operations of vessels
- provide and manage marine facilities, and
- manage environmental issues relating to vessels

The Authority has jurisdiction over waters of all inland lakes, rivers and streams as well as coastal waters.

The Authority commenced operations on 30 July 1997 and assumed the assets and liabilities of the former Navigation and Survey Authority of Tasmania. In addition, the Authority has assumed responsibility for a large number of marine facilities previously owned by the Department of Transport and the Marine Boards.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

At 30 June 2000, the authority had 11 permanent full time employees (1999, 12), 4 permanent part time (3) and 1 casual employee (1) which equated to 13.9 full time equivalent employees (13.5).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Marine and Safety Authority were received on 28 September 2000 and an unqualified audit report was issued on 3 October 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Revenue		
Survey fees	570	542
Certificates of competency	95	75
Recreational boating	900	815
Treasury appropriation	700	700
Interest received	33	43
Other	27	77
Total Revenue	<u>2 325</u>	<u>2 252</u>
Expenditure		
Personnel expenses	918	692
Occupancy expenses	67	57
Operating expenses	2 133	2 005
Other	21	26
Total Operating Expenditure	<u>3 139</u>	<u>2 780</u>
Operating surplus/(deficit)	(814)	(528)
Abnormal items	(121)	0
Retained profits at year start	(509)	(214)
Aggregate of amounts transferred (to) from reserves	186	233
Retained profits (accumulated losses) at year end	(1 258)	(509)

Personnel expenses increased from \$692 000 in 1998-99 to \$918 000 in 1999-2000 due to increase in the number of employees and a redundancy payment made during 1999-2000.

The Abnormal expense relates to the write-off of some marine facilities. These assets were previously capitalised, but it was subsequently identified that the ownership was vested elsewhere.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	280	716
Receivables	27	148
Pre-paid expenses	<u>6</u>	<u>6</u>
Total Current Assets	<u>313</u>	<u>870</u>
Non-current Assets		
Property plant and equipment	<u>8 669</u>	9 144
Total Non-current Assets	<u>8 669</u>	<u>9 144</u>
Total Assets	<u>8 982</u>	<u>10 014</u>
Current Liabilities		
Creditors and borrowings	202	303
Provisions	<u>80</u>	<u>83</u>
Total Current Liabilities	<u>282</u>	<u>386</u>
Non-current Liabilities		
Provisions	<u>19</u>	<u>12</u>
Total Non-current Liabilities	<u>19</u>	<u>12</u>
Total Liabilities	<u>301</u>	<u>398</u>
Equity		
Reserves	0	187
Contributions to capital	9 939	9 939
Retained surplus/(accumulated loss)	<u>(1 258)</u>	<u>(509)</u>
Total Equity	<u>8 681</u>	<u>9 617</u>

Cash decreased from \$716 000 in 1998-99 to \$280 000 in 1999-2000 due mainly to payments for capital purchases.

Receivables decreased from \$148 000 in 1998-99 to \$27 000 in 1999-2000 as the prior year balance included debtors of \$30 000 in relation to a one-off consultancy project, and \$85 000 in relation to the sale of slipways.

Creditors decreased from \$303 000 in 1998-99 to \$202 000 in 1999-2000 as the prior year included accounts for capital work in progress as at 30 June 1999.

3.4.3 PARLIAMENTARY SUPERANNUATION FUND (PSF) and PARLIAMENTARY RETIRING BENEFITS FUND (PRBF)

The Parliamentary Superannuation and Retiring Benefits Trust is responsible for the management and administration of the Funds established under the *Parliamentary Superannuation Act 1973* and *Parliamentary Retiring Benefits Act 1985*.

The Responsible Minister is the Treasurer.

EMPLOYEE STATISTICS

There are no employees. Administrative and accounting services are provided by the Retirement Benefits Fund Board.

SIGNIFICANT DEVELOPMENTS

Under the provisions of the *Superannuation (Parliament, Judiciary and Statutory Legal Officers) Reform Act 1999*, the Parliamentary Retiring Benefits Fund was closed to all new entrants with retrospective effect from 1 July 1999.

All Members of Parliament elected after 1 July 1999:

- Become members of the Retirements Benefits Fund Tasmanian Accumulation Scheme (RBF-TAS);
- Have fully-funded employer contributions of 9% of salary deposited into RBF-TAS; and
- May elect at any time to become a member of an alternative complying fund other than RBF-TAS.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the both Funds were received on 7 November 2000 and unqualified audit reports were issued on 14 November 2000.

FINANCIAL RESULTS

Parliamentary Superannuation Fund

STATEMENT OF CHANGES IN NET ASSETS

	1999-00 \$'000	1998-99 \$'000
Revenue		
Interest	5	7
Income from unit trusts	476	817
Changes in net market values	305	(308)
Reimbursement of benefits	1 565	1 541
Members' contributions	67	91
Total Revenue	<u>2 418</u>	<u>2 148</u>
Expenditure		
Administration expenses	83	88
Lump sums	1 149	1 152
Pensions	1 188	1 178
Refund of Contributions	2	0
Superannuation contributions surcharge	6	0
Total Expenditure	<u>2 428</u>	<u>2 418</u>
(Deficit)/Surplus before Abnormals and Tax	(10)	(270)
Income tax expense	(4)	0
Net Assets available to pay Benefits at year start	6 950	7 220
Net Assets available to pay Benefits at year end	6 936	6 950

The deficit has decreased by \$260 000, due mainly to an increase in net market value of investments, offset by a reduction of \$341 000 in unit trust income.

STATEMENT OF NET ASSETS

	1999-00 \$'000	1998-99 \$'000
Assets		
Investments	6 956	7 068
Interest receivable	0	0
Sundry debtors	33	4
Cash at Bank	49	0
Total Assets	<u>7 038</u>	<u>7 072</u>
Liabilities		
Bank overdraft	0	29
Sundry creditors	92	93
Provision for deferred income tax	4	0
Superannuation contributions surcharge payable	6	0
Total Liabilities	<u>102</u>	<u>122</u>
Net Assets Available To Pay Benefits	<u>6 936</u>	<u>6 950</u>

The liability for accrued benefits (Scheme as a whole) was \$18.174m. (\$19.690m, 1998-99).

The liability for vested benefits (Scheme as a whole) was \$19.293m. (\$21.486m, 1998-99). Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from it) being benefits that members were entitled to receive had they terminated their membership as at the reporting date.

Amounts were determined in accordance with Australian Accounting Standard AAS25 – Financial Reporting by Superannuation Plans.

Parliamentary Retiring Benefits Fund

STATEMENT OF CHANGES IN NET ASSETS

	1999-00 \$'000	1998-99 \$'000
Revenue		
Interest	23	20
Changes in net market values	702	465
Employer contributions	1 150	679
Members' contributions	236	250
Insurance proceeds	0	335
Demutualisation proceeds	10	0
Total Revenue	<u>2 121</u>	<u>1 749</u>
Expenditure		
Administration expenses	152	118
Lump sums	1 053	2 073
Superannuation contribution surcharge	108	0
Total Expenditure	<u>1 313</u>	<u>2 191</u>
(Deficit)/Surplus before Abnormals and Tax	808	(442)
Income tax expense	(154)	(87)
Net Assets available to pay Benefits at year start	6 245	6 774
Net Assets available to pay Benefits at year end	6 899	6 245

A surplus of \$808 000 resulted in 1999-2000 in comparison to a deficit of \$442 000 in 1998-99. Three main factors contributed to the \$808 000 surplus:

- An increase of \$702 000 in the net market values of investments (1998-99, \$465 000 increase);
- An increase at \$1 150 000 in employer contributions (1998-99, \$679 000). The extra contributions were made by the Department of Treasury and Finance in line with an actuarial recommendation; and
- A decrease in lump sum payments at \$1 053 000 (1998-99, \$2 073 000).

STATEMENT OF NET ASSETS

	1999-00 \$'000	1998-99 \$'000
Assets		
Investments	6 993	5 546
Cash	45	491
Interest receivable	1	1
Sundry debtors	45	335
Total Assets	<u>7 084</u>	<u>6 373</u>
Liabilities		
Sundry creditors	65	64
Income tax payable	125	64
Provision for deferred income tax	6	0
Superannuation contributions surcharge payable	<u>(11)</u>	<u>0</u>
Total Liabilities	<u>185</u>	<u>128</u>
Net Assets Available To Pay Benefits	<u>6 899</u>	<u>6 245</u>

The liability for accrued benefits (Scheme as a whole) was \$7.710m, (1998-99, \$7.016m).

The liability for vested benefits was \$6.803m, (1998-99, \$9.587m). Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from it) being benefits that members were entitled to receive had they terminated their membership as at the reporting date.

The amounts were determined in accordance with Australian Accounting Standard AAS25 – Financial Reporting by Superannuation Plans.

3.4.4 PRIVATE FORESTS TASMANIA

Private Forests Tasmania was established as a state authority on 1 July 1994 under the *Private Forests Act 1994*.

The Authority took over the assets, liabilities, functions and responsibilities previously managed by the Private Forestry Division of the former Forestry Commission.

According to the Authority's Strategic Plan, '... The objective of the Authority is to facilitate and expand the development of the private forest resource in Tasmania for commercial purposes and to maintain a healthy and productive rural environment in a manner which is consistent with sound forest land management practice'.

The Authority's Board of Directors consists of five members, appointed by the Responsible Minister plus the Chief Executive Officer.

The Responsible Minister is the Minister for Infrastructure, Energy and Resources.

EMPLOYEE STATISTICS

In terms of employee statistics, the Authority has 19.5 FTEs (1998-99, 16.5). The head count for the Authority is 21 (18) employees.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Authority were signed by the Chairman and the Chief Executive Officer on 15 September 2000 and an unqualified audit report was issued on 28 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue	312	324
Less: Operating Expenses	(1 970)	(1 906)
Operating profit before grants	<u>(1 658)</u>	<u>(1 582)</u>
Operating grants	1 546	1 567
Operating profit after grants	(112)	(15)
Accumulated profits at year start	245	260
Transfers from/(to) reserves	<u>0</u>	<u>0</u>
Retained Profits at year end	<u>133</u>	<u>245</u>

Operating losses for the period increased to \$112,000 (1999, \$15,000). The increase is mainly attributable to an increase in operating expenses of \$64,000 and a reduction in Consolidated Fund Appropriation.

BALANCE SHEET

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash on hand and at bank	111	827
Investments	1 850	850
Receivables	<u>208</u>	<u>198</u>
Total Current Assets	<u>2 169</u>	<u>1 875</u>
Non-current Assets		
Property plant and equipment	184	142
Receivables	<u>1 552</u>	<u>1 844</u>
Total Non-current Assets	<u>1 736</u>	<u>1 986</u>
Total Assets	<u>3 905</u>	<u>3 861</u>
Current Liabilities		
Creditors and accrued expenses	1 373	957
Provisions	213	203
Borrowings	<u>171</u>	<u>170</u>
Total Current Liabilities	<u>1 757</u>	<u>1 330</u>
Non-current Liabilities		
Borrowings	2 002	2 277
Provisions	<u>13</u>	<u>9</u>
Total Non-current Liabilities	<u>2 015</u>	<u>2 286</u>
Total Liabilities	<u>3 772</u>	<u>3 616</u>
Equity		
Accumulated profits	<u>133</u>	<u>245</u>
Total Equity	<u>133</u>	<u>245</u>

The increase in Cash and investments of \$0.284m is mainly due to unexpended grant funding held at balance date.

The balance of Borrowings, \$2.173, (1999, \$2.447m) represents loan funds advanced by the State Government to fund private plantation loans. The reduction in the balance of \$0.275m reflects the repayment of loan principal during the period.

The increase in Creditors and accrued expenses of \$0.416m is mainly attributable to an increase in unexpended grants of \$0.372m. The liability represents the balance of grant funds held by the Authority.

Under Treasurer's Instruction GBE 08-52-01 all Government grants and subsidies received by the Authority are to be recognised as revenue in the year the expense is incurred. This accounting treatment results in a liability being recognised for the amount of any unexpended grants.

ADDITIONAL FINANCIAL INFORMATION

Further to my comments on page 188 of my Report No 2 for 1998-99 relating to the possible implementation of a private forests service levy, I note that the Authority is consulting with its Responsible Minister to determine an appropriate policy. As yet, a policy has not been finalised.

3.4.5 RACING TASMANIA

The *Racing Act 1983*, which established the Tasmanian Racing Authority, was amended by the *Racing Amendment Act 1997*. The Amendment Act provided for the body corporate formerly known as the Tasmanian Racing Authority to continue under the name Racing Tasmania.

In June 1999, the Minister for Racing and Gaming announced a restructure of the racing administration. The *Racing Amendment (Restructuring) Act 1999* amended the *Racing Act 1983* and the *Racing and Gaming Act 1952* to provide for the restructuring of the racing industry from 1 December 1999. Pursuant to Section 35A of the *Racing Act 1983*, as amended, Racing Tasmania was dissolved on 30 November 1999.

Under the restructure, the Government assumed responsibility for the probity of the Racing Industry by creating a Probity Unit attached to the Department of Infrastructure, Energy and Resources (DIER). This unit is now known as Racing Services Tasmania. The TAB assumed responsibility for all other functions of the former Racing Tasmania.

In accordance with Section 40(a) of the *Racing Act 1983*, all property that vested in Racing Tasmania at 30 November 1999 became vested in and belonged to the TAB and all responsibility for the management and control of that property became vested in the TAB, unless the Minister, by notice in the Gazette, otherwise orders. Such notice was published on 12 April 2000. In accordance with the order, certain items of property formerly vested in Racing Tasmania, mainly computer and office equipment, became vested in the DIER. Section 40(d) of the *Racing Act 1983* also provided for the liabilities of Racing Tasmania to become liabilities of the TAB.

The Responsible Minister is the Minister for Racing and Gaming.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Authority were signed by the Chairman and the Director of Racing on 30 April 2000 and an unqualified audit report was issued on 14 June 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 *	1998-99
	\$'000	\$'000
Income		
TAB profit distribution	2 875	9 279
Totalisator commission	839	2 501
Unclaimed totalisator dividends	199	650
Government grant	1 025	1 525
Property income	44	150
Interest on investments	22	82
Gain on disposal of assets	5	21
Catering commission	20	73
Licencing, registration and other income	76	203
THRC - Provident Fund	6	16
THRC - Stallion Stakes	10	23
TTRC - Jockey Insurance	59	209
TTRC - Super VOBIS (Tas)	29	105
Sundry income	3	13
Total Income	<u>5 212</u>	<u>14 850</u>
Expenditure		
Direct club expenditure	2 985	10 697
Integrity control expenses	175	628
Industry administration expenses	545	1 683
Major works and other expenses	1 102	3 406
Total Expenditure	<u>4 807</u>	<u>16 414</u>
Surplus / (Deficit) before Abnormals	405	(1 564)
Abnormal Items	(218)	(117)
Surplus / (Deficit) after Abnormals	187	(1 681)
Accumulated funds at year start	4 263	5 857
Equity transferred on restructure	0	0
Transfers (to) from reserves	(39)	87
Accumulated funds at year end	4 411	4 263
* to 30 November 1999		

The figures for 1999-2000 relate to the period from 1 August 1999 to 30 November 1999. The Abnormal Item of \$218 000 relates to the costs of restructure.

