



2002

PARLIAMENT OF TASMANIA

# **REPORT OF THE AUDITOR-GENERAL**

## **GOVERNMENT DEPARTMENTS AND PUBLIC BODIES 2001-2002**

### **PART B - VOLUME ONE Executive and Legislature, Ministerial Departments, Statutory Authorities and Miscellaneous Public Bodies**

**No. 2 of 2002 - November 2002**

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# **EXECUTIVE AND LEGISLATURE, GOVERNMENT DEPARTMENTS, STATUTORY AUTHORITIES AND MISCELLANEOUS PUBLIC BODIES**

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## **INTRODUCTION**

This Volume of the Report includes commentary the Executive and Legislature, Government departments, Superannuation funds, other statutory authorities and miscellaneous public bodies as follows:

- Executive and Legislature
- Government Departments
- Superannuation Funds
- Other Authorities, and
- Miscellaneous Public Bodies

# 1 EXECUTIVE AND LEGISLATURE

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## 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. Designated officers of the Parliament administer these functions and financial transactions are recorded in the financial statements of:

- Office of the Governor;
- The Legislative Council;
- The House of Assembly; and
- 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:

- Introduction;
- Audit of the 2001-02 Financial Statements;
- Financial Results:
  - Financial performance;
  - Financial position;
  - Cash position;
  - Financial analysis; and
- Overall comment.

## 1.1 OFFICE OF THE GOVERNOR

### INTRODUCTION

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.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements were received by audit on 30 August 2002 and an unqualified audit report was issued on 22 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 562	1 638	1 935	1 854	1 736
Other operating revenue	227	161	24	174	252
<b>Total Revenue</b>	<b>1 789</b>	<b>1 799</b>	<b>1 959</b>	<b>2 028</b>	<b>1 988</b>
Depreciation	97	98	98	110	110
Employee expenses	1 140	1 212	1 253	1 408	1 370
Other operating expenses	645	616	694	558	705
<b>Total Expenses</b>	<b>1 882</b>	<b>1 926</b>	<b>2 045</b>	<b>2 076</b>	<b>2 185</b>
<b>Result from Ordinary Activities</b>	<b>( 93)</b>	<b>( 127)</b>	<b>( 86)</b>	<b>( 48)</b>	<b>( 197)</b>

#### Comment

Other operating revenue increased in 2001-02 due to additional maintenance funding being received from the Department of Treasury and Finance.

Employee expenses have increased over the last two years due principally to additional payments required to cover an employee on extended leave.

**FINANCIAL POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	0	1	1	8	135
Other	2	4	3	11	20
<b>Total Current Assets</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>19</b>	<b>155</b>
Property, plant & equipment	14 797	14 688	14 611	14 501	17 018
<b>Total Non-Current Assets</b>	<b>14 797</b>	<b>14 688</b>	<b>14 611</b>	<b>14 501</b>	<b>17 018</b>
Payables	22	22	44	35	188
Provisions	131	161	168	143	162
Other	14	14	0	0	0
<b>Total Current Liabilities</b>	<b>167</b>	<b>197</b>	<b>212</b>	<b>178</b>	<b>350</b>
Provisions	172	163	156	136	187
<b>Total Non-Current Liabilities</b>	<b>172</b>	<b>163</b>	<b>156</b>	<b>136</b>	<b>187</b>
<b>Net Assets</b>	<b>14 460</b>	<b>14 333</b>	<b>14 247</b>	<b>14 206</b>	<b>16 636</b>
Retained surpluses	14 460	14 333	14 247	14 206	16 636
<b>Total Equity</b>	<b>14 460</b>	<b>14 333</b>	<b>14 247</b>	<b>14 206</b>	<b>16 636</b>

**Comment**

Cash increased in 2001-02 due to maintenance funding received from the Department of Treasury and Finance in June 2002.

Property, plant and equipment increased in 2001-02 due principally to a revaluation increment of \$2.752m for buildings.

Payables have increased in 2001-02 due mainly to increased expenditure activity in respect to maintenance funding referred to above.

Current and non-current provisions have increased in 2001-02 primarily as a result of increasing leave balances.



## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 562	1 638	1 935	1 854	1 736
Receipts from customers	227	161	15	220	300
Payments to suppliers and employees	( 1 789)	( 1 798)	( 1 775)	( 2 067)	( 1 909)
<b>Cash from operations</b>	<b>0</b>	<b>1</b>	<b>175</b>	<b>7</b>	<b>127</b>
Payments for P, P & Equipment	0	0	( 175)	0	0
<b>Cash used in investing activities</b>	<b>0</b>	<b>0</b>	<b>( 175)</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>127</b>
Cash at the beginning of the period	0	0	1	1	8
<b>Cash at end of the period</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>135</b>

### Comment

Cash has increased in 2001-02 due to maintenance funding received from the Department of Treasury and Finance in June 2002.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 93)	( 127)	( 86)	( 48)	( 197)
Operating margin	>1.0	1	1	1	1	1
<b>Financial Management</b>						
Current ratio	>1	0.01	0.03	0.02	0.11	0.44
Debt collection	30 days	-	-	-	-	-
Creditor turnover	30 days	12	13	15	13	37
<b>Other information</b>						
Staff numbers FTEs		23	23	24	25	25
Average staff costs (\$'000s)		50	54	53	57	56

### Comment

Creditor turnover statistics are higher than normal in 2001-02 due to increased expenditure activity in respect to maintenance funding referred to earlier in this segment of the Report.

## OVERALL COMMENT

The 2001-02 Audit was completed with satisfactory results.

## ADDITIONAL FINANCIAL INFORMATION

### Administered Transactions

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

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	144	153	160	173	187
<b>Total Revenue</b>	<b>144</b>	<b>153</b>	<b>160</b>	<b>173</b>	<b>187</b>
Other operating expenses	144	156	160	173	188
<b>Total Expenses</b>	<b>144</b>	<b>156</b>	<b>160</b>	<b>173</b>	<b>188</b>
<b>Result from operations</b>	<b>0</b>	<b>( 3)</b>	<b>0</b>	<b>0</b>	<b>( 1)</b>
<b>Net Result from Operations</b>	<b>0</b>	<b>( 3)</b>	<b>0</b>	<b>0</b>	<b>( 1)</b>

### Comment

Nil.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Provisions	2	5	4	4	5
<b>Total Current Liabilities</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>
<b>Net Assets</b>	<b>( 2)</b>	<b>( 5)</b>	<b>( 4)</b>	<b>( 4)</b>	<b>( 5)</b>
Accumulated deficit	( 2)	( 5)	( 4)	( 4)	( 5)
<b>Total Equity</b>	<b>( 2)</b>	<b>( 5)</b>	<b>( 4)</b>	<b>( 4)</b>	<b>( 5)</b>

**Comment**

Nil.

**Administered Cash Flows**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			160	173	187
Payments to suppliers and employees			( 160)	( 173)	( 187)
<b>Cash from operations</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>			<b>0</b>	<b>0</b>	<b>0</b>
Cash at the beginning of the period			0	0	0
<b>Cash at end of the period</b>			<b>0</b>	<b>0</b>	<b>0</b>

**Comment**

The Office of the Governor has only been required to prepare administered cash flows for the last two years.

## 1.2 LEGISLATIVE COUNCIL

### INTRODUCTION

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.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

The financial statements of the Legislative Council were received by the Audit Office on 28 August 2002 and an unqualified audit report was issued on 22 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 273	1 353	1 331	1 444	1 602
Other operating revenue	35	71	76	59	11
<b>Total Revenue</b>	<b>1 308</b>	<b>1 424</b>	<b>1 407</b>	<b>1 503</b>	<b>1 613</b>
Depreciation	0	0	0	1	5
Employee expenses	908	880	959	1 039	1 077
Other operating expenses	503	506	476	515	517
<b>Total Expenses</b>	<b>1 411</b>	<b>1 386</b>	<b>1 435</b>	<b>1 555</b>	<b>1 599</b>
<b>Result from Ordinary Activities</b>	<b>( 103)</b>	<b>38</b>	<b>( 28)</b>	<b>( 52)</b>	<b>14</b>

#### Comment

Nil.

**FINANCIAL POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	33	4	4	36	11
Receivables	0	0	0	8	2
Other	0	0	11	4	3
<b>Total Current Assets</b>	<b>33</b>	<b>4</b>	<b>15</b>	<b>48</b>	<b>16</b>
Property, plant & equipment	855	854	854	907	967
<b>Total Non-Current Assets</b>	<b>855</b>	<b>854</b>	<b>854</b>	<b>907</b>	<b>967</b>
Payables	77	26	53	96	35
Provisions	411	388	402	482	494
Other	5	18	11	20	12
<b>Total Current Liabilities</b>	<b>493</b>	<b>432</b>	<b>466</b>	<b>598</b>	<b>541</b>
Provisions	18	11	16	21	28
<b>Total Non-Current Liabilities</b>	<b>18</b>	<b>11</b>	<b>16</b>	<b>21</b>	<b>28</b>
<b>Net Assets</b>	<b>377</b>	<b>415</b>	<b>387</b>	<b>336</b>	<b>414</b>
Retained surpluses	377	415	387	336	414
<b>Total Equity</b>	<b>377</b>	<b>415</b>	<b>387</b>	<b>336</b>	<b>414</b>

**Comment**

The cash balance as at June 2001 was abnormally high due to the receipt of additional funds late in the year.

Payables were abnormally high in 2000-01 due mainly to significant equipment purchases in June.

Current provisions have been increasing in recent years due principally to increases in employee leave balances.

**CASH POSITION**

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 273	1 353	1 331	1 444	1 602
Receipts from customers	34	71	76	92	55
Payments to suppliers and employees	( 1 276)	( 1 453)	( 1 407)	( 1 450)	( 1 682)
<b>Cash from operations</b>	<b>31</b>	<b>( 29)</b>	<b>0</b>	<b>86</b>	<b>( 25)</b>
Payments for P, P & Equipment	0	0	0	( 54)	0
<b>Cash used in investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 54)</b>	<b>0</b>
<b>Net increase (decrease) in cash</b>	<b>31</b>	<b>( 29)</b>	<b>0</b>	<b>32</b>	<b>( 25)</b>
Cash at the beginning of the period	2	33	4	4	36
<b>Cash at end of the period</b>	<b>33</b>	<b>4</b>	<b>4</b>	<b>36</b>	<b>11</b>

**Comment**

Nil.

**FINANCIAL ANALYSIS**

	Bench	1997-98	1998-99	1999-00	2000-01	2001-02
	Mark					
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 103)	38	( 28)	( 52)	14
Operating margin	>1.0	0.93	1.03	0.98	0.97	1.01
<b>Financial Management</b>						
Current ratio	>1	0.07	0.01	0.03	0.08	0.03
Debt collection	30 days	-	-	-	-	-
Creditor turnover	30 days	56	19	41	68	25
<b>Other information</b>						
Staff numbers FTEs		18	17	18	18	19
Average staff costs (\$'000s)		50	52	54	58	56

**Comment**

Nil.

## OVERALL COMMENT

The 2001-02 audit was completed with satisfactory results.

## ADDITIONAL FINANCIAL INFORMATION

### Administered Transactions

Administered transactions are those that the entity manages on behalf of the Government. These transactions are not shown in the entity's Statements of Financial Performance or Financial Position.

### Administered Revenues and Expenses

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 725	1 747	1 590	1 564	1 716
<b>Total Revenue</b>	<b>1 725</b>	<b>1 747</b>	<b>1 590</b>	<b>1 564</b>	<b>1 716</b>
Other operating expenses	1 764	1 878	1 456	1 565	1 678
<b>Total Expenses</b>	<b>1 764</b>	<b>1 878</b>	<b>1 456</b>	<b>1 565</b>	<b>1 678</b>
<b>Result from operations</b>	<b>( 39)</b>	<b>( 131)</b>	<b>134</b>	<b>( 1)</b>	<b>38</b>
<b>Net Result from Operations</b>	<b>( 39)</b>	<b>( 131)</b>	<b>134</b>	<b>( 1)</b>	<b>38</b>

### Comment

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.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Receivables	4	3	0	0	0
<b>Total Current Assets</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>
Payables	1	0	38	39	1
Other	43	174	0	0	0
<b>Total Current Liabilities</b>	<b>44</b>	<b>174</b>	<b>38</b>	<b>39</b>	<b>1</b>
<b>Net Assets</b>	<b>( 40)</b>	<b>( 171)</b>	<b>( 38)</b>	<b>( 39)</b>	<b>( 1)</b>
Retained surpluses	( 40)	( 171)	( 38)	( 39)	( 1)
<b>Total Equity</b>	<b>( 40)</b>	<b>( 171)</b>	<b>( 38)</b>	<b>( 39)</b>	<b>( 1)</b>

### Comment

Payables reduced in 2001-02 due to the early payment of outstanding accounts.

Other current liabilities in 1998-99 represent accrued expenses.

### Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			1 590	1 564	1 716
Payments to suppliers and employees			( 1 590)	( 1 564)	( 1 716)
<b>Cash from operations</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>			<b>0</b>	<b>0</b>	<b>0</b>
Cash at the beginning of the period			0	0	0
<b>Cash at end of the period</b>			<b>0</b>	<b>0</b>	<b>0</b>

### Comment

Administered cash flow information has only been prepared for the last three years.



## 1.3 HOUSE OF ASSEMBLY

### INTRODUCTION

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*.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

The financial statements of the House of Assembly were received by Audit on 28 August 2002 and an unqualified audit report was issued on 22 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 641	1 667	1 686	1 695	1 730
Other operating revenue	1	2	7	19	10
<b>Total Revenue</b>	<b>1 642</b>	<b>1 669</b>	<b>1 693</b>	<b>1 714</b>	<b>1 740</b>
Depreciation	6	18	19	21	23
Employee expenses	877	966	930	957	1 021
Other operating expenses	733	647	691	782	678
<b>Total Expenses</b>	<b>1 616</b>	<b>1 631</b>	<b>1 640</b>	<b>1 760</b>	<b>1 722</b>
<b>Result from Ordinary Activities</b>	<b>26</b>	<b>38</b>	<b>53</b>	<b>( 46)</b>	<b>18</b>

#### Comment

Other operating revenue has fluctuated in recent years due to the House of Assembly providing support services associated with the Parliament.

Employee expenses have risen in recent years due to a combination of increases in wage and long service leave expenditures.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	0	0	0	5	8
Receivables	0	0	0	14	3
Other	0	0	28	0	3
<b>Total Current Assets</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>19</b>	<b>14</b>
Property, plant & equipment	852	839	857	877	1 027
<b>Total Non-Current Assets</b>	<b>852</b>	<b>839</b>	<b>857</b>	<b>877</b>	<b>1 027</b>
Payables	86	55	57	80	59
Provisions	416	417	402	426	424
Other	0	0	0	4	4
<b>Total Current Liabilities</b>	<b>502</b>	<b>472</b>	<b>459</b>	<b>510</b>	<b>487</b>
Provisions	43	22	28	34	50
<b>Total Non-Current Liabilities</b>	<b>43</b>	<b>22</b>	<b>28</b>	<b>34</b>	<b>50</b>
<b>Net Assets</b>	<b>307</b>	<b>345</b>	<b>398</b>	<b>352</b>	<b>504</b>
Retained surpluses	307	345	398	352	504
<b>Total Equity</b>	<b>307</b>	<b>345</b>	<b>398</b>	<b>352</b>	<b>504</b>

### Comment

Receivables decreased in 2001-02 as a result of improved follow-up procedures.

Property, plant and equipment increased in 2001-02 due principally to a revaluation increment of \$134 000 for furniture, artworks and artefacts.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 641	1 667	1 686	1 695	1 730
Receipts from customers	1	2	7	83	86
Payments to suppliers and employees	( 1 597)	( 1 664)	( 1 656)	( 1 733)	( 1 774)
<b>Cash from operations</b>	<b>45</b>	<b>5</b>	<b>37</b>	<b>45</b>	<b>42</b>
Payments for P, P & Equipment	( 45)	( 5)	( 37)	( 40)	( 39)
<b>Cash used in investing activities</b>	<b>( 45)</b>	<b>( 5)</b>	<b>( 37)</b>	<b>( 40)</b>	<b>( 39)</b>
<b>Net increase (decrease) in cash</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>3</b>
Cash at the beginning of the period	0	0	0	0	5
<b>Cash at end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>8</b>

### Comment

Nil.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations (\$'000s)		26	38	53	( 46)	18
Operating margin	>1.0	1.02	1.02	1.03	0.97	1.01
<b>Financial Management</b>						
Current ratio	>1	-	-	-	0.04	0.03
Debt collection	30 days	-	-	-	-	1
Creditor turnover	30 days	43	31	30	28	32
<b>Other information</b>						
Staff numbers FTEs		18.3	18.7	18.0	18.0	18.6
Average staff costs (\$'000s)		48	52	52	53	55

### Comment

The current ratio is less than one due to the low level of current assets, and Payables, being funded from next year's appropriation.

## OVERALL COMMENT

The 2001-02 audit was completed with satisfactory results.

## ADDITIONAL FINANCIAL INFORMATION

### Administered Transactions

Administered transactions are those that the entity manages on behalf of the Government. These transactions are not shown in the entity's Statements of Financial Performance and Financial Position.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	3 318	2 650	2 501	2 598	2 784
<b>Total Revenue</b>	<b>3 318</b>	<b>2 650</b>	<b>2 501</b>	<b>2 598</b>	<b>2 784</b>
Other operating expenses	3 399	2 604	2 498	2 595	2 753
<b>Total Expenses</b>	<b>3 399</b>	<b>2 604</b>	<b>2 498</b>	<b>2 595</b>	<b>2 753</b>
<b>Result from operations</b>	<b>( 81)</b>	<b>46</b>	<b>3</b>	<b>3</b>	<b>31</b>
<b>Net Result from Operations</b>	<b>( 81)</b>	<b>46</b>	<b>3</b>	<b>3</b>	<b>31</b>

### Comment

Parliamentary salaries and allowances decreased from \$3.277 million in 1997-98 to \$2.506 million in 1998-99 due to a decrease in the number of Members of Parliament during the year.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Payables	85	40	37	34	3
<b>Total Current Liabilities</b>	<b>85</b>	<b>40</b>	<b>37</b>	<b>34</b>	<b>3</b>
<b>Net Assets</b>	<b>( 85)</b>	<b>( 40)</b>	<b>( 37)</b>	<b>( 34)</b>	<b>( 3)</b>
Retained surpluses	( 85)	( 40)	( 37)	( 34)	( 3)
<b>Total Equity</b>	<b>( 85)</b>	<b>( 40)</b>	<b>( 37)</b>	<b>( 34)</b>	<b>( 3)</b>

**Comment**

Payables reduced in 2001-02 due to the early payment of outstanding accounts.

**Administered Cash Flows**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			2 501	2 598	2 784
Payments to suppliers and employees			( 2 501)	( 2 598)	( 2 784)
<b>Cash from operations</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>			<b>0</b>	<b>0</b>	<b>0</b>
Cash at the beginning of the period			0	0	0
<b>Cash at end of the period</b>			<b>0</b>	<b>0</b>	<b>0</b>

**Comment**

The House of Assembly has only been required to prepare administered cash flows for the last three years.

## 1.4 LEGISLATURE-GENERAL

### INTRODUCTION

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.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of the Legislature-General were received on 12 September 2002. An unqualified audit report was issued on 22 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	3 157	3 634	3 741	3 639	3 453
Other operating revenue	314	279	409	285	209
<b>Total Revenue</b>	<b>3 471</b>	<b>3 913</b>	<b>4 150</b>	<b>3 924</b>	<b>3 662</b>
Depreciation	233	222	240	269	283
Employee expenses	1 888	1 763	1 885	1 820	1 874
Other operating expenses	1 548	1 727	2 263	2 080	1 747
<b>Total Expenses</b>	<b>3 669</b>	<b>3 712</b>	<b>4 388</b>	<b>4 169</b>	<b>3 904</b>
<b>Result from Ordinary Activities</b>	<b>( 198)</b>	<b>201</b>	<b>( 238)</b>	<b>( 245)</b>	<b>( 242)</b>

#### Comment

Other operating revenue increased in 1999-00 as a result of additional funds being required for restoration and conservation of sections of Parliament House. This also attributed to the increase in Other operating expenses in the same year.

**FINANCIAL POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	50	119	33	( 18)	8
Receivables	11	29	28	93	38
Inventories	19	14	33	26	24
Other	0	0	11	14	8
<b>Total Current Assets</b>	<b>80</b>	<b>162</b>	<b>105</b>	<b>115</b>	<b>78</b>
Property, plant & equipment	12 139	12 048	12 170	11 966	13 216
Other	0	252	0	0	0
<b>Total Non-Current Assets</b>	<b>12 139</b>	<b>12 300</b>	<b>12 170</b>	<b>11 966</b>	<b>13 216</b>
Payables	80	62	149	161	166
Provisions	349	399	376	428	349
Other		7	9	8	0
<b>Total Current Liabilities</b>	<b>429</b>	<b>468</b>	<b>534</b>	<b>597</b>	<b>515</b>
Provisions	65	68	53	41	78
<b>Total Non-Current Liabilities</b>	<b>65</b>	<b>68</b>	<b>53</b>	<b>41</b>	<b>78</b>
<b>Net Assets</b>	<b>11 725</b>	<b>11 926</b>	<b>11 688</b>	<b>11 443</b>	<b>12 701</b>
Retained surpluses	11 725	11 926	11 688	11 443	12 701
<b>Total Equity</b>	<b>11 725</b>	<b>11 926</b>	<b>11 688</b>	<b>11 443</b>	<b>12 701</b>

**Comment**

Cash on hand and deposit accounts increased in 1998-99 due to funds retained and carried forward for maintenance purposes. The negative value for 2000-01 is as a result of GST payments being in excess of receipts on implementation of the tax.

The increase in receivables in 2000-01 is due mainly to the impact of the GST.

The increase in property, plant and equipment in 2001-02 was due principally to a revaluation increment in the value of buildings, \$1.500m.

The increase in payables in 1999-00 was due to a number of accrual payments with no similar accrual the previous year. The further increase in 2000-01 is again due to GST.

Both current and non-current provisions have varied in the last two years due principally to changing probabilities in the underlying calculations for long service leave.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	3 157	3 634	3 741	3 414	3 453
Receipts from customers	314	261	410	705	562
Payments to suppliers and employees	( 3 422)	( 3 442)	( 4 127)	( 4 106)	( 3 956)
<b>Cash from operations</b>	<b>49</b>	<b>453</b>	<b>24</b>	<b>13</b>	<b>59</b>
Payments for investments	0	( 252)	0	0	0
Payments for P, P & Equipment	0	( 132)	( 110)	( 64)	( 33)
<b>Cash used in investing activities</b>	<b>0</b>	<b>( 384)</b>	<b>( 110)</b>	<b>( 64)</b>	<b>( 33)</b>
<b>Net increase in cash</b>	<b>49</b>	<b>69</b>	<b>( 86)</b>	<b>( 51)</b>	<b>26</b>
Cash at the beginning of the period	1	50	119	33	( 18)
<b>Cash at end of the period</b>	<b>50</b>	<b>119</b>	<b>33</b>	<b>( 18)</b>	<b>8</b>

### Comment

Receipts from customers increased in 1999-00. This category includes the additional funds contributed for restoration and conservation of sections of Parliament House. This also contributed to the increase in payments to suppliers in the same year.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Profitability</b>						
Result from operations (\$'000s)		( 198)	201	( 238)	( 245)	( 242)
Operating margin	>1.0	0.95	1.05	0.95	0.94	0.94
<b>Financial Management</b>						
Current ratio	>1	0.19	0.35	0.20	0.19	0.15
Debt collection	30 days	14	39	25	127	66
Creditor turnover	30 days	19	13	28	29	34
<b>Other information</b>						
Staff numbers FTEs		40	35	35	34	33
Average staff costs (\$'000s)		47	50	54	54	57

### Comment

The current ratio is less than one due to the low level of current assets and the funding of payables from the following year's appropriation.



The increase in debt collection statistics in 2000-01 is due mainly to the impact of the GST, whilst in 2001-02 there are a number of accounts outstanding greater than 60 days.

## OVERALL COMMENT

The 2001-02 audit was completed with satisfactory results.

## ADDITIONAL FINANCIAL INFORMATION

### Administered Transactions

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

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	44	61	56	114	55
<b>Total Revenue</b>	<b>44</b>	<b>61</b>	<b>56</b>	<b>114</b>	<b>55</b>
Other operating expenses	37	57	55	114	55
<b>Total Expenses</b>	<b>37</b>	<b>57</b>	<b>55</b>	<b>114</b>	<b>55</b>
<b>Result from operations</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Net Result from Operations</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>

### Comment

The increased appropriation and corresponding expenses for 2000-01 was due to additional funds being provided for the Commonwealth Parliamentary Association Conference held in Hobart during October 2001. The funds for this Conference were provided in advance.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Receivables	0	0	1	0	0
<b>Total Current Assets</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Payables	3	0	0	0	0
<b>Total Current Liabilities</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>( 3)</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Retained surpluses	( 3)	0	1	0	0
<b>Total Equity</b>	<b>( 3)</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

### Comment

Nil.

### Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			55	114	55
Payments to suppliers and employees			( 55)	( 114)	( 55)
<b>Cash from operations</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>			<b>0</b>	<b>0</b>	<b>0</b>
Cash at the beginning of the period			0	0	0
<b>Cash at end of the period</b>			<b>0</b>	<b>0</b>	<b>0</b>

### Comment

The Legislature-General has only been required to prepare administered cash flows for the last three years.

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## 2 MINISTERIAL DEPARTMENTS

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### INTRODUCTION

State Government Departments are established by order of the Governor under the provisions of the *State Service Act 2000* (SSA), on the recommendation of the Minister responsible. 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 SSA.

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

- Audit of the 2001-02 Financial Statements;
- Financial Results;
- Financial Analysis; and
- Additional Financial Information.

The disclosures under Financial Results, Financial Analysis and Additional Financial Information are derived from the Accrual segments of the full audited financial statements that include Cash and Accrual components. 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.

This year was the second year all departments complied with revised Australian Accounting Standard AASB 1018 'Statement of Financial Performance' and new Standards AAS 36 'Statement of Financial Position', AAS 37 'Financial Report Presentation and Disclosures', and AASB 1041 'Revaluation of Non-Current Assets'. In line with these new and revised standards, Treasurer's Instructions relating to financial statement disclosures were reissued, and placed more of an emphasis on departments' accrual performance, in line with the Government's preparation for full accrual budgeting, which is planned to take place from 2003-04, and also required preparation of an administered statement of cash flows to assist in the preparation of the Government's Consolidated Financial Statements.

At the time of publication, the audits of the Departments of Health and Human Services and Justice and Industrial Relations were still underway. Hence amounts used for those departments in this analysis are not finalised.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	DOE	DHHS	DIER	DJR	DPPS	DPAC	DPIWE	DSD	DTF
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	56 757	54 061	6 381	3 023	2 445	3 127	43 537	17 648	1 622
Receivables	3 341	10 207	239	1 796	698	795	2 775	1 780	0
Investments	0	0	89	0	0	0	0	0	0
Inventories	0	5 680	2 030	0	378	0	2 016	0	0
Other	4 229	10 224	0	252	0	225	628	14 696	204
<b>Total Current Assets</b>	<b>64 327</b>	<b>80 172</b>	<b>8 739</b>	<b>5 071</b>	<b>3 521</b>	<b>4 147</b>	<b>48 956</b>	<b>34 124</b>	<b>1 826</b>
Property, Plant And Equipment	777 528	1 036 751	2 835 386	68 921	58 063	353	466 880	35 347	303
Investments	0	53 976	0	0	0	0	0	10 682	0
Other	0	281	238	1 179	0	0	187	48 557	0
<b>Total Non-Current Assets</b>	<b>777 528</b>	<b>1 091 008</b>	<b>2 835 624</b>	<b>70 100</b>	<b>58 063</b>	<b>353</b>	<b>467 067</b>	<b>94 586</b>	<b>303</b>
Payables	6 903	16 462	2 655	1 221	1 756	402	2 145	3 019	340
Borrowings	0	43 895	0	0	0	0	0	52 668	0
Provisions	29 227	42 693	4 619	4 785	16 303	2 360	8 112	5 579	1 760
Other	4 340	34 027	1 090	263	1 928	0	2 644	3 791	0
<b>Total Current Liabilities</b>	<b>40 470</b>	<b>137 077</b>	<b>8 364</b>	<b>6 269</b>	<b>19 987</b>	<b>2 762</b>	<b>12 901</b>	<b>65 057</b>	<b>2 100</b>
Borrowings	0	268 694	0	0	0	0	0	45 570	0
Provisions	64 994	59 035	5 433	5 184	14 526	2 462	11 343	788	2 235
Other	0	0	0	0	0	0	1 665	0	0
<b>Total Non-Current Liabilities</b>	<b>64 994</b>	<b>327 729</b>	<b>5 433</b>	<b>5 184</b>	<b>14 526</b>	<b>2 462</b>	<b>13 008</b>	<b>46 358</b>	<b>2 235</b>
<b>Net Assets</b>	<b>736 391</b>	<b>706 374</b>	<b>2 830 566</b>	<b>63 718</b>	<b>27 071</b>	<b>( 724)</b>	<b>490 114</b>	<b>17 295</b>	<b>( 2 206)</b>
Capital	0	6 094	0	0	0	0	0	0	0
Reserves	4 212	205 263	143 757	0	1 748	0	25 203	2 875	6
Retained Surpluses/(Deficits)	732 179	495 017	2 686 809	63 718	25 322	( 724)	464 911	14 420	( 2 212)
<b>Total Equity</b>	<b>736 391</b>	<b>706 374</b>	<b>2 830 566</b>	<b>63 718</b>	<b>27 070</b>	<b>( 724)</b>	<b>490 114</b>	<b>17 295</b>	<b>( 2 206)</b>

### Comment

Results from Ordinary Activities for almost all departments have been negative or close to negative for the past few years since the adoption of accrual accounting and valuation of assets on a deprival basis. As departments primarily receive appropriations to maintain their service provision functions as opposed to capital funding, non-current assets are ageing faster than they are being replaced or renovated. In the case of the Department of Treasury and Finance (DTF), the bulk of its operations are treated as administered.

Only DTF and the Departments of Health and Human Services(DHHS) (in relation to its housing functions) and State Development (DSD) are allowed to borrow and invest, hence other departments do not have borrowing costs. Accordingly they are also the only agencies with investment and borrowing line items in their statements of financial position.

## FINANCIAL POSITION

	DOE	DHHS	DIER	DJIR	DPPS	DPAC	DPIWE	DSD	DTF
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	56 757	54 061	6 381	3 023	2 445	3 127	43 357	17 648	1 622
Receivables	3 341	10 207	239	1 796	698	795	2 775	1 780	0
Investments	0	0	89	0	0	0	0	0	0
Inventories	0	5 680	2 030	0	378	0	2 016	0	0
Other	4 229	10 224	0	252	0	225	628	14 696	204
<b>Total Current Assets</b>	<b>64 327</b>	<b>80 172</b>	<b>8 739</b>	<b>5 071</b>	<b>3 521</b>	<b>4 147</b>	<b>48 776</b>	<b>34 124</b>	<b>1 826</b>
Property, Plant And Equipment	777 528	1 036 751	2 835 386	68 921	58 063	353	466 880	35 347	303
Investments	0	53 976	0	0	0	0	0	10 682	0
Other	0	281	238	1 179	0	0	187	48 557	0
<b>Total Non-Current Assets</b>	<b>777 528</b>	<b>1 091 008</b>	<b>2 835 624</b>	<b>70 100</b>	<b>58 063</b>	<b>353</b>	<b>467 067</b>	<b>94 586</b>	<b>303</b>
Payables	6 903	16 462	2 655	1 221	1 756	402	2 145	3 019	340
Borrowings	0	43 895	0	0	0	0	0	52 668	0
Provisions	29 227	42 693	4 619	4 785	16 303	2 360	8 112	5 579	1 760
Other	4 340	34 027	1 090	263	1 928	0	2 644	3 791	0
<b>Total Current Liabilities</b>	<b>40 470</b>	<b>137 077</b>	<b>8 364</b>	<b>6 269</b>	<b>19 987</b>	<b>2 762</b>	<b>12 901</b>	<b>65 057</b>	<b>2 100</b>
Borrowings	0	268 694	0	0	0	0	0	45 570	0
Provisions	64 994	59 035	5 433	5 184	14 526	2 462	11 343	788	2 235
Other	0	0	0	0	0	0	1 665	0	0
<b>Total Non-Current Liabilities</b>	<b>64 994</b>	<b>327 729</b>	<b>5 433</b>	<b>5 184</b>	<b>14 526</b>	<b>2 462</b>	<b>13 008</b>	<b>46 358</b>	<b>2 235</b>
<b>Net Assets</b>	<b>736 391</b>	<b>706 374</b>	<b>2 830 566</b>	<b>63 718</b>	<b>27 071</b>	<b>( 724)</b>	<b>489 934</b>	<b>17 295</b>	<b>( 2 206)</b>
Capital	0	6 094	0	0	0	0	0	0	0
Reserves	4 212	205 263	143 757	0	1 748	0	25 203	2 875	6
Retained Surpluses/(Deficits)	732 179	495 017	2 686 809	63 718	25 322	( 724)	464 911	14 420	( 2 212)
<b>Total Equity</b>	<b>736 391</b>	<b>706 374</b>	<b>2 830 566</b>	<b>63 718</b>	<b>27 070</b>	<b>( 724)</b>	<b>490 114</b>	<b>17 295</b>	<b>( 2 206)</b>

### Comment

The Department of Premier and Cabinet (DPAC) traditionally has not held many assets, yet has had sizeable employee entitlement liabilities. Thus it has had a negative net asset position for a number of years. Similarly, DTF classifies most of its assets as administered, which means its employee entitlements liabilities are not offset by a similar amount of property or current assets.

Cash balances were higher for Department of Education (DOE), DHHS, and DSD due to unspent appropriations and Commonwealth grants. Following release of a Treasurer's Instruction this year, such amounts are now also classified as Income Received in Advance.

The level of receivables can vary between departments depending on their level of reliance on self-generated revenue. However, departments primarily rely on their annual appropriation to meet operating expenses.

Refer to above comments regarding Borrowings and Investment balances.

Most departments' operations centre on service provision that does not involve the use of supplies; hence only three departments hold inventories.

The Department of Infrastructure, Energy and Resources (DIER) holds the most assets due to its role in managing the roads infrastructure network.

Provisions relate primarily to employee leave entitlements, and Reserve balances comprise Asset Revaluation Reserves.

## CASH POSITION

	DOE \$'000s	DHHS \$'000s	DIER \$'000s	DJIR \$'000s	DPSS \$'000s	DPAC \$'000s	DPIWE \$'000s	DSD \$'000s	DTF \$'000s
Appropriations	582 223	705 560	111 979	55 333	114 374	30 627	84 801	82 882	23 398
Commonwealth grants	17 866	18 356	426	47	331	897	28 168	1 062	0
Receipts from customers	70 030	156 785	21 351	11 375	10 433	9 408	28 233	48 321	1 100
Payments to suppliers and employees	( 648 749)	( 832 134)	( 80 183)	( 66 047)	( 123 301)	( 41 136)	( 134 761)	( 120 717)	( 24 819)
Interest received	1 768	0	0	0	0	0	0	3 065	0
Borrowing costs	0	( 14 866)	0	0	0	0	0	( 5 775)	0
<b>Cash from operations</b>	<b>23 138</b>	<b>33 701</b>	<b>53 573</b>	<b>708</b>	<b>1 837</b>	<b>( 204)</b>	<b>6 441</b>	<b>8 838</b>	<b>( 321)</b>
Proceeds from investments	0	6 049	0	0	0	0	0	8 459	0
Payments for investments	0	0	0	0	0	0	0	( 39 118)	0
Payments for P, P & Equipment	( 20 582)	( 27 429)	( 61 353)	0	( 1 779)	( 126)	( 4 646)	( 602)	( 301)
Proceeds from sale of P, P & E	575	16 250	11	0	52	0	36	1 319	0
<b>Cash used in investing activities</b>	<b>( 20 007)</b>	<b>( 5 130)</b>	<b>( 61 342)</b>	<b>0</b>	<b>( 1 727)</b>	<b>( 126)</b>	<b>( 4 610)</b>	<b>( 29 942)</b>	<b>( 301)</b>
Proceeds of Borrowings	0	4 194	0	0	0	0	0	21 000	0
Repayment of borrowings	0	( 10 719)	0	0	0	0	0	( 3 636)	0
<b>Cash from financing activities</b>	<b>0</b>	<b>( 6 525)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17 364</b>	<b>0</b>
<b>Net increase in cash</b>	<b>3 131</b>	<b>22 046</b>	<b>( 7 769)</b>	<b>708</b>	<b>110</b>	<b>( 330)</b>	<b>1 831</b>	<b>( 3 740)</b>	<b>( 622)</b>
Cash at the beginning of the period	53 626	32 015	14 150	2 315	2 334	3 457	41 706	21 388	2 244
<b>Cash at end of the period</b>	<b>56 757</b>	<b>54 061</b>	<b>6 381</b>	<b>3 023</b>	<b>2 444</b>	<b>3 127</b>	<b>43 537</b>	<b>17 648</b>	<b>1 622</b>

### Comment

Payments to suppliers and employees also includes controlled grant disbursements for a number of departments. DOE received \$18.900m under the Networking the Nation program in 2000-01. This money was still being spent this year and is shown under Payments to suppliers and employees'. Due to its size and portfolio, DHHS predictably had the largest cash disbursements this year. All departments were in a net cash inflow position at year-end, and this is expected, due to the current cash budgeting process.

Proceeds for Investments for DHHS is in regard to the sale of the Royal Derwent Hospital complex in New Norfolk.

Payments for Property, plant and equipment include DIER's expenditure on the national and state highways' infrastructure.

## FINANCIAL ANALYSIS

	Bench Mark	DOE	DHHS	DIER	DJIR	DPSS	DPAC	DPIWE	DSD	DTF
<b>Financial Performance</b>										
Result from operations (\$'000s)		( 3 323)	2 435	( 19 556)	( 4 444)	( 3 616)	( 424)	( 5 314)	4 179	( 411)
Operating margin	>1.0	0.99	1.00	0.87	0.94	0.97	0.99	0.96	1.04	0.98
<b>Financial Management</b>										
Current ratio	>1	1.59	0.58	1.04	0.81	0.18	1.50	3.79	0.52	0.87
Debt collection	30 days	39	29	63	51	35	38	32	34	-
Creditor turnover	30 days	25	23	20	20	22	7	15	17	15
<b>Other information</b>										
Staff numbers		7,506	6,964	608	697	1,517	367	1,443	484	279
Average staff costs (\$'000s)		57	64	52	59	61	51	49	60	58

**Comment**

The negative operating results have been discussed earlier in this segment of the Report.

The Current ratio is less than 1 for a number of departments due to the fact that they rely mostly on their appropriation for continued operation, rather than self-generated revenue, which if received, is usually classified as administered as it is transferred to the Consolidated Fund.

Debt collection of controlled revenue can be problematic for a number of departments, such as DIER, as the debtors usually are other government bodies which traditionally do not pay intra-government creditors on time.

Staff costs include salaries; leave payments and on-costs paid during the year. DHHS has the highest average staff costs, increasing from \$0.062m last year due to renegotiation of key industrial award contracts. The proportion of medial specialists to clerical staff at DHHS also impacts upon its average employee costing compared to other departments. Average staff costs for all agencies increased 2.5% during the year due to a State Service Award increase.

## 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 Controlled Operating Statement or Statement of Financial Position or Statement of Cash Flows.

### Administered Revenues and Expenses

	DOE	DHHS	DIER	DJIR	DPPS	DPAC	DPIWE	DSD	DTF
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	35 244	10 176	51 432	4 712	0	1 762	12 781	7 899	482 242
Commonwealth grants	154 672	78 911	21 372	0	0	3 571	6 027	20 000	1 421 228
User charges, fees and fines	6 557	0	36 523	10 540	2 159	17 715	32 239	0	546 347
Other operating revenue	1 288	0	209 691	11 313	181	101	34 065	864	371 360
<b>Total Revenue</b>	<b>197 761</b>	<b>89 087</b>	<b>319 018</b>	<b>26 565</b>	<b>2 340</b>	<b>23 149</b>	<b>85 112</b>	<b>28 763</b>	<b>2 821 177</b>
Borrowing costs	0	0	0	0	0	0	0	0	84 656
Depreciation	0	0	23	0	746	561	0	0	8 685
Grants and Transfers	112 629	0	0	0	0	3 877	18 048	8 050	178 133
Other operating expenses	0	10 167	229 368	8 984	0	17 618	5 165	3 548	353 014
<b>Total Expenses</b>	<b>112 629</b>	<b>10 167</b>	<b>229 391</b>	<b>8 984</b>	<b>746</b>	<b>22 056</b>	<b>23 213</b>	<b>11 598</b>	<b>624 488</b>
<b>Result from operations</b>	<b>85 132</b>	<b>78 920</b>	<b>89 627</b>	<b>17 581</b>	<b>1 594</b>	<b>1 093</b>	<b>61 899</b>	<b>17 165</b>	<b>2 196 689</b>
Transfer to the consolidated fund	84 718	78 911	57 422	17 047	2 159	24	52 264	0	2 123 126
<b>Net Result from Operations</b>	<b>414</b>	<b>9</b>	<b>32 205</b>	<b>534</b>	<b>( 565)</b>	<b>1 069</b>	<b>9 635</b>	<b>17 165</b>	<b>73 563</b>

### Comment

As noted above, the majority of DTF's activities are on an administered basis, as a central funding agency. DOE's administered transactions relate primarily to funding government and private schools. For 2001-02, DIER's administered appropriations include Community Service Obligation contributions to Metro Pty Ltd, \$19.343m, and payments to school bus operators, \$17.601m. DPIWE collects a considerable amount of revenue including abalone royalties and marine farm licenses.

The majority of administered revenue received by departments is paid under grants and subsidies, or remitted to the Consolidated Fund. A third type of transaction is carried out on behalf of public bodies within the Department's ministerial portfolio, and can include salaries, receipts and payments.



## Administered Assets and Liabilities

	DOE \$'000s	DHHS \$'000s	DIER \$'000s	DJIR \$'000s	DPPS \$'000s	DPAC \$'000s	DPIWE \$'000s	DSD \$'000s	DTF \$'000s
Cash	502	0	1 543	1 059	( 3)	17 054	11 085	1 471	880 409
Receivables	97	0	354	10 590	0	2 736	13 483	0	48 225
Investments	0	0	0	0	0	0	625	0	21 946
Other	0	0	2 124	0	0	523	253	0	2 709
<b>Total Current Assets</b>	<b>599</b>	<b>0</b>	<b>4 021</b>	<b>11 649</b>	<b>( 3)</b>	<b>20 313</b>	<b>25 446</b>	<b>1 471</b>	<b>953 289</b>
Property, plant & equipment	0	0	52	0	0	944	0	0	80 822
Investments	0	0	438 807	0	0	0	0	35 522	730 309
Other	0	0	5	0	0	0	0	0	0
<b>Total Non-Current Assets</b>	<b>0</b>	<b>0</b>	<b>438 864</b>	<b>0</b>	<b>0</b>	<b>944</b>	<b>0</b>	<b>35 522</b>	<b>811 131</b>
Payables	140	2 505	1 387	0	3	1 054	0	0	359
Borrowings	0	0	0	0	0	0	0	0	752 187
Provisions	0	0	226	0	0	939	0	0	119 241
Other	0	0	2 309	0	0	1 060	40	0	240 117
<b>Total Current Liabilities</b>	<b>140</b>	<b>2 505</b>	<b>3 922</b>	<b>0</b>	<b>3</b>	<b>3 053</b>	<b>40</b>	<b>0</b>	<b>1 111 904</b>
Borrowings	0	0	0	0	0	0	0	0	955 981
Provisions	0	0	284	0	0	98	0	0	1 687 235
Other	0	0	0	0	0	166	0	0	29 860
<b>Total Non-Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>284</b>	<b>0</b>	<b>0</b>	<b>264</b>	<b>0</b>	<b>0</b>	<b>2 673 076</b>
<b>Net Assets</b>	<b>459</b>	<b>( 2 505)</b>	<b>438 679</b>	<b>11 649</b>	<b>( 6)</b>	<b>17 940</b>	<b>25 406</b>	<b>36 993</b>	<b>(2 020 560)</b>
Retained surpluses/(losses)	459	( 2 505)	438 679	11 649	( 6)	17 940	25 406	36 993	(2 020 560)
<b>Total Equity</b>	<b>459</b>	<b>( 2 505)</b>	<b>438 679</b>	<b>11 649</b>	<b>( 6)</b>	<b>17 940</b>	<b>25 406</b>	<b>36 993</b>	<b>(2 020 560)</b>

### Comment

Administered assets and liabilities in relation to debtors and creditors can vary depending on the related revenues and expenditures for each year with regard to grants and consolidated revenue collected. The accumulated losses for DHHS relates to borrowings taken out to fund the department's employee redundancy program, while DTF's losses relate to the State's unfunded superannuation liability.

The majority of DPAC's administered balances relates to the Empower Consortium, while DIER's relate to the Forest Practices Board and the WorkCover Tasmania Board.

The Department of Justice and Industrial Relations' receivables balance comprises fines outstanding from the fines collection system.

Administered investments for DIER and DTF represent the relevant Ministers' equity holdings in Port Corporations, TT-Line Company, Transend Networks, Metro, Aurora Energy and TOTE Tasmania.

## Administered Cash Flows

	DOE	DHHS	DIER	DJIR	DPFS	DPAC	DPIWE	DSD	DTF
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	35 244	10 176	51 631	4 712	0	1 762	12 781	7 899	484 087
Commonwealth grants	154 672	78 911	21 372	0	0	3 552	6 027	20 000	1 421 228
Receipts from customers	7 758	0	224 727	18 467	2 339	20 331	38 786	1 122	844 970
Other cash receipts	0	0	0	0	0	0	17 375	0	0
Payments to suppliers and employees	( 197 273)	0	( 298 032)	( 22 648)	( 2 901)	( 4 317)	( 5 165)	( 4 670)	( 2 493 208)
Grants and transfer payments	0	( 78 911)	0	0	0	0	( 70 312)	( 8 050)	0
Other cash payments	0	( 10 176)	0	0	0	0	0	0	0
Interest received	0	0	46	0	0	( 18 437)	0	14	24 944
Borrowing costs	0	0	0	0	0	0	0	0	( 89 962)
<b>Cash from operations</b>	<b>401</b>	<b>0</b>	<b>( 256)</b>	<b>531</b>	<b>( 562)</b>	<b>2 891</b>	<b>( 508)</b>	<b>16 315</b>	<b>192 059</b>
Proceeds from investments	0	0	0	0	0	0	0	5 000	26 098
Payments for investments incl transfers	0	( 4 359)	0	0	0	0	0	( 20 000)	545
Payments for P, P & Equipment	0	0	( 25)	0	0	( 831)	0	0	( 37 442)
Proceeds from sale of P, P & E	0	0	5	0	0	0	0	0	26 397
<b>Cash used in investing activities</b>	<b>0</b>	<b>( 4 359)</b>	<b>( 20)</b>	<b>0</b>	<b>0</b>	<b>( 831)</b>	<b>0</b>	<b>( 15 000)</b>	<b>15 598</b>
Proceeds from borrowings	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	( 51 789)
<b>Cash from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 51 789)</b>
<b>Net increase in cash</b>	<b>401</b>	<b>( 4 359)</b>	<b>( 276)</b>	<b>531</b>	<b>( 562)</b>	<b>2 060</b>	<b>( 508)</b>	<b>1 315</b>	<b>155 868</b>
Cash at the beginning of the period	101	4 359	1 819	528	559	14 994	11 593	156	724 541
<b>Cash at end of the period</b>	<b>502</b>	<b>0</b>	<b>1 543</b>	<b>1 059</b>	<b>( 3)</b>	<b>17 054</b>	<b>11 085</b>	<b>1 471</b>	<b>880 409</b>

## Comment

As with the statement of controlled cash flows, all departments had a net cash inflow position or close to break-even at year-end due to the current cash budgeting approach.

DHHS' operating cash movements primarily relate to transfers of grants to community groups, while DIER's relate to transfers to Metro and school bus drivers as noted above.

DSD's investment category of cash flows relates to the investment and redemption of funds from Tascorp.

For DTF, cash flow movements relate to its Finance-General function.

## OVERALL COMMENT

The impact of cash appropriations aimed primarily at maintaining service provision functionality, together with the split between controlled and administered transactions and the effects of lower levels of funding infrastructure renewal, create some prima facie variances when compared to benchmarks. Accordingly, detailed financial analyses have not been prepared on administered transactions and balances.

## 2.1 DEPARTMENT OF EDUCATION

### INTRODUCTION

The Department of Education was formed on 18 September 1998 as a result of Administrative Arrangements Order (No 2) 1998. The Department's areas of responsibility during 2001-02 included:

- State Schools and Colleges;
- TAFE Tasmania;
- State Library Service;
- Archives Office of Tasmania; and
- Strategic Development and Evaluation Services.