STATEMENT OF FINANCIAL POSITION

	1999-00 *	1998-99
	\$'000	\$'000
Current Assets		
Cash	56	16
Debtors and prepayments	1 967	898
Loans to industry bodies	30	38
Inventories	8	9
Investments	1 594	1 958
Total Current Assets	<u>3 655</u>	<u>2 919</u>
Non-current Assets		
Leasehold improvements	5 868	6 075
Plant and equipment	552	528
Loans to Industry Bodies	10	20
Total Non-current Assets	<u>6 430</u>	<u>6 623</u>
Total Assets	<u>10 085</u>	<u>9 542</u>
Current Liabilities		
Creditor - Government of Tasmania	6	4
Creditors - general	1 126	352
Borrowings - Tascorp	500	0
Accrued interest	56	47
Income in advance	149	139
Provision for employee entitlements	216	344
Special event fund	20	20
Unclaimed winnings account	0	0
Total Current Liabilities	<u>2 073</u>	<u>906</u>
Non-current Liabilities		
Borrowings - Tascorp	2 050	2 550
Borrowings - other	234	234
Provision for employee entitlements	993	1 328
Special event fund	128	103
Total Non-current Liabilities	<u>3 405</u>	<u>4 215</u>
Total Liabilities	<u>5 478</u>	<u>5 121</u>
Equity		
Reserves	196	158
Accumulated funds	4 411	4 263
Total Equity	<u>4 607</u>	<u>4 421</u>
* as at 30 November 1999		

The balance of Debtors and prepayments at 30 November 1999, \$1.967m includes an amount of \$1.025m relating to a grant from the State Government that was received in early December 1999.

The balance of Creditors - general has increased by \$0.774m from the prior period. The increase is primarily due to the inclusion of an amount of \$0.679m for salaries, superannuation and redundancy payments owed to the Department of Infrastructure, Energy and Resources in relation to Racing Tasmania employees.

3.4.6 RETIREMENT BENEFITS FUND BOARD

The Retirement Benefits Fund Board (RBF) is responsible for the management and administration of the Funds established under the *Retirement Benefits Act 1993*, *Retirement Benefits Regulations 1994*; *Retirement Benefits (Transitional) Regulations 1994* and the *Public Sector Superannuation Reform Act 1999*. With the closure of the Non-Contributory Scheme on the 25 April 2000, the Fund now has two Schemes (Contributory and Tasmanian Accumulation Scheme - TAS) and an Investment Account, each of which has separate financial statements and specific governing rules within the Regulations. The Contributory Scheme has been closed to new members from 15 May 1999. TAS is an accumulation scheme established under the *Public Sector Reform Act 1999*. It provides eligible employees with the minimum superannuation guarantee support.

Members of the Contributory Scheme, a defined benefits scheme, receive benefits based on their final average salary, years of service and the percentage of salary on which an employee's contributions have been based. Regulation 90 provides that the Treasurer or the relevant State Employing Authority is to meet a proportion of the costs of benefits paid by the Board. Based on actuarial advice, the proportion payable by the Treasurer and State Authorities as from 1 July 1996 has generally been 70%, with the balance of 30% being met by the Board.

The financial statements of both Schemes and the Investment Account are prepared in accordance with Australian Accounting Standard AAS 25 'Financial Reporting by Superannuation Plans'.

The Responsible Minister is the Treasurer.

SIGNIFICANT DEVELOPMENTS

A Trust Deed, dated 17 April 2000, created by the *Public Sector Superannuation Reform Act 1999* provides for the replacement of the Non-Contributory Scheme (Part 5 of the Retirement Benefits Regulation 1994) with the fully-funded Tasmanian Accumulation Scheme (TAS). The effective date was 25 April 2000. Accordingly, all activity of the Non-Contributory Scheme ceased on that date.

Member Investment Choice is now available to members of the Tasmanian Accumulation Scheme and the RBF-TAS Investment Account. Additionally, members can now choose to take their retirement benefit as an allocated pension.

The superannuation contributions surcharge is now recognised as an expense and a liability in respect of surchargeable contributions. Australian Taxation Office assessments commenced in the 1999-2000 financial year allowing the RBF Board to be advised of the actual surcharge amounts relevant to the financial years ended 30 June 1997, 1998 and 1999. The Fund could not reliably measure the liability for the financial year ended 30 June 2000 and consequently no provision was made for the liability in that financial year.

EMPLOYEE STATISTICS

RBF employees at 30 June 2000 were of two types:

- Public Servants - Total of 54 employees by headcount (1999, 51) and 51.62 FTEs (1999, 51).
- RBF Board Employees – Total of 55 comprising 25 Contract and 30 Award employees.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements were received from the Board on 23 October 2000 and an unqualified audit report was issued on 3 November 2000.

FINANCIAL RESULTS

Contributory Scheme

STATEMENT OF CHANGES IN NET ASSETS

	1999-00 \$'000	1998-99 \$'000
Revenue		
Investment income	41 340	41 632
Change in net market value of investments	56 820	14 569
Direct investment expense	(5 156)	(3 729)
Employer contributions	116 113	186 117
Member contributions	56 995	60 161
Miscellaneous revenue	2 008	1 013
Change in net market value of assets other than investments	(1 838)	(1 991)
Total Revenue	<u>266 282</u>	<u>297 772</u>
Expenditure		
Administration expenses	6 064	5 453
Superannuation contributions surcharge	1 081	0
Lump sums	72 412	171 245
Pensions	104 484	103 477
Refunds and interest	1 143	1 234
Total Expenditure	<u>185 184</u>	<u>281 409</u>
Surplus before Abnormals and Tax	81 098	16 363
Abnormal items	(81 171)	3 346
Income tax expense	13 545	(7 637)
Net Assets available to pay Benefits at year start	852 192	840 120
Net Assets available to pay Benefits at year end	865 664	852 192

The net assets of the Contributory Scheme increased by \$13.472m from \$852.192m in 1998-99 to \$865.664m in 1999-2000. The increase was within expectations - the increase in 1998-99 being \$12.072m.

Employer contributions have decreased from \$186.117m in 1998-99 to \$116.113m in 1999-2000. Lump sums have decreased from \$171.245m in 1998-99 to \$72.412m in 1999-2000. Both decreases reflect the return to normal operation in 1999-2000 after an abnormally high number of lump sum payments were made in relation to the redundancy programs in 1998-99. The contribution from employing authorities is only recognised upon receipt following payment to the ex-employee.

The increase in Abnormal items from \$3.346m in 1998-99 to \$81.171m in 1999-2000 relates to assets transferred to the Tasmanian Accumulation Scheme and the wind up of the Non-Contributory Scheme in accordance with the requirements of the *Public Sector Superannuation Reform Act 1999*.

STATEMENT OF NET ASSETS

	1999-00 \$'000	1998-99 \$'000
Assets		
Cash at bank	4 510	6 834
Investments	880 095	864 237
Contributions and pensions receivable	1 288	1 134
Interest and income receivable	1 070	841
Sundry debtors	4 147	10 199
Property, plant and equipment	<u>6 646</u>	<u>3 386</u>
Total Assets	<u>897 756</u>	<u>886 631</u>
Liabilities		
Provision for income tax	(3 520)	9 407
Provision for deferred income tax	12 070	9 033
Provision for employee entitlements	5 426	5 015
Sundry creditors and accruals	6 246	921
Contributions and pensions payable	1 907	1 662
Contribution in advance	8 929	8 401
Superannuation contributions surcharge payable	<u>1 034</u>	<u>0</u>
Total Liabilities	<u>32 092</u>	<u>34 439</u>
Net Assets Available To Pay Benefits	<u>865 664</u>	<u>852 192</u>

Sundry debtors decreased from \$10.199m in 1998-99 to \$4.147m in 1999-2000. The previous period included an abnormal amount of \$3.300m.

Property, plant and equipment increased from \$3.386m in 1998-99 to \$6.646 in 1999-2000 mainly as a result of a \$2.800m major computer development.

Sundry creditors and accruals increased from \$0.921m in 1998-99 to \$6.246m in 1999-2000. The increase was mainly due to a \$3.500 scheme transfer and the recognition of \$1.000m of accrued management fees that were not accounted for in 1998-99.

The amount of the superannuation contributions surcharge liability relates to financial years ended 30 June 1997, 1998 and 1999, and was based on the actual surcharge calculated by the Australian Taxation Office.

The liability for accrued benefits (Scheme as a whole) and the liability to be funded from scheme assets as at 30 June 2000 has been determined at \$2.705bn and \$0.766bn respectively.

The liability for vested benefits (Scheme as a whole) and the liability to be funded from Scheme assets as at the 30 June 2000 has been determined at \$3.027bn and \$0.828bn respectively.

Amounts for both accrued and vested benefits were determined in accordance with the methodology required by Accounting Standard AAS25 - Financial Reporting by Superannuation Plans.

Non-Contributory Scheme

OPERATING STATEMENT

	April 2000*	1998-99
	\$'000	\$'000
Revenue		
Employers' contributions	3 334	3 925
Other contributions	115 948	0
	<u>119 282</u>	<u>3 925</u>
Expenditure		
Benefits expense	17 463	15 869
	<u>17 463</u>	<u>15 869</u>
Operating result before Income Tax	101 819	(11 944)
Income tax expense	0	(129)
Operating result after Income Tax	101 819	(12 073)

* From 1 July 1999 to 25 April 2000

Other contributions were nil in 1998-99 and \$115.948m in 1999-2000. The 1999-2000 amount resulted from the extinguishing of Non-Contributory Scheme liabilities as part of its closure and replacement with the Tasmanian Accumulation Scheme.

STATEMENT OF FINANCIAL POSITION

	April 2000*	1998-99
	\$'000	\$'000
Assets		
Employer debtors	0	13
	<u>0</u>	<u>13</u>
Liabilities		
Accrued benefits	0	99 980
Sundry creditors	0	1 721
Accrued expenses	0	2
Provision for income tax	0	127
Provision for deferred income tax	0	2
Total Liabilities	0	101 830
	<u>0</u>	<u>101 830</u>
Excess Of Liabilities Over Assets	0	101 817
	<u>0</u>	<u>101 817</u>

* As at 25 April 2000

The Non-Contributory Scheme was closed on the 25 April 2000 and replaced by the Tasmanian Accumulation Scheme in accordance with the provisions of *the Public Sector Superannuation Reform Act 1999*. Accordingly, the financial statements were not prepared on the going concern basis.

During the financial year the liability for accrued benefits increased the \$99.980m liability at the beginning of the financial year by \$17.463m. Benefits paid totalled \$3.838m. The

resultant liability of \$113.605m was extinguished by the creation of the Tasmanian Accumulation Scheme.

Investment Account

OPERATING STATEMENT

	1999-00	1998-99
	\$'000	\$'000
Revenue		
Investment income	9 333	8 500
Investments (increase in market value)	16 261	5 236
Direct Investment Expense	(1 142)	(768)
Employer contributions	10 690	7 460
Members' contributions	13 132	21 558
Transfers from other funds	32 579	89 190
Total Revenue	<u>80 853</u>	<u>131 176</u>
Expenditure		
Superannuation contributions surcharge	68	0
Management fee	2 891	2 782
Total Expenditure	<u>2 959</u>	<u>2 782</u>
Benefits Accrued as a result of operations before Abnormals and Tax	77 894	128 394
Abnormal item	0	(3 346)
Income tax expense	(2 395)	(1 593)
Benefits Accrued as a result of operations	75 499	123 455
Benefits paid	(53 312)	(32 840)
Liability for Accrued Benefits at year start	218 184	127 569
Liability for Accrued Benefits at year end	240 371	218 184

The Investment account was charged a management fee of 1.25% of net assets on a weekly basis. This allows for the Contributory Scheme to recoup the amount outlayed for Investment Account operating expenses.

The amount of the superannuation contributions surcharge liability relates to financial years ended 30 June 1997, 1998 and 1999, and was based on the actual surcharge calculated by the Australian Taxation Office.

Benefits paid increased by \$20.472m, from \$32.840 to \$53.312m.

Transfers from other funds decreased by \$56.611 from \$89.190m in 1998-99 to \$32.579m in 1999-2000. The 1998-99 amount was abnormally high due to transfers associated with redundancy programs.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Assets		
Investments	245 319	224 600
Cash at bank	3 341	5 535
Interest receivable	242	179
Sundry debtors	2 449	2 198
Total Assets	<u>251 351</u>	<u>232 512</u>
Liabilities		
Sundry creditors	5 771	10 275
Provision for income tax	1 437	1 251
Provision for deferred income tax	3 760	2 802
Superannuation contribution surcharge payable	<u>12</u>	<u>0</u>
Total Liabilities	<u>10 980</u>	<u>14 328</u>
Net Assets Available To Pay Benefits	<u>240 371</u>	<u>218 184</u>
Represented by:		
Liability For Accrued Benefits		
Allocated to members' accounts	233 169	215 639
Not yet allocated	<u>7 202</u>	<u>2 545</u>
Total Liability For Accrued Benefits	<u>240 371</u>	<u>218 184</u>

The investment account is an accumulation scheme, fully funded by members. Member Investment Choice was introduced on 1 October 1999.

Net assets increased by \$22.187m from \$218.184 in 1998-99 to \$240.371m in 1999-2000.

Tasmanian Accumulation Scheme

STATEMENT OF CHANGES IN NET ASSETS

	1999-00 \$'000
Revenue	
Investment income	955
Change in net market value of investments	2 724
Direct investment expense	(164)
Employer contributions	3 240
Member contributions	3 127
Other contributions	78 132
Total Revenue	<u>88 014</u>
Expenditure	
Management fee	175
Death & incapacity insurance	107
Superannuation contributions surcharge	16
Total Expenditure	<u>298</u>
Benefits accrued as a result of operations before Abnormals and Tax	87 716
Income tax expense	(510)
Benefits accrued as a result of operations	87 206
Benefits paid	(527)
Liability for accrued benefits at year start	<u>0</u>
Liability for accrued benefits at year end	<u>86 679</u>

The Tasmanian Accumulation Scheme (TAS) was charged a management fee of 1.25% of net assets on a weekly basis. This allows for the Contributory Scheme to recoup the amount outlaid for TAS operating expenses.

TAS was established under the Public Sector Reform Act 1999 and commenced on 25 April 2000.

In the period 25 April to 30 June 2000, employers contributed to TAS at the rate of 7% of the relevant employee gross salaries.

STATEMENT OF NET ASSETS

	1999-00 \$'000
Assets	
Cash at Bank	971
Investments	85 751
Interest receivable	90
Sundry debtors	<u>1 761</u>
Total Assets	<u>88 573</u>
Liabilities	
Provision for income tax	453
Provision for deferred income tax	57
Superannuation contribution surcharge payable	4
Provision for death & incapacity insurance	728
Contributions payable	477
Sundry creditors	<u>175</u>
Total Liabilities	<u>1 894</u>
Net Assets Available To Pay Benefits	<u>86 679</u>
Represented by:	
Liability for Accrued Benefits	
Allocated to members' accounts	84 084
Not yet allocated	<u>2 595</u>
Total Liability for Accrued Benefits	<u>86 679</u>

TAS was initially funded by using surplus assets from within the Contributory Scheme.

3.4.7 STATE FIRE COMMISSION

The State Fire Commission was established under the *Fire Service Act 1979*. The role of the State Fire Commission (the Commission) is to protect life, property and the environment from fire and other emergencies. The Commission provides a rapid emergency response and promotes fire safety in partnership with the community.

The Commission comprises seven members. One person being the Chief Officer (Chairperson), one person nominated by the United Firefighters Union (Tasmanian Branch), one nominated by the Tasmanian Volunteer Firefighters Association, one person nominated by the Tasmanian Volunteer Fire Brigades Association, one person nominated by the Secretary of the Department of Treasury and Finance and two persons nominated by the Local Government Association of Tasmania.

The Responsible Minister is the Minister for Health and Human Services.

EMPLOYEE STATISTICS

At 30 June 2000 the Commission employed 409 employees (1999, 390) that equated to 407.1 (386.8) full time equivalent positions.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Commission were received on 1 September 2000 and an unqualified audit report was issued on 25 September 2000.

The audit had been contracted to the private sector, as my agent, for a number of years but as from 1 July 1999 the audit has reverted to being performed by my office.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Insurance companies	6 938	6 850
Local authorities	18 493	17 954
State government contribution	2 741	1 982
Commonwealth government contribution	168	168
Department of transport	3 640	3 673
Fire prevention charges	2 899	2 504
Sundry income	450	608
Total Operating Revenue	35 329	33 739
Operating Expenditure		
Salaries, wages and related expenses	20 738	19 824
Public relations, subscriptions and consultants	684	379
Training and education	479	411
Operations	3 379	3 314
Protective clothing and uniforms	1 027	1 019
Accounting and finance	6 323	5 449
Repairs and maintenance	1 211	1 105
Minor equipment	374	269
Total Operating Expenditure	34 215	31 770
Operating Surplus before Abnormal Items	1 114	1 969
Retained profits at year start	37 228	4 966
Transfers (to) from reserves	0	30 293
Retained profits at year end	38 342	37 228

The State Government contribution increased from \$1.982m in 1998-99 to \$2.741m in 1999-2000 due largely to an increase in the reimbursement for wildfire fighting activity.

Fire prevention charges increased from \$2.504m in 1998-99 to \$2.899m in 1999-2000 mainly as a result of an increase in training revenue of \$0.212m and commencement of income from commercial evacuation planning of \$0.096m.

The increase in Salaries, wages and related expenses from \$19.824m in 1998-99 to \$20.738m in 1999-2000 was due to a 4% pay increase for permanent fire fighters and the general increase in employee numbers, as noted previously.

Public Relations expenditure increased from \$0.379m in 1998-99 to \$0.684m in 1999-2000 mainly as a result of an increase in advertising expenditure for fire prevention of \$0.215m.

Accounting and finance expenditure increased from \$5.449m in 1998-99 to \$6.323m in 1999-2000 mainly as a result of an increase in workers compensation expenditure of \$0.884m.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Investments	1 500	0
Stores	627	602
Trade debtors	509	368
Cash	542	2 977
Accrued revenue	2 214	1 538
Prepayments	239	405
Unamortised discount on loans	4	24
Total Current Assets	<u>5 635</u>	<u>5 914</u>
Non-current Assets		
Work in progress	1 968	1 549
Land and buildings	28 679	28 626
Motor vehicles	15 662	16 373
Plant and equipment	5 781	5 652
Total Non-current Assets	<u>52 090</u>	<u>52 200</u>
Total Assets	<u>57 725</u>	<u>58 114</u>
Current Liabilities		
Accrued expenses	1 093	1 360
Sundry creditors	804	836
Capital works commitments	0	1 084
Provision for long service leave	3 211	3 059
Loans	1 830	2 868
Provision for annual leave	1 491	1 424
Total Current Liabilities	<u>8 429</u>	<u>10 631</u>
Non-current Liabilities		
Provision for long service leave	249	246
Loans	3 879	2 841
Total Non-current Liabilities	<u>4 128</u>	<u>3 087</u>
Total Liabilities	<u>12 557</u>	<u>13 718</u>
Equity		
General capital	5 464	5 464
Asset revaluation reserve	1 362	1 704
Accumulated surpluses	38 342	37 228
Total Equity	<u>45 168</u>	<u>44 396</u>

Cash and Investments decreased from \$2.977m in 1998-99 to \$2.042m in 1999-2000 due to additional funding being used to fund the purchase and construction of property, plant and equipment and a delay in reimbursement funding being received, which is noted below.

Accrued revenue increased from \$1.538m in 1998-99 to \$2.214m in 1999-2000 due mainly to an accrual of \$0.636m for reimbursement of wildfire fighting expenses in 1999-2000.

Whilst the overall liability of \$5.709m in respect of loans remained unchanged for 1999-2000, there have been changes in respect of current and non-current allocations due to \$2.868m worth of loans being refinanced during the year.

A change in accounting policy saw Capital works commitments decline from \$1.084m in 1998-99 to nil in 1999-2000. This new policy is in line with the requirements of Australian Accounting Standards.

3.4.8 THEATRE ROYAL MANAGEMENT BOARD

The functions of the Board include the management of the Theatre Royal as a place of theatre and performing arts and to arrange for, organise and promote performing arts in the Theatre Royal and other places in Tasmania.

The Responsible Minister is the Minister for State Development.

AUDIT OF THE 1999 FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 1999 of the Theatre Royal Management Board were signed by the Board on 28 April 2000 and an unqualified audit report was also issued on 28 April 2000.

Notes to the financial statements include comment that ‘...the ability of the Theatre to continue as a going concern and pay its debts as and when they fall due is dependent upon the continued financial support of the Theatre’s financiers by way of loans and through the assistance of administration and programme grants through the State Government.’

The audit has been contracted to the private sector, as my agent, for a number of years.

FINANCIAL RESULTS

	\$'000	\$'000
Operating Revenue		
Entrepreneurial ventures	467	450
Salaries recovered	264	179
Hire of Venue	149	110
Box office fees	135	100
Income from catering	38	17
Other	187	133
Total Operating Revenue	<u>1 240</u>	<u>989</u>
Operating Expenditure		
Entrepreneurial ventures	537	707
Salaries and related expenses	523	392
Repairs and maintenance	49	36
Administration expenses	52	79
Advertising and publicity	19	39
Depreciation	20	22
Other expenses	75	75
Total Operating Expenditure	<u>1 275</u>	<u>1 350</u>
Operating surplus/(deficiency) before abnormal items	(35)	(361)
Abnormal expenses	(7)	(34)
Operating surplus/(deficiency) before grants and subsidies	(42)	(395)
Operating grants and subsidies	120	272
Accumulated surplus (deficiency) at year start	(49)	74
Amounts transferred to reserves	(4)	0
Accumulated surplus (deficiency) at year end	25	(49)

I commented on page 204 of my 1999 Report on aspects of the Board's operations which resulted in a loss on both Theatre Royal activities, \$104 000, and on Entrepreneurial activities of \$257 000 (total loss \$361 000), before Operating grants and subsidies, \$272 000, which resulted in the Board disclosing negative equity at 31 December 1998 of \$49 000. Those losses resulted from an inability by the Board to obtain accurate management reports during the first 9 months of the year to enable timely corrective action to be taken; inadequately documented hire contracts which resulted in settlement disputes; and the fact that the significant growth in audience during 1997 was not sustained during 1998.

As a result of 1998 operations a one-off special purpose assistance grant of \$140 000 was provided by the Department of State Development (DSD) (and brought to account in that year), conditions attaching to which provided for, inter alia, monthly reporting to DSD of progress against budget.

With the appointment of a new Chief Executive Officer in March 1999; a more selective scheduling of productions for 1999, and the implementation of improved financial reporting mechanisms, the Board reduced its overall loss in 1999 (before operating grants and

subsidies) by \$225 000, to record an Operating deficiency for the year before grants and subsidies of \$42 000. The operating result after both abnormal items and grants and subsidies, was a surplus of \$77 000 compared with a deficiency in the prior year, \$123 000.

While the Board did return a positive result for the year after grants and subsidies, there is no doubt that it remains dependent upon Government support, at least in the foreseeable future, to enable it to meet its debts as they fall due.

BALANCE SHEET

	1999 \$'000	1998 \$'000
Current Assets		
Cash	51	7
Receivables	18	165
Inventories	5	2
Prepayments	2	4
Total Current Assets	<u>76</u>	<u>178</u>
Non-current Assets		
Property plant and equipment	<u>65</u>	<u>71</u>
Total Non-current Assets	<u>65</u>	<u>71</u>
Total Assets	<u>141</u>	<u>249</u>
Current Liabilities		
Creditors and accruals	53	164
Borrowings	7	43
Employee provisions	7	8
Deferred income	27	62
Total Current Liabilities	<u>94</u>	<u>277</u>
Non-current Liabilities		
Borrowings	18	21
Total Liabilities	<u>112</u>	<u>298</u>
Equity		
Accumulated Operating Funds	25	(49)
Reserves	4	0
Total Equity	<u>29</u>	<u>(49)</u>

Significant movements between years were Receivables (a decrease of \$147 000), which in the prior year included the special purpose grant assistance from DSD, which was used to pay Creditors and accruals resulting from 1998 operations.

The Board concluded 1999 with a positive equity of \$29 000 compared with a negative equity of \$49 000 for the prior year.

4 LOCAL GOVERNMENT

Local government authorities are governed principally by the *Local Government Act 1993* as amended. In addition, there are a number of other Acts that provide specific provisions in relation to rating, building and other miscellaneous matters.

The authorities are administered by a council consisting of a number of elected members known as Councillors or Aldermen.

The major functions of the councils are set out in *Section 20 of the Local Government Act 1993*.

The Portfolio Minister is the Premier.

SIGNIFICANT DEVELOPMENTS

UIG 30 Depreciation of Long Lived Physical Assets, including Infrastructure Assets: Condition Based Depreciation and Other Related Methods

UIG 30 is applicable to all reporting entities for reporting periods ending on or after 16 December 1999. The Consensus was issued in response to concerns regarding the adoption, by some public sector entities, of alternative approaches to the depreciation of long-lived physical assets.

The alternative methods referred to in UIG 30 are Condition-Based Depreciation (CBD) methods, which usually require the condition of the asset to be assessed periodically. Any increase in the cost of restoring the asset to a predetermined service level is recognised as depreciation expense, as it represents a deterioration in the service potential of the asset since the date of the last condition assessment. In addition, all expenditure on the asset, irrespective of its nature, is recognised as an expense in the period in which it is incurred.

Concerns were expressed regarding the extent to which all, or some, CBD methods comply with the requirements of Accounting Standard AAS 4 Depreciation. AAS 4 requires the depreciable amount of a depreciable asset to be allocated over the asset's useful life on a systematic basis that reflects the consumption of the asset's future economic benefits.

In response to the above concerns, UIG 30 provided for CBD and other methods of depreciating long-lived assets to be discontinued where the method included certain characteristics that did not comply with AAS 4. One of the characteristics mentioned in UIG 30 was the use of a "renewals accounting" approach, whereby the asset is presumed to be in a steady state and all expenditure is recognised as an expense in the period in which it is incurred. It is noted that a number of councils within Tasmania have adopted the "renewals accounting" approach in relation to the depreciation of gravel roads. The councils argue that it is not necessary to depreciate unsealed roads as they are maintained to a standard that ensures they do not deteriorate and the value of the asset remains constant. Although the "renewals accounting" approach does not comply with AAS 4, the method has been accepted as the impact on annual depreciation, in the majority of cases, is considered immaterial. The

impact on the financial statements is also offset by the fact that all costs incurred on the asset are expensed.

UIG 30 also provides for depreciation methods to be discontinued where the major components of complex assets are not separately identified and accounted for as separate assets where this is necessary to reliably determine the annual depreciation expense. Inherent in AAS 4 is the notion that the individual components of a complex asset, which have useful lives different to the useful life of the asset as a whole, should be separately depreciated.

Accounting for complex assets is particularly relevant for local government in terms of depreciation of road infrastructure assets. It is noted that a number of councils within Tasmania do not separately account for road seals and pavements. Under UIG 30, seals and pavements would constitute component assets, as the seal depreciates at a higher rate compared to the pavement. Where the seal and pavement are aggregated, a combined value for the entire road asset is used and an average depreciation rate is applied. Where an average depreciation rate has been applied to road assets, the impact on the financial statements has been assessed as immaterial.

It is noted that the Office intends to undertake a review of the depreciation methods employed by councils in relation to their road infrastructure assets. It is expected that the review will be undertaken during 2000-01.

Audit of Local Government

Pursuant to *Section 85 of the Local Government Act 1993*, I have determined conditions under which councils can appoint private sector auditors. The system provides that the working papers of the private auditors are subject to review by this Office and for the report on the financial statements to be issued by the Auditor-General. Since 30 June 1996, all councils have had the opportunity to appoint auditors from the private sector.

As the contracts expire, councils have the option of retaining/reappointing my Office or calling tenders for the conduct of their financial statement audits.

Six (1999, six) councils' financial statements were audited by private sector auditors for the year ended 30 June 2000. These councils were Brighton, Burnie City, Glenorchy City, Hobart City, Kingborough, and Waratah-Wynyard.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The following is a summary as at 22 November 2000 of the audit status of the financial statements for the 29 councils for the 1999-2000 year.

In 1999-2000, 8 Councils had not submitted signed financial statements by 6 October 2000. Those Councils comprised:

Council	Date Received
Break O'Day *	17 November
Brighton*	Not yet received
Central Highlands	8 October
George Town	30 October
Glamorgan/Spring Bay	Not yet received
Kingborough *	18 October
Launceston City *	3 November
Tasman	Not yet received

*Draft accounts received by 6 October 2000

Audits completed and Unqualified Opinions issued	25
Audits completed and Qualified Opinions issued	1
Audits not completed	3

Audits not completed:-

Council	Comment
Brighton	In progress
Glamorgan/Spring Bay	Draft accounts not yet received
Tasman	Draft accounts not yet received

FINANCIAL RESULTS

The following table provides a comparative summary of operating statements, statements of financial position and cash flow statements of the councils operating in 1999-2000. Where necessary amounts have been reclassified in order to maintain consistency. Information from unaudited financial statements has been included where necessary and is indicated by an (*) in the tables.