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

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of the Department of Education were received on 28 August 2002 and an unqualified audit report was issued on 21 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	439 754	527 080	549 203	562 284	582 223
Commonwealth grants	6 373	12 407	35 701	14 116	17 866
User charges, fees and fines	441	533	478	428	455
Other operating revenue	26 709	26 843	34 155	30 316	48 186
Non-operating revenue	937	0	1 780	368	575
<b>Total Revenue</b>	<b>474 214</b>	<b>566 863</b>	<b>621 317</b>	<b>607 512</b>	<b>649 305</b>
Depreciation	18 284	18 324	18 312	18 459	17 529
Employee expenses	362 275	377 690	392 905	412 462	431 357
Other operating expenses	96 855	169 999	194 187	189 026	203 167
Non-operating expenses	1 433	17 691	3 243	7 551	7 287
<b>Total Expenses</b>	<b>478 847</b>	<b>583 704</b>	<b>608 647</b>	<b>627 498</b>	<b>659 340</b>
<b>Result from Ordinary Activities</b>	<b>( 4 633)</b>	<b>( 16 841)</b>	<b>12 670</b>	<b>( 19 986)</b>	<b>( 10 035)</b>

## **Comment**

Appropriations increased substantially in 1998-99 due to the restructuring of the Department and the inclusion of the Office of Vocational Education and Training (OVET). This also resulted in higher operating expenses from that year. Appropriations include Commonwealth General Grants (totalling \$76.970m in 2001-02), which are included in Commonwealth grants under Administered revenue and transferred to the Consolidated Fund.

Non-operating expenses in 1998-99 were principally due to the transfer of net assets amounting to \$15.946m, mainly land and buildings, \$14.488m, to other agencies as part of the departmental restructuring.

In 1999-00, Commonwealth grants included an additional \$18.900m under the Networking the Nation program. This had the effect of producing an overall surplus for that year, and contributed to the deficit in following years as the grant was expended.

Non-operating expenses in 2000-01 included a \$7.179m write down of the Reece High School that was destroyed by fire.

Other operating revenue was higher in 2001-02 due mainly to \$10.000m received from the Social Infrastructure Fund and the Capital Investment Program for essential maintenance funding, \$2.312m.

Operating expenses in 2001-02 included an increase of \$11.885m in building and infrastructure maintenance. This was due mainly to an additional \$10.000m provided by the Social Infrastructure Fund. These expenses were not capitalised as they fell below the Departmental capitalisation threshold.

Non-operating expenses in 2001-02 included a write-down of the Chigwell Primary School due to fire damage, \$1.243m, and the write down of school library books, \$5.195m, resulting from a change in asset recognition criteria.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	33 883	39 824	65 997	53 626	56 757
Receivables	1 381	1 857	1 711	3 157	3 341
Other	92	103	445	4 755	4 229
<b>Total Current Assets</b>	<b>35 356</b>	<b>41 784</b>	<b>68 153</b>	<b>61 538</b>	<b>64 327</b>
Property, plant & equipment	819 252	793 951	792 337	781 511	777 528
Other	236	0	0	0	0
<b>Total Non-Current Assets</b>	<b>819 488</b>	<b>793 951</b>	<b>792 337</b>	<b>781 511</b>	<b>777 528</b>
Payables	3 594	2 913	5 663	5 591	6 903
Provisions	14 262	14 346	14 455	17 323	29 227
Other	12 120	13 783	12 038	11 233	4 340
<b>Total Current Liabilities</b>	<b>29 976</b>	<b>31 042</b>	<b>32 156</b>	<b>34 147</b>	<b>40 470</b>
Provisions	55 356	52 718	61 144	61 971	64 994
<b>Total Non-Current Liabilities</b>	<b>55 356</b>	<b>52 718</b>	<b>61 144</b>	<b>61 971</b>	<b>64 994</b>
<b>Net Assets</b>	<b>769 512</b>	<b>751 975</b>	<b>767 190</b>	<b>746 931</b>	<b>736 391</b>
Reserves	0	0	4 212	4 212	4 212
Retained surpluses	769 512	751 975	762 978	742 719	732 179
<b>Total Equity</b>	<b>769 512</b>	<b>751 975</b>	<b>767 190</b>	<b>746 931</b>	<b>736 391</b>

### Comment

Cash includes cash and bank balances held by schools and colleges. In 1999-00, cash included an additional \$18.900m under the Networking the Nation program that continues to be expended in subsequent years.

Since 2000-01, the increase in receivables has been due to the impact of the GST, and Other current assets include recoverable GST tax credits.

Payables have increased in recent years due principally to improved recognition policies and the impact of the GST. The increase in 2001-02 is a result of more invoices being held over for payment in 2002-03 and a higher level of recognition of accruals than in previous years.

Provisions have increased in the past two years due to a leave validation program within the department that has resulted in the more accurate recording of leave balances. The increase in Provisions in 2001-02 is due to long service leave entitlements being increased as a result of wages increases and conversion of a number of staff to permanent status.

Reserves from 1999-00 consist of an asset revaluation reserve for land and buildings following a revaluation of departmental assets.

Retained surpluses have been generally declining in line with the carrying value of property, plant and equipment, as a result of re-investing significantly less funds in school infrastructure than those generated by depreciation expense.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	439 754	527 080	549 203	562 284	582 223
Commonwealth grants	6 373	12 407	35 701	14 116	17 866
Receipts from customers	29 155	26 695	33 322	51 133	70 030
Payments to suppliers and employees	( 445 724)	( 550 213)	( 577 871)	( 627 483)	( 648 749)
Interest received	0	0	1 267	2 322	1 768
<b>Cash from operations</b>	<b>29 558</b>	<b>15 969</b>	<b>41 622</b>	<b>2 372</b>	<b>23 138</b>
Payments for P, P & Equipment	( 10 917)	( 10 149)	( 15 562)	( 15 111)	( 20 582)
Proceeds from sale of P, P & E	450	121	113	368	575
<b>Cash used in investing activities</b>	<b>( 10 467)</b>	<b>( 10 028)</b>	<b>( 15 449)</b>	<b>( 14 743)</b>	<b>( 20 007)</b>
<b>Net increase in cash</b>	<b>19 091</b>	<b>5 941</b>	<b>26 173</b>	<b>( 12 371)</b>	<b>3 131</b>
Cash at the beginning of the period	14 792	33 883	39 824	65 997	53 626
<b>Cash at end of the period</b>	<b>33 883</b>	<b>39 824</b>	<b>65 997</b>	<b>53 626</b>	<b>56 757</b>

## Comment

In 1999-00 Commonwealth grants included an additional \$18.900 million under the Networking the Nation program.

Both Receipts from customers and Payments to suppliers and employees increased significantly from 2000-01 due to GST refunds of \$24.505m and GST payments of \$27.168m. The amount in 2001-02 was higher again, mainly due to \$10.000m received from the Social Infrastructure Fund and an associated increase in maintenance funding, \$11.885m, referred to earlier in this segment of the Report.

The increased payments for Property, plant and equipment in 2001-02 reflects an additional \$5.000m provided for the replacement of Reece High School.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 4 137)	850	14 133	( 12 803)	( 3 323)
Operating margin	>1.0	0.99	1.00	1.02	0.98	0.99
<b>Financial Management</b>						
Current ratio	>1	1.18	1.35	2.12	1.80	1.59
Debt collection	30 days	32	27	19	43	39
Creditor turnover	30 days	25	18	22	23	25
<b>Other information</b>						
Staff numbers FTEs		7 481	7 274	7 538	7 485	7 506
Average staff costs (\$'000s)		48	52	52	55	57

### Comment

The result from operations excludes non-operating revenue and non-operating expenses and would normally result in a deficit that reflects the depreciation expense that is not funded through appropriations, and certain accrual adjustments. Other items that impact on the Result from operations are the level of Commonwealth grant funds recognised as revenue, and appropriations not spent in the reporting period and approved for carry forward for expenditure in later years. In 1999-00 the Operating surplus reflected an amount of \$36.200m, including \$18.900m grant funding received in June for the Networking the Nation Program, which was approved for carry forward for expenditure in later years.

The current ratio was increasing, but has declined in recent years due to a general increase in Provisions and Payables.

Outstanding receivables increased in 2000-01 due primarily to the implementation of GST.

### OVERALL COMMENT

Whilst the cash position of the Department may appear to be strong, accumulated deficits are increasing due primarily to unfunded depreciation. This will require additional injections of funding for maintenance or replacement of education infrastructure in future years.

## 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 Statements of Financial Performance or Financial Position.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	39 445	35 052	37 987	33 427	35 244
Commonwealth grants	97 274	122 592	135 832	141 992	154 672
User charges, fees and fines	7 050	7 142	6 926	6 893	6 557
Other operating revenue	1 372	2 636	1 258	1 261	1 288
<b>Total Revenue</b>	<b>145 141</b>	<b>167 422</b>	<b>182 003</b>	<b>183 573</b>	<b>197 761</b>
Grants and subsidies	87 435	88 148	103 748	102 336	112 629
<b>Total Expenses</b>	<b>87 435</b>	<b>88 148</b>	<b>103 748</b>	<b>102 336</b>	<b>112 629</b>
<b>Result from operations</b>	<b>57 706</b>	<b>79 274</b>	<b>78 255</b>	<b>81 237</b>	<b>85 132</b>
Transfer to Consolidated Fund	57 715	77 635	79 221	81 325	84 718
<b>Net Result from Operations</b>	<b>( 9)</b>	<b>1 639</b>	<b>( 966)</b>	<b>( 88)</b>	<b>414</b>

### Comment

Administered revenues come from a variety of sources including appropriations from Government, Commonwealth grants and departmental fees and charges. The largest component in respect to the Department of Education is Commonwealth grants which are received and used for funding of public schools, private schools and TAFE colleges.

Grant revenues and expenditures have increased in the last three years due principally to additional funding related to TAFE and IT issues.



### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	0	1 468	240	101	502
Receivables	9	26	47	10	97
<b>Total Current Assets</b>	<b>9</b>	<b>1 494</b>	<b>287</b>	<b>111</b>	<b>599</b>
Payables	237	269	87	33	140
<b>Total Current Liabilities</b>	<b>237</b>	<b>269</b>	<b>87</b>	<b>33</b>	<b>140</b>
Payables	301	126	67	33	0
<b>Total Non-Current Liabilities</b>	<b>301</b>	<b>126</b>	<b>67</b>	<b>33</b>	<b>0</b>
<b>Net Assets</b>	<b>( 529)</b>	<b>1 099</b>	<b>133</b>	<b>45</b>	<b>459</b>
Retained surpluses	( 529)	1 099	133	45	459
<b>Total Equity</b>	<b>( 529)</b>	<b>1 099</b>	<b>133</b>	<b>45</b>	<b>459</b>

### Comment

Most variations are due to timing issues.

### Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			37 987	33 427	35 244
Commonwealth grants			135 832	141 992	154 672
Receipts from customers			8 163	8 191	7 758
Payments to suppliers and employees			( 183 210)	( 183 749)	( 197 273)
<b>Cash from operations</b>			<b>( 1 228)</b>	<b>( 139)</b>	<b>401</b>
<b>Net increase in cash</b>			<b>( 1 228)</b>	<b>( 139)</b>	<b>401</b>
Cash at the beginning of the period			1 468	240	101
<b>Cash at end of the period</b>			<b>240</b>	<b>101</b>	<b>502</b>

### Comment

Departments have only been required to prepare administered cash flow statements for the past three years.

Commonwealth grants have been increasing during this time.

## **2.2 DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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### **INTRODUCTION**

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 – Scientific services, health and well-being outcomes populations group, family, child and youth health services, oral health services, alcohol and drug services, cancer screening and control services, policy advice and those provided by public and environmental 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); and

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

### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

The Secretary of the Department signed the financial statements of the Department of Health and Human Services on 27 August 2002. At the time of the preparation of this document the audit was yet to be completed. All figures shown here are based on the most current figures presented for audit.

Draft Housing Services and Home Ownership Assistance Program (HOAP) statements were received on 12 August 2002. Statements are yet to be finalised and signed. Tasmanian Ambulance Service statements are yet to be received. All audits are currently in progress.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	572 887	621 939	621 003	659 596	693 257
Commonwealth grants	0	0	10 748	14 975	18 357
User charges, fees and fines	111 704	104 138	93 415	84 779	108 778
Other operating revenue	26 880	32 706	30 188	29 963	19 683
Non-operating revenue	223 253	13 538	9 982	17 622	29 181
<b>Total Revenue</b>	<b>934 724</b>	<b>772 321</b>	<b>765 336</b>	<b>806 935</b>	<b>869 256</b>
Borrowing costs	16 615	15 952	15 441	15 512	14 564
Depreciation	28 372	24 448	23 873	24 927	24 246
Employee expenses	378 743	354 543	377 362	424 816	442 307
Other operating expenses	335 048	302 595	328 083	341 520	356 523
Non-operating expenses	22 422	22 121	23 000	21 705	47 637
<b>Total Expenses</b>	<b>781 200</b>	<b>719 659</b>	<b>767 759</b>	<b>828 480</b>	<b>885 277</b>
<b>Result from Ordinary Activities</b>	<b>153 524</b>	<b>52 662</b>	<b>( 2 423)</b>	<b>( 21 545)</b>	<b>( 16 021)</b>

### Comment

In 1998-99 Appropriations were increased by \$33.000m by the Government to address major financial difficulties identified at that time, together with once off additional funding of \$13.027m for the 27<sup>th</sup> pay period. In 2000-01 increases in recurrent appropriations, \$36.529m, and works and services appropriations, \$2.064m, were due mainly to the Government's commitment to maintaining health services within the State. This has continued in 2001-02 with a recurrent appropriation increase of \$44.388m combined with a decrease in capital appropriations of \$10.677m resulting in a net \$33.711m increase.

Commonwealth grants were not separately disclosed until 1999-00.

The main components of User charges, fees and fines are housing rental income, inpatient, outpatient and nursing home fees. This revenue item has previously steadily fallen since 1997-98 due to a reduction in the number of nursing homes around the State. In 2001-02 these items have increased with an additional \$1.168m in housing rental income, \$8.762m in inpatient, outpatient and nursing home fees and an increase of \$15.038m in other sundry items.

Other operating revenue includes interest from borrowers, and cost recoveries for salaries and wages, food and other items. This item reduced by \$10.047m for other operating cost recoveries in 2001-02.

Non-operating revenues included the proceeds of assets disposals in each year under review. In 1997-98 this item also included \$221.650m for the net assets of the former regional health boards taken over by the Department on 1 July 1997. In 2001-02 this item also includes the recognition of Community Housing Stock of \$12.185m not previously brought to account.

Employee costs and other operating expenses have generally moved in line with employee numbers.

Non-operating expenses include the carrying cost of asset disposals for each year under review. In 1997-98 this item also included a \$7.983m write-down of leased assets; in 1998-99, an adjustment of \$5.793m to the value of assets taken up in the previous period and an \$1.670 representing the value of net assets transferred to other agencies; in 1999-00, a \$2.307m adjustment to the Housing superannuation liability and an amount of \$7.146m adjustment of prior period errors.

In 2001-02 assets to the value of \$47.637m were disposed of during the year realising \$16.996m. The loss on disposal of \$30.641m for the year included loss of \$20.820m on the Royal Derwent Hospital.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	5 567	15 344	29 378	32 015	54 061
Receivables	7 603	6 691	7 100	8 714	10 207
Investments	163	154	0	0	0
Inventories	3 599	3 111	3 986	5 553	5 680
Other	8 613	9 289	11 457	10 964	10 224
<b>Total Current Assets</b>	<b>25 545</b>	<b>34 589</b>	<b>51 921</b>	<b>57 246</b>	<b>80 172</b>
Property, plant & equipment	1 099 637	1 100 251	1 117 366	1 075 559	1 036 751
Investments	69 327	66 275	61 725	60 025	53 976
Other	29	695	557	388	281
<b>Total Non-Current Assets</b>	<b>1 168 993</b>	<b>1 167 221</b>	<b>1 179 648</b>	<b>1 135 972</b>	<b>1 091 008</b>
Payables	18 144	22 442	22 267	20 256	16 462
Borrowings	8 320	57 396	50 716	49 759	43 895
Provisions	71 886	39 208	36 775	39 508	42 693
Other	45 721	13 668	21 920	25 883	34 027
<b>Total Current Liabilities</b>	<b>144 071</b>	<b>132 714</b>	<b>131 678</b>	<b>135 406</b>	<b>137 077</b>
Borrowings	335 252	277 664	278 307	273 549	268 694
Provisions	17 737	41 292	44 169	56 105	59 035
<b>Total Non-Current Liabilities</b>	<b>352 989</b>	<b>318 956</b>	<b>322 476</b>	<b>329 654</b>	<b>327 729</b>
<b>Net Assets</b>	<b>697 478</b>	<b>750 140</b>	<b>777 415</b>	<b>728 158</b>	<b>706 374</b>
Capital	6 094	6 094	6 094	6 094	6 094
Reserves	212 845	212 845	242 544	214 832	205 263
Retained surpluses	478 539	531 201	528 777	507 232	495 017
<b>Total Equity</b>	<b>697 478</b>	<b>750 140</b>	<b>777 415</b>	<b>728 158</b>	<b>706 374</b>

### Comment

The increase in the cash balance in 2001-02 includes \$12.303m in income received in advance.

During the 2000-01 year, the main asset movement related to the Property, plant and equipment line item recording a \$41.807m decrease. The main reason for this relates to a decrement of \$30.294m made to the asset revaluation reserve after the signing of the 1999-00 financial statements. This adjustment was a result of an incorrect revaluation calculation relating to dwelling stock maintained by the Department.

Assets have continued to decrease in 2001-02, \$38.808m, influenced by the sale of the old Royal Derwent Hospital complex. Other than normal additions the principal increase in assets relates to the recognition of Community Housing properties comprising 456 properties identified with a total value of \$20.218m. These properties are operated by community organisations throughout the state. Of these properties 199 remain in the title of the "Director of Housing" with a total value of \$12.186m and as such have been brought to account as revenue. For the remaining 257

properties title has since been transferred into the name of the Community Organisation, with the Department still holding a significant equity interest. These properties, with a value of \$8.33m, have been disclosed as a Contingent Asset and will be recognised as revenue should the properties ever be sold.

Over the last 5 years borrowings have continued to fall. In 2000-01, in line with Government policy to reduce debt, borrowings were reduced by \$10.719m.

Provisions increased by \$14.669m during 2000-01. The majority of this increase relates to an increase in the Department's long service leave provision, which rose from \$36.410m as at 30 June 2000 to \$49.731m as at the end of 30 June 2001. Increases in award wages, staff tenure and staffing levels all contributed to this movement, together with the correction of an error resulting in an adjustment of \$8.121m to the long service leave balance. The main increases in provisions for 2001-02 were increases in leave provisions for annual leave of \$2.701m to \$33.486m and \$3.191m to \$52.922m for long service leave.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	572 887	621 939	621 003	659 596	705 560
Commonwealth grants	0	0	9 830	14 975	18 356
Receipts from customers	145 577	137 756	120 458	137 790	156 785
Payments to suppliers and employees	( 686 572)	( 698 248)	( 694 833)	( 773 263)	( 832 134)
Borrowing costs	( 16 611)	( 15 952)	( 15 441)	( 15 458)	( 14 866)
<b>Cash from operations</b>	<b>15 281</b>	<b>45 495</b>	<b>41 017</b>	<b>23 640</b>	<b>33 701</b>
Proceeds from investments	0	0	3 069	1 803	6 049
Payments for investments	( 2 541)	( 2 222)	0	0	0
Payments for P, P & Equipment	( 50 684)	( 41 688)	( 35 311)	( 34 714)	( 27 429)
Proceeds from sale of P, P & E	16 254	13 538	9 949	17 622	16 250
<b>Cash used in investing activities</b>	<b>( 36 971)</b>	<b>( 30 372)</b>	<b>( 22 293)</b>	<b>( 15 289)</b>	<b>( 5 130)</b>
Proceeds from borrowings	5 155	0	0	0	4 194
Repayment of borrowings	0	( 5 346)	( 8 344)	( 5 714)	( 10 719)
<b>Cash from financing activities</b>	<b>5 155</b>	<b>( 5 346)</b>	<b>( 8 344)</b>	<b>( 5 714)</b>	<b>( 6 525)</b>
<b>Net increase in cash</b>	<b>( 16 535)</b>	<b>9 777</b>	<b>10 380</b>	<b>2 637</b>	<b>22 046</b>
Cash at the beginning of the period	22 102	5 567	18 998	29 378	32 015
<b>Cash at end of the period</b>	<b>5 567</b>	<b>15 344</b>	<b>29 378</b>	<b>32 015</b>	<b>54 061</b>

## Comment

1997-98 includes the amalgamation process of the various boards, which has affected all items within the relevant column.

The Department received additional appropriations during the 2000-2001 financial year to meet increasing payments to suppliers and employees. This has continued in 2001-02.

Borrowing costs has remained reasonably consistent over the last 4 years with a reduction in 2001-02 in line with the additional \$5.005m financing activity repayment of borrowings.

Payments and Proceeds relating to property, plant and equipment are primarily transactions initiated by the Housing Division. Payments for the acquisition of assets for Housing fell from \$26.020 in 2000-01 to \$15.215 in 2001-02. Proceeds from sale has remained reasonably constant at \$16.877 in 2000-01 and \$15.689 in 2001-02, a slight reduction of \$1.188m.

Since initial amalgamation in 1997-98 cash has remained positive, increasing each year since. The 2001-02 increase is due to an increase in cash from operations partially due to income in advance, \$12.303m, and reduced payments in investing activities, \$10.159m.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 47 307)	61 245	10 595	( 17 462)	2 435
Operating margin	>1.0	0.94	1.09	1.01	0.98	1.00
<b>Financial Management</b>						
Current ratio	>1	0.18	0.26	0.39	0.42	0.58
Debt collection	30 days	20	18	21	28	29
Creditor turnover	30 days	26	36	38	30	23
<b>Other information</b>						
Staff numbers FTEs		6 828	6 745	6 710	6 819	6 964
Average staff costs (\$'000s)		55	53	56	62	64

### Comment

The Department's operating result fluctuates markedly from year to year. As the Department relies mainly on its annual appropriation from Government, the recorded losses have had little impact on the agency, as the operating margin generally reflects results close to the benchmark.

Similarly, the current ratio is low, but this is significantly influenced by level of cash held at year-end over the 5-year period, together with the level of employee provisions, which are funded on an emerging cost basis. The general increase in cash from year to year is reflected in the increases in the ratio.

## OVERALL COMMENT

The audit of the financial statements for the 2001-02 year is currently still in progress.

## 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 Statements of Financial Performance and Financial Position.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 193	8 747	11 948	10 433	10 176
Commonwealth grants	73 194	68 973	69 012	75 999	78 911
User charges, fees and fines	766	1 518	7 793	4 917	0
Other operating revenue	0	510	689	270	0
<b>Total Revenue</b>	<b>75 153</b>	<b>79 748</b>	<b>89 442</b>	<b>91 619</b>	<b>89 087</b>
Grants and subsidies	0	0	8	203	0
Other operating expenses	766	10 890	16 903	16 720	10 167
<b>Total Expenses</b>	<b>766</b>	<b>10 890</b>	<b>16 911</b>	<b>16 923</b>	<b>10 167</b>
<b>Result from operations</b>	<b>74 387</b>	<b>68 858</b>	<b>72 531</b>	<b>74 696</b>	<b>78 920</b>
Transfer to Consolidated Fund	73 194	68 973	69 012	75 998	78 911
<b>Net Result from Operations</b>	<b>1 193</b>	<b>( 115)</b>	<b>3 519</b>	<b>( 1 302)</b>	<b>9</b>

### Comment

Recurrent appropriations from the 1998-99 year consist of a Community Service Activity (CSA) with Aurora Energy Pty Ltd. for the provision of pensioner concessions.

Commonwealth grant funds are transferred to the Consolidated Fund for later appropriation. Over the last five years the largest increases have been in relation to Home and Community Care (HACC) from \$13.047m in 1997-98 to \$15.860m in 2001-02, and Disability Services from \$12.398m in 1997-98 to \$17.600m in 2001-02.

Other larger items for the 2001-02 year included funding under the Commonwealth State Housing Agreement (CSHA) of \$27.725m, Support Accommodation Assistance Program (SAAP), \$6.798m, and the High Cost Drugs grants, \$5.173.



During the year the Department reviewed its classification of “Administered” and “Controlled” items inline with Treasury Instruction 704. As a result a number of activities have been transferred from administered to controlled. These include activities such as Private Patient Scheme, research accounts, donation accounts and other special purpose accounts. Due to this change there are no items shown for User charges, fees and fines, Other operating revenue or Grants and subsidies expenditure.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	1 177	2 456	4 176	4 359	0
<b>Total Current Assets</b>	<b>1 177</b>	<b>2 456</b>	<b>4 176</b>	<b>4 359</b>	<b>0</b>
Payables	0	2 586	0	2 547	2 505
Borrowings	1 659	1 280	544	365	0
Provisions	0	0	0	0	0
Other	1 177	2 456	4 176	4 359	0
<b>Total Current Liabilities</b>	<b>2 836</b>	<b>6 322</b>	<b>4 720</b>	<b>7 271</b>	<b>2 505</b>
Borrowings	1 093	202	365	0	0
<b>Total Non-Current Liabilities</b>	<b>1 093</b>	<b>202</b>	<b>365</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>( 2 752)</b>	<b>( 4 068)</b>	<b>( 909)</b>	<b>( 2 912)</b>	<b>( 2 505)</b>
Retained surpluses	( 2 752)	( 4 068)	( 909)	( 2 912)	( 2 505)
<b>Total Equity</b>	<b>( 2 752)</b>	<b>( 4 068)</b>	<b>( 909)</b>	<b>( 2 912)</b>	<b>( 2 505)</b>

### Comment

The borrowings administered item relates to the employee rationalisation program, which has been gradually wound back since the 1996-97 financial year. Cash represents the balance of various trust accounts, which are offset by the other liabilities balance. These items have since been reclassified to controlled as mentioned above.

The only other material item is the large payables balance. This amount represents the accrued CSA payable to Aurora Pty Ltd for pensioner discounts at year-end.

## Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations				10 433	10 176
Commonwealth grants				75 999	78 911
Receipts from customers				4 917	0
Other cash receipts				270	0
Grants and subsidies				( 203)	0
Other Cash Payments				( 13 990)	( 10 176)
Transfers to Consolidated Fund				( 75 998)	( 78 911)
<b>Cash from operations</b>				<b>1 428</b>	<b>0</b>
Transfers to Consolidated Fund				( 544)	( 4 359)
<b>Cash from financing activities</b>				<b>( 544)</b>	<b>( 4 359)</b>
<b>Net increase in cash</b>				<b>183</b>	<b>( 4 359)</b>
Cash at the beginning of the period				4 176	4 359
<b>Cash at end of the period</b>				<b>4 359</b>	<b>0</b>

### Comment

The Department has only been required to prepare an administered statement of cash flows for the past two years.

The 2000-01 figures contain the various trust fund monies that have now been transferred to controlled as mentioned earlier. Appropriation for payment to Aurora Energy Pty Ltd for pensioner discounts has remained reasonably consistent. Commonwealth Grants has increased by \$2.912m due mainly to increases in funding for HACC, \$1.187m, and Disability Services, \$2.037, over the prior year.

## 2.3 DEPARTMENT OF INFRASTRUCTURE, ENERGY AND RESOURCES

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### INTRODUCTION

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 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 1999-00 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 the State 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
- Maintain probity and integrity within the racing industry.

On behalf of the Minister for Infrastructure, Energy and Resources and the Minister for Racing and Gaming, the Department also provides independent strategic policy advice and support in relation to the Government's relationships with many Government Business Enterprises (GBEs), State-owned Companies (SOCs) and Statutory Authorities.

## AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed statements were received on 30 August 2002. Following agreed amendments during the audit process, revised financial statements were received on 6 November 2002 and an unqualified audit report was issued on 7 November 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	102 279	119 799	131 011	122 338	110 901
Commonwealth grants	426	680	444	5 347	426
User charges, fees and fines	472	962	950	539	776
Other operating revenue	4 325	3 530	4 990	2 474	20 606
Non-operating revenue	580	414	13 099	1 437	29 121
<b>Total Revenue</b>	<b>108 082</b>	<b>125 385</b>	<b>150 494</b>	<b>132 135</b>	<b>161 830</b>
Depreciation	15 417	18 996	65 920	66 693	72 121
Employee expenses	23 586	27 690	29 533	29 283	31 339
Other operating expenses	57 068	45 310	47 201	44 940	48 805
Non-operating expenses	11 733	2 281	23 886	12 032	3 648
<b>Total Expenses</b>	<b>107 804</b>	<b>94 277</b>	<b>166 540</b>	<b>152 948</b>	<b>155 913</b>
<b>Result from Ordinary Activities</b>	<b>278</b>	<b>31 108</b>	<b>(16 046)</b>	<b>(20 813)</b>	<b>5 917</b>

#### Comment

In 2000-01 Commonwealth revenue included \$4.985m for a new project entitled the Western Tasmanian Regional Minerals Program.

User charges, fees and fines has varied due to the one-off nature of larger items such as road works recoveries (e.g from Councils) and traffic signal recoveries. The decrease during 2000-01 reflects a reduction in the volume of one-off recoveries in that year.

Other operating revenue increased in 2001-02 due to the inclusion of \$19.001m received under the Government's Infrastructure program.

Non-operating revenue generally comprises the proceeds of disposal of non-current assets. In 1999-00 the item included \$12.721m representing the value of roads taken over from various councils. In 2000-01 the item included \$1.425m relating to the value of property transferred to DIER from the Department of Treasury and Finance, while in 2001-02 it includes the recoupment of prior years' road revaluation decrements, \$28.976m, upon an upwards revaluation of the State's road network. Further comment in this regard is provided later in this segment of the Report.

From 1999-00 the Department changed its depreciation methodology to conform to the Australian Accounting Standards Board's Urgent Issues Group determination on the treatment of depreciation for long-lived assets. This has resulted in a significant increase in the depreciation expense from that year onwards. DIER had previously used a condition-based depreciation methodology that became unacceptable under the UIG determination.

Non-operating expenses in 1999-00 and 2000-01 included \$17.800m and \$11.176m respectively relating to revaluation decrements of the State's road network, which is revalued annually. During 2001-02 DIER reviewed certain coefficients in its road valuation model to take into account current labour and material costs, which resulted in a revaluation increment of \$168.866m. Consistent with Australian Accounting Standards a portion of this increment was processed through the Statement of Financial Performance to recoup prior revaluation decrements that were expensed, \$28.976m.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	522	1 325	6 374	14 150	6 381
Receivables	149	147	748	213	239
Inventories	267	196	124	97	89
Other	461	709	687	1 150	2 030
<b>Total Current Assets</b>	<b>1 399</b>	<b>2 377</b>	<b>7 933</b>	<b>15 610</b>	<b>8 739</b>
Property, plant & equipment	2 703 176	2 732 415	2 708 428	2 675 970	2 835 386
Other	270	259	255	255	238
<b>Total Non-Current Assets</b>	<b>2 703 446</b>	<b>2 732 674</b>	<b>2 708 683</b>	<b>2 676 225</b>	<b>2 835 624</b>
Payables	3 992	3 085	4 926	1 877	2 655
Provisions	2 839	4 330	4 803	4 673	4 619
Other	0	0	0	0	1 090
<b>Total Current Liabilities</b>	<b>6 831</b>	<b>7 415</b>	<b>9 729</b>	<b>6 550</b>	<b>8 364</b>
Provisions	4 263	4 690	4 897	4 815	5 433
<b>Total Non-Current Liabilities</b>	<b>4 263</b>	<b>4 690</b>	<b>4 897</b>	<b>4 815</b>	<b>5 433</b>
<b>Net Assets</b>	<b>2 693 751</b>	<b>2 722 946</b>	<b>2 701 990</b>	<b>2 680 470</b>	<b>2 830 566</b>
Reserves	23	4 458	363	126	143 757
Retained surpluses	2 693 728	2 718 488	2 701 627	2 680 344	2 686 809
<b>Total Equity</b>	<b>2 693 751</b>	<b>2 722 946</b>	<b>2 701 990</b>	<b>2 680 470</b>	<b>2 830 566</b>

## **Comment**

As noted above, when DIER was formed in 1998-99 on amalgamation of a number of entities, the change in administrative responsibilities brought about increases in the balances of employee entitlement provisions, as well as slight increases in Current and Non-current assets.

During 1999-00 Cash increased by \$5.049m mainly as a result of carry-overs of Consolidated Fund allocations for the Registration and Licensing Reform Project and Commonwealth road funding.

Cash for 2000-01 further increased by \$7.776m principally as a result of carry-overs of Consolidated Fund allocations for various projects including the Rehabilitation of Degraded Mineral Lands; Registration and Licensing Review; written off Vehicle Register; Commonwealth Road Funding; Wiltshire Junction Rail Depot; and the Mineral Resource Core Store. In addition there was a carry-over of Commonwealth funds received for the Western Tasmanian Regional Minerals Program, \$2.699m.

Receivables increased in 1999-00 by \$0.601m due primarily to outstanding contributions from other State Road and Traffic Authorities relating to the Mass Access Project. In the same year, Payables increased by \$1.841m due to accrued expenses relating to the Roads Program.

Other current assets is comprised chiefly of prepayments which increased in 2000-01 and 2001-02 as carry over funds were required to be utilised.

Other current liabilities for 2001-02 mainly represents income received in advance.

During 2001-02 the Department revalued its assets, resulting in an amount of \$143.631m being added to the asset revaluation reserve in respect to road infrastructure.

**CASH POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	101 853	119 119	130 111	122 338	111 979
Commonwealth grants	426	680	444	5 347	426
Receipts from customers	5 000	4 574	6 240	3 707	21 351
Payments to suppliers and employees	( 71 025)	( 74 679)	( 75 039)	( 76 190)	( 80 183)
<b>Cash from operations</b>	<b>36 254</b>	<b>49 694</b>	<b>61 756</b>	<b>55 202</b>	<b>53 573</b>
Payments for P, P & Equipment	( 36 184)	( 49 840)	( 56 990)	( 47 438)	( 61 353)
Proceeds from sale of P, P & E	580	414	283	12	11
<b>Cash used in investing activities</b>	<b>( 35 604)</b>	<b>( 49 426)</b>	<b>( 56 707)</b>	<b>( 47 426)</b>	<b>( 61 342)</b>
<b>Net increase (decrease) in cash</b>	<b>650</b>	<b>268</b>	<b>5 049</b>	<b>7 776</b>	<b>( 7 769)</b>
Cash at the beginning of the period	407	1 057	1 325	6 374	14 150
<b>Cash at end of the period</b>	<b>1 057</b>	<b>1 325</b>	<b>6 374</b>	<b>14 150</b>	<b>6 381</b>

**Comment**

Comment was provided earlier in this segment of the Report with regard to the receipt of Commonwealth grants.

Receipts from customers increased in 2001-02 due to \$19.001m being received under the Government's Infrastructure program

Payments for Property, plant and equipment relate mainly to road infrastructure. The amounts fluctuate due to particular works programs carried out by the Department, which also is in part impacted on by the allocation of Commonwealth roads funding. Proceeds from sales of Property, Plant and Equipment vary from year to year depending on the type of assets sold. During 2000-01 and 2001-02 the majority of the equipment disposed of was of minimal resale value.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		11 431	32 975	( 5 259)	( 10 218)	( 19 556)
Operating margin	>1.0	1.12	1.36	0.96	0.93	0.87
<b>Financial Management</b>						
Current ratio	>1	0.20	0.32	0.82	2.38	1.04
Debt collection	30 days	115	56	57	68	63
Creditor turnover	30 days	17	49 -	117	91	20
<b>Other information</b>						
Staff numbers FTEs		436	555	619	601	608
Average staff costs (\$'000s)		54	50	48	49	52

### Comment

As noted earlier in this segment of the Report, there has been a large impact on the operating result by changing the basis of depreciation in 1999-00 from condition based to the useful life for the Department's road infrastructure assets. This has resulted in a deterioration of the operating margin since 1999-00. The Department's main source of operating revenue remains its annual appropriation from Government, therefore it is not considered that the operating result is one that suggests there is any cause for concern.

Other than in years where there are high cash balances, the current ratio has been low due to the impact of employee entitlements on this fraction and the lack of reliance on self-generating revenue due to the nature of its operations and funding.

Debt collection is in excess of the desired standard in each of the years under review.

## OVERALL COMMENT

It is likely that the operating result for the Department will normally be negative due to the difference between capital works, defined as improving the infrastructure asset, and the estimated depreciation of the roads network calculated in accordance with accounting standards.



## 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 Statements of Financial Performance or Financial Position. Administered areas for the Department include the Forest Practices Board, the Workplace Safety Board, payments to school bus operators, payments to Metro Tasmania P/L in respect of the Company's Community Service Obligation and a range of other grants and subsidy items classified as Administered.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	43 552	46 897	48 639	50 854	51 432
Commonwealth grants	27 735	32 273	38 382	32 355	21 372
User charges, fees and fines	26 773	35 548	37 618	36 343	36 523
Other operating revenue	153 285	155 648	160 249	187 212	209 691
<b>Total Revenue</b>	<b>251 345</b>	<b>270 366</b>	<b>284 888</b>	<b>306 764</b>	<b>319 018</b>
Depreciation	0	14	34	15	23
Other operating expenses	250 289	313 817	215 238	221 310	229 368
<b>Total Expenses</b>	<b>250 289</b>	<b>313 831</b>	<b>215 272</b>	<b>221 325</b>	<b>229 391</b>
<b>Result from operations</b>	<b>1 056</b>	<b>( 43 465)</b>	<b>69 616</b>	<b>85 439</b>	<b>89 627</b>
Transfer to Consolidated Fund	202 916	220 751	74 826	67 577	57 422
<b>Net Result from Operations</b>	<b>( 201 860)</b>	<b>( 264 216)</b>	<b>( 5 210)</b>	<b>17 862</b>	<b>32 205</b>

### Comment

User charges, fees and fines relates mainly to mineral royalties, driver licensing and vehicle registration. Commonwealth grants, which decreased in 2001-02, are received for road funding and are transferred to the Consolidated Fund for appropriation through the budget process. Other operating revenue is mainly comprised of revenue collected on behalf of external bodies. The increase in other operating revenue is primarily the result of the increase in the investment of State-Owned Companies (referred to later in this segment of the Report), third party property insurance, stamp duty, motor tax and fire levy. Transfers to the Consolidated Fund include User charges and fees listed above as well as the transfer of Commonwealth road funding.

The increase in Other operating expenses in 2001-02 relates to increased collections on behalf of external bodies.

## Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	3 049	2 532	3 750	1 819	1 543
Receivables	65	123	306	424	354
Other	0	0	0	1 763	2 124
<b>Total Current Assets</b>	<b>3 114</b>	<b>2 655</b>	<b>4 056</b>	<b>4 006</b>	<b>4 021</b>
Property, plant & equipment	0	134	59	50	52
Investments	72 316	394 166	388 160	406 061	438 807
Other	5	7	5	5	5
<b>Total Non-Current Assets</b>	<b>72 321</b>	<b>394 307</b>	<b>388 224</b>	<b>406 116</b>	<b>438 864</b>
Payables	95	998	1 383	1 380	1 387
Borrowings	1 270	836	729	0	0
Provisions	0	98	227	238	226
Other	3 024	1 421	1 941	2 052	2 309
<b>Total Current Liabilities</b>	<b>4 389</b>	<b>3 353</b>	<b>4 280</b>	<b>3 670</b>	<b>3 922</b>
Borrowings	275	0	0	0	0
Provisions	0	115	232	258	284
<b>Total Non-Current Liabilities</b>	<b>275</b>	<b>115</b>	<b>232</b>	<b>258</b>	<b>284</b>
<b>Net Assets</b>	<b>70 771</b>	<b>393 494</b>	<b>387 768</b>	<b>406 194</b>	<b>438 679</b>
Retained surpluses	70 771	393 494	387 768	406 194	438 679
<b>Total Equity</b>	<b>70 771</b>	<b>393 494</b>	<b>387 768</b>	<b>406 194</b>	<b>438 679</b>

### Comment

The transfer of the Workplace Safety Board and the Forest Practices Board in 1998-99 and 1999-00 respectively account for the increase in several of the assets and liabilities. Administered cash increased in 1999-00 due to a larger balance carried forward for the Commonwealth funded Rail Infrastructure Fund and larger balances held at 30 June for funds collected on behalf of external bodies compared to the previous year. Borrowings have decreased to nil due to the payment in full of the Department's redundancy program debt.

The administered investments represent the Ministerial share (one half) of the equity in Metro Tasmania Pty Ltd, Port Corporations, Aurora Energy Pty Ltd, Transend Networks Pty Ltd, TT Line Company Pty Ltd and TOTE Tasmania Pty Ltd.

## Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			48 639	50 854	51 631
Commonwealth grants			38 382	32 355	21 372
Receipts from customers			197 395	211 787	224 727
Payments to suppliers and employees			( 283 226)	( 297 031)	( 298 032)
Interest received			15	118	46
<b>Cash from operations</b>			<b>1 205</b>	<b>( 1 917)</b>	<b>( 256)</b>
Payments for P, P & Equipment			( 40)	( 14)	( 25)
Proceeds from sale of P, P & E			53	0	5
<b>Cash used in investing activities</b>			<b>13</b>	<b>( 14)</b>	<b>( 20)</b>
<b>Net increase in cash</b>			<b>1 218</b>	<b>( 1 931)</b>	<b>( 276)</b>
Cash at the beginning of the period			2 532	3 750	1 819
<b>Cash at end of the period</b>			<b>3 750</b>	<b>1 819</b>	<b>1 543</b>

### Comment

The Department has only been required to prepare an administered statement of cash flows for the past three years.

## **2.4 DEPARTMENT OF JUSTICE AND INDUSTRIAL RELATIONS**

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### **INTRODUCTION**

The Department of Justice and Industrial Relations (DJIR) 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 and the Anti-Discrimination Commissioner. 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 and Industrial Relations Policy.

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

### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

Signed financial statements of the Department were received on 2 September 2002 and are still under audit review. The figures contained in those statements are included for comparative purposes.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	45 211	48 632	50 868	53 825	55 333
Commonwealth grants	0	0	0	123	47
User charges, fees and fines	6 472	9 543	10 102	6 654	6 522
Other operating revenue	1 112	1 512	794	1 985	6 378
Non-operating revenue	( 64)	( 877)	172	0	0
<b>Total Revenue</b>	<b>52 731</b>	<b>58 810</b>	<b>61 936</b>	<b>62 587</b>	<b>68 280</b>
Depreciation	1 561	1 569	1 677	6 446	5 502
Employee expenses	33 753	41 125	41 344	40 823	41 260
Other operating expenses	15 311	18 448	20 771	19 778	25 962
<b>Total Expenses</b>	<b>50 625</b>	<b>61 142</b>	<b>63 792</b>	<b>67 047</b>	<b>72 724</b>
<b>Result from Ordinary Activities</b>	<b>2 106</b>	<b>( 2 332)</b>	<b>( 1 856)</b>	<b>( 4 460)</b>	<b>( 4 444)</b>

#### Comment

Appropriations have increased steadily over the five years under review, from \$45.211m in 1997-98 to \$55.333m in 2001-02.

User charges, fees and fines fell from \$10.102m in 1999-00 to \$6.341m in 2000-01 mainly because of decreased funding for:

- On-going maintenance projects, \$0.616m;
- The Workers Rehabilitation and Compensation Tribunal, \$0.851m; and
- Other charges of \$3.181m.

These movements were offset by an increase in charges for Conduct of elections of \$0.865m.

Other operating revenue increased from \$1.985m in 2000-01 to \$6.378m in 2001-02 largely because of increased revenue for:

- Legal Aid Recoveries, \$1.576m;
- Workers Rehabilitation and Compensation, \$1.130m;
- Essential Maintenance Prison, \$0.842m;
- Prison Canteen, \$0.400m;
- Essential Maintenance Magistrates Court, \$0.266m; and
- Law Library Integration Project, \$0.265m.

The negative amount reported under non-operating revenue in 1998-99 relates to the net adjustment for the transfer of activities from other departments, including the Tasmanian Industrial Commission, the Enterprise Commissioner and the Industrial

Relations Policy and Workers Compensation Rehabilitation and Compensation Tribunal in a restructure of DJIR's operations.

The increase in Other operating revenue in 2001-02, \$4.393m, primarily results from the department netting off some revenues and expenses against one another in the prior year.

The increase in Employee expenses to \$41.125m in 1998-99 is due to the transfer of activities from other departments referred to in the penultimate paragraph.

Depreciation and amortisation expenses have increased from \$1.677m in 1999-00 to \$6.446m in 2000-01 and is due principally to a downward reassessment of the remaining useful life of the Risdon Prison buildings, 50 years to 6 years, following a decision to demolish the existing facility by 2007. The decrease in depreciation to \$5.502m in 2001-02 is due to the use of a reducing balance method of calculation of this depreciation charge.

The increase noted in other operating expenses in the 2001-02 year is consistent with the increase in revenues in the same year.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	1 212	1 015	1 653	2 315	3 023
Receivables	445	941	1 092	1 480	1 796
Inventories	344	0	0	0	0
Other	0	399	201	251	252
<b>Total Current Assets</b>	<b>2 001</b>	<b>2 355</b>	<b>2 946</b>	<b>4 046</b>	<b>5 071</b>
Property, plant & equipment	82 974	81 843	80 625	74 381	68 921
Other	1 049	1 044	1 145	1 285	1 179
<b>Total Non-Current Assets</b>	<b>84 023</b>	<b>82 887</b>	<b>81 770</b>	<b>75 666</b>	<b>70 100</b>
Payables	1 715	1 429	2 344	981	1 221
Provisions	4 063	7 011	4 714	4 973	4 785
Other	0	0	0	0	263
<b>Total Current Liabilities</b>	<b>5 778</b>	<b>8 440</b>	<b>7 058</b>	<b>5 954</b>	<b>6 269</b>
Provisions	3 436	2 324	5 036	5 596	5 184
Other	0	0	0	0	0
<b>Total Non-Current Liabilities</b>	<b>3 436</b>	<b>2 324</b>	<b>5 036</b>	<b>5 596</b>	<b>5 184</b>
<b>Net Assets</b>	<b>76 810</b>	<b>74 478</b>	<b>72 622</b>	<b>68 162</b>	<b>63 718</b>
Retained surpluses	76 810	74 478	72 622	68 162	63 718
<b>Total Equity</b>	<b>76 810</b>	<b>74 478</b>	<b>72 622</b>	<b>68 162</b>	<b>63 718</b>

### Comment

The decrease in the Property, plant and equipment from \$80.265m in 1999-00 to \$68.921m in 2001-02 is due to the accelerated depreciation charge in respect of the Risdon Prison buildings referred to earlier in this segment of the Report.

Current provisions increased to \$7.011m in 1998-99 due to an increase of \$1.112m in leave entitlements classified from non-current provisions, plus transfers of employee liabilities from other departments following DJIR's restructure during that year.

Since 1998-99, current provisions have decreased from the high level in that year, with an equivalent increase in the non-current provision of \$2.712m. This adjustment was due to a further change in policy, whereby the current component of long service leave entitlements was defined as the amount actually expected to be taken by an employee in any given year.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	45 785	48 632	50 868	53 826	55 333
Commonwealth grants	0	0	0	123	47
Receipts from customers	7 677	10 534	10 533	10198	11 375
Payments to suppliers and employees	( 48 404)	( 58 985)	( 60 375)	( 63 328)	( 66 047)
Borrowing costs	0	( 16)	0	0	0
<b>Cash from operations</b>	<b>5 058</b>	<b>165</b>	<b>1 026</b>	<b>819</b>	<b>708</b>
Payments for P, P & Equipment	( 5 073)	( 364)	( 449)	( 157)	0
Proceeds from sale of P, P & E	11	2	61	0	0
<b>Cash used in investing activities</b>	<b>( 5 062)</b>	<b>( 362)</b>	<b>( 388)</b>	<b>( 157)</b>	<b>0</b>
<b>Net increase in cash</b>	<b>( 4)</b>	<b>( 197)</b>	<b>638</b>	<b>662</b>	<b>708</b>
Cash at the beginning of the period	1 216	1 212	1 015	1 653	2 315
<b>Cash at end of the period</b>	<b>1 212</b>	<b>1 015</b>	<b>1 653</b>	<b>2 315</b>	<b>3 023</b>

### Comment

The increase in Payments to suppliers and employees from \$48.404m in 1997-98 to \$58.985m in 1999-00 is due to the increase in activity following the transfer of activities from other departments, referred to earlier.

Payments for property, plant and equipment decreased from a level of approximately \$5.073m in the 1997-98 year to only \$0.364m in the following year. This was due to the fact that the higher payment amounts included construction costs for the Hobart Remand Centre, whereas since that time, the payments only reflect minor plant and equipment purchases.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations (\$'000s)		2 170	( 1 455)	( 2 028)	( 4 460)	( 4 444)
Operating margin	>1.0	1.04	0.98	0.97	0.93	0.94
<b>Financial Management</b>						
Current ratio	>1	0.35	0.28	0.42	0.68	0.81
Debt collection	30 days	21	31	37	63	51
Creditor turnover	30 days	9	21	44	2	20
<b>Other information</b>						
Staff numbers FTEs		565	620	687	700	697
Average staff costs (\$'000s)		60	66	60	58	59



**Comment**

The negative operating margin noted in 1998-99 is due to increased expenditure following the transfer of activities from other departments as referred to earlier. The decrease in operating margin from 0.97 in 1999-00 to 0.94 in 2001-02 is due to additional costs resulting from increased depreciation for the Risdon Prison building, which has also been referred to earlier in the Report.

The Department has had a significantly low current ratio over the past five year period, but some improvement was noted in the 2000-01 when the change in departmental policy on recording current long service leave entitlements was introduced. There was a further improvement in 2001-02 due to an increase in cash and debtor holdings.

The debt collection ratio is quite high for the 2000-01 year, but this is principally due to the decrease in user charges, fees and fines revenue, rather than a change in the collection of receivables. The decrease in 2001-02 is principally due to an increase in other operating revenue, rather than a change in the collection of receivables.