SUMMARY OF OPERATING STATEMENTS YEAR ENDED 30 JUNE 2000

Expenses						
Council	Employee Costs	Materials etc	Interest Expense	Carrying Amount of Non-Current Assets Disposed	Depreciation and Amortisation	Total Expenses
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Break O'Day (BOD)	1 629	2 509	186	241	1 664	6 229
Brighton (Bri) *	1 872	5 722	581	83	2 301	10 559
Burnie City (BC)	8 187	8 553	336	1 048	7 677	25 801
Central Coast (CC)	5 284	6 744	402	262	4 496	17 188
Central Highlands (CH)	1 200	1 878	1	298	2 363	5 740
Circular Head (CHd)	2 228	5 504	280	403	1 998	10 413
Clarence City (Clar)	7 529	19 776	1 393	635	6 631	35 964
Derwent Valley (DV)	2 770	3 030	286		2 069	8 155
Devonport City (DC)	8 020	8 923	1 491	2 090	6 210	26 734
Dorset (Dor)	1 710	2 561	17	293	2 590	7 171
Flinders (Flind)	615	881			883	2379
George Town (GT)	1 569	2 831	608	256	1093	6 357
Glamorgan-Spring Bay (G-SB) #						
Glenorchy City (GC)	12 248	25 885	1 940	1 302	6 801	48 176
Hobart City (HC)	23 645	28 078	1 118	627	21 821	75 289
Huon Valley (HV)	3 500	4 741	473		2 405	11 119
Kentish (Kent)	165	2 519	69	16	719	3 488
King Island (KI)	1 214	1 459	15	164	1 102	3 954
Kingborough (Kingb)	5 407	9 505	224	412	6 132	21 680
Latrobe (Lat)	510	4 321	81	76	1 196	6 184
Launceston City (LC)	19 589	25 503	613	1 970	14 882	62 557
Meander Valley (MV)	2 384	5 223	68	382	3 150	11 207
Northern Midlands (NM)	2 163	3 384	33	432	3 753	9 765
Sorell (Sor)	2 290	4 014	204	78	1 875	8 461
Southern Midlands (SM)	1 311	4 001	124	689	1 794	7 919
Tasman (Tas) #						
Waratah-Wynyard (W-W)	3 088	5 026	331	438	2 311	11 194
West Coast (WC)	2 929	3 267	116	502	1 471	8 285
West Tamar (WT)	3 341	5 484	232	791	3 188	13 036
Totals	126 397	201 322	11 222	13 488	112 575	465 004

* Accounts in Draft Form

Accounts not yet received

Revenues								Total Abnormal/ Extraordinary Items	Increase (Decrease) in Net Assets Resulting from Operations
Rates And Charges	Interest Received	Subdivisional Works Taken Over	Proceeds from sale of Non-Current Assets	Grants	Other	Fees Etc.	Total Revenues		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3 237	74		216	1 603	44	613	5 787		(442)
5 237	79	344	118	2 675	198	1 565	10 216	(1 542)	(1 885)
14 761	763	289	564	2 660	727	4 357	24 121	(1 009)	(2 689)
9 998	548		137	2 250	142	3 946	17 021	9 032	8 865
1 439	137		280	1 436	347	445	4 084		(1 656)
5 001	122		328	2 037	351	2 374	10 213	3 711	3 511
25 995	518		12	5 086	527	2 842	34 980		(984)
5 055	111		24	1 416	111	704	7 421		(734)
20 946	423		1 689	1 890	829	2 443	28 220	12 834	14 320
3 084	190		286	2 209	58	1 111	6 938	(213)	(446)
509	151			919	292	180	2 051	300	(28)
4 338	59		171	1 063	106	906	6 643	62	348
28 299	340	495	612	6 024	1 497	5 124	42 391		(5 785)
45 349	724		511	2 785	2 947	13 614	65 930	(18 105)	(27 464)
6 502	171		109	3 650	1 324	610	12 366		1 247
1 756	35		15	1 593	72	227	3 698	900	1 110
1 346	108		134	3 347	166	801	5 902		1 948
14 529	371	1 135	418	3 132		3 039	22 624		944
4 635	86		37	1 362	294	724	7 138	3 108	4 062
44 580	2 130		1 876	8 779	583	10 828	68 776	6 449	12 668
7 305	323	835	390	3 525		1 149	13 527		2 320
5 411	551		237	3 874	514	548	11 135	49	1 419
5 530	316		188	1 758		1 230	9 022		561
2 373	113		606	3 964	34	755	7 845	45	(29)
7 348	232		399	2 156	83	858	11 076	4 945	4 827
3 736	62		664	2 605	330	663	8 060		(225)
8 911	282		409	1 631	428	1 139	12 800	312	76
287 210	9 019	3 098	10 430	75 429	12 004	62 795	459 985	20 878	15 859

SUMMARY OF STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2000

Council	Cash and Investments	Rate and Other Receivables	Other	Total Current Assets	Creditors and Borrowings	Provisions	Bank Overdraft	Other	Total Current Liabilities	Net Current Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Break O'Day (BOD)	731	614	554	1 899	468	405		3	876	1 023
Brighton (Bri) *	437	1 100	340	1 877	1 018	340		217	1 575	302
Burnie City (BC)	7 587	2 072	727	10 386	2 562	1 361		14	3 937	6 449
Central Coast (CC)	7 573	1 223	138	8 934	1 323	934		184	2 441	6 493
Central Highlands (CH)	1 890	317	97	2 304	97	470		40	607	1 697
Circular Head (CHd)	883	929	316	2 128	988	356			1 344	784
Clarence City (Clar)	17 790	2 413	205	20 408	19 855	1 293	476		21 624	(1 216)
Derwent Valley (DV)	608	532	237	1 377	1 046	648			1 694	(317)
Devonport City (DC)	4 034	1 915	1 875	7 824	4 414	1 020	217		5 651	2 173
Dorset (Dor)	3 215	553	207	3 975	521	385		84	990	2 985
Flinders (Flind)	2 867	226	323	3 416	101	99	281		481	2 935
George Town (GT)	501	1 022	23	1 546	1 281	204	87	2	1 574	(28)
Glamorgan-Spring Bay (G-SB) #										
Glenorchy City (GC)	2 379	2 693	675	5 747	4 248	2 486		323	7 057	(1 310)
Hobart City (HC)	10 685	3 406	256	14 347	5 519	3 141	1 180	270	10 110	4 237
Huon Valley (HV)	3 262	1 008	17	4 287	1 451	471			1 922	2 365
Kentish (Kent)	746	128		874	300	10		1	311	563
King Island (KI)	3 308	388	463	4 159	198	299		88	585	3 574
Kingborough (King)	6 848	881	236	7 965	2 093	790		273	3 156	4 809
Latrobe (Lat)	1 345	284	59	1 688	571	176		95	842	846
Launceston City (LC)	24 640	6 046	1 189	31 875	7 130	3 807		677	11 614	20 261
Meander Valley (MV)	5 516	753	121	6 390	791	516			1 307	5 083
Northern Midlands (NM)	7 784	619	148	8 551	720	456		123	1 299	7 252
Sorell (Sor)	2 851	1 101	83	4 035	623	449	417		1 489	2 546
Southern Midlands (SM)	2 311	598	173	3 082	636	192		153	981	2 101
Tasman (Tas) #										
Waratah-Wynyard (W-W)	2 914	329	410	3 653	1 287	762		93	2 142	1 511
West Coast (WC)	1 189	809	76	2 074	769	401		41	1 211	863
West Tamar (WT)	4 202	1 347	167	5 716	1 252	543		76	1 871	3 845
Totals	128 096	33 306	9 115	170 517	61 667	21 609	2 658	2 757	88 691	81 826

Key * Accounts in draft form
 # Accounts not yet received

Total Plant and Equipment	Other Receivables	Investments	Other	Total Non-Current Assets	Creditors and Borrowings	Provisions	Other	Non-Current Liabilities	Net Non-Current Assets	Net Assets	Council
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
50 561	4			50 565	1 840	14		1 854	48 711	49 734	(BOD)
58 236			6 999	65 235	6 588	44		6 632	58 603	58 905	(Bri)
227 156	472			227 628	4 202	356		4 558	223 070	229 519	(BC)
150 944	732		9 187	160 863	3 750	376		4 126	156 737	163 230	(CC)
35 270	53		40	35 363	11	30		41	35 322	37 019	(CH)
57 612	619		3 711	61 942	2 046	58		2 104	59 838	60 622	(CHd)
287 122				287 122	15 387	337		15 724	271 398	270 182	(Clar)
22 069	61		5 183	27 313	3 619	32	61	3 712	23 601	23 284	(DV)
246 349	1 249	2 023	13 170	262 791	12 745	536		13 281	249 510	251 683	(DC)
70 361			140	70 501	1	46	74	121	70 380	73 365	(Dor)
38 713			39	38 752		53		53	38 699	41 634	(Flind)
32 492	1 785		8 485	42 762	6 072	58	35	6 165	36 597	36 569	(GT) (G-SB)
227 074			39 556	266 630	25 043	714		25 757	240 873	239 563	(GC)
545 427	477	9 297	40 059	595 260	10 789	2 368	45	13 202	582 058	586 295	(HC)
103 642				103 642	3 381	108		3 489	100 153	102 518	(HV)
22 553			1 823	24 376	670	37		707	23 669	24 232	(Kent)
19 966		486	28	20 480	128	39	28	195	20 285	23 859	(KI)
155 952			11 500	167 452	1 467	153		1 620	165 832	170 641	(Kingb)
37 487	117		4 441	42 045	1 273	31	663	1 967	40 078	40 924	(Lat)
574 845	1 367		51 324	627 536	6 393	1 022		7 415	620 121	640 382	(LC)
105 358			10 948	116 306	539	56		595	115 711	120 794	(MV)
99 109	650		136	99 895		48		48	99 847	107 099	(NM)
39 242	371		3 050	42 663	3 139	100		3 239	39 424	41 970	(Sor)
38 846			29	38 875	1 382	14		1 396	37 479	39 580	(SM) (Tas)
71 878	220		4 564	76 662	4 272	134	81	4 487	72 175	73 686	(W-W)
44 975			29	45 004	1 596	88		1 684	43 320	44 183	(WC)
91 055	61		12 889	104 005	3 406	181		3 587	100 418	104 263	(WT)
3 454 294	8 238	11 806	227 330	3 701 668	119 739	7 033	987	127 759	3 573 909	3 655 735	Totals

SUMMARY OF STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2000

Council	Net Cash Used in Operating Activities	Net Cash Used in Investing Activities	Net Cash Used in Financing Activities	Net Cash Provided by Government	Net Increase/ (Decrease) in Cash Held	Cash at Beginning Of Year	Cash at End Of Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Break O'Day	(554)	(419)	(363)	1 603	267	112	379
Brighton *	(1 885)	(1 541)	509	2 675	(242)	679	437
Burnie	2 887	(4 645)	(771)	2 660	131	42	173
Central Coast	2 297	(4 079)	673	2 250	1 141	(518)	623
Central Highlands	(929)	(592)	(2)	1 476	(47)	1 937	1 890
Circular Head	(468)	(2 213)	(384)	2 037	(1 028)	1 911	883
Clarence	1 481	(5 416)	950	4 739	1 754	13 560	15 314
Derwent Valley	(240)	(1 408)	(338)	1 416	(570)	578	8
Devonport	5 743	(8 479)	(448)	1 890	(1 294)	5 111	3 817
Dorset	(65)	(2 197)	536	2 209	483	(168)	315
Flinders	(376)	(934)	0	1 125	(185)	(52)	(237)
George Town	883	(1 209)	(810)	1 063	(73)	487	414
Glamorgan-Spring Bay #							
Glenorchy	(4 213)	(2 069)	157	6 046	(79)	2 458	2 379
Hobart	11 464	(10 867)	(760)	1 757	1 594	7 911	9 505
Huon Valley	427	(2 569)	(550)	3 650	958	2 305	3 263
Kentish	(858)	(553)	99	1 593	281	465	746
King Island	(561)	(2 719)	(147)	3 347	(80)	160	80
Kingborough	4 056	(6 056)	(387)	2 148	(239)	7 087	6 848
Latrobe	728	(2 342)	71	1 364	(179)	1 274	1 095
Launceston	10 011	(21 370)	126	7 860	(3 373)	28 013	24 640
Meander Valley	1 285	(2 966)	(145)	3 525	1 699	3 817	5 516
Northern Midlands	2 269	(4 864)	(440)	3 874	839	437	1 276
Sorell	125	(2 566)	(84)	1 758	(767)	3 202	2 435
Southern Midlands	(1 966)	(1 531)	(38)	3 640	105	456	561
Tasman #							
Waratah-Wynyard	646	(2 458)	(290)	2 003	(99)	966	867
West Coast	(1 382)	(712)	404	2 526	836	128	964
West Tamar	3 314	(4 617)	(328)	1 631	0	1	1
Totals	34 119	(101 391)	(2 760)	71 865	1 833	82 359	84 192

Key: * accounts in draft form

accounts not yet received

RATIO ANALYSIS 30 JUNE 2000

Council	Debt Collection - Rates (Rates Receivable/ Rates Raised)	Cost Of Debt (Interest/Loan Debt Plus Bank Overdraft)	Loan Repayments (Net Loan Repayments/ Previous Loan Balance)
	%	%	%
Break O'Day	14.18	7.28	14.45
Brighton *	12.89	8.33	(5.59)
Burnie	3.16	6.78	13.46
Central Coast	2.39	8.78	16.53
Central Highlands	14.38	7.69	13.33
Circular Head	5.22	11.41	13.53
Clarence	7.95	4.19	(2.99)
Derwent Valley	7.66	7.19	7.83
Devonport	6.18	10.11	2.99
Dorset	6.42	9.09	46.72
Flinders	24.17	0.00	0.00
George Town	5.67	8.64	10.10
Glamorgan-Spring Bay #			
Glenorchy	5.00	7.30	(0.46)
Hobart	3.62	8.02	5.62
Huon Valley	13.80	11.94	12.18
Kentish	7.29	8.48	(13.85)
King Island	11.74	9.26	47.57
Kingborough	5.18	12.10	17.92
Latrobe	4.38	5.74	(5.29)
Launceston	7.95	7.29	(0.53)
Meander Valley	6.00	10.09	17.60
Northern Midlands	3.92	0.00	100.00
Sorell	17.41	5.11	2.64
Southern Midlands	18.37	8.00	2.39
Tasman #			
Waratah-Wynyard	2.00	6.62	5.49
West Coast	18.90	6.14	(21.50)
West Tamar	9.24	5.59	4.47
State Average	6.65	7.22	3.33

Key: * accounts in draft form
accounts not yet received

OTHER MATTERS

Financial Statements to 30 June 1999

On page 208 of Report No 2 for 1998-99, I indicated that with the exception of three councils, audits had been completed and the audit reports issued.

The audits of those three councils have since been finalised and unqualified audit reports issued.