**OVERALL COMMENT**

The audit of the financial statements is continuing, and at this stage some discrepancies have been identified in the financial figures provided and are in the process of being amended.

**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 Statements of Financial Performance and Financial Position.

## Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	3 704	3 745	2 943	3 676	4 712
Commonwealth grants	1 508	1 883	1 346	0	0
User charges, fees and fines	11 589	11 593	14 183	15 752	10 540
Other operating revenue	7 986	9 500	6 461	4 731	11 313
<b>Total Revenue</b>	<b>24 787</b>	<b>26 721</b>	<b>24 933</b>	<b>24 159</b>	<b>26 565</b>
Other operating expenses	7 036	9 864	6 185	6 081	8 984
<b>Total Expenses</b>	<b>7 036</b>	<b>9 864</b>	<b>6 185</b>	<b>6 081</b>	<b>8 984</b>
<b>Result from operations</b>	<b>17 751</b>	<b>16 857</b>	<b>18 748</b>	<b>18 078</b>	<b>17 581</b>
Transfer to Consolidated Fund	17 739	18 076	17 195	17 059	17 047
<b>Net Result from Operations</b>	<b>12</b>	<b>( 1 219)</b>	<b>1 553</b>	<b>1 019</b>	<b>534</b>

### Comment

The net results earned on the Administered statements are basically reflect the timing of funds received with respect to the fines collection system (FCS), which are then forwarded onto Treasury, as recorded in the Transfer to Consolidated Fund. Periods where a surplus is obtained identifies that there are revenues earned which have not been collected, and a deficit represents a collection of prior year revenues in the following year. These movements are reflected in the administered receivables noted in the following table.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	419	424	670	528	1 059
Receivables	6 776	5 652	5 985	7 204	10 590
<b>Total Current Assets</b>	<b>7 195</b>	<b>6 076</b>	<b>6 655</b>	<b>7 732</b>	<b>11 649</b>
Payables	318	445	506	673	0
Other	571	571	109	0	0
<b>Total Current Liabilities</b>	<b>889</b>	<b>1 016</b>	<b>615</b>	<b>673</b>	<b>0</b>
Other	612	585	12	12	0
<b>Total Non-Current Liabilities</b>	<b>612</b>	<b>585</b>	<b>12</b>	<b>12</b>	<b>0</b>
<b>Net Assets</b>	<b>5 694</b>	<b>4 475</b>	<b>6 028</b>	<b>7 047</b>	<b>11 649</b>
Retained surpluses	5 694	4 475	6 028	7 047	11 649
<b>Total Equity</b>	<b>5 694</b>	<b>4 475</b>	<b>6 028</b>	<b>7 047</b>	<b>11 649</b>

## Comment

Consistent with the comments noted above regarding the FCS, the fluctuations in receivables are in line with the amounts noted for transfers to the consolidated fund. It should also be noted that the gross receivable totals are significantly higher than the net receivable shown above. This is due to a significant level of doubtful debts that are provided for. For example, in the 2001-02 year, gross receivables amounted to \$31.649m, with a provision for doubtful debts of \$21.059m.

The level of doubtful debts has been significant for numerous years. However, for the year ended 2000-01 and 2001-02, the ratio of doubtful debts to total receivables has decreased moderately as the Fines Collection Unit has instigated new procedures to follow up these outstanding debts. This is reflected in the increase of \$4.604m in debtor balances between 1999-00 and 2001-02 in line with the increased expectation for recovery.

During the current year the Department commenced a major revamp of the business processes involved in fines collection which, at the time of writing this Report, is still in progress. At present it is too early to assess the effect on the collection process.

The item under other current liabilities of \$0.571m in both 1997-98 and 1998-99, and other non-current liabilities \$0.612m in 1997-98 and \$0.585m in 1998-99, reflect amounts owing to the Government for the employee rationalisation program.

## Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations				3 676	4 712
Commonwealth grants					
Receipts from customers				17 224	18 467
Payments to suppliers and employees				( 21 042)	( 22 648)
<b>Cash from operations</b>				<b>( 142)</b>	<b>531</b>
<b>Net increase in cash</b>				<b>( 142)</b>	<b>531</b>
Cash at the beginning of the period				670	528
<b>Cash at end of the period</b>				<b>528</b>	<b>1 059</b>

## Comment

As noted above cash movements are basically a reflection of the timing of funds received with respect to the fines collection system.

## **2.5 DEPARTMENT OF POLICE AND PUBLIC SAFETY**

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### **INTRODUCTION**

The Department of Police and Public Safety includes Tasmania Police, the State Emergency Service and Forensic Science Services Tasmania. Tasmania Police comprises four geographic districts assisted by specialised police support units.

The Department is responsible for:

- The maintenance of public order;
- Public safety and security;
- The prevention of crime;
- The detection and prosecution of offenders;
- Traffic law enforcement and road safety education;
- The protection of the State's fishing and poppy industries;
- Emergency management; and
- Forensic Science Services.

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

### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

The financial statements signed by the Commissioner for Police, as Secretary of the Department of Police and Public Safety, were received on 22 October 2002. An unqualified audit report was issued on 30 October 2002.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	93 586	97 007	103 973	107 194	112 446
Commonwealth grants	0	0	0	856	229
User charges, fees and fines	0	0	0	1 577	2 027
Other operating revenue	4 697	4 044	4 155	3 046	5 207
Non-operating revenue	0	0	0	219	1 329
<b>Total Revenue</b>	<b>98 283</b>	<b>101 051</b>	<b>108 128</b>	<b>112 892</b>	<b>121 238</b>
Depreciation	2 589	2 494	2 344	1 788	1 363
Employee expenses	79 532	84 582	83 384	84 176	92 894
Other operating expenses	21 478	21 246	22 595	27 062	29 268
Non-operating expenses	87	184	0	668	858
<b>Total Expenses</b>	<b>103 686</b>	<b>108 506</b>	<b>108 323</b>	<b>113 694</b>	<b>124 383</b>
<b>Result from Ordinary Activities</b>	<b>( 5 403)</b>	<b>( 7 455)</b>	<b>( 195)</b>	<b>( 802)</b>	<b>( 3 145)</b>

#### Comment

Prior to 2000-01, user charges, fees and fines and Commonwealth grants were not separately identified.

Other operating revenue in 2001-02 included an amount of \$2.600m in respect of the Infrastructure Fund, which was spent on building and infrastructure maintenance.

Non-operating revenue in 2001-02 included \$0.808m, representing the value of Forensic Science laboratory plant and equipment that the Department recently acquired at no cost from the Department of Primary Industries, Water and Environment.

Depreciation has decreased in the last two years due to changes in the useful lives of buildings. Other operating expenses increased due mainly to the Department taking control of Forensic Science Services in 2000-01.

Employee expenses increased in 2001-02 due mainly to salary indexation and staff numbers increasing by 40 FTEs, as part of the Government's commitment of employing 1 100 Police Officers.

Other operating expenses increased in 2000-01 due principally to the Department taking control of Forensic Science Services. Further increases in 2001-02 include \$1.800m relating to building and infrastructure maintenance.

Whilst it is not unusual for a department to have a negative result from ordinary activities, the large deficits in 1997-98 and 1998-99 were due principally to increases in employee costs, particularly the 1998 Police Force Enterprise Agreements. The

deficit in 2001-02 can also be attributed to increases in employee expenses as mentioned above.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	157	221	718	2 334	2 445
Receivables	4	34	110	919	698
Inventories	574	476	383	387	378
Other	143	137	1 023	159	0
<b>Total Current Assets</b>	<b>878</b>	<b>868</b>	<b>2 234</b>	<b>3 799</b>	<b>3 521</b>
Property, plant & equipment	64 064	59 532	57 713	57 126	58 063
<b>Total Non-Current Assets</b>	<b>64 064</b>	<b>59 532</b>	<b>57 713</b>	<b>57 126</b>	<b>58 063</b>
Payables	2 306	2 697	1 920	1 452	1 756
Provisions	19 711	23 974	25 422	14 933	16 303
Other Current Liabilities	0	0	0	0	1 928
<b>Total Current Liabilities</b>	<b>22 017</b>	<b>26 671</b>	<b>27 342</b>	<b>16 385</b>	<b>19 987</b>
Provisions	2 815	3 405	3 337	14 327	14 526
Other	134	46	0	0	0
<b>Total Non-Current Liabilities</b>	<b>2 949</b>	<b>3 451</b>	<b>3 337</b>	<b>14 327</b>	<b>14 526</b>
<b>Net Assets</b>	<b>39 976</b>	<b>30 278</b>	<b>29 268</b>	<b>30 213</b>	<b>27 071</b>
Reserves	0	0	0	1 748	1 748
Retained surpluses	39 976	30 278	29 268	28 465	25 323
<b>Total Equity</b>	<b>39 976</b>	<b>30 278</b>	<b>29 268</b>	<b>30 213</b>	<b>27 071</b>

### Comment

Cash balances vary from year to year depending on amounts held in the Operating Trust Account.

Receivables have increased significantly in 2000-01 due to a GST receivable component.

Property, plant and equipment decreased in 1998-99 due principally to the annual depreciation charge of \$2.494m and the disposal of rental properties, \$2.455m.

Provisions increased in 1998-99, due largely to the impact of the 1998 Police Force Enterprise Agreements of approximately \$3.000m. The basis of classification of provisions between current and non-current altered in 2000-01. The current

component now includes only those amounts for long service leave that the Department expects to expense during the following year.

Other current liabilities for 2001-02 represents appropriation monies carried forward to 2002-03.

A revaluation of the Department's buildings in 2000-01 resulted in the creation of an asset revaluation reserve.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	93 586	97 007	103 973	107 194	114 374
Commonwealth grants	0	0	0	864	331
Receipts from customers	4 728	4 014	4 181	6 570	10 433
Payments to suppliers and employees	( 98 544)	( 100 567)	( 106 149)	( 113 110)	( 123 301)
<b>Cash from operations</b>	<b>( 230)</b>	<b>454</b>	<b>2 005</b>	<b>1 518</b>	<b>1 837</b>
Payments for P, P & Equipment	( 452)	( 450)	( 1 583)	( 121)	( 1 779)
Proceeds from sale of P, P & E	92	60	75	219	52
<b>Cash used in investing activities</b>	<b>( 360)</b>	<b>( 390)</b>	<b>( 1 508)</b>	<b>98</b>	<b>( 1 727)</b>
<b>Net increase in cash</b>	<b>( 590)</b>	<b>64</b>	<b>497</b>	<b>1 616</b>	<b>110</b>
Cash at the beginning of the period	747	157	221	718	2 334
<b>Cash at end of the period</b>	<b>157</b>	<b>221</b>	<b>718</b>	<b>2 334</b>	<b>2 444</b>

### Comment

The increase in appropriations in 2001-02 includes the provision of salary indexation and additional funding for new initiatives.

Receipts from customers increased in 2000-01 due principally to GST refunds of \$2.300m. Further increases in 2001-02 include Infrastructure Program funds of \$2.600m.

Payments to suppliers and employees increased in 2000-01 due mainly to GST payments, \$2.500m, employee entitlements, \$2.000m, and the Department taking control of Forensic Science Services for the first time. Further increases in 2001-02 included \$6.800m in respect of employee entitlements.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 5 316)	( 7 271)	( 195)	( 353)	( 3 616)
Operating margin	>1.0	0.95	0.93	1.00	1.00	0.97
<b>Financial Management</b>						
Current ratio	>1	0.04	0.03	0.08	0.23	0.18
Debt collection	30 days	0	3	10	31	35
Creditor turnover	30 days	40	47	31	24	22
<b>Other information</b>						
Staff numbers FTEs		1,453	1,409	1,421	1,474	1,517
Average staff costs (\$'000s)		55	60	59	57	61

### Comment

As with most departments, the current ratio is less than one due to current liabilities, consisting of creditors and employee entitlements, being greater than current assets, primarily cash and inventory. The Department relies on annual appropriations from Parliament to fund current liabilities in the following year. The increase in the debt collection turnover is primarily attributable to one debtor. The Department is currently working with this debtor to remedy this situation.

Average staff costs have increased in 2001-02 due primarily to salary indexation.

## OVERALL COMMENT

The 2001-02 Audit was completed with generally satisfactory results.

## 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 Statement of Financial Performance or Statement of Financial Position.



## Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	200	200	341	0	0
Commonwealth grants	2 800	2 311	0	0	0
User charges, fees and fines	1 001	907	779	492	2 159
Other operating revenue	868	1 699	987	156	181
<b>Total Revenue</b>	<b>4 869</b>	<b>5 117</b>	<b>2 107</b>	<b>648</b>	<b>2 340</b>
Depreciation	240	173	189	0	0
Other operating expenses	4 957	2 222	2 411	766	746
<b>Total Expenses</b>	<b>5 197</b>	<b>2 395</b>	<b>2 600</b>	<b>766</b>	<b>746</b>
<b>Result from operations</b>	<b>( 328)</b>	<b>2 722</b>	<b>( 493)</b>	<b>( 118)</b>	<b>1 594</b>
Transfer to Consolidated Fund	1 001	0	722	443	2 159
<b>Net Result from Operations</b>	<b>( 1 329)</b>	<b>2 722</b>	<b>( 1 215)</b>	<b>( 561)</b>	<b>( 565)</b>

### Comment

The Commonwealth grants received in 1998 and 1999 relate to the Firearms buy-back scheme.

User charges, fees and fines increased in 2001-02 due to firearm licence renewals which occurs on a five yearly cycle. This in turn resulted in increased transfers to the Consolidated Fund in the same year.

Revenues and expenses decreased during 2000-01 due principally to the transfer of the Remus Consortium to the Department of Premier and Cabinet.

**Administered Assets and Liabilities**

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	589	2 545	1 163	559	( 3)
Other	80	0	0	0	0
<b>Total Current Assets</b>	<b>669</b>	<b>2 545</b>	<b>1 163</b>	<b>559</b>	<b>( 3)</b>
Property, plant & equipment	311	345	187	0	0
<b>Total Non-Current Assets</b>	<b>311</b>	<b>345</b>	<b>187</b>	<b>0</b>	<b>0</b>
Payables	11	8	4	0	3
Borrowings	100	240	125	0	0
Provisions	41	47	33	0	0
Other	0	66	21	0	0
<b>Total Current Liabilities</b>	<b>152</b>	<b>361</b>	<b>183</b>	<b>0</b>	<b>3</b>
Borrowings	0	110	0	0	0
Provisions	50	24	47	0	0
<b>Total Non-Current Liabilities</b>	<b>50</b>	<b>134</b>	<b>47</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>778</b>	<b>2 395</b>	<b>1 120</b>	<b>559</b>	<b>( 6)</b>
Retained surpluses	778	2 395	1 120	559	( 6)
<b>Total Equity</b>	<b>778</b>	<b>2 395</b>	<b>1 120</b>	<b>559</b>	<b>( 6)</b>

**Comment**

Assets and Liabilities decreased during 2000-01 due principally to the transfer of the Remus Consortium to the Department of Premier and Cabinet.

**Administered Cash Flows**

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Receipts from customers				648	2 339
Payments to suppliers and employees				( 1 127)	( 2 901)
<b>Cash from operations</b>				<b>( 479)</b>	<b>( 562)</b>
Repayment of borrowings				( 125)	0
<b>Cash from financing activities</b>				<b>( 125)</b>	<b>0</b>
<b>Net increase in cash</b>				<b>( 604)</b>	<b>( 562)</b>
Cash at the beginning of the period				1 163	559
<b>Cash at end of the period</b>				<b>559</b>	<b>( 3)</b>

**Comment**

Departments have only been required to prepare administered cash flow statements from the year ended 30 June 2001. Comparative figures for the prior year were not provided.

Receipts from customers and payments have increased in 2001-02 due to firearm licence renewals.

## 2.6 DEPARTMENT OF PREMIER AND CABINET

### INTRODUCTION

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

The Department comprises the Executive Division, Policy Division, Office of Parliamentary Counsel, E-Services Group including Telecommunications Management Division, Office of the State Service Commissioner, Multicultural Tasmania, Women Tasmania, Office of Aboriginal Affairs, the Local Government Division and the Corporate Services Division.

The Portfolio Minister is the Premier.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of the Department of Premier and Cabinet were received on 30 August 2002 and an unqualified audit report was issued on 1 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	28 224	26 630	26 491	26 960	30 627
Commonwealth grants	0	0	1 645	2 444	897
User charges, fees and fines	1 488	5 284	4 484	4 784	4 850
Other operating revenue	2 152	3 105	840	1 339	1 982
Non-operating revenue	21	922	25	2	0
<b>Total Revenue</b>	<b>31 885</b>	<b>35 941</b>	<b>33 485</b>	<b>35 529</b>	<b>38 356</b>
Depreciation	181	146	152	124	120
Employee expenses	18 281	17 448	17 193	18 311	18 665
Other operating expenses	13 091	17 575	15 593	16 206	19 995
Non-operating expenses	0	26	536	5	0
<b>Total Expenses</b>	<b>31 553</b>	<b>35 195</b>	<b>33 474</b>	<b>34 646</b>	<b>38 780</b>
<b>Result from Ordinary Activities</b>	<b>332</b>	<b>746</b>	<b>11</b>	<b>883</b>	<b>( 424)</b>

## Comment

Increased appropriations in 2001-02 are due mainly to Centenary of Federation Celebrations and increased costs associated with *Service* Tasmania shops.

Prior to 1999-00, Commonwealth grants were not separately disclosed. A reduction in grants in 2001-02 is due to a winding down of telecommunications funding.

User charges, fees and fines increased in 1998-99 due to receipts from other Agencies for *Service* Tasmania contributions and the Year 2000 Project.

Employee expenses decreased in 1998-99 due to restructuring of the Agency following the 1998 State Election. This resulted in a lower number of employees.

Other operating expenses increased in 1998-99 due principally to transfers of Service Tasmania Lead Agency funds. An increase in 2001-02 was due primarily to costs related to Centenary of Federation events and increased costs associated with the operation of *Service* Tasmania shops.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	2 214	1 951	2 476	3 457	3 127
Receivables	152	360	285	825	795
Other	272	195	335	248	225
<b>Total Current Assets</b>	<b>2 638</b>	<b>2 506</b>	<b>3 096</b>	<b>4 530</b>	<b>4 147</b>
Property, plant & equipment	1 085	905	341	348	353
<b>Total Non-Current Assets</b>	<b>1 085</b>	<b>905</b>	<b>341</b>	<b>348</b>	<b>353</b>
Payables	231	295	182	323	402
Provisions	2 617	2 083	2 269	2 419	2 360
<b>Total Current Liabilities</b>	<b>2 848</b>	<b>2 378</b>	<b>2 451</b>	<b>2 742</b>	<b>2 762</b>
Provisions	2 815	2 226	2 168	2 435	2 462
<b>Total Non-Current Liabilities</b>	<b>2 815</b>	<b>2 226</b>	<b>2 168</b>	<b>2 435</b>	<b>2 462</b>
<b>Net Assets</b>	<b>( 1 940)</b>	<b>( 1 193)</b>	<b>( 1 182)</b>	<b>( 299)</b>	<b>( 724)</b>
Retained surpluses	( 1 940)	( 1 193)	( 1 182)	( 299)	( 724)
<b>Total Equity</b>	<b>( 1 940)</b>	<b>( 1 193)</b>	<b>( 1 182)</b>	<b>( 299)</b>	<b>( 724)</b>

## Comment

Property, plant and equipment reduced in 1999-00 due to the transfer of the Ministerial Vehicle Fleet to the Department of Treasury and Finance.

Provisions decreased in 1998-99 due to restructuring of the Agency following the 1998 State Election, resulting in a lower number of employees.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	28 224	26 630	26 491	26 960	30 627
Commonwealth grants	0	0	1 645	2 444	897
Receipts from customers	3 669	8 196	5 397	7 421	9 408
Payments to suppliers and employees	( 31 049)	( 35 073)	( 32 907)	( 35 710)	( 41 136)
<b>Cash from operations</b>	<b>844</b>	<b>( 247)</b>	<b>626</b>	<b>1 115</b>	<b>( 204)</b>
Payments for P, P & Equipment	( 804)	( 519)	( 126)	( 136)	( 126)
Proceeds from sale of P, P & E	690	503	25	2	0
<b>Cash used in investing activities</b>	<b>( 114)</b>	<b>( 16)</b>	<b>( 101)</b>	<b>( 134)</b>	<b>( 126)</b>
<b>Net increase in cash</b>	<b>730</b>	<b>( 263)</b>	<b>525</b>	<b>981</b>	<b>( 330)</b>
Cash at the beginning of the period	1 484	2 214	1 951	2 476	3 457
<b>Cash at end of the period</b>	<b>2 214</b>	<b>1 951</b>	<b>2 476</b>	<b>3 457</b>	<b>3 127</b>

### Comment

Increased appropriations in 2001-02 are due mainly to Centenary of Federation Celebrations and increased costs associated with *Service Tasmania* shops.

Prior to 1999-00, Commonwealth grants were not separately disclosed.

Receipts from customers increased in 1998-99 due to revenues from other Agencies for *Service Tasmania* contributions and the Year 2000 Project. Receipts also increased in 2001-02 which included Infrastructure funds of \$0.904m and greater GST activity.

Payments to suppliers increased in 1998-99 due principally to transfers of *Service Tasmania* Lead Agency funds. An increase in 2001-02 was due primarily to costs related to Centenary of Federation events and increased costs associated with the operation of *Service Tasmania* shops.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		311	( 150)	522	886	( 424)
Operating margin	>1.0	1.01	1.00	1.02	1.03	0.99
<b>Financial Management</b>						
Current ratio	>1	0.93	1.05	1.26	1.65	1.50
Debt collection	30 days	15	16	15	35	38
Creditor turnover	30 days	7	11	7	13	7
<b>Other information</b>						
Staff numbers FTEs		358	327	337	360	367
Average staff costs (\$'000s)		51	53	51	51	51

### Comment

The increase in the debt collection statistic reflects a problem the Agency has with the collection of outstanding debts as mentioned below.

The low creditor turnover statistic indicates a short turn-around in the payment of creditors.

## OVERALL COMMENT

The need for improved procedures for the follow-up of outstanding debtors was raised with management following the completion of the 2001-02 Audit. The Agency has advised that new procedures will be implemented during 2002-03.

## 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 Statements of Performance or Financial Position.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	1 578	1 732	1 774	1 836	1 762
Commonwealth grants	34 068	42 316	27 174	1 810	3 571
User charges, fees and fines	14 106	14 166	14 465	15 587	17 715
Other revenue	35	33	295	558	101
<b>Total Revenue</b>	<b>49 787</b>	<b>58 247</b>	<b>43 708</b>	<b>19 791</b>	<b>23 149</b>
Depreciation	0	0	158	298	561
Transfers to third parties	26 155	37 876	24 525	2 060	2 539
Grants and subsidies	1 053	1 152	1 575	1 461	1 338
Other expenses	14 185	14 350	14 739	16 140	17 618
<b>Total Expenses</b>	<b>41 393</b>	<b>53 378</b>	<b>40 997</b>	<b>19 959</b>	<b>22 056</b>
<b>Result from operations</b>	<b>8 394</b>	<b>4 869</b>	<b>2 711</b>	<b>( 168)</b>	<b>1 093</b>
Transfer to Consolidated Fund	27	30	44	9	24
<b>Net Result from Operations</b>	<b>8 367</b>	<b>4 839</b>	<b>2 667</b>	<b>( 177)</b>	<b>1 069</b>

### Comment

Commonwealth grants increased in 1997-98 due to funds being received under the Regional Forest Agreement and the Natural Heritage Trust. These funds reduced significantly in 2000-01 due to a pause in funding under the Regional Forest Agreement.

User charges, fees and fines and other expenses have increased in 2001-02 principally due to the Department taking over responsibility for the mobile phone contract for all agencies and the Oracle whole of government licences.

Transfers to third parties principally involve the disbursement of Regional Forest Agreement funds to government agencies/authorities.

Transfers to the Consolidated Fund consist of fees and charges collected by the Department on behalf of the Government.



## Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	8 492	13 082	15 399	14 994	17 054
Receivables	2 068	2 340	2 453	2 526	2 736
Other	257	251	310	377	523
<b>Total Current Assets</b>	<b>10 817</b>	<b>15 673</b>	<b>18 162</b>	<b>17 897</b>	<b>20 313</b>
Property, plant & equipment	220	267	371	674	944
<b>Total Non-Current Assets</b>	<b>220</b>	<b>267</b>	<b>371</b>	<b>674</b>	<b>944</b>
Payables	760	688	615	587	1 054
Provisions	431	534	704	897	939
Other	143	123	127	129	1 060
<b>Total Current Liabilities</b>	<b>1 334</b>	<b>1 345</b>	<b>1 446</b>	<b>1 613</b>	<b>3 053</b>
Other	0	0	0	0	166
Provisions	113	116	40	88	98
<b>Total Non-Current Liabilities</b>	<b>113</b>	<b>116</b>	<b>40</b>	<b>88</b>	<b>264</b>
<b>Net Assets</b>	<b>9 590</b>	<b>14 479</b>	<b>17 047</b>	<b>16 870</b>	<b>17 940</b>
Retained surpluses	9 590	14 479	17 047	16 870	17 940
<b>Total Equity</b>	<b>9 590</b>	<b>14 479</b>	<b>17 047</b>	<b>16 870</b>	<b>17 940</b>

### Comment

The increase in cash in 1998-99 is due mainly to funds received from the Commonwealth in respect to the Regional Forest Agreement.