Financial Statements to 30 June 2000

Burnie City Council

Adjustment to Accumulated Surplus

Council recorded a change in accounting policy with respect to the introduction of the Australian Accounting Standard's Board Urgent Issues Group pronouncement "Depreciation of Long Lived Physical Assets including Infrastructure Assets: Condition Based Depreciation and Other Related Methods" (UIG 30). Under that pronouncement entities can no longer use condition based depreciation methods for assets. As a result of the change in policy an adjustment of \$2.017m was processed to Accumulated Surpluses as at 1 July 1999, in accordance with the provisions of UIG 30, representing the cumulative effect of prior years depreciation expenses since the assets were constructed.

Abnormal Item

Council also recorded an abnormal expense item of \$1.008m representing the undepreciated portion of road, water, sewerage and drainage assets related to the redevelopment of the Bass Highway at Cooee and surrounding streets.

Brighton Council

Abnormal Item

Council recorded an abnormal expense item of \$1.542m, representing a revaluation decrement on roads, \$1.451m, and other infrastructure assets, \$0.091m.

Central Coast Council

Abnormal Item

Council recorded an abnormal revenue item of \$9.032m relating to its share of the net assets of the North West Water Authority. Council's equity interest in the Authority of 23.41% is calculated by reference to water sales over the preceding twelve months.

Circular Head Council

Abnormal Item

Council recorded an abnormal revenue item of \$3.711m relating to its share of the net assets of the North West Water Authority. Council's equity interest in the Authority of 10.85% is calculated by reference to water sales over the preceding twelve months.

Devonport City Council

Abnormal Item

Council recorded an abnormal revenue item of \$12.83m relating to its share of the net assets of the North West Water Authority. Council's equity interest in the Authority of 37.53% is calculated by reference to water sales over the preceding twelve months.

Dorset Council

Abnormal Item

Council recognised an abnormal expense item of \$0.213m relating to the revaluation of Land and Buildings at 30 June 2000. The revaluation resulted in a decrement being taken to the Profit and Loss Account, as there had been no prior revaluation increment relating to Land and Buildings.

Flinders Council

Qualification

Flinders Council received a qualified audit report for the year ended 30 June 2000. The qualification related to the Council not complying with the requirements of UIG 30 – Depreciation of Long Lived Physical Assets, including Infrastructure Assets: Condition-Based Depreciation and Other Related Methods. The UIG required the “renewals accounting” approach to be discontinued as from 16 December 1999 and depreciation to be undertaken in accordance with AAS 4 Depreciation.

Council adopted the “renewals accounting” approach to the treatment of its gravel roads. Council did not depreciate the roads as they are maintained to a standard that ensures they do not deteriorate and the value of the asset remains constant. The effect of the non-compliance was that depreciation expense and provision for depreciation were understated. The financial impact of the non-compliance was not quantified because an appropriate useful life for unsealed roads has not been determined.

Abnormal Item

Council recorded an abnormal revenue item of \$0.3m, relating to a contribution by the State Government towards the cost of resurfacing the Flinders Island Airport runway. The works were undertaken by Council during the 1999-2000 financial year.

George Town Council

Abnormal Item

Council recorded an abnormal revenue item of \$62,000 relating to the recognition of a pontoon that was transferred to Council from the Tamar River Planning Forum.

Hobart City Council

Abnormal Item

Council recorded net abnormal expense items, \$18.105m, representing revaluation decrements for Buildings, Infrastructure Plant and Valuables, \$19.221m, offset by an abnormal revenue item, \$1.216m, representing Council's share of the balance of funds in the National Trust Preservation Fund upon the winding up of that Fund. Under the provisions of the *National Trust Preservation Fund (Winding-up) Act 1999*, Council was required to establish a Heritage Account and apply those funds for the provision of financial or other assistance in relation to an entry in either the National Trust register kept by the National Trust of Australia (Tasmania), or the Tasmanian Heritage Register.

Kentish Council

Abnormal Item

Council recorded an abnormal revenue item of \$0.900m representing its share of the net assets of Cradle Coast Water, a Joint Authority of several Councils established under the Local Government Act.

Latrobe Council

Abnormal Item

Council recorded an abnormal revenue item of \$3.16m relating to its share of the net assets of the North West Water Authority. Council's equity interest in the Authority of 9.24% is calculated by reference to water sales over the preceding twelve months.

Launceston City Council

Inveresk Railyards Management Authority

Further to my Report No 2 (1998-1999), I note that responsibility for the ongoing management of the Inveresk Railyards site has not yet been transferred to the Launceston City Council. I understand that it is intended the transfer will occur as part of a Partnership Agreement between Council and the State Government.

Upper Tamar River Improvement Authority

The Upper Tamar River Improvement Authority was established on 16 August 1999 by the Launceston City Council as a controlling authority under *Section 29 of the Local Government Act 1993*. The principal objective of the Authority is to provide river dredging for flood protection, recreational amenity, commercial activities and general navigation in the upper reaches of the Tamar River from the northern point of Tamar Island to the Yacht Basin and the North Esk River from its junction with the Tamar River to Black Bridge. The voting members of the Authority include three representatives from Launceston City Council, three community representatives and one representative each, from the Tasmanian Government, West Tamar Council and Port of Launceston Pty Ltd.

Abnormal Item

Council recorded an abnormal revenue item of \$6.449m relating to the recognition of infrastructure assets, mainly water and sewerage pipes that were previously unrecorded.

Southern Midlands Council

Abnormal Item

Council recorded an abnormal revenue item of \$45,000 relating to the recognition of land and building assets following the transfer of ownership of Parattah Railway Station to Council from Tasrail Pty Ltd.

Waratah-Wynyard Council

Abnormal Item

Council recorded net abnormal income revenue of \$4.369m which principally comprised its share of the net assets in Cradle Coast Water, \$4.564m, a Joint Authority of several Councils established under the Local Government Act.

West Tamar Council

Abnormal Item

Council recorded an abnormal revenue item of \$0.312m relating to the recognition of infrastructure assets resulting from subdivision works.

4.1 DULVERTON REGIONAL WASTE MANAGEMENT AUTHORITY

The Dulverton Regional Waste Management Authority was established under Section 38 of the *Local Government Act 1993* effective from 1 January 1995. The joint authority was established for the purpose of conducting a licensed waste disposal landfill.

The Devonport City, Central Coast, Latrobe and Kentish Councils are the four participants in the Authority. Each of the four councils has made contributions by way of loan to the Authority in proportion to their populations.

The Authority consists of seven members, who are required to be either a councillor or an employee of a participating council.

The Responsible Minister is the Premier.

PART 3A AUTHORITY

Local Government (Dulverton Regional Waste Management Authority) Order 1998, which took effect on 2 December 1998, states that the Dulverton Regional Waste Management Authority is an authority to which Part 3A of the *Local Government Act 1993* applies. Part 3A relates to Payments by Single and Joint Authorities.

Section 39D of Part 3A provides for the application of certain provisions of the *Government Business Enterprises Act 1995* to an applicable authority. The provisions apply in relation to the calculation, determination and payment of income tax equivalents, sales tax equivalents and guarantee fees by the authority.

The Dulverton Regional Waste Management Authority is required to apply the Part 3A provisions from 2 December 1998. As noted in my Report No 2 for 1998-99 (page 218), the Authority sought to have the Order revoked. It is my understanding that the application was unsuccessful.

EMPLOYEE STATISTICS

The Authority does not have any employees.

AUDIT OF THE 1998-99 FINANCIAL STATEMENTS

Further to my Report No 2 for 1998-99 (page 218), the financial statements for 1998-99 were signed by the Chairman of the Authority and the Manager and received by my Office on 29 November 1999. A *qualified audit report* was issued on 21 December 1999. The qualification related to the Authority's failure to apply the Part 3A provisions of the *Local Government Act 1993*.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The Authority has provided financial statements in draft form. The audit of these accounts is currently in progress.

4.2 ESK WATER AUTHORITY

Esk Water Authority was established under Section 38 of the *Local Government Act 1993* following the commencement of the *Northern Regional Water (Arrangements) Act 1997*, which on 1 July 1997 transferred all bulk water assets, property, rights, obligations and liabilities of the North Esk Regional Water Supply Scheme, the West Tamar Water Supply Scheme, the Launceston City Council and the Meander Valley Council to the Authority.

The Authority is owned and controlled by the Launceston City, West Tamar, Meander Valley and George Town Councils, but with an independent board of management which is responsible for the collection, treatment, conservation and supply of water in bulk.

The Responsible Minister is the Premier.

EMPLOYEE STATISTICS

As at 30 June 2000 the Authority employed 25.5 (1999, 25.5) full-time equivalent staff.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Authority were signed by the members of the management board on 21 August 2000 and an unqualified audit report was issued on 6 September 2000.

FINANCIAL RESULTS

PROFIT AND LOSS ACCOUNT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Bulk water sales	7 107	6 750
Interest on investments	236	223
Other	57	74
Total Operating Revenue	<u>7 400</u>	<u>7 047</u>
Operating Expenditure		
Operations and maintenance	4 819	4 771
Administration and engineering	622	510
Finance	906	942
Total Operating Expenditure	<u>6 347</u>	<u>6 223</u>
Operating profit before income tax and extraordinary	1 053	824
Abnormal item before income tax equivalent	156	0
Taxation equivalent expense	(345)	(339)
Extraordinary item (net of income tax)	0	(1 424)
Retained profits at year start	0	1 137
Adjustment for change in accounting policy	0	0
Amounts transferred (to) from reserves	0	0
Dividends paid or provided for	(594)	(198)
Retained profits at year end	270	0

The Operating profit before income tax and abnormal items increased by \$0.229m to \$1.053m (1999, \$0.824m). This was mainly due to an increase in water sales of \$0.357m resulting from increased consumption by municipal consumers.

The income tax equivalent expense attributable to operating profit was \$0.345m (1999, \$0.339m), after allowing for a restatement of deferred tax balances due to a reduction in company tax rates from 36% to 34%, effective 1 July 2000 and 30%, effective 1 July 2001.

The Abnormal item of \$0.156m relates to a write down of the Superannuation Provision following a change in accounting policy. At 30 June 2000, the Authority adopted the recommendation of its Actuary and determined the level of the provision on the accrued liability basis. In previous years, the provision was determined on a vested liability basis.

Dividends provided for in the current period amount to \$0.594m (1999, \$0.198m). The increase reflects the improvement in the operating result before abnormal items and income tax equivalents.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	71	3
Receivables	696	1 056
Investments	2 865	4 465
Inventories	110	74
Total Current Assets	<u>3 742</u>	<u>5 598</u>
Non-current Assets		
Inventories	139	128
Property plant and equipment	96 117	96 301
Future income tax equivalent benefit	333	425
Other	6	9
Total Non-current Assets	<u>96 595</u>	<u>96 863</u>
Total Assets	<u>100 337</u>	<u>102 461</u>
Current Liabilities		
Creditors	638	1 774
Borrowings	3 000	1 000
Employee provisions	255	238
Provision for dividend	594	198
Other	11	3
Total Current Liabilities	<u>4 498</u>	<u>3 213</u>
Non-current Liabilities		
Borrowings	8 000	12 000
Deferred income tax	932	679
Employee provisions	847	935
Total Non-current Liabilities	<u>9 779</u>	<u>13 614</u>
Total Liabilities	<u>14 277</u>	<u>16 827</u>
Equity		
Retained profits	270	0
Reserves	2 688	2 532
Equity contributed	83 102	83 102
Total Equity	<u>86 060</u>	<u>85 634</u>

Total Borrowings have decreased to \$11m (1999, \$13m), following the repayment of \$2m during the period from cash investments (1999, \$4.465m) and refinancing a further \$2m at call, resulting in current borrowings increasing to \$3m (1999, \$1m).

The loan repayment is also reflected in the reduction in the investment balance from \$4.465m at 30 June 1999 to \$2.865m at 30 June 2000.

The decrease in Creditors of \$1.136m is mainly attributable to the accrual of \$1.424m at 30 June 1999 for an ex-gratia payment to West Tamar Council. The payment, which was made in July 1999, was included as an Extraordinary expense item in 1998-99.

4.3 HOBART REGIONAL WATER AUTHORITY

The Hobart Regional Water Authority was established under Section 38 of the *Local Government Act 1993* following the enactment of the *Hobart Regional Water (Arrangements) Act 1996*, which transferred from 1 January 1997 all assets, property, rights and liabilities of the former Hobart Regional Water Board to the Authority.

The Hobart Regional Water Authority is a joint authority trading under the name of Hobart Water. The Authority is a commercial business owned by the eight constituent councils in the Hobart Regional Water District, which comprises the cities of Hobart, Glenorchy and Clarence and the municipal areas of Kingborough, Sorell, Brighton, Derwent Valley and Southern Midlands. An independent board of management is responsible for the conduct of business and affairs of the Authority. The core business of the Authority is to provide bulk water supplies to its customers. The scope of activities includes:

- Collection and treatment of raw water to the required standard;
- Bulk transport of treated water to reticulation storages or networks;
- Planning , development and management of headworks; and
- Sale of bulk water on a commercial 'arms length' basis.

The Responsible Minister is the Premier.

EMPLOYEE STATISTICS

At 30 June 2000 the Authority had a total of 59 employees (1999, 62) that equated to 58.35 (57.4) full time equivalent positions.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Hobart Regional Water Authority were received on 5 October 2000 and an unqualified audit report was issued on 9 October 2000.

The audit had been contracted to the private sector, as my agent, for a number of years but as from 1 July 1999 the audit has resumed being conducted by my Office.

FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Sale of bulk water	18 719	17 165
Other revenue	510	269
Total Operating Revenue	<u>19 229</u>	<u>17 434</u>
Operating Expenditure		
Administration expenses	2 007	2 363
Operations and maintenance expenses	7 387	5 301
Finance expenses	2 013	1 729
Provisions	5 065	5 179
Total Operating Expenses	<u>16 472</u>	<u>14 572</u>
Operating Profit before Grants, Subsidies and Tax	2 757	2 862
Commonwealth government contribution to loan redemption	0	0
Abnormal items	0	0
Taxation equivalent expense	(944)	533
Retained profits at year start	9 081	7 886
Dividends paid or provided for	(2 500)	(2 200)
Retained profits at year end	8 394	9 081

Sale of bulk water increased from \$17.165m in 1998-99 to \$18.719m in 1999-2000 due to the prolonged dry weather experienced during the year, and an increase in the number of irrigation customers purchasing water under off peak supply contracts.

Other revenue increased from \$0.269m in 1998-99 to \$0.509m in 1999-2000 due mainly to increases of \$0.113m in asset disposals and \$0.072m in interest income.