Property, plant and equipment increased in 2000-01 due principally to the acquisition of the Remus Consortium assets of \$0.253m.

Payables increased in 2001-02 due mainly to the Department taking over responsibility for the mobile phone contract for all agencies.

Other current liabilities increased in 2001-02 due to revenue billed in advance of \$0.850m.

Retained surpluses consist predominantly of Regional Forest Agreement monies that are awaiting disbursement.

## Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	0	0	1 774	1 836	1 762
Commonwealth grants	0	0	27 263	1 811	3 552
Receipts from customers	0	0	14 611	17 505	20 331
Payments for employee entitlements	0	0	( 2 970)	( 3 220)	( 4 317)
Other	0	0	( 38 088)	( 17 927)	( 18 437)
Interest received	0	0	0	4	0
<b>Cash from operations</b>	<b>0</b>	<b>0</b>	<b>2 590</b>	<b>9</b>	<b>2 891</b>
Payments for P, P & Equipment	0	0	( 274)	( 414)	( 831)
Proceeds from sale of P, P & E	0	0	1	0	0
<b>Cash used in investing activities</b>	<b>0</b>	<b>0</b>	<b>( 273)</b>	<b>( 414)</b>	<b>( 831)</b>
<b>Net increase in cash</b>	<b>0</b>	<b>0</b>	<b>2 317</b>	<b>( 405)</b>	<b>2 060</b>
Cash at the beginning of the period	0	0	13 082	15 399	14 994
<b>Cash at end of the period</b>	<b>0</b>	<b>0</b>	<b>15 399</b>	<b>14 994</b>	<b>17 054</b>

### Comment

The Department has only been required to prepare administered cash flow statements from 1999-00.

The reduction of Commonwealth grants and other expenditures in 2000-01 is due to a pause in funding under the Regional Forest Agreement.

Receipts from customers increased in 2001-02 due mainly to the Department taking over responsibility for the mobile phone contract for all agencies.

## 2.7 DEPARTMENT OF PRIMARY INDUSTRIES, WATER AND ENVIRONMENT

### INTRODUCTION

The Department's mission is to advance Tasmania's prosperity through sustainable development of our natural resources and conservation of our natural and cultural heritage for the future.

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

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of the Department were received on 2 September 2002 with final amended statements being received on 5 November 2002. An unqualified audit report was issued on 6 November 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	79 403	78 497	77 365	81 138	82 501
Commonwealth grants	5 933	4 990	32 536	31 996	28 168
User charges, fees and fines	12 455	14 829	11 418	12 466	9 934
Other operating revenue	12 440	15 601	15 235	15 340	19 524
Non-operating revenue	4 996	7 601	2 051	2 243	48 802
<b>Total Revenue</b>	<b>115 227</b>	<b>121 518</b>	<b>138 605</b>	<b>143 183</b>	<b>188 929</b>
Depreciation	7 025	7 151	7 639	7 002	9 382
Employee expenses	60 902	65 981	68 062	67 751	70 309
Other operating expenses	47 740	54 204	56 622	64 643	65 750
Non-operating expenses	0	0	265	14 561	11 340
<b>Total Expenses</b>	<b>115 667</b>	<b>127 336</b>	<b>132 588</b>	<b>153 957</b>	<b>156 781</b>
<b>Result from Ordinary Activities</b>	<b>( 440)</b>	<b>( 5 818)</b>	<b>6 017</b>	<b>( 10 774)</b>	<b>32 148</b>

#### Comment

Commonwealth grants increased significantly from 1999-00 due to the receipt of Natural Heritage Trust funds that were previously administered by the Department of Premier and Cabinet.

The increase in User charges, fees and fines in 1998-99 was due in part to the recovery of operating costs associated with the commencement of *Service Tasmania* shops. The reduction in 2001-02 represents a reclassification between controlled and administered components for Lands Titles Office fees of approximately \$3.000m.

Other operating revenue increased in 2001-02 due mainly to a revised costing system that no longer allows the netting of expense recoveries.

Non-operating revenue increased in 2001-02 due principally to the take-on of previously unrecorded land and buildings to the value of \$12.927m, and an adjustment of an error from the previous year of \$35.839m.

The higher depreciation expense in 1999-00 is attributable to additional Property, plant and equipment being brought to account in that year. The increase in depreciation in 2001-02 is due largely to a revaluation increase of \$7.473m in plant and equipment in June 2001.

Other operating expenses were higher in 1998-99 and again in 2000-01. This increase is mainly attributable to the commencement and ongoing costs of *Service Tasmania* shops. In 2001-02, expenses in respect to Grants and Subsidies increased by \$2.600m.

Non-operating expenses in 2000-01 was due to a downwards revaluation of land and in 2001-02 a downward revaluation of buildings.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	26 826	25 994	36 964	41 706	43 537
Receivables	3 380	2 974	1 372	1 321	2 775
Inventories	1 978	2 126	2 162	2 016	2 016
Other	222	0	1 040	1 935	628
<b>Total Current Assets</b>	<b>32 406</b>	<b>31 094</b>	<b>41 538</b>	<b>46 978</b>	<b>48 956</b>
Property, plant & equipment	274 306	344 347	428 605	462 540	466 880
Receivables	0	0	0	0	187
<b>Total Non-Current Assets</b>	<b>274 306</b>	<b>344 347</b>	<b>428 605</b>	<b>462 540</b>	<b>467 067</b>
Payables	1 982	1 471	1 888	1 596	2 145
Provisions	10 661	11 750	17 307	8 070	8 112
Other	141	166	69	176	2 644
<b>Total Current Liabilities</b>	<b>12 784</b>	<b>13 387</b>	<b>19 264</b>	<b>9 842</b>	<b>12 901</b>
Provisions	5 661	5 772	1 699	11 120	11 343
Other	0	0	3 004	2 022	1 665
<b>Total Non-Current Liabilities</b>	<b>5 661</b>	<b>5 772</b>	<b>4 703</b>	<b>13 142</b>	<b>13 008</b>
<b>Net Assets</b>	<b>288 267</b>	<b>356 282</b>	<b>446 176</b>	<b>486 534</b>	<b>490 114</b>
Reserves	0	2 638	2 638	53 771	25 203
Retained surpluses	288 267	353 644	443 538	432 763	464 911
<b>Total Equity</b>	<b>288 267</b>	<b>356 282</b>	<b>446 176</b>	<b>486 534</b>	<b>490 114</b>

### Comment

The increase in Cash for the last three years was due to Natural Heritage Trust funding and Savage River remediation. As at 30 June 2002 the balances held for each were \$7.118m and \$11.145m respectively.

Other Current Assets includes accrued income and prepaid rent.

Property, plant and equipment from 1998-99 included land in National Parks and Conservation Areas that had previously not been valued and from 1999-00 included Crown land and reserves that had previously not been valued. Increases in 2000-01 included \$28.178m for the recognition of buildings not previously recorded.

Provisions are comprised solely of employee entitlements. The liability increased in 1999-00 due mainly to higher leave balances. Variations within current and non-current segments were a result of changes in the method of calculation of the current portion of employee entitlements.

Other current liabilities in 2001-02 include appropriation funds of \$2.300m carried forward to 2002-03.

Other Non-current liabilities from 1999-00 included a finance lease for the Lands Building fit out, which was previously reported by the Department of Treasury and Finance.

Reserves from 1998-99 included an asset revaluation reserve for the research vessel *Challenger*. The increase in 2000-01 was a result of revaluations of property, plant and equipment and the reduction in 2001-02 was due mainly to a correction of a previous year's error in respect to building revaluations.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	79 403	78 497	77 365	81 138	84 801
Commonwealth grants	5 933	4 990	32 536	31 996	28 168
Receipts from customers	30 412	36 440	30 270	30 889	28 233
Payments to suppliers and employees	( 108 351)	( 119 576)	( 124 233)	( 135 642)	( 134 761)
<b>Cash from operations</b>	<b>7 397</b>	<b>351</b>	<b>15 938</b>	<b>8 381</b>	<b>6 441</b>
Payments for P, P & Equipment	( 1 138)	( 1 698)	( 4 970)	( 4 254)	( 4 646)
Proceeds from sale of P, P & E	8	779	2	615	36
<b>Cash used in investing activities</b>	<b>( 1 130)</b>	<b>( 919)</b>	<b>( 4 968)</b>	<b>( 3 639)</b>	<b>( 4 610)</b>
<b>Net increase in cash</b>	<b>6 267</b>	<b>( 568)</b>	<b>10 970</b>	<b>4 742</b>	<b>1 831</b>
Cash at the beginning of the period	20 559	26 562	25 994	36 964	41 706
<b>Cash at end of the period</b>	<b>26 826</b>	<b>25 994</b>	<b>36 964</b>	<b>41 706</b>	<b>43 537</b>

## Comment

Reasons for variations in Cash flows amounts and Cash balances reflect the comments made for variations in the Statement of Financial Performance and movements in the Cash amount in the Statement of Financial Position.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 5 436)	( 13 419)	4 231	1 544	( 5 314)
Operating margin	>1.0	0.95	0.89	1.03	1.01	0.96
<b>Financial Management</b>						
Current ratio	>1	2.53	2.32	2.16	4.77	3.79
Debt collection	30 days	99	73	44	18	32
Creditor turnover	30 days	16	11	16	12	15
<b>Other information</b>						
Staff numbers FTEs		1 251	1 364	1 374	1 404	1 443
Average staff costs (\$'000s)		49	48	50	48	49

### Comment

The Department's results from operations do fluctuate from year to year and it is not unusual for departments generally to have deficits. The large deficit in 1998-99 was mainly attributable to the commencement of *Service* Tasmania shops.

The current ratio increased significantly in 2000-01 due to a change in the method of calculation of the current portion of employee entitlements.

Debt statistics have improved over the years reflecting improved debt collection.

Staff numbers for 1997-98 relate to the former Department of Primary Industry and Fisheries and Department of Environment and Land Management before the Department of Primary Industries, Water and Environment was formed. Therefore the basis of calculation of the numbers may not be consistent with those in the following years.

## OVERALL COMMENT

The Department controls a large and varied number of assets including Crown land and National Parks. Whilst the financial statements disclose over \$466.880m in non-current assets, it is likely that the total will be in excess of this amount, due to remaining property yet to be valued.

## 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 Statements of Financial Performance and Financial Position.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	12 197	11 993	11 462	12 449	12 781
Commonwealth grants	5 350	11 548	10 861	5 690	6 027
User charges, fees and fines	25 031	29 630	33 175	37 176	32 239
Service Tasmania collections	18 034	132 475	168 799	187 218	0
Other revenue	43 527	43 661	15 332	19 889	34 065
<b>Total Revenue</b>	<b>104 139</b>	<b>229 307</b>	<b>239 629</b>	<b>262 422</b>	<b>85 112</b>
Grants and subsidies	13 894	16 917	17 676	16 665	18 048
Service Tasmania transfers	18 034	132 475	168 799	187 218	0
Transfers to other agencies	0	16 538	0	0	0
Other expenses	8 470	7 621	5 642	9 952	5 165
<b>Total Expenses</b>	<b>40 398</b>	<b>173 551</b>	<b>192 117</b>	<b>213 835</b>	<b>23 213</b>
<b>Result from operations</b>	<b>63 741</b>	<b>55 756</b>	<b>47 512</b>	<b>48 587</b>	<b>61 899</b>
Transfer to Consolidated Fund	45 472	51 578	41 265	50 943	52 264
<b>Net Result from Operations</b>	<b>18 269</b>	<b>4 178</b>	<b>6 247</b>	<b>( 2 356)</b>	<b>9 635</b>

### Comment

Commonwealth grants were higher in 1998-99 and 1999-00 due to receipts associated with the Regional Forest Agreement.

User Charges, Fees and Fines increased during 1999-00 and 2000-01 because of higher abalone royalties and marine farm licences.

The Department is the lead agency for *Service Tasmania*. Collections have been increasing since shops were first set up in 1997-98, mainly due to the number of shop-fronts and increasing products. All revenues are transferred to client agencies. From 2001-02, under revised Treasurer's Instructions, *Service Tasmania* collections and transfers no longer form part of the Department's administered activities.

Other revenue was higher in 1997-98 and 1998-99 as a result of the collocation lease of the Royal Hobart Hospital and greater activity in the asset sales program. The



increase in 2001-02 includes a receivable being brought to account for the first time of \$14.040m relating to the remediation of the Savage River site.

Transfers to other agencies for 1998-99, \$16.538m, was a transfer to the Department of Health and Human Services of proceeds from the sale of the Queen Alexandria Hospital.

### Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	4 909	8 593	15 443	11 593	11 085
Receivables	1 059	2 140	2 051	3 491	13 483
Investments	625	625	625	625	625
Other	12 000	253	253	253	253
<b>Total Current Assets</b>	<b>18 593</b>	<b>11 611</b>	<b>18 372</b>	<b>15 962</b>	<b>25 446</b>
Receivables	12 573	373	0	0	0
<b>Total Non-Current Assets</b>	<b>12 573</b>	<b>373</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other	89	63	245	191	40
<b>Total Current Liabilities</b>	<b>89</b>	<b>63</b>	<b>245</b>	<b>191</b>	<b>40</b>
<b>Net Assets</b>	<b>31 077</b>	<b>11 921</b>	<b>18 127</b>	<b>15 771</b>	<b>25 406</b>
Retained surpluses	31 077	11 921	18 127	15 771	25 406
<b>Total Equity</b>	<b>31 077</b>	<b>11 921</b>	<b>18 127</b>	<b>15 771</b>	<b>25 406</b>

### Comment

Administered Cash has increased in the past due to funds being held in the Crown Lands Administration Fund. This has now levelled out in recent years.

Receivables in 2001-02 include a \$14.040m debt being raised for the first time relating to the remediation of the Savage River site.

Receivables in 1997-98 were associated with the collocation lease for the Royal Hobart Hospital. A change in accounting policy in 1998-99 resulted in the fees being reported as and when they are received rather than as a receivable.

Other current liabilities are prepayments of fishing licences. The amount normally fluctuates from year to year.

## Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			11 462	12 449	12 781
Commonwealth grants			10 861	5 690	6 027
Receipts from customers			28 390	39 388	38 786
Other cash receipts			189 519	202 884	17 375
Grants and subsidies			( 17 676)	( 16 665)	( 18 048)
Payments to suppliers and employees			( 5 642)	( 9 435)	( 5 165)
Transfers to Consolidated Fund			( 41 265)	( 50 943)	( 52 264)
Transfers to other agencies			( 168 799)	( 187 218)	0
<b>Cash from operations</b>			<b>6 850</b>	<b>( 3 850)</b>	<b>( 508)</b>
<b>Net increase in cash</b>			<b>6 850</b>	<b>( 3 850)</b>	<b>( 508)</b>
Cash at the beginning of the period			8 593	15 443	11 593
<b>Cash at end of the period</b>			<b>15 443</b>	<b>11 593</b>	<b>11 085</b>

### Comment

Departments have only been required to prepare administered Cash Flows for the last three years. Reasons for variations in Cash flow amounts and Cash balances reflect the comments made for variations in the Schedule of Revenues and Expenses and movements in the Cash amount in the Schedule of Assets and Liabilities.

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## **2.8 DEPARTMENT OF STATE DEVELOPMENT**

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### **INTRODUCTION**

The Department of State Development was formed in September 1998 under *Administrative Arrangements Order (No 2) 1998*.

The Department's areas of responsibility during 2001-02 included:

- Investment, Trade and Development;
- State Industries;
- Centre for Research, Industry and Strategic Planning;
- Tourism Tasmania; and
- Culture, Heritage and Recreation Industry Development.

As at 30 June 2002 the Responsible Minister was the Minister for State Development, and on 9 August 2002 the Responsible Minister became the Minister for Economic Development, Energy and Resources.

### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

Signed financial statements of the Department were received on 8 October 2002. An unqualified audit report was issued on 9 October 2002.

### **FINANCIAL RESULTS**

Due to the formation of the new Department in 1998, financial information has only been provided for four years.

## FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations		70 184	78 803	75 973	82 836
Commonwealth grants		0	8 903	11 053	1 062
User charges, fees and fines		0	7 946	6 320	5 986
Other operating revenue		15 799	9 305	11 251	13 151
Non-operating revenue		15 332	2 552	7 641	1 319
<b>Total Revenue</b>		<b>101 315</b>	<b>107 509</b>	<b>112 238</b>	<b>104 354</b>
Borrowing costs		8 491	7 489	6 957	5 309
Depreciation		1 457	1 270	1 017	1 309
Employee expenses		22 911	24 731	25 643	29 223
Other operating expenses		43 810	63 204	64 857	63 015
Non-operating expenses		5 062	7 004	15 506	11 225
<b>Total Expenses</b>		<b>81 731</b>	<b>103 698</b>	<b>113 980</b>	<b>110 081</b>
<b>Result from Ordinary Activities</b>		<b>19 584</b>	<b>3 811</b>	<b>( 1 742)</b>	<b>( 5 727)</b>

### Comment

The increase in Government appropriations in 199-00, \$8.619m, was due principally for increased assistance to industry generally, while the increase in 2001-02 over that for the prior year, \$6.863m, was primarily related to additional funding for Tasmanian Natural Gas project.

User charges were not separately disclosed in 1998-99 but were included in other operating revenue.

Commonwealth grants received in 1999-00 and 2000-01 were due principally to funding associated with the Abt railway project, which is now substantially complete.

Non-operating revenue in 1998-99 includes \$13.700m of revenues arising from a restructuring of the Department. In 2000-01 the amount of \$7.641m represents proceeds from asset disposals.

The increase in Employee in 2001-02, \$3.580m, is due principally to a rise in the number of employees within the Department.

Other operating expenses increased in 1999-00 and 2000-01 due to the disbursement of Abt railway funds and an increase in assistance to industries.

Non-operating expenses increased in 2000-01 due principally to the disposal of assets that were exchanged for increased equity in a local company, \$5.900m, and transfer of revenues to Government of \$4.088m. In 2001-02 this amount includes the write-down in value of the Department's development properties of \$8.682m.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash		16 378	14 104	21 388	17 648
Receivables		1 531	1 773	1 180	1 780
Other		16 947	11 640	14 236	14 696
<b>Total Current Assets</b>		<b>34 856</b>	<b>27 517</b>	<b>36 804</b>	<b>34 124</b>
Property, plant & equipment		53 350	49 108	46 839	35 347
Investments		4 051	6 379	10 591	10 682
Other		43 198	35 420	20 866	48 557
<b>Total Non-Current Assets</b>		<b>100 599</b>	<b>90 907</b>	<b>78 296</b>	<b>94 586</b>
Payables		5 495	2 920	3 056	3 019
Borrowings		42 891	45 187	51 167	52 668
Provisions		3 129	3 185	2 542	5 579
Other		547	1 020	2 213	3 791
<b>Total Current Liabilities</b>		<b>52 062</b>	<b>52 312</b>	<b>58 978</b>	<b>65 057</b>
Borrowings		60 340	40 831	30 486	45 570
Provisions		1 762	1 930	2 522	788
Other		1 129	1 081	0	0
<b>Total Non-Current Liabilities</b>		<b>63 231</b>	<b>43 842</b>	<b>33 008</b>	<b>46 358</b>
<b>Net Assets</b>		<b>20 162</b>	<b>22 270</b>	<b>23 114</b>	<b>17 295</b>
Reserves		2 084	380	2 967	2 875
Retained surpluses		18 078	21 890	20 147	14 420
<b>Total Equity</b>		<b>20 162</b>	<b>22 270</b>	<b>23 114</b>	<b>17 295</b>

### Comment

Cash balances increased in 2000-01 due to large repayments of loan advances and other program funds held for disbursement during 2001-02.

Other current and non-current assets predominantly consist of loan advances. These increased substantially during 2001-02 due to an expansion in the Assistance to Industries program.

Property, plant and equipment decreased from \$53.350m in 1998-99 to \$49.108m in 1999-00 due mainly to a downward revaluation of development properties, which in turn decreased the Asset revaluation reserve. Property, plant and equipment further decreased in 2000-01 due to the disposal of some development properties, \$7.316m, partially offset by an increase in leasehold improvements, \$2.347m. In 2001-02 a further decrease resulted from a reduction in development property values amounting to \$8.682m.

Investments have increased over the years as the Government has taken equity in a number of emerging local industries.

In 2001-02 borrowings have risen to accommodate the increases in loan advances as mentioned above.

A revaluation of a specific development property in 2000-01 resulted in an increase in the Asset Revaluation reserve.

Current and non-current employee entitlement provisions have changed in 2001-02 due to the whole-of-government approach taken by the new State Actuary. As part of this advice, the vested portion of the liability is now shown as current with a corresponding decrease in the non-current portion.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations		70 184	77 803	75 973	82 882
Commonwealth grants		578	8 409	11 115	1 062
Receipts from customers		47 644	48 234	49 749	48 321
Grants and transfer payments		( 18 237)	( 32 925)	( 37 659)	( 30 910)
Payments to suppliers and employees		( 93 167)	( 93 565)	( 91 188)	( 89 807)
Interest received		4 853	5 134	5 565	3 065
Borrowing costs		( 9 430)	( 7 360)	( 7 972)	( 5 775)
<b>Cash from operations</b>		<b>2 425</b>	<b>5 730</b>	<b>5 583</b>	<b>8 838</b>
Proceeds from investments		18 294	14 546	15 999	8 459
Payments for investments		( 16 429)	( 5 428)	( 8 169)	( 39 118)
Payments for P, P & Equipment		( 330)	( 172)	( 2 351)	( 602)
Proceeds from sale of P, P & E		11 422	1 547	0	1 319
<b>Cash used in investing activities</b>		<b>12 957</b>	<b>10 493</b>	<b>5 479</b>	<b>( 29 942)</b>
Proceeds from borrowings		6 200	0	0	21 000
Repayment of borrowings		( 17 445)	( 18 497)	( 3 778)	( 3 636)
<b>Cash from financing activities</b>		<b>( 11 245)</b>	<b>( 18 497)</b>	<b>( 3 778)</b>	<b>17 364</b>
<b>Net increase in cash</b>		<b>4 137</b>	<b>( 2 274)</b>	<b>7 284</b>	<b>( 3 740)</b>
Cash at the beginning of the period		11 241	16 378	14 104	21 388
<b>Cash at end of the period</b>		<b>15 378</b>	<b>14 104</b>	<b>21 388</b>	<b>17 648</b>

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**Comment**

Government appropriations increased in 1999-00, principally for increases in assistance to industries. During 2001-02 increases of approximately \$4.000m were related to the Capital Investment Program.

The increase in Commonwealth grants in 1999-00 and 2000-01 reflects funding for the Abt railway project, which is now substantially complete.

Grants and transfer payments increased in 1999-00 and 2000-01 due to the disbursement of Abt railway funds. Those payments reduced in 2001-02 were due principally to a reduction in Abt railway grants and an exemption for the year from remitting revenues to the Government.

Borrowing costs have been decreasing, due to reductions in interest rates and principal outstanding. However during 2001-02 borrowings increased and associated borrowing costs are expected to rise in future years.

Proceeds from and payments for investments consist mainly of loans advanced to various industry groups and the redemption of those loans. These fluctuate from year to year depending on the Assistance to Industries program.

Proceeds from the sale of Property, plant and equipment in 1998-99 included the sale of travel centres in Adelaide, Melbourne and Sydney.

Proceeds from borrowings can fluctuate from year to year and reflect the Department's Assistance to Industries program.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2000-01
<b>Financial Performance</b>						
Result from operations (\$'000s)			9 314	8 263	6 123	4 179
Operating margin	>1.0		1.12	1.09	1.06	1.04
<b>Financial Management</b>						
Current ratio	>1		0.67	0.53	0.62	0.52
Debt collection	30 days		17	38	25	34
Creditor turnover	30 days		44	38	25	17
<b>Other information</b>						
Staff numbers FTEs			416	431	463	484
Average staff costs (\$'000s)			55	57	55	60

### Comment

The current ratio is significantly less than one due to current borrowings maturing in the next twelve months, \$51.194m, being significantly greater than current loan advances due for repayment in the same period, \$13.242m.

## OVERALL COMMENT

The 2001-02 audit was completed with generally satisfactory results.



## 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 Statements of Financial Performance or Financial Position as controlled.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations		7 505	4 708	4 378	7 899
Commonwealth grants		0	20 000	0	20 000
Other operating revenue		0	0	1 172	864
<b>Total Revenue</b>		<b>7 505</b>	<b>24 708</b>	<b>5 550</b>	<b>28 763</b>
Grants and subsidies		2 314	1 397	2 409	8 050
Other operating expenses		6 152	3 766	3 313	3 548
<b>Total Expenses</b>		<b>8 466</b>	<b>5 163</b>	<b>5 722</b>	<b>11 598</b>
<b>Result from operations</b>		<b>( 961)</b>	<b>19 545</b>	<b>( 172)</b>	<b>17 165</b>
		0	0	0	0
<b>Net Result from Operations</b>		<b>( 961)</b>	<b>19 545</b>	<b>( 172)</b>	<b>17 165</b>

### Comment

Increased appropriation in 2001-02 reflects a larger Capital Investment program.

Commonwealth Grants of \$20.000m in 1999-00 and 2001-02 represent funds received for the Intelligent Island Program.

Grants and subsidies expenses for 2001-02 include expenditures of \$3.600m for the Intelligent Island Program and \$3.400m for the Abt Railway.

## Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash		455	0	156	1 471
<b>Total Current Assets</b>		<b>455</b>	<b>0</b>	<b>156</b>	<b>1 471</b>
Investments		0	20 000	19 672	35 522
<b>Total Non-Current Assets</b>		<b>0</b>	<b>20 000</b>	<b>19 672</b>	<b>35 522</b>
<b>Net Assets</b>		<b>455</b>	<b>20 000</b>	<b>19 828</b>	<b>36 993</b>
Retained surpluses		455	20 000	19 828	36 993
<b>Total Equity</b>		<b>455</b>	<b>20 000</b>	<b>19 828</b>	<b>36 993</b>

### Comment

Investments represent funds received for the Intelligent Island Program. Significant expenditures from this program are expected to occur during 2002-03.

## Administered Cash Flows

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations			4 708	4 378	7 899
Commonwealth grants			20 000	0	20 000
Receipts from customers			0	549	1 122
Payments to suppliers and employees			( 3 766)	( 4 625)	( 4 670)
Grants and transfer payments			( 1 397)	( 1 646)	( 8 050)
Interest received			0	743	14
<b>Cash from operations</b>			<b>19 545</b>	<b>( 601)</b>	<b>16 315</b>
Proceeds from investments			0	757	5 000
Payments for investments			( 20 000)	0	( 20 000)
<b>Cash used in investing activities</b>			<b>( 20 000)</b>	<b>757</b>	<b>( 15 000)</b>
<b>Net increase in cash</b>			<b>( 455)</b>	<b>156</b>	<b>1 315</b>
Cash at the beginning of the period			455	0	156
<b>Cash at end of the period</b>			<b>0</b>	<b>156</b>	<b>1 471</b>

### Comment

The Department has only been required to prepare administered cash flow statements for the past three years.

Increased appropriation in 2001-02 reflects a larger Capital Investment program.

Commonwealth Grants represent funds received for the Intelligent Island Program.

Grants and transfer payments for 2001-02 includes expenditures of \$3.600m for the Intelligent Island Program and \$3.400m for the Abt Railway.

Proceeds and payments for investments represent the investment and redemption of funds from Tascorp.

## 2.9 DEPARTMENT OF TREASURY AND FINANCE

### INTRODUCTION

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 2001.

The Portfolio Minister for the Department is the Treasurer.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

The financial statements of the Department of Treasury and Finance were received from the Secretary of the Department on 28 August 2002 and an unqualified audit report was issued on 18 October 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	20 323	25 078	25 873	22 986	23 398
User charges, fees and fines	55	186	2 268	443	420
Other operating revenue	0	0	68	792	698
Non-operating revenue	15	11	0	0	0
<b>Total Revenue</b>	<b>20 393</b>	<b>25 275</b>	<b>28 209</b>	<b>24 221</b>	<b>24 516</b>
Depreciation	0	0	2	26	74
Employee expenses	12 945	14 018	14 419	15 733	16 206
Other operating expenses	8 350	11 371	11 588	8 384	8 647
Non-operating expenses	0	0	0	0	195
<b>Total Expenses</b>	<b>21 295</b>	<b>25 389</b>	<b>26 009</b>	<b>24 143</b>	<b>25 122</b>
<b>Result from Ordinary Activities</b>	<b>( 902)</b>	<b>( 114)</b>	<b>2 200</b>	<b>78</b>	<b>( 606)</b>

## Comment

Increased Appropriation was provided in 1998-99 and 1999-00 for the costs of consultants and other expenses associated with the reform of the electricity supply industry.

The increase in User charges, fees and fines in 1999-00 was due mainly to the recovery of validation costs associated with the introduction of gaming machines and resulted in a surplus result for that year. The higher Other operating expenses in 1998-99 and 1999-00 were a result of the reform of the electricity supply industry as well as the introduction of gaming machines.

Other operating revenue increased from 2000-01 as a result of a change of policy of recovering costs from other agencies.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	616	416	1 536	2 244	1 622
Receivables	69	63	347	20	0
Other	59	31	80	104	204
<b>Total Current Assets</b>	<b>744</b>	<b>510</b>	<b>1 963</b>	<b>2 368</b>	<b>1 826</b>
Property, plant & equipment	50	50	106	265	303
<b>Total Non-Current Assets</b>	<b>50</b>	<b>50</b>	<b>106</b>	<b>265</b>	<b>303</b>
Payables	106	95	254	175	340
Provisions	1 489	1 620	1 338	1 710	1 760
Other	167	32	26	0	0
<b>Total Current Liabilities</b>	<b>1 762</b>	<b>1 747</b>	<b>1 618</b>	<b>1 885</b>	<b>2 100</b>
Provisions	2 698	2 593	2 032	2 251	2 235
<b>Total Non-Current Liabilities</b>	<b>2 698</b>	<b>2 593</b>	<b>2 032</b>	<b>2 251</b>	<b>2 235</b>
<b>Net Assets</b>	<b>( 3 666)</b>	<b>( 3 780)</b>	<b>( 1 581)</b>	<b>( 1 503)</b>	<b>( 2 206)</b>
Retained surpluses	( 3 666)	( 3 780)	( 1 581)	( 1 503)	( 2 212)
<b>Total Equity</b>	<b>( 3 666)</b>	<b>( 3 780)</b>	<b>( 1 581)</b>	<b>( 1 503)</b>	<b>( 2 206)</b>

## Comment

Increases in the amounts of Property, plant and equipment are related to purchases of computer equipment.

The negative Equity is a result of the Department's total liabilities exceeding its total assets. As with most departments, liabilities and, in particular, employee entitlements are funded on an emerging basis.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	20 323	25 078	25 873	22 986	23 398
Receipts from customers	696	223	2 080	1 560	1 100
Payments to suppliers and employees	( 21 240)	( 25 501)	( 26 774)	( 23 654)	( 24 819)
<b>Cash from operations</b>	<b>( 221)</b>	<b>( 200)</b>	<b>1 179</b>	<b>892</b>	<b>( 321)</b>
Payments for P, P & Equipment	0	0	( 59)	( 184)	( 301)
<b>Cash used in investing activities</b>	<b>0</b>	<b>0</b>	<b>( 59)</b>	<b>( 184)</b>	<b>( 301)</b>
<b>Cash from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>	<b>( 221)</b>	<b>( 200)</b>	<b>1 120</b>	<b>708</b>	<b>( 622)</b>
Cash at the beginning of the period	837	616	416	1 536	2 244
<b>Cash at end of the period</b>	<b>616</b>	<b>416</b>	<b>1 536</b>	<b>2 244</b>	<b>1 622</b>

### Comment

The higher amounts of Receipts from customers in 1999-00 and 2000-01 were due to the recovery of gaming machine validation costs. Payments for Property, plant and equipment mainly reflected purchases of computer equipment.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 917)	( 125)	2 200	78	( 411)
Operating margin	>1.0	0.96	1.00	1.08	1.00	0.98
<b>Financial Management</b>						
Current ratio	>1	0.42	0.29	1.21	1.26	0.87
Debt collection	30 days	69	124	56	16	0
Creditor turnover	30 days	5	3	8	8	15
<b>Other information</b>						
Staff numbers FTEs		257.4	244.2	258.6	271.3	278.6
Average staff costs (\$'000s)		50	57	56	58	58

### Comment

Movements in the current ratio mainly reflect the changing balance of the Department's Operating Account in the Special Deposits and Trust Fund.

Debt collection was higher in 1998-99 due to the unusually high level of uncollected debts at the end of that year.

The fluctuations in creditor turnover are generally due to the timing of the receipt of accounts and the necessary funding being available for their payment by the end of each year.

Staff numbers have been increasing over the past five years in an endeavour to provide additional resources to satisfy the changing needs of the Department's key stakeholders. In particular, additional policy and operational positions have been created to resource government policy requirements in the areas of:

- Financial management and accounting services;
- State budget development and monitoring;
- Economic policy advice;
- Procurement and property; and
- Government prices oversight and energy regulation.

Employee expenses were overstated in 1998-99 due to an error in the calculation of leave entitlements, with an adjustment made in 1999-00. This had the effect of overstating and understating Average staff costs in 1998-99 and 1999-00 respectively.

## 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 Statement of Financial Performance or Statement of Financial Position.

### Administered Revenues and Expenses

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations	373 720	330 734	337 172	456 536	482 242
Commonwealth grants	874 696	905 211	986 310	1 299 282	1 421 228
User charges, fees and fines	662 862	670 452	708 926	573 347	546 347
Other operating revenue	335 430	355 667	519 321	328 396	371 360
<b>Total Revenue</b>	<b>2 246 708</b>	<b>2 262 064</b>	<b>2 551 729</b>	<b>2 657 561</b>	<b>2 821 177</b>
Borrowing costs	179 662	178 159	144 064	115 923	84 656
Depreciation	2 832	2 501	6 239	6 951	8 685
Grants and subsidies	87 937	82 563	65 523	117 647	178 133
Other operating expenses	161 464	242 740	155 791	307 003	353 014
<b>Total Expenses</b>	<b>431 895</b>	<b>505 963</b>	<b>371 617</b>	<b>547 524</b>	<b>624 488</b>
<b>Result from operations</b>	<b>1 814 813</b>	<b>1 756 101</b>	<b>2 180 112</b>	<b>2 110 037</b>	<b>2 196 689</b>
Transfer to Consolidated Fund	na	na	1 841 556	2 001 166	2 123 126
<b>Net Result from Operations</b>	<b>-</b>	<b>-</b>	<b>338 556</b>	<b>108 871</b>	<b>73 563</b>

### Comment

Appropriations increased in 2000-01 and 2001-02 due mainly to additional costs associated with the administration of the Goods and Services Tax; the First Home Owners Scheme, and Appropriations to the Infrastructure Fund.

The increase in Commonwealth grants in 2000-01, \$312.972m, and 2001-02, \$121.946m, is due principally to the implementation of new tax arrangements between the Commonwealth and State Governments.

User charges, fees and fines decreased from 2000-01 mainly as a result of the abolition of the Safety Net Arrangements, \$169.931m, with the introduction of national tax changes and the Government's decisions to abolish the Racing and Gaming tax, \$6.489m, and reduce the Lottery and Casino taxes, \$12.091m. The additional reduction in 2001-02 was due to a reduction in the Payroll Tax rate and threshold, \$12.632m, and abolition of the Financial Institution Duty, \$25.503m, and Electricity Entities Levy, \$12.719m.

Other operating revenue was high in 1999-00 due to the receipt of \$144.000 from the sale of the Trust Bank and \$40.000m from the Softwood Venture. The increase in



2001-02 was due principally to contributions by Government agencies to the Tasmanian Risk Management Fund, \$8.162m; an increase in Income Tax Equivalents from State-owned companies and authorities, \$25.674m, and an increase in equity in State-owned companies, \$11.872m.

Borrowing costs have been declining as loans have been repaid. Proceeds from the sale of the Trust Bank in 1999-00 have enabled State borrowings to be subsequently reduced.

Depreciation costs have been increasing since 1999-00 due to:

- A decrease in residual values of the Department's long-term lease vehicles following the introduction of GST;
- Increases in vehicle purchase costs (before GST);
- A small increase in the size of the fleet; and
- Increased utilisation, leading to shorter leasing periods and depreciation being spread over a shorter period of time.

Grants and subsidies increased in 2000-01 due largely to the introduction of the First Home Owners Grant Scheme, \$30.806m, and the Petroleum Equalisation Subsidy, \$11.010m, while in 2001-02 with the Infrastructure Fund grants, \$42.875m.

The superannuation liability for all employees of agencies that contribute to the Superannuation Provision Account is disclosed as an administered liability of the Department. Since June 2000, actuarial assessments of the superannuation liability are undertaken annually. Prior to 30 June 2000, an actuarial assessment of the Superannuation liability was undertaken on a triennial basis, with indexation used to determine the liability for intervening years. The increase in Other operating expenses in 2000-01 and 2001-02 was due mainly to the indexation of the liability for superannuation. Following the review in 1999-00, a decrease of \$39.657m was necessary, which resulted in lower Other operating expenses for that year.

## Administered Assets and Liabilities

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	283 051	364 898	572 792	724 541	880 409
Receivables	51 002	39 805	38 742	46 354	48 225
Investments	114 546	95 633	38 987	18 125	21 946
Other	5 439	1 686	2 856	2 229	2 709
<b>Total Current Assets</b>	<b>454 038</b>	<b>502 022</b>	<b>653 377</b>	<b>791 249</b>	<b>953 289</b>
Property, plant & equipment	94 759	88 894	85 836	86 999	80 822
Investments	539 349	749 394	714 438	718 745	730 309
Other	6 168	2 926	3 135	0	0
<b>Total Non-Current Assets</b>	<b>640 276</b>	<b>841 214</b>	<b>803 409</b>	<b>805 744</b>	<b>811 131</b>
Payables	3 609	2 768	2 809	541	359
Borrowings	384 765	526 210	683 503	876 446	752 187
Provisions	105 029	99 402	97 920	101 206	119 241
Other	149 010	129 820	197 027	222 140	240 117
<b>Total Current Liabilities</b>	<b>642 413</b>	<b>758 200</b>	<b>981 259</b>	<b>1 200 333</b>	<b>1 111 904</b>
Borrowings	1 763 204	1 551 141	1 153 713	883 519	955 981
Provisions	1 437 015	1 517 303	1 478 292	1 575 747	1 687 235
Other	49 838	48 218	44 036	31 450	29 860
<b>Total Non-Current Liabilities</b>	<b>3 250 057</b>	<b>3 116 662</b>	<b>2 676 041</b>	<b>2 490 716</b>	<b>2 673 076</b>
<b>Net Assets</b>	<b>(2 798 156)</b>	<b>(2 531 626)</b>	<b>(2 200 514)</b>	<b>(2 094 056)</b>	<b>(2 020 560)</b>
Retained surpluses	(2 798 156)	(2 531 626)	(2 200 514)	(2 094 056)	(2 020 560)
<b>Total Equity</b>	<b>(2 798 156)</b>	<b>(2 531 626)</b>	<b>(2 200 514)</b>	<b>(2 094 056)</b>	<b>(2 020 560)</b>

### Comment

The increasing Cash amount reflects the increase in Special Deposits and Trust Fund, particularly the T780 Superannuation Provision Account (2001-02, \$109.706m).

Investments consist of loans made under various Acts of Parliament and to State Authorities. The outstanding balances are generally declining with repayments. During 1999-00 the Hydro-Electric Corporation refinanced its loans portfolio, which resulted in a decrease in current Investments, \$59.524m. The increase in Non-current investments in 1998-99 was due to the corporatisation of Aurora Energy Pty Ltd and Transend Networks Pty Ltd with a resultant recognition of half-ownership by the Treasurer in those companies as assets of \$128.335m and \$172.962m, respectively. This was partially offset by repayment of advances. An adjustment of \$19.800m occurred in 2000-01 to current investments to account correctly for true trust accounts. A similar adjustment was made to Retained Surpluses.

Total Borrowings have declined over the period by \$439.810m with the substantial reduction in 1999-00, \$240.135m, due in the main to the application of \$98.240m from the proceeds of the sale of the Trust Bank to retiring State Debt.

Provisions consist principally of unfunded superannuation liabilities (\$1.806bn as at 30 June 2002). In 1999, the Government made significant superannuation reforms and capped the unfunded liability. It was accepted, however, that the liability would continue to increase for a number of years (as salaries increased and members worked additional years of service), but that eventually it will decline as membership of the closed schemes declines. It is estimated by the Actuary that the unfunded liability can be eliminated by 30 June 2018. Following the actuarial review in 1999-00, a decrease of \$39.657m was necessary, which resulted in a lower Provision for that year.

Other current liabilities have been increasing with the increase in the total of accounts other than those for Finance-General in the Special Deposits and Trust Fund, particularly agency operating accounts.

As a result of the above, the negative Net Assets and negative Total Equity is decreasing.

### Administered Cash Flows

	1997-1998	1998-1999	1999-2000	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Appropriations				456 535	484 087
Commonwealth grants				1 299 282	1 421 228
Receipts from customers				830 598	844 970
Payments to suppliers and employees				(2 311 139)	(2 493 208)
Interest received				30 195	24 944
Borrowing costs				(134 358)	(89 962)
<b>Cash from operations</b>				<b>171 113</b>	<b>192 059</b>
Proceeds from investments				38 224	26 098
Payments for investments				(4 495)	545
Payments for P, P & Equipment				(37 353)	(37 442)
Proceeds from sale of P, P & E				25 468	26 397
<b>Cash used in investing activities</b>				<b>21 844</b>	<b>15 598</b>
Repayment of borrowings				(35 286)	(51 789)
<b>Cash from financing activities</b>				<b>(35 286)</b>	<b>(51 789)</b>
<b>Net increase in cash</b>				<b>157 671</b>	<b>155 868</b>
Cash at the beginning of the period				566 870	724 541
<b>Cash at end of the period</b>				<b>724 541</b>	<b>880 409</b>

### Comment

The cash flow figures are only available for two years, as Finance-General Administered Cash Flows were not reported prior to 2000-01. The movements between the two years reflect the movements in the Administered Revenues and Expenses.

The increase in Appropriations was due to the Infrastructure Fund. Commonwealth grants increased as a continuing result of the new tax arrangements between the Commonwealth and State Governments.

The increase in Payments to suppliers and employees is due mainly to the Infrastructure Fund grants, \$42.875m.

Interest received is decreasing as loans advanced are being repaid.

Borrowing costs are declining with the repayment of debt.

Proceeds from investments are declining as loans advanced under Acts of Parliament and to State Authorities are being repaid.

Repayment of borrowings reflects the repayment of loans from the Commonwealth and Tascorp as they mature.

The increasing Cash balances reflect the increasing total of the Special Deposits and Trust Fund.

### 3 SUPERANNUATION FUNDS

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A number of different superannuation arrangements operate in the Tasmanian public sector for public sector employees, members of Parliament, the judiciary and statutory legal officers.

Superannuation may be provided in a number of ways:

- *Defined benefit:* such a scheme has benefits that accrue on resignation or retirement or death, and are predetermined according to a formula established in the scheme's rules or regulations. The employer's contributions will vary depending on the performance of the underlying investments and the lifespan of the pensioners, as well as the salary of the contributing employees immediately before their retirement;
- *Accumulation:* Under this scheme the employer's contribution is fixed according to the scheme's rules. The end benefit consists of the accumulated contributions by the employer and employee, together with the investment earnings on the contributions;
- *Unfunded:* An unfunded scheme is one in which the employer financed benefit component is met on an 'emerging costs' basis when the employee becomes entitled to receive his or her payout, and without any money set aside in the scheme by the employer for that individual's benefit; and
- *Funded:* In this type of scheme the employer makes a regular contribution to the fund reflecting the currently accruing liability in regard to employees.

The major defined benefit schemes currently operating in the Tasmanian public sector are those established under the *Retirement Benefits Act 1993*, the *Parliamentary Superannuation Act 1983*, the *Parliamentary Retiring Benefits Act 1985* and the *Judges' Contributory Pensions Act 1968*. All these schemes are now closed to new employees of the Tasmanian public sector.

The fully funded Tasmanian Accumulation Scheme (TAS) was established under the provisions of the *Public Sector Superannuation Reform Act 1999* and replaced the unfunded RBF non-contributory scheme during the last financial year.

The Parliamentary Superannuation and Retiring Benefits Trust is responsible for management and administration of the Parliamentary Superannuation Fund and the Parliamentary Retiring Benefits Fund, while the Retirement Benefits Fund (RBF) Board manages the remainder of the funds. Both Parliamentary superannuation schemes have been closed off to new members.

In addition there is an investment account that is fully funded by members and is administered by the RBF Board.

## RESPONSIBLE MINISTER

The Responsible Minister is the Treasurer.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	<b>Contributory Fund</b> \$'000s	<b>TAS</b> \$'000s	<b>Investment Account</b> \$'000s	<b>PRBF</b> \$'000s	<b>PSF</b> \$'000s
Investment income	36 786	5 155	12 557	66	254
Changes in net market value of investments	( 33 079)	( 4 736)	( 12 576)	( 226)	( 351)
Direct investment expense	( 3 978)	( 425)	( 981)	0	0
Employer contributions	116 154	32 867	21 233	664	0
Member contributions	65 092	10 657	25 582	237	63
Transfers from other funds	0	0	62 896	0	0
Reimbursement of benefits	0	0	0	0	1 261
Other revenue	254	0	1	0	0
Change in net market value of other assets	( 1 517)	0	0	0	0
<b>Total revenue</b>	<b>179 712</b>	<b>43 518</b>	<b>108 712</b>	<b>741</b>	<b>1 227</b>
Administration expenses	6 295	1 704	2 744	116	95
Super contributions surcharge	384	86	46	57	11
Lump sums	71 944	0	0	1 763	750
Pensions	116 022	0	0	0	1 212
Refunds and interest	1 007	0	0	0	0
Other expenses	0	1 992	7	0	0
<b>Total Expenses</b>	<b>195 652</b>	<b>3 782</b>	<b>2 797</b>	<b>1 936</b>	<b>2 068</b>
<b>Surplus/(deficit) before tax</b>	<b>( 15 940)</b>	<b>39 736</b>	<b>105 915</b>	<b>( 1 195)</b>	<b>( 841)</b>
Income tax expense	10 623	5 375	4 052	85	37
<b>Surplus/(deficit) after tax</b>	<b>( 26 563)</b>	<b>34 361</b>	<b>101 863</b>	<b>( 1 280)</b>	<b>( 878)</b>

### Comment

The 2001-02 financial year was extremely difficult for investment markets around the world due to events surrounding 11 September 2001, the collapse of the global technology boom and the weak US economy. In Australia, major corporate failures, the increasing value of the Australian dollar and higher interest rates also affected institutional investors' results across the industry.

The lower performance by both Parliamentary funds continues to decrease in employer contributions and in the value of the underlying investments. In addition, as new members of Parliament are not entitled to join either fund there is a steady decline in member contributions. This is also impacted by the inability to spread the administration fees among a decreasing number of contributors.

## FINANCIAL POSITION

	Contributory Fund \$'000s	TAS \$'000s	Investment Account \$'000s	PRBF \$'000s	PSF \$'000s
Cash	5 832	984	5 500	271	52
Receivables	6 315	427	1 507	451	245
Investments	942 011	140 606	344 590	6 043	5 588
Property, plant and equipment	6 557	0	0	0	0
<b>Total assets</b>	<b>960 715</b>	<b>142 017</b>	<b>351 597</b>	<b>6 765</b>	<b>5 885</b>
Payables	22 631	87	3 801	727	107
Provisions	7 066	8 369	5 045	71	( 34)
<b>Total liabilities</b>	<b>29 697</b>	<b>8 456</b>	<b>8 846</b>	<b>798</b>	<b>73</b>
<b>Net assets</b>	<b>931 018</b>	<b>133 561</b>	<b>342 751</b>	<b>5 967</b>	<b>5 812</b>

### Comment

As noted above, the two Parliamentary schemes have had decreasing assets due to closure of the funds to new members.

## CASH FLOW POSITION

	TAS \$'000s	Investment Account \$'000s
Employer Contributions	32 979	21 233
Member Contributions	10 664	26 143
Other Contributions	( 112)	62 896
Dividends and Interest Received	1 388	4 285
Benefits Paid	( 16 579)	( 53 211)
Income tax paid	( 4 623)	( 3 065)
Direct investment expenses	( 424)	( 980)
Interfund transfers	9 247	17 940
Other income	0	1
Management fees paid	( 1 722)	( 2 763)
Superannuation contribution surcharge	( 101)	( 44)
Other Expenses	0	( 7)
Death and incapacity benefits paid	( 1 084)	0
<b>Cash from operations</b>	<b>29 633</b>	<b>72 428</b>
Proceeds from the sale of investments	60 467	140 671
Payments for the purchase of investments	( 87 332)	( 181 882)
<b>Cash used in investing activities</b>	<b>( 26 865)</b>	<b>( 41 211)</b>
<b>Net increase in cash</b>	<b>2 768</b>	<b>31 217</b>
Cash at the beginning of the period	5 983	17 700
<b>Cash at end of period</b>	<b>8 751</b>	<b>48 917</b>

## Comment

Cash flows were strong for both of these funds.