Operations and maintenance expenses increased from \$5.301m in 1998-99 to \$7.387m in 1999-2000 due mainly to year 2000 project costs of \$0.068m, hydraulic modelling costs of \$0.113m and increase in direct costs (eg: power and chemicals) following the increase in sales of water.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	36	19
Investments	2 200	2 250
Sundry debtors	4 511	4 048
Accrued income	35	36
Prepaid expenses	35	29
Stores	751	781
Total Current Assets	<u>7 568</u>	<u>7 163</u>
Non-current Assets		
Future income tax benefit	1 263	1 387
Property plant and equipment	<u>162 313</u>	<u>162 800</u>
Total Non-current Assets	<u>163 576</u>	<u>164 187</u>
Total Assets	<u>171 144</u>	<u>171 350</u>
Current Liabilities		
Borrowings	16 000	8 398
Employee entitlements	1 069	813
Prepaid income	5	6
Provision for dividend	2 500	2 200
Creditors and accruals	<u>2 428</u>	<u>2 257</u>
Total Current Liabilities	<u>22 002</u>	<u>13 674</u>
Non-current Liabilities		
Borrowings	18 298	27 000
Deferred income tax	907	88
Employee entitlements	<u>3 211</u>	<u>2 986</u>
Total Non-current Liabilities	<u>22 416</u>	<u>30 074</u>
Total Liabilities	<u>44 418</u>	<u>43 748</u>
Equity		
General reserve	5 974	5 974
Asset revaluation reserve	112 359	112 548
Accumulated profits	<u>8 394</u>	<u>9 081</u>
Total Equity	<u>126 727</u>	<u>127 603</u>

Receivables increased from \$4.048m in 1998-99 to \$4.511m in 1999-2000 due to larger accounts for the June quarter sales based on the increased demand.

Whilst the overall borrowings liability reduced from \$35.398m in 1998-99 to \$34.298m in 1999-2000 due to principal repayments, the allocation between current and non-current liability has altered, as a number of loans fall due in the following year.

4.4 KENTISH/LATROBE JOINT AUTHORITY

The Kentish/Latrobe Joint Authority was established under *Section 38 of the Local Government Act 1993* on the 12 December 1997.

The Authority is owned and jointly controlled by the Kentish and Latrobe Councils.

The core business of the Authority is to act as the primary provider of local government services to both the Kentish and Latrobe Councils.

The Rules of the Authority were amended on 1 December 1999, resulting in the:

- Creation of a Representative Board consisting of three councillors from each council;
- Appointment of a three member Board of Directors to direct the affairs of the Authority in a manner consistent with the strategic and operational plans; and
- Adoption of transition provisions, which transferred employees previously seconded from the participating councils to the Authority.

The Authority trades under the name of Mersey Works.

The Responsible Minister is the Premier.

EMPLOYEE STATISTICS

As at 30 June 2000 the Joint Authority employed 38 (1998-99, 5) full-time equivalent staff.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Authority was signed by the Chairman of the Authority and the Chief Accounting Officer on 27 September 2000 and subsequently on 20 November 2000 and an unqualified audit report was issued on 22 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
User charges	5 149	6 036
Interest income	36	33
Profit on disposal of plant	11	33
Sundry	3	1
Total Operating Revenue	<u>5 199</u>	<u>6 103</u>
Operating Expenditure		
Employee costs	2 177	2 568
Materials and subcontractors	2 690	3 220
Depreciation	249	243
Other	88	34
Total Operating Expenditure	<u>5 204</u>	<u>6 065</u>
Operating profit before abnormals	(5)	38
Abnormal items	(117)	0
Retained profits at year start	57	19
Amounts transferred (to) from reserves	65	0
Retained profits at year end	0	57

The majority of the Authority's revenue is generated from works undertaken for the participating councils. A decrease of \$887 000 in user charges was experienced in this financial period as a result of a reduction works required by the Latrobe and Kentish Councils. Both councils did not complete all work in their 1999-2000 budgets.

The reduction in revenue is offset by a decrease in material and subcontractors, \$530 000, in line with the decrease in required works. In addition, employee costs reduced by \$391 000 as a result of the restructure. Staff from the General Manager's, Development Services and Corporate Services departments returned to the participating councils from 1 December 1999.

Other expenses increased by \$54 000 due to the reallocation in 1999-2000 of the operating lease expenses from materials and subcontractors in 1998-99 and the write off of debts.

The Authority recorded an operating deficit before abnormal items of \$5 000. Abnormal adjustments further decreased operating capacity to \$122 000 and included:

- Offsetting items of revenue and expenditure totalling \$140 000 for the recognition of employee entitlements relating to employees transferred from the participating councils as a result of a restructure on 1 December 1999 and the subsequent payment to fund the entitlements;
- A loss on the revaluation of plant items considered to be stated over their market values of \$57 000; and
- A write down of overstated stock values including \$36 000 carried forward from 1998-99 and \$24 000 relating to purchases in 1999-2000 period.

The Authority is not subject to taxation equivalent requirements and has not recommended a dividend due to the decrease in operating capacity in the financial year.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	632	657
Receivables	513	741
Inventories		36
Other	10	0
Total Current Assets	<u>1 155</u>	<u>1 434</u>
Non-current Assets		
Property plant and infrastructure	1 383	1 536
Total Non-current Assets	<u>1 383</u>	<u>1 536</u>
Total Assets	<u>2 538</u>	<u>2 970</u>
Current Liabilities		
Creditors	330	625
Provisions	178	8
Total Current Liabilities	<u>508</u>	<u>633</u>
Non-current Liabilities		
Provisions	3	
Total Non-current Liabilities	<u>3</u>	
Total Liabilities	<u>511</u>	<u>633</u>
Equity		
Accumulated surplus		57
Equity of participating councils	2 027	2 280
Total Equity	<u>2 027</u>	<u>2 337</u>

The major movements in the Authority's financial position relate to:

- A decrease of \$228 000 in receivables resulting from both members councils clearing outstanding amounts on a more timely basis;
- The write down of the inventory balance, \$36 000 as noted in the abnormal items;
- A decrease in property, plant and equipment of \$153 000 relating mainly to the return of motor vehicles, \$188 000, to the participating councils following the restructure;
- A reduction in the creditors balance of \$295 000 due to less works undertaken and outstanding at year end;
- An increase in employee entitlements of \$173 000 because of the take up of the liability relating to employees transferred from the participating councils; and
- The decrease of \$253 000 in equity of participating councils as a result of the return of motor vehicles which were provided initially as equity and a transfer of cash to balance accumulated surplus to nil.

4.5 LOCAL GOVERNMENT ASSOCIATION

The Local Government Association of Tasmania is established under the *Local Government Act 1993*. The Association is an incorporated body owned, managed and governed by its member Councils. The Association is managed by a General Management Committee.

The objectives of the Association are:

- To promote the efficient operation of Local Government;
- To protect the interests, rights and privileges of Councils;
- To foster relationships between Local Government and both State and Commonwealth Governments;
- To represent members in such particular matters as may be referred by member Councils; and
- To provide such services to members as are considered appropriate.

EMPLOYEE STATISTICS

At 30 June 2000 the Local Government Association of Tasmania had a total of 7 full-time equivalent employees (1999, 8).

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The 1999-2000 financial statements were signed by the President on 16 October 2000 and an unqualified audit report was issued on 17 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Member subscriptions	481	691
Government grants	548	295
Interest	115	46
Other revenue	426	373
Total Operating Revenue	<u>1 570</u>	<u>1 405</u>
Operating Expenditure		
Salaries & wages	367	374
Travelling, administration and training	545	239
Conferences & seminars	168	105
Depreciation	56	51
Other expenses	379	452
Total Operating Expenditure	<u>1 515</u>	<u>1 221</u>
Operating result	55	184
Retained profits at year start	2 376	1 874
Amounts transferred (to) from reserves	0	318
Retained profits at year end	2 431	2 376

The decrease in Member subscriptions, \$210 000, represents a 30% reduction in charges to councils in respect of 1999-2000. The reduction resulted from the Association reviewing its role during 1998-99 resulting in a focus on a smaller core of activities. Cost savings are expected to flow through in future years.

Movements in the items Government grants, \$253 000, and Travelling, administration and training, \$306 000, generally reflect the funding and expenditure of government grants for special projects undertaken during the year.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	94	1 366
Receivables	64	62
Investments	1 572	545
Welfare loans	223	186
Total Current Assets	<u>1 953</u>	<u>2 159</u>
Non-current Assets		
Property, plant and equipment	778	798
Total Non-current Assets	<u>778</u>	<u>798</u>
Total Assets	<u>2 731</u>	<u>2 957</u>
Current Liabilities		
Accounts payable	96	115
Unexpended government grants	96	338
Provisions	77	102
Total Current Liabilities	<u>269</u>	<u>555</u>
Non-current Liabilities		
Provisions	12	8
Total Non-current Liabilities	<u>12</u>	<u>8</u>
Total Liabilities	<u>281</u>	<u>563</u>
Equity		
Reserves	19	19
Retained profits - general fund	1 455	1 410
Retained profits - welfare fund	976	966
Total Equity	<u>2 450</u>	<u>2 395</u>

The items Cash and Investments decreased in aggregate for the year by \$245 000 due principally to the 30% reduction in Members subscription rates for 1999-2000.

ADDITIONAL FINANCIAL INFORMATION

From the 1 July 1999 the Association has re-incorporated the activities of the Association's Welfare Fund in its financial statements. The Welfare fund was set up under the terms of Section 331E of the *Local Government Act 1993* to provide a grant or loan to employees of Local Government authorities in respect of certain specified cases of financial necessity or for any purposes determined by the trustees.

Loans advanced during the year totalled \$204 834, while repayments amounted to \$168 371. Total loans outstanding at 30 June 2000 were \$233 148.

4.6 NORTH WEST WATER AUTHORITY

The North West Water Authority was established by the Minister for Local Government on 10 August 1999 as a joint authority of the Circular Head, Waratah-Wynyard, Central Coast, Devonport City, Latrobe and Kentish Councils under Section 38 of the *Local Government Act 1993*.

In accordance with the *North West Water (Arrangements) Act 1997* the Minister for Primary Industries, Water and Environment published a notice in the Gazette on 10 August 1999 transferring to the North West Water Authority all the prescribed property, obligations and liabilities of the former North West Regional Water Authority

The principal activity of the Authority is to operate as a bulk metering authority and charge councils for water consumption according to the 'user pays' principle.

The Authority is administered by a five person Board of Management and trades under the name of Cradle Coast Water.

The Board of Management is responsible under its Rules to a Governance Board made up of representatives from the six owner councils.

The Responsible Minister is the Premier.

EMPLOYEE STATISTICS

As at 30 June 2000 the Authority employed 22.8 (1998-99, nil) full-time equivalent staff. The staff were transferred from the North West Regional Water Authority on 10 August 1999.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the Authority for the period 10 August 1999 to 30 June 2000 were signed by the members of the Authority on 19 September 2000 and an unqualified audit report was issued on 3 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	Period 10 August 1999 to 30 June 2000 \$'000
Operating Revenue	
Sales	6 895
Interest on investments	74
Profit (Loss) on sale of motor vehicles	17
Other	1
Reimbursement of fluoridation costs	28
Non - Operating - property rentals	10
Non - Operating - sundry income	10
Non - Operating - timber royalties	12
Total Operating Revenue	<u>7 047</u>
Operating Expenditure	
Administration	662
Operating and maintenance costs	2 824
Borrowing costs	1 304
Depreciation	1 095
Government guarantee fee	—
Total Operating Expenditure	<u>5 885</u>
Operating profit before abnormals and tax	1 162
Abnormal items	(275)
Taxation equivalent benefit (expense)	(197)
Retained profits carried forward	6 189
Amounts transferred (to) from reserves	—
Dividends paid or provided for	(345)
Retained profits at year end	6 534

The principal source of revenue for the Authority is the sale of water to the member councils, which represented 97.84% of total revenue. The major users of water are the Devonport City and Central Coast Councils.

The majority of the expenditure relates to operations and maintenance costs for operating the seven water schemes which service the north west region (excluding Burnie City Council). In addition, borrowing costs and depreciation have a significant impact on the operating expenditure.

The Authority's operating profit before abnormal items and taxation totalled \$1.162m. The Authority incurred abnormal expenditure of \$0.275m relating to an under provision in the superannuation provisions recorded in the balances carried forward from the North West Regional Water Authority. The initial provision was based upon actuarial advice.

However, the under provision-related to uncertainty of the number of employees in the Retirement Benefits Fund scheme who would exercise their option to leave the scheme under redundancy provisions. It is noted that 17 employees took the option to exit the RBF scheme.

A taxation equivalent expense of \$197 000 was incurred, although no tax will be paid as a result of carried forward tax losses relating to the operations of both the North West Regional Water Authority and the North West Water Authority.

The profit after abnormal items and taxation totalled \$690 000 from which the Directors have recommended a dividend of fifty percent, totalling \$345 000 to the member councils.

STATEMENT OF FINANCIAL POSITION

	30-Jun-2000 \$'000
Current Assets	
Cash	1
Investments	1 708
Prepayments and accruals	427
Inventories	112
Sundry debtors	62
Total Current Assets	<u>2 310</u>
Non-current Assets	
Infatrustructure Assets	53 992
Land	1 295
Furniture, equipment and vehicles	578
Future income tax equivalent benefit	1 248
Total Non-current Assets	<u>57 113</u>
Total Assets	<u>59 423</u>
Current Liabilities	
Employee provisions	894
Creditors	1 049
Bank overdraft	35
Borrowings	587
Total Current Liabilities	<u>2 565</u>
Non-current Liabilities	
Borrowings	22 659
Employee provisions	136
Total Non-current Liabilities	<u>22 795</u>
Total Liabilities	<u>25 360</u>
Equity	
Reserves	27 529
Retained profits	6 534
Total Equity	<u>34 063</u>

4.7 WEST COAST HEALTH AND COMMUNITY SERVICES PTY LTD

The West Coast Council on 6 August 1997 created a company, limited by guarantee, known as the West Coast Health and Community Services Ltd to take over the operations of the Rosebery Hospital. In addition, the Council has transferred control of its community services activities to the company.

The company members are the Councillors of the West Coast Council.

The Responsible Minister is the Premier

EMPLOYEE STATISTICS

As at 30 June 2000 the company had a total of 45 (1998-99, 44) employees.

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

The financial statements of the company were signed by two Directors on 7 November 2000 and an unqualified audit report was issued on 17 November 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00 \$'000	1998-99 \$'000
Operating Revenue		
Grants	1 398	1 325
User charges	113	215
Rent	42	49
Subsidies and reimbursements	119	40
Donations	23	33
Other	35	7
Total Operating Revenue	<u>1 730</u>	<u>1 669</u>
Operating Expenditure		
Employee costs	909	878
Materials and subcontractors	621	764
Administration levies	80	40
Depreciation	23	18
Other	7	3
Total Operating Expenditure	<u>1 640</u>	<u>1 703</u>
Operating Profit/(Loss) before abnormals	90	(34)
Abnormal items	0	0
Accumulated Profits/(Losses) at year start	(64)	(30)
Amounts transferred (to) from reserves	0	0
Accumulated Profits/(Losses) at year end	26	(64)

The Operating result before income tax increased by \$124 000 (1999, loss \$34 000). The increase is mainly attributable to an additional funding package provided by the Department of Health and Human Services (DHHS) following the financial difficulties experienced by the company during the year. This interim funding package included:

- Indexation of annual operating grant;
- Refund from Ambulance Service;
- Waiver of Hospital Rental; and
- Waiver of equipment lease payments.

The total financial impact of this package was \$151 000 in increased revenue and expense savings.

The Company in conjunction with the DHHS is conducting a Health Needs Assessment of the Communities of Rosebery, Zeehan and Tullah. The completion of this assessment is expected to result in a number of recommendations being made in relation to operational changes within the Company to ensure its viability in the longer term.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash	132	68
Investments	5	5
Receivables	28	88
Other	29	25
Total Current Assets	<u>194</u>	<u>186</u>
Non-current Assets		
Property plant and infrastructure	<u>150</u>	<u>167</u>
Total Non-current Assets	<u>150</u>	<u>167</u>
Total Assets	<u>344</u>	<u>353</u>
Current Liabilities		
Creditors	165	231
Provisions	39	46
Total Current Liabilities	<u>204</u>	<u>277</u>
Non Current Liabilities		
Creditors	0	39
Provisions	42	28
Total Non Current Liabilities	<u>42</u>	<u>67</u>
Total Liabilities	<u>246</u>	<u>344</u>
Equity		
Accumulated surplus	26	(64)
Initial equity	73	73
Total Equity	<u>99</u>	<u>9</u>

The Cash balance held has increased by \$64 000 to \$132 000 (1999, \$68 000). The increase reflects the interim funding package provided by the DHHS, which included \$105 000 in cash.

Total creditors decreased by \$105 000 from the prior year. The decrease is mainly attributable to the write off of a lease liability by the DHHS, \$57 000 and a decrease in Unexpended Grants of \$80 000.

5 MISCELLANEOUS PUBLIC BODIES

Miscellaneous public bodies are those entities that cannot be classified under the previous criteria. They can be established under specific legislation which defines the purpose for which they are established and their general functions.

5.1 TAFE TASMANIA

TAFE Tasmania was established under the *TAFE Tasmania Act 1997* as a provider of vocational and further education.

The Authority is managed by a board of seven directors, appointed by the Government.

The Responsible Minister is the Minister for Education.

EMPLOYEE STATISTICS

Employee Statistics as at 30 June 2000 are as follows:

	30 June 1999	30 June 2000
Headcount	1 005	1047

Source: TAFE Tasmania Annual Report 1999-2000

AUDIT OF THE 1999-2000 FINANCIAL STATEMENTS

Signed financial statements of the Authority were received by audit on 18 October 2000 and an unqualified audit report was issued on 19 October 2000.

FINANCIAL RESULTS

OPERATING STATEMENT

	1999-00	1998-99
	\$'000	\$'000
Revenue		
Government income	66 763	65 139
Fees, levies and charges	6 072	6 664
Commercial services	7 860	6 125
Other income	1 187	1 168
Total Operating Revenue	<u>81 882</u>	<u>79 096</u>
Operating Expenditure		
Salaries, wages & related costs	52 018	50 494
Staffing related costs	1 089	923
Depreciation	6 498	6 617
Other operating expenses	21 508	19 754
Total Operating Expenditure	<u>81 113</u>	<u>77 788</u>
Operating result before abnormal item	769	1 308
Abnormal item	(3 127)	(1 535)
Accumulated surplus at year start	136 500	136 727
Accumulated surplus at year end	134 142	136 500

Land and buildings were revalued as at 30 June 2000 resulting in a decrease in value of \$2.887m. This amount is included in Abnormal items shown above.

STATEMENT OF FINANCIAL POSITION

	1999-00 \$'000	1998-99 \$'000
Current Assets		
Cash and deposit accounts	8 493	3 991
Receivables	2 349	1 797
Inventories	394	459
Other	74	61
Total Current Assets	<u>11 310</u>	<u>6 308</u>
Non-current Assets		
Property, plant and equipment	<u>141 676</u>	145 855
Total Non-current Assets	<u>141 676</u>	<u>145 855</u>
Total Assets	<u>152 986</u>	<u>152 163</u>
Current Liabilities		
Payables	2 379	1 328
Borrowings	629	581
Employee entitlements	4 027	9 044
Other	399	730
Total Current Liabilities	<u>7 434</u>	<u>11 683</u>
Non-current Liabilities		
Employee entitlements	7 209	1 576
Borrowings	1 770	2 404
Other	<u>10</u>	<u>0</u>
Total non-current Liabilities	<u>8 989</u>	<u>3 980</u>
Total Liabilities	16 423	15 663
Equity		
Accumulated surplus	134 142	136 500
Asset revaluation reserve	<u>2 421</u>	<u>0</u>
Total Equity	<u>136 563</u>	<u>136 500</u>

Cash and deposits has increased from \$3.991m in 1998-99 to \$8.493m in 1999-2000 due mainly to the timing of the receipt of Commonwealth funds.

Payables increased from \$1.328m in 1998-99 to \$2.379m in 1999-2000 due principally to increased activity on certain Commonwealth funded projects.

Infrastructure assets were revalued as at 30 June 2000 resulting in the creation of a reserve of \$2.421m.

A re-assessment of Employee entitlements during 1999-2000 has resulted in a change in amounts classified as current and non-current.

5.2 UNIVERSITY OF TASMANIA

The University of Tasmania is administered under the provisions of *the University of Tasmania Act 1992*. The University relies predominantly on Commonwealth support for its recurring activities.

The Consolidated financial accounts comprise the accounts of the University, being the primary entity, and the entities under its control during the financial year. These entities include Unitas Consulting Limited and University of Tasmania Foundation Inc.

The University reports on a calendar year basis, and hence the financial results noted here relate to the year ended 31 December 1999.

The Responsible Minister is the Minister for Education.

EMPLOYEE STATISTICS

At 31 March 2000 the University had a total of 1 641 FTE staff (1999, 1 595), comprising FTE full time and fractional staff of 1 398 (1 370) and FTE casual staff of 243 employees (225).

AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

The financial statements of the University of Tasmania were received from the University Council on 26 May 2000. An unqualified audit report was issued on 5 June 2000.

FINANCIAL RESULTS

CONSOLIDATED OPERATING STATEMENT

	1999	1998
	\$'000	\$'000
Operating Revenue		
Commonwealth government grants	99 264	95 509
Higher education contribution scheme	29 294	29 885
Tasmanian government grants	7 349	3 594
Other research grants and contracts	4 746	2 729
Scholarships and prizes	385	550
Donations and bequests	524	1 898
Investment income	5 995	7 028
Fees and charges	13 172	11 995
Other	7 221	8 144
Total Operating Revenue	<u>167 950</u>	<u>161 332</u>
Operating Expenditure		
Academic activities	102 898	93 926
Libraries	6 728	5 912
Other academic support services	11 579	8 715
Student services	7 687	4 741
Public services	3 935	2 222
Buildings and grounds	4 812	7 282
Administration & other general institutional services	21 957	21 500
Other	2 620	3 228
Total Operating Expenditure	<u>162 216</u>	<u>147 526</u>
Operating result before abnormal items	5 734	13 806
Abnormal items	8 497	0
Accumulated funds at year start	73 271	59 769
Amounts transferred (to) from reserves	(3 219)	(304)
Accumulated funds at year end	84 283	73 271

Tasmanian Government grants increased from \$3.594m in 1998 to \$7.349m in 1999 due mainly to a new grant of \$1.970m for the Tasmanian Institute of Agricultural Research and an increase of \$2.440m in the grant for the Tasmanian Agriculture and Fisheries Institute.

Other research grants and contracts increased from \$2.729m in 1998 to \$4.746m in 1999 as a result of an increase in new contracts and agreements of \$1.9m.

Donations and bequests decreased from \$1.898m in 1998 to \$0.524m in 1999 following a reclassification of discretionary donations of \$0.700m to other income, and a reclassification of \$0.325m to Tasmanian Government grants.

Expenditure on academic activities increased from \$93.926m in 1998 to \$102.898m in 1999 due to an increase of \$4.500m in depreciation charges and an increase of \$4.800m in payroll costs in light of increased Tasmanian grant funding.

The abnormal income of \$8.497m comprised \$1.592m from a decrease in the supplementary pension scheme liability and \$6.905m in recognition of the Commonwealth's supplementation of the retirement benefit fund liability.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	1999 \$'000	1998 \$'000
Current Assets		
Cash	1 380	469
Receivables	4 256	2 634
Investments	43 784	42 997
Inventories	646	663
Other	1 085	735
Total Current Assets	<u>51 151</u>	<u>47 498</u>
Non-current Assets		
Investments	40 822	37 902
Property plant and equipment	256 024	323 868
Other	6 188	0
Total Non-current Assets	<u>303 034</u>	<u>361 770</u>
Total Assets	<u>354 185</u>	<u>409 268</u>
Current Liabilities		
Creditors	6 083	6 119
Revenue in Advance	8 744	9 901
Borrowings	0	67
Accrued liabilities	13 736	13 006
Total Current Liabilities	<u>28 563</u>	<u>29 093</u>
Non-current Liabilities		
Accrued liabilities	21 889	24 493
Total Non-current Liabilities	<u>21 889</u>	<u>24 493</u>
Total Liabilities	<u>50 452</u>	<u>53 586</u>
Equity		
Reserves	204 786	270 966
Restricted funds	14 664	11 445
Accumulated funds	84 283	73 271
Total Equity	<u>303 733</u>	<u>355 682</u>

Receivables increased from \$2.634m in 1998 to \$4.256m in 1999 in line with additional revenue increases during the past year.

Property plant and equipment decreased from \$323.868m in 1998 to \$256.024m in 1999 mainly as a result of a revaluation of buildings and a reduction of their useful lives. Accumulated depreciation for buildings increased by \$50.979m as a result of the revaluation.

Other Non Current Assets of \$6.188m in 1999 is a new asset created to recognise the Commonwealth's liability for superannuation reimbursement.

Non Current Accrued liabilities decreased from \$24.493m in 1998 to \$21.889m in 1999 following an actuary's recommendation on the provision for superannuation.

5.3 OTHER PUBLIC BODIES

The following public bodies (with the exception of St Giles Society Inc.) received *unqualified audit reports* on their financial statements for 1999-2000. No particular comments are required.

- Aboriginal Land Council;
- Anzac Day Trust;
- Clyde Water Trust;
- Fruit Crop Insurance;
- Government Prices Oversight Commission;
- Inland Fisheries Commission;
- Launceston Sailors Home Fund Trust;
- Office of the Tasmanian Electricity Regulator;
- St Giles Society Inc;
- Tasmanian Building and Construction Industry Training Board;
- Tasmanian Office of Financial Supervision*;
- Tsuneichi Fujii Fellowship Trust;
- Wellington Park Management Trust; and
- Workplace Safety Board.

Tasmanian Office of Financial Supervision*

On 1 July 1999 the supervisory responsibilities of the Tasmanian Office of Financial Supervision were assumed by the Australian Prudential Regulation Authority (APRA). In accordance with Section 28 of the Financial Sector Reform (Tasmania) Act 1999 TOFS was dissolved on 1 July 2000.

The Credit Union Contingency Fund was effectively closed on 30 June 1999 in accordance with Section 25 of the Financial Sector Reform (Tasmania) Act 1999.

The financial statements to 30 June 2000 are therefore the final set of accounts for TOFS.

Other

Further to my Report No.2 for 1998-99 (page 244), signed statements for the Inveresk Railyards Management Authority, and the Tasmania's West/North West Council (now Cradle Coast Authority) for 1998-99 have not been submitted.

The audit of the of the Clyde Water Trust for 1998-99 was completed and an unqualified audit report was issued on 30 May 2000.

The audit of the of the Council of Law Reporting for 1998-99 was completed and an unqualified audit report was issued on 15 January 2000.

The audit of the of the Royal Tasmanian Botanical Gardens for 1998-99 was completed and an unqualified audit report was issued on 30 May 2000.

The audit of the of the Tasmanian Museum and Art Gallery for 1998-99 was completed and an unqualified audit report was issued on 17 December 1999.

The audit of the of the Tasmanian State Service Workers Compensation Scheme for 1998-99 was completed and an unqualified audit report was issued on 31 January 2000.

The following auditees have not submitted signed statements for 1999-2000 as at 28 November 2000:

- Council of Law Reporting;
- Cradle Coast Authority (formerly Tasmania's West/North West Councils);
- Inveresk Railyards Management Authority;
- Royal Tasmanian Botanical Gardens; and
- Tasmanian Beef Industry (Research and Development) Trust.

The following auditees have submitted draft or signed statements for 1999-2000 and the audit of the their accounts is currently in progress:

- Ben Lomond Skifield Management Authority;
- Fruit Crop Insurance; and
- Tasmanian State Service Workers Compensation Scheme.

6 OTHER ISSUES

6.1 POTENTIAL LACK OF PARLIAMENTARY SCRUTINY OVER 'OTHER EXPENDITURE' FROM THE CROWN LANDS ADMINISTRATION FUND

The Crown Lands Administration Fund (CLAF) is an account established within the Special Deposits and Trust Fund under the provisions of section 48B of the *Crown Lands Act 1976* (CLA), and is administered by the Department of Primary Industries, Water and Environment (DPIWE).

Receipts from sales and leases of Crown property are required to be paid into the CLAF and a substantial amount determined by the Treasurer under the provisions of Section 48C of CLA is paid annually into the Consolidated Fund and subsequently applied to various purposes through annual appropriations to departments.

Receipts to CLAF in 1998-99 totalled \$45.101m and a transfer of \$22.834m was made to the Consolidated Fund under the above arrangements. In addition to that transfer further transfers totalling \$16.538m were made direct to an account of the Department of Health and Human Services (DHHS) under section 48B(3)(d) of CLA which states that payments from CLAF can be for 'such other expenditure as the Treasurer may determine'.

The transfer to DHHS which in effect represented additional funding available to the department outside of the appropriation process, was comprised of receipts into the CLAF from DHHS of rental prepayments, \$12m, under a lease for the 'collocation' of private hospital services within the former Queen Alexandra wing of the Royal Hobart Hospital, and \$4.538m relating to disposition of other assets controlled by that Department.

In this instance, the funds were generated within DHHS and subsequently returned to that department. Any linkage is, however, incidental to the legal opinion provided by the Solicitor-General who, in confirming the legality of the transaction, advised inter alia '....The fact that each of the three interpretive options discussed above are potentially open indicates the difficulty which the current drafting of the provision creates. Just as you would find some who support the view which I have taken, so also, I am sure, you would find others who do not. Legislative clarification of the provision would thus be very welcome....'

Receipts to CLAF during 1999-2000 totalled to \$18.893m and an amount of \$8.320m was transferred to the Consolidated Fund.

While no amounts were directly paid to other agencies, the potential remains for funds to be dispersed and expended outside the State's Budgetary process, with public scrutiny only possible after the event.

I recommend that the relevant provisions of the CLA be reviewed to clarify whether in the circumstances described above, the proposed spending of funds from CLAF should be included in the normal budgetary appropriation process.

6.2 TIMELINESS AND QUALITY OF FINANCIAL STATEMENTS

Under *Section 28 of the Financial Management and Audit Act 1990 (FMAA)* and *Section 52 of the Government Business Enterprises Act 1995 (GBE)* specific dates are set for which the relevant entities are to provide financial statements to audit to formally allow the audit process to commence. The dates specified are as follows:-

- FMAA Within 2 months after the end of the financial year
- GBE Within 60 days after the end of the financial year

In most cases entities have a 30 June financial year making 31 August the statutory date.

These dates have been set to allow sufficient time for the audit to be completed and an Annual Report produced for tabling in Parliament by 30 November each year. The situation regarding Local Government and Port Corporations is set out in Part 4 and Part 3.3 respectively of this Report.

However in 1999-2000 as set out below, a considerable number of entities did not meet the target statutory date by providing a full set (or draft) of financial statements.

There are no exemptions from meeting the statutory date under the FMAA, nor are there any penalties for not meeting this date. Under GBE legislation (Section 53) there is a provision for exemption in certain circumstances, provided an application for exemption is made by the required date. There is also no penalty for not meeting the date. This year an exemption was granted to two auditees:

- Tote Tasmania; and
- Hydro-Electric Corporation.

To assist with the implementation in government departments of accrual reporting and the implementation of Australian Accounting Standard AAS 29, Financial Reporting by Government Departments, I instituted from 1995-96 an Award for the best set of financial statement working papers. For the 1999-2000 financial year I presented a 'highly commended' award to the Department of Infrastructure, Energy and Resources and a 'commended' award to the Department of Premier and Cabinet.

While there was continuing overall improvement across agencies compared to last year, there is still room for processes and structures to be enhanced if the very purposes of having workpapers are to be met.

In summary those purposes are:

- A framework for the compilation of financial statements by current and future preparers;
- A central reference to the evidence required to support transactions, balances and estimates disclosed in the financial statements;
- A trail between the entity's financial records for the year and the financial statements for the year, which can be followed by persons having a quality assurance function; and
- A record of the quality control processes employed in the preparation of the financial statements.

The common shortcomings were:

- No systematic checking for compliance with Treasurer's Instructions and Accounting Standards;
- Lack of documentation of explanations for variations and major shifts in trends; and
- A tendency for heavy reliance on just one person (particularly in smaller agencies) for preparation of virtually all workpapers. This was compounded by a penchant to disappear on leave once the financial statements were complete leaving no-one to deal with audit queries.

Signed Statements not Received On or Before 5 September 2000

Ministerial Departments

Department of Primary Industries, Water and Environment
Department of State Development

Government Business Enterprises

Egg Marketing Board
Hydro Tasmania
Southern Regional Cemetery Trust
Tasmanian Grain Elevators Board
Totalizator Agency Board

Other Statutory and Public Bodies

Aboriginal Land Council
Ben Lomond Skifield Management Authority
Clyde Water Trust
Council of Law Reporting
Fruit Crop Insurance
Inland Fisheries Commission
Inveresk Railyards Management Authority
Legal Aid Commission
Marine and Safety Authority
Parliamentary Superannuation Fund and Parliamentary Retirement Benefits Fund
Private Forests Tasmania
Retirement Benefits Fund Board
Royal Tasmanian Botanical Gardens
St Giles Society Inc.
Tasmanian Beef Industry (Research and Development) Trust
TAFE Tasmania
Tasmanian Building and Construction Industry Training Board
Tasmanian Museum and Art Gallery
Tasmanian Office of Financial Supervision

Local Government

Refer to Part 4 for comments.

6.3 COLLECTION AND DESTRUCTION OF FIREARMS

Under section 149 of the *Firearms Act 1996* I am required to conduct an independent audit of all firearms disposed of under this Act, and table in both Houses of Parliament a report on any audit performed.

It appears that, under present arrangements, reliance on reporting the quantities of firearms received and destroyed rests solely with this Office.

An audit for the current year has not commenced at the time of tabling this report.

In regard to the 1998-99 period, information on firearms processed was requested by this Office in October 1999 with a view to finishing the annual audit in time for inclusion of the results in my No. 2 Report to Parliament that is typically tabled in November of each year. The audit could not be concluded in time and the information summarised for Parliament in my 1999 No.2 Report from the spreadsheets supplied by the Firearms Services Section understated the firearms processed because the data in the spreadsheets was later found to be incomplete.

The data covered the period from December 1998 to mid-October 1999. The correct figures are:

Details of Firearms Disposals December 1998 to October 1999

Type of Disposal	Unaudited Quantities	Audited Quantities
Destroyed	535	774
Awaiting Destruction (at 14 October 1999)	64	64
Transferred to Police Reference Library	23	86
Returned to Owner	Nil	1
Transferred to Museums and other Displays	35	35
Held for Donation (at 14 October 1999)	Nil	11

Other findings from the audit (finished in December 1999) were that procedural control was sound and that recorded information was complete with an acceptable standard of accuracy. The incompleteness of the spreadsheets provided to Audit did not reflect inadequacies in recorded information and was merely caused by operator oversight when reports were being printed. However, the opportunity was taken during the audit to consider the future in terms of recording, auditing and reporting of related information. A number of recommendations were made to the Department.

In addition, the Audit Office suggested that statistics on firearms received and destroyed should appear in the Department of Police and Public Safety's Annual Report to Parliament as this would be the logical source of such information.

APPENDIX A

QUALIFIED AUDIT REPORTS

The following qualified audit reports have been issued since my last Report to Parliament.

1998-99

Dulverton Regional Waste Management Authority

1999-2000

St Giles Society Inc.
Tasmanian Public Finance Corporation
Flinders Council

APPENDIX B

MINISTERIAL PORTFOLIOS as at 30 JUNE 2000

Attorney-General	Hon Peter Patmore MHA
Minister for Education	Hon Paula Wriedt MHA
Minister for Human and Health Services	Hon Judy Jackson MHA
Minister for Infrastructure, Energy and Resources	Hon Paul Lennon MHA
Minister for Justice and Industrial Relations	Hon Peter Patmore MHA
Minister for Police	Hon David Llewellyn MHA
Minister for Primary Industry, Water and Environment	Hon David Llewellyn MHA
Minister for Racing and Gaming	Hon Paul Lennon MHA
Minister for State Development	Hon Jim Bacon MHA
Premier	Hon Jim Bacon MHA
Treasurer	Hon David Crean MLC

INDEX

A

ABORIGINAL LAND COUNCIL OF TASMANIA, 262
ANZAC DAY TRUST, 262
APPENDICES, 268
AUDIT OF LOCAL GOVERNMENT, 220
AUDITS DISPENSED WITH UNDER SECTION 41 OF THE FINANCIAL
MANAGEMENT AND AUDIT ACT 1990, 1
AUDIT REPORTS, QUALIFIED, 268
AURORA ENERGY PTY LTD, 151

B

BEN LOMOND SKIFIELD MANAGEMENT AUTHORITY, 263
BOARD OF ARCHITECTS, 2
BRIGHTON COUNCIL, 221,228
BURNIE CITY COUNCIL, 228
BURNIE PORT CORPORATION PTY LTD, 166

C

CENTRAL COAST COUNCIL, 228
CHEQUES DRAWN IN ADVANCE, 75
CHIROPORACTORS REGISTRATION BOARD, 2
CIRCULAR HEAD COUNCIL, 229
CIVIL CONSTRUCTION SERVICES CORPORATION, 86
CLYDE WATER TRUST, 262
COLLECTION AND DESTRUCTION OF FIREARMS, 267
COUNCIL OF LAW REPORTING, 262-3
CRADLE COAST AUTHORITY, 262, 263
CROWN LANDS ADMINISTRATION FUND, 264

D

DENTAL BOARD, 2
DENTAL MECHANICS BOARD, 2
DEVONPORT CITY COUNCIL, 229
DORSET COUNCIL, 229
DRAINAGE TRUSTS, 3
DULVERTON REGIONAL WASTE MANAGEMENT AUTHORITY, 233, 268

E

EDUCATION, DEPARTMENT OF, 24
EGG MARKETING BOARD, 90
ESK WATER AUTHORITY, 235
EXECUTIVE AND LEGISLATURE, 7

F

FEES AND FINES, OUTSTANDING, 55
FINANCIAL STATEMENTS, TIMELINESS AND QUALITY OF, 265
FIREARMS, 267
FLINDERS COUNCIL, 229, 268
FORESTRY TASMANIA, 93
FRUIT CROP INSURANCE, 262, 263

G

GEORGE TOWN COUNCIL, 230
GLAMORGAN-SPRING BAY COUNCIL, 221
GOVERNMENT BUSINESSES AND AUTHORITIES, 83
GOVERNMENT BUSINESS ENTERPRISES, 84
GOVERNMENT PRICES OVERSIGHT COMMISSION, 262

H

HEALTH AND HUMAN SERVICES, DEPARTMENT OF, 28
HOBART CITY COUNCIL, 230
HOBART PORT CORPORATION PTY LTD, 171
HOBART REGIONAL WATER AUTHORITY, 239
HOUSE OF ASSEMBLY, 15
HYDRO-ELECTRIC CORPORATION (HYDRO TASMANIA), 97

I

INFRASTRUCTURE, ENERGY AND RESOURCES, DEPARTMENT OF, 44
INLAND FISHERIES COMMISSION, 262
INTRODUCTION, 1
INVERESK RAILYARDS MANAGEMENT AUTHORITY, 231, 263

J

JUSTICE AND INDUSTRIAL RELATIONS, DEPARTMENT OF, 52

K

KENTISH COUNCIL, 230
KENTISH/LATROBE JOINT AUTHORITY, 242

L

LATROBE COUNCIL, 230
LAUNCESTON CITY COUNCIL, 231
LAUNCESTON SAILOR'S HOME FUND TRUST, 262
LEGAL AID COMMISSION, 183
LEGISLATIVE COUNCIL, 11
LEGISLATURE-GENERAL, 18
LOCAL GOVERNMENT, 219
LOCAL GOVERNMENT ASSOCIATION OF TASMANIA, 245

M

MARINE AND SAFETY AUTHORITY, 187
MEDICAL COUNCIL OF TASMANIA, 2
MINISTERIAL DEPARTMENTS, 23
METRO TASMANIA PTY LTD, 154
MOTOR ACCIDENTS INSURANCE BOARD, 101

N

NATIONAL TRUST OF AUSTRALIA (TASMANIA), 3
NATIONAL TRUST PRESERVATION FUND, 3
NORTH WEST REGIONAL WATER AUTHORITY, 107
NORTH WEST WATER AUTHORITY, 248
NURSING BOARD OF TASMANIA, 2

O

OPTOMETRISTS REGISTRATION BOARD, 2
OFFICE OF THE TASMANIAN ELECTRICITY REGULATOR, 262
OFFICE OF THE GOVERNOR, 8

P

PARLIAMENTARY SUPERANNUATION FUND, 190
PARLIAMENTARY SUPERANNUATION RETIRING BENEFITS FUND, 190
PHARMACY BOARD OF TASMANIA, 2
PHYSIOTHERAPISTS REGISTRATION BOARD, 2
PLUMBERS AND GASFITTERS REGISTRATION BOARD, 2
PODIATRISTS REGISTRATION BOARD, 2
POLICE AND PUBLIC SAFETY, DEPARTMENT OF, 60
PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY, 110
PORT CORPORATIONS, 165
PORT OF DEVONPORT CORPORATION PTY LTD, 174
PORT OF LAUNCESTON PTY LTD, 178
PREMIER AND CABINET, DEPARTMENT OF, 64
PRIMARY INDUSTRIES, WATER AND ENVIRONMENT, DEPARTMENT OF, 68
PRINTING AUTHORITY OF TASMANIA, 113
PRIVATE FORESTS, TASMANIA, 195
PSYCHOLOGISTS REGISTRATION BOARD, 2
PUBLIC BODIES, 254

Q

QUALIFIED AUDIT REPORTS, 268

R

RACING TASMANIA, 199
RADIOGRAPHERS REGISTRATION BOARD, 2
RETIREMENT BENEFITS FUND BOARD, 203
RIVERS AND WATER SUPPLY COMMISSION, 116
ROYAL HOBART HOAPITAL COLLOCATION PROJECT, 34
ROYAL TASMANIAN BOTANTICAL GARDENS, 262, 263

S

SIGNIFICANT ITEMS ARISING FROM AUDITS, 5
SOUTHERN MIDLANDS COUNCIL, 231
SOUTHERN REGIONAL CEMETERY TRUST, 119
STANLEY COOL STORES BOARD, 122
STATE DEVELOPMENT, DEPARTMENT OF, 72
STATE FIRE COMMISSION, 212
STATE OWNED CORPORATIONS, 149
STATUTORY AUTHORITIES, 182
ST GILES SOCIETY INC., 262, 268
SUPERANNUATION LIABILITY, UNFUNDED, 81
SURVEYORS REGISTRATION BOARD, 2

T

TAFE TASMANIA, 255
TASMAN COUNCIL, 221
TASMANIA'S WEST/NORTH WEST COUNCILS, 262
TASMANIAN BEEF INDUSTRY (RESEARCH AND DEVELOPMENT) TRUST, 263
TASMANIAN BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD, 262
TASMANIAN DAIRY INDUSTRY AUTHORITY, 125
TASMANIAN GRAIN ELEVATORS BOARD, 129
TASMANIAN INTERNATIONAL VELODROME MANAGEMENT AUTHORITY, 132
TASMANIAN MUSEUM AND ART GALLERY, 263
TASMANIAN OFFICE OF FINANCIAL SUPERVISION, 262
TASMANIAN PUBLIC FINANCE CORPORATION, 136, 268
TASMANIAN STATE SERVICE WORKERS COMPENSATION SCHEME, 263
TEACHERS AND SCHOOLS REGISTRATION BOARD, 2
THEATRE ROYAL MANAGEMENT BOARD, 216
THE PUBLIC TRUSTEE, 140
TOTALIZATOR AGENCY BOARD, 144
TRANSEND NETWORKS PTY LTD, 157
TRAVEL AGENT'S LICENSING BOARD, 2
TREASURY AND FINANCE, DEPARTMENT OF, 77
TSUNEICHI FUJII FELLOWSHIP TRUST, 262
TT-LINE COMPANY PTY LTD, 161

U

UNFUNDED STATE SUPERANNUATION LIABILITY, 81
UNIVERSITY OF TASMANIA, 258
UPPER TAMAR RIVER IMPROVEMENT AUTHORITY, 231

V

VALUER'S REGISTRATION BOARD, 2

W

WARATAH-WYNYARD COUNCIL, 231
WELLINGTON PARK MANAGEMENT TRUST, 262
WEST COAST HEALTH AND COMMUNITY SERVICES PTY LTD, 251
WEST TAMAR COUNCIL, 232
WORKPLACE SAFETY BOARD, 262