The other superannuation funds are not required to produce Statements of Cash Flows under AAS 25 Financial Reporting by Superannuation Funds.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>Contributory Fund</b>	<b>TAS</b>	<b>Investment Account</b>
<b>Financial Performance</b>				
Investments (\$'000s)		942 011	140 606	344 590
Net Investment Income (\$'000s)		( 271)	6	( 1 000)
Return on investments	5.5%	0.0%	0.0%	-0.3%

## Comment

Many Australian superannuation funds recorded negative returns for the year ended 30 June 2002, so the zero gain result this year for all three funds continued the trend of RBFB outperforming the market.

	<b>Bench Mark</b>	<b>PRBF</b>	<b>PSF</b>
<b>Financial Performance</b>			
Net assets available to pay benefits(\$'000)		5 967	5 812
Results from ordinary activities (\$'000)		( 1 195)	( 841)
Operating margin	>1.0	0.4	0.6
Return on assets		-16.8%	-13.4%

## Comment

The comparative lower performance of the Parliamentary funds was due to below average performance of some of their investments, as well as a continued decrease of funds available for investment due to closure of the funds to new members.

## OVERALL COMMENT

The Investment Account, Contributory Fund and TAS continue to perform above industry averages, while the Parliamentary funds have not fared as well. As a result, draft legislation is currently before Parliament that will facilitate the wind-up of the Parliamentary superannuation trusts and transfer the funds to become sub-funds of RBF.



### 3.1 PARLIAMENTARY SUPERANNUATION FUND

#### INTRODUCTION

The Parliamentary Superannuation and Retiring Benefits Trust is responsible for the management and administration of the Fund established under the *Parliamentary Superannuation Act 1973*.

Membership of the Parliamentary Superannuation Fund (PSF) was closed to new members as at 11 November 1985 with Retirement Benefits Fund being the default scheme for their superannuation.

#### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed statements were received on 12 November 2002 and an unqualified audit opinion was issued on 13 November 2002.

#### FINANCIAL RESULTS

##### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Interest	23	7	5	5	5
Income from unit trusts	687	817	476	854	249
Changes in net market values	( 241)	( 308)	305	( 746)	( 351)
Reimbursement of benefits	1 026	1 541	1 565	757	1 261
Members' contributions	137	91	67	61	63
<b>Total Revenue</b>	<b>1 632</b>	<b>2 148</b>	<b>2 418</b>	<b>931</b>	<b>1 227</b>
Administration Expenses	95	88	83	80	95
Lump Sums	548	1 152	1 149	0	750
Pensions	1 029	1 178	1 188	1 218	1 212
Refund of contributions	0	0	2	0	0
Superannuation contributions surcharge	0	0	6	11	11
<b>Total Expenses</b>	<b>1 672</b>	<b>2 418</b>	<b>2 428</b>	<b>1 309</b>	<b>2 068</b>
<b>Result from ordinary activities</b>	<b>( 40)</b>	<b>( 270)</b>	<b>( 10)</b>	<b>( 378)</b>	<b>( 841)</b>
Income tax expense	0	0	( 4)	58	37
<b>Net Assets available to pay benefits at year start</b>	<b>7 260</b>	<b>7 220</b>	<b>6 950</b>	<b>6 936</b>	<b>6 616</b>
<b>Net Assets available to pay benefits at year end</b>	<b>7 220</b>	<b>6 950</b>	<b>6 936</b>	<b>6 616</b>	<b>5 812</b>

#### Comment

Performance of the Fund is still down due to negative returns from current investments. In addition, the results for 2001-02 reflect the downturn in the domestic and overseas equity markets since the events of 11 September 2001.

However, the returns have become more stable since changing the investment strategy in 2000-01 to be more in line with the long-term objectives of the Fund. Changes in net market values decreased \$0.351m in 2001-02 compared to the negative returns of \$0.746m in 2000-01. This had a negative impact on income from unit trusts as long-term capital growth orientated fund managers generally provide less income. Income from unit trust decreased from \$0.854m in 2000-01 to \$0.249m in 2001-02.

Income from Unit Trusts varies depending on the investment manager, overall portfolio mix and performance of the Fund.

Market forces need to be taken into consideration when comparing the yearly performance of PSF.

Reimbursements from government increased from \$0.757m in 2000-01 to \$1.261m in 2001-02 mainly as a result of an increase in lump sum payments made by the Fund in 2001-02. Section 8 of the *Parliamentary Superannuation Act 1973*, specifies that a proportion of both lump sums and pensions are to be reimbursed by the Minister. Depending on when the member became entitled to the benefit, either 50% or 5/7<sup>ths</sup> is to be reimbursed by government.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Investments	7 297	7 068	6 952	6 509	5 588
Interest receivable	2	0	0	0	0
Sundry debtors	8	4	33	0	245
Cash at Bank	0	0	53	156	52
<b>Total Assets</b>	<b>7 307</b>	<b>7 072</b>	<b>7 038</b>	<b>6 665</b>	<b>5 885</b>
Sundry Creditors	87	93	92	87	22
Accrued expenses	0	0	0	0	64
Income tax payable	0	0	0	( 54)	( 34)
Provision for deferred income tax	0	0	4	0	0
Superannuation contributions surcharge payable	0	0	6	16	21
Bank overdraft	0	29	0	0	0
<b>Total Liabilities</b>	<b>87</b>	<b>122</b>	<b>102</b>	<b>49</b>	<b>73</b>
<b>Net Assets Available To Pay Benefits</b>	<b>7 220</b>	<b>6 950</b>	<b>6 936</b>	<b>6 616</b>	<b>5 812</b>

## Comment

The financial position of the Fund has remained stable with a gradual decrease in net assets, as new members cannot be accepted into the Fund. This impacts on the amount of funds available for investment, which has decreased in line with this trend.

The liability for accrued benefits (scheme as a whole) was \$17.883m (\$18.788m in 2000-01).

The liability for vested benefits (scheme as a whole) was \$18.803m (\$20.079m in 2000-01). Vested benefits are benefits that are not conditional upon continued membership of the Fund (or any factor other than resignation from the PSF) being benefits that members were entitled to receive had they terminated their membership as at the reporting date.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Net assets available to pay benefits		7 220	6 950	6 936	6 616	5 812
Results from ordinary activities		( 40)	( 270)	( 10)	( 378)	( 841)
Operating margin	>1.0	0.98	0.89	1.00	0.71	0.59
Return on assets		-0.55%	-3.76%	-0.14%	-5.52%	-13.40%

### Comment

Parliamentary Superannuation Fund performance continued its downward trend in 2001-02. Last financial year the investment strategy was changed to be more consistent with the longer term growth of the Fund. As explained under the Financial Performance section above, changes in net market values are now more in line with market trends, but with this came reduced income from the capital orientated funds.

## OVERALL COMMENT

PSF's administration costs for 2001-02, \$0.095m, represented over one and a half times its member contributions, \$0.063m.

Although a more growth-oriented strategy was adopted during 2000-01 to address the below average results of the Fund in prior years, the poor performance is expected to continue with the lack of new members joining the Fund, as this results in fewer members to share increasing administration costs.

In response to this trend, legislation was tabled in Parliament on 31 October 2002 to facilitate the wind up of PSF and transfer the funds to become a sub-fund of the Retirement Benefits Fund.

## 3.2 PARLIAMENTARY RETIRING BENEFITS FUND

### INTRODUCTION

The Parliamentary Superannuation and Retiring Benefits Trust is responsible for the management and administration of the Fund established under the *Parliamentary Retiring Benefits Act 1985*.

The Parliamentary Retiring Benefits Fund (PRBF) was closed to new members as at 1 July 1999 with Retirement Benefits Fund being the default scheme for their superannuation.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed statements were received on 12 November 2002 and an unqualified audit opinion was issued on 13 November 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Interest	40	20	23	16	17
Income from unit trusts	0	0	0	0	49
Changes in net market values	414	465	702	92	( 226)
Employer contributions	759	679	1 150	662	664
Members' Contributions	271	250	236	230	237
Insurance Proceeds	0	335	0	0	0
Demutualisation proceeds	0	0	10	0	0
<b>Total Revenue</b>	<b>1 484</b>	<b>1 749</b>	<b>2 121</b>	<b>1 000</b>	<b>741</b>
Administration Expenses	116	118	152	102	116
Lump Sums	84	2 073	1 053	338	1 763
Superannuation contributions surcharge	0	0	108	126	57
<b>Total Expenses</b>	<b>200</b>	<b>2 191</b>	<b>1 313</b>	<b>566</b>	<b>1 936</b>
<b>Result from ordinary activities</b>	<b>1 284</b>	<b>( 442)</b>	<b>808</b>	<b>434</b>	<b>( 1 195)</b>
Income tax expense	( 102)	( 87)	( 154)	( 86)	( 85)
<b>Net Assets available to pay benefits at year start</b>	<b>5 592</b>	<b>6 774</b>	<b>6 245</b>	<b>6 899</b>	<b>7 247</b>
<b>Net Assets available to pay benefits at year end</b>	<b>6 774</b>	<b>6 245</b>	<b>6 899</b>	<b>7 247</b>	<b>5 967</b>

## Comment

Performance of the Fund was down due to the reduction of revenues from \$1.000m in 2000-01 to \$0.741m in 2001-02. The result was caused by negative change in market values, down from \$0.092m in 2000-01 to a fall of \$0.226m in 2001-02. This trend has been experienced across institutional investors generally, due to the downturn in domestic and overseas markets since the events of 11 September 2001.

Employer contributions were unusually high in 1999-2000, \$1.150m, due to the Department of Treasury and Finance making an extra payments of \$0.564m on the advice of the State Actuary.

Lump sum payments had been declining since the election held in the 1998-99 with fewer members leaving the Fund. In 2001-02 three members left the Fund totalling \$1.763m, with 2 members rolling funds out of PRBF.

Accrued expenses of \$0.095m relate to administration fees and group life insurance.

Although this year Net Assets have decreased by \$1.280m, the actuary has not as yet recommended that the Minister reimburse the Fund for the shortfall.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Investments	6 591	5 546	6 993	7 215	6 043
Interest receivable	9	1	1	0	1
Sundry debtors	28	335	45	0	450
Cash at Bank	310	491	45	233	271
<b>Total Assets</b>	<b>6 938</b>	<b>6 373</b>	<b>7 084</b>	<b>7 448</b>	<b>6 765</b>
Sundry Creditors	70	64	65	96	632
Accrued expenses	0	0	0	0	95
Income tax payable	89	64	125	89	76
Provision for deferred income tax	5	0	6	( 5)	( 5)
Superannuation contributions surcharge payable	0	0	( 11)	21	0
<b>Total Liabilities</b>	<b>164</b>	<b>128</b>	<b>185</b>	<b>201</b>	<b>798</b>
<b>Net Assets Available To Pay Benefits</b>	<b>6 774</b>	<b>6 245</b>	<b>6 899</b>	<b>7 247</b>	<b>5 967</b>

## Comment

The financial position of the Fund has remained stable with a gradual decrease in net assets, as new members cannot be accepted into the Fund.

The liability for accrued benefits (scheme as a whole) was \$8.018m (\$8.439m in 2000-01).

The liability for vested benefits (scheme as a whole) was \$7.345m (\$8.003m in 2000-01). 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".

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Net assets available to pay benefits		6 774	6 245	6 899	7 247	5 967
Results from ordinary activities		1 284	( 442)	808	434	( 1195)
Operating margin	>1.0	7.42	0.80	1.62	1.77	0.38
Return on assets		20.3%	-6.6%	12.0%	6.0%	-16.8%

### Comment

The Parliamentary Retiring Benefits Fund performance for 2001-02 was comparable to last year's results with only the changes in net market values showing a decrease, consistent with the current trend in the domestic and overseas markets. The financial year 2001-02 also showed an increase in lump sums paid out or rolled out of PRBF increasing from \$0.338m in 1999-00 to \$1.763m in 2001-02 without an increase in contributions.

## OVERALL COMMENT

PRBF's administration and insurance costs for 2001-02, \$0.116m, were nearly half its member contributions, \$0.237m.

Although a more growth-oriented strategy was adopted during 2000-01 to address the below average results of the Fund in prior years, the poor performance is expected to continue with the lack of new members joining the Fund, as this results in fewer members to share increasing administration costs.

In response to this trend, legislation was tabled in Parliament on 31 October 2002 to facilitate the wind up of the PRBF and transfer the funds to become a sub-fund of the Retirement Benefit Fund.

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### **3.3 RETIREMENT BENEFITS FUND BOARD – CONTRIBUTORY SCHEME**

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#### **INTRODUCTION**

The Retirement Benefits Fund Board (RBFB) 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 since 15 May 1999.

Members of the Contributory Scheme, a defined benefits scheme, receive benefits based on their final average salary, years of service and contribution rate. 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 are prepared in accordance with Australian Accounting Standard AAS 25 'Financial Reporting by Superannuation Plans'.

#### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

Signed financial statements were received on 1 November 2002 and an unqualified audit report was issued on 4 November 2002.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Investment Income	45 622	41 632	41 340	36 835	36 786
Change in net market value of investments	44 585	14 569	56 820	54 505	( 33 079)
Direct investment expense	( 3 644)	( 3 729)	( 5 156)	( 3 914)	( 3 978)
Employer contributions	146 825	186 117	116 113	125 826	116 154
Member contributions	47 964	60 161	56 995	59 585	65 092
Other revenue	185	4 359	2 008	1 139	254
Change in net market value of other assets	( 1 717)	( 1 991)	( 1 838)	( 1 349)	( 1 517)
<b>Total Revenue</b>	<b>279 820</b>	<b>301 118</b>	<b>266 282</b>	<b>272 627</b>	<b>179 712</b>
Administration expenses	6 765	5 453	6 064	5 835	6 295
Superannuation contributions surcharge	0	0	1 081	739	384
Lump sums	119 064	171 245	72 412	82 947	71 944
Pensions	97 956	103 477	104 484	113 095	116 022
Refunds and interest	981	1 234	1 143	971	1 007
Miscellaneous Expenses	0	0	81 171	0	0
<b>Total Expenses</b>	<b>224 766</b>	<b>281 409</b>	<b>266 355</b>	<b>203 587</b>	<b>195 652</b>
<b>Surplus before Tax</b>	<b>55 054</b>	<b>19 709</b>	<b>( 73)</b>	<b>69 040</b>	<b>( 15 940)</b>
Income tax expense	( 605)	( 7 637)	13 545	1 631	10 623
<b>Net Assets available to pay Benefits at year start</b>	<b>785 671</b>	<b>840 120</b>	<b>852 192</b>	<b>865 664</b>	<b>936 335</b>
<b>Net Assets available to pay Benefits at year end</b>	<b>840 120</b>	<b>852 192</b>	<b>865 664</b>	<b>936 335</b>	<b>931 018</b>

### Comment

The net assets of the Contributory Scheme decreased by \$5.317m to \$931.018m in 2001-02 mainly as a result of negative gains from Australian and Overseas equities experienced by the superannuation industry generally. A similar trend occurred in 1998-99, albeit on a less profound scale.

Employer contributions decreased by \$9.672m to \$116.154m in 2001-02 and were offset by an increase in member contributions by \$5.507m to \$65.092m. Contributions were higher in 1997-98 and 1998-99 due to redundancy programs. Additionally, changes to legislation since then have restricted the proportion of lump sums employers pay out on their ex-employees' death and invalidity benefits.

Lump sum payments decreased by \$11.003m to \$71.944m in 2001-02 and reflected the greater number of investment options open to members with a trend to members opting to take a pension in lieu of a pension and lump sum. The contribution from



employing authorities is only recognised upon receipt following payment to the ex-employee; thus both items are directly related. Accordingly, the increase in lump sum payments in 1997-98 and 1998-99 also relate to redundancy programs that took place during those years, as well as subsequent changes to superannuation legislation that limits payouts of lump sums upon retirement.

Miscellaneous expenses of \$81.098m in 1999-00 relate 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*.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash at bank	2 788	6 834	4 510	6 689	5 832
Investments	866 508	864 237	880 095	976 752	942 011
Contributions and pensions receivable	1 170	1 134	1 288	2 613	1 638
Interest and income receivable	1 131	841	1 070	654	1 818
Other receivables	1 624	10 199	4 147	1 751	2 859
Property, plant & equipment	3 732	3 386	6 646	6 613	6 557
<b>Total Assets</b>	<b>876 953</b>	<b>886 631</b>	<b>897 756</b>	<b>995 072</b>	<b>960 715</b>
Provision for income tax	3 692	9 407	( 3 520)	( 2 302)	( 7 087)
Provision for deferred income tax	8 539	9 033	12 070	13 151	7 229
Provision for employee entitlements	4 676	5 015	5 426	5 763	6 924
Other Payables	9 027	921	6 246	30 960	10 103
Contributions and pensions payable	311	1 662	1 907	112	556
Contribution in advance	7 703	8 401	8 929	9 482	10 019
Superannuation contributions surcharge payable	0	0	1 034	1 572	1 953
Refundable fees	2 877	0	0	0	0
Security deposits	8	0	0	0	0
<b>Total Liabilities</b>	<b>36 833</b>	<b>34 439</b>	<b>32 092</b>	<b>58 738</b>	<b>29 697</b>
<b>Net Assets to Pay Benefits</b>	<b>840 120</b>	<b>852 192</b>	<b>865 664</b>	<b>936 334</b>	<b>931 018</b>

### Comment

Other payables decreased to \$10.103m in 2001-02 due mainly to the timing of clearing inter-entity balances prior to the close of the financial year.

The contribution in advance of \$10.019m relates to an amount received in 1993, which covered the expected liability of all current and former employees of the Scheme who were previously employed by the Tasmanian Government Insurance Office.

The amount of the superannuation contributions surcharge liability relates to financial years ended 30 June 1997 through to 30 June 2001, 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 2002 have been determined at \$3.079bn and \$0.849bn respectively.

The liability for vested benefits (Scheme as a whole) and the liability to be funded from Scheme assets as at the 30 June 2002 have been determined at \$3.572bn and \$0.964bn respectively.

Amounts for both accrued and vested benefits were determined in accordance with the methodology required by Australian Accounting Standard AAS25 "Financial Reporting by Superannuation Plans".

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Investments (\$'000)		866,508	864,237	880,095	976,752	942,011
Net Investment Income (\$'000)		86,563	52,472	93,004	87,426	( 271)
Return on Investments	5.5%	10.4%	6.1%	10.7%	9.4%	0.0%

### Comment

The returns for 2001-02 largely reflect the negative gains on Australian and Overseas shares as the equity markets reacted unfavourably to the events of 11 September 2001.

Investment income remained steady, with property investments returning more than 14% and local mortgages approximately 6%.

Return on Investments represents a return on average net investments for any given year.

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### **3.4 RETIREMENT BENEFITS FUND BOARD – INVESTMENT ACCOUNT**

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The Retirement Benefits Fund Board (RBFB) 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 investment account is an accumulation scheme, fully funded by members. Member Investment Choice was introduced on 1 October 1999. Member Investment Choice was subsequently expanded to include members of both the TAS-SG Account and the Allocated Pension Account.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Investment income	4 433	8 500	9 333	10 624	12 557
Change in net market values	5 836	5 236	16 261	15 030	( 12 576)
Direct investment expense	( 351)	( 768)	( 1 142)	( 863)	( 981)
Employer contributions	7 829	7 460	10 690	13 516	21 233
Members contributions	7 595	21 558	13 132	22 298	25 582
Transfers from other funds	39 929	89 190	32 579	46 564	62 896
Other revenue	0	0	0	2	1
<b>Total Revenue</b>	<b>65 271</b>	<b>131 176</b>	<b>80 853</b>	<b>107 171</b>	<b>108 712</b>
Superannuation contributions surcharge	0	0	68	32	46
Management fee	1 623	2 782	2 891	1 881	2 744
Other expenses	0	3 346	0	0	7
<b>Total Expenses</b>	<b>1 623</b>	<b>6 128</b>	<b>2 959</b>	<b>1 913</b>	<b>2 797</b>
<b>Benefits Accrued before Tax</b>	<b>63 648</b>	<b>125 048</b>	<b>77 894</b>	<b>105 258</b>	<b>105 915</b>
Income tax expense	( 153)	( 1 593)	( 2 395)	690	( 4 052)
<b>Benefits Accrued as a result of operations</b>	<b>63 495</b>	<b>123 455</b>	<b>75 499</b>	<b>105 948</b>	<b>101 863</b>
Benefits paid	( 22 389)	( 32 840)	( 53 312)	( 52 220)	( 53 211)
<b>Liability for Accrued Benefits at year start</b>	<b>86 463</b>	<b>127 569</b>	<b>218 184</b>	<b>240 371</b>	<b>294 099</b>
<b>Liability for Accrued Benefits at year end</b>	<b>127 569</b>	<b>218 184</b>	<b>240 371</b>	<b>294 099</b>	<b>342 751</b>

### Comment

The Contributory Scheme of the Fund paid the operating expenses of the Investment Account. To recoup the outlay, the Investment Account was charged a management fee of 0.85% of net assets on a weekly basis.

The increase in Transfers from other funds in 2001-02, \$16.332m, was the result of both new and existing members consolidating their superannuation by rolling in investments from other superannuation funds. The 1998-99 amount was abnormally high due to transfers associated with redundancy programs.

Benefits paid in 2001-02, \$53.211m, were consistent with the prior year, \$52.220m.

**FINANCIAL POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Investments	123 329	224 600	245 319	279 707	344 590
Cash at bank	9 196	5 535	3 341	2 615	5 500
Interest receivable	227	179	242	146	520
Other receivable	23	2 198	2 449	15 774	987
<b>Total Assets</b>	<b>132 775</b>	<b>232 512</b>	<b>251 351</b>	<b>298 242</b>	<b>351 597</b>
Sundry creditors	1 623	10 275	5 771	14	2 172
Provision for income tax	1 122	1 251	1 437	3 065	3 937
Provisions for deferred income tax	2 461	2 802	3 760	5	121
Management fee provision	0	0	0	0	987
Super Contribution payable	0	0	12	1 059	1 629
<b>Total Liabilities</b>	<b>5 206</b>	<b>14 328</b>	<b>10 980</b>	<b>4 143</b>	<b>8 846</b>
<b>Net Assets Available To Pay Benefits</b>	<b>127 569</b>	<b>218 184</b>	<b>240 371</b>	<b>294 099</b>	<b>342 751</b>
Represented by:					
<b>Liability for Accrued Benefits</b>					
Allocated to members accounts	114 754	215 639	233 169	284 260	339 550
Not yet allocated	12 815	2 545	7 202	9 839	3 201
<b>Total Liability For Accrued Benefits</b>	<b>127 569</b>	<b>218 184</b>	<b>240 371</b>	<b>294 099</b>	<b>342 751</b>

**Comment**

Net assets available to pay benefits increased by \$48.652m to \$342.751m in 2001-02, and largely resulted from new and existing members rolling over funds from other funds, \$62.896m in 2001-02.

Other receivables decreased by \$14.787m in 2001-02 due to the timing of clearing inter-entity balances prior to the close of the financial year.

Sundry creditors increased to \$2.172m in 2001-02 due mainly to the timing of clearing inter-entity balances prior to the close of the financial year.

The item Superannuation contributions payable relates to a surcharge liability for the financial years ended 30 June 1997 through to 30 June 2001, and was based on the actual surcharge calculated by the Australian Taxation Office.

**CASH POSITION**

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Employer contributions	7 829	7 194	10 825	13 685	21 233
Member contributions	7 595	21 446	13 380	21 627	26 143
Transfers from other funds *	39 929	89 190	32 579	46 564	62 896
Interest received	3 270	6 184	3 307	2 139	2 347
Dividends received	3 491	4 578	6 544	919	1 938
Benefits paid	( 22 389)	( 31 035)	( 53 837)	( 53 043)	( 53 211)
Income tax paid	106	( 1 122)	( 1 251)	( 1 437)	( 3 065)
Direct investment expenses	( 351)	( 589)	( 1 228)	( 761)	( 980)
Interfund transfers	( 993)	( 1 795)	( 621)	( 13 807)	17 940
Other expenses	0	0	( 5 576)	0	( 7)
Other contributions to be allocated	0	0	1 587	0	0
Management fees paid	241	( 1 623)	( 2 782)	( 4 772)	( 2 763)
surcharge	0	0	( 57)	( 44)	( 44)
Other Income	0	0	0	2	1
<b>Cash from operations</b>	<b>38 728</b>	<b>92 428</b>	<b>2 870</b>	<b>11 072</b>	<b>72 428</b>
Proceeds from the sale of investments *	0	0	0	237 197	140 671
Payments for purchase of investments *	0	0	0	( 247 089)	( 181 882)
<b>Cash used in investing activities</b>	<b>( 23 505)</b>	<b>( 102 226)</b>	<b>( 3 208)</b>	<b>( 9 892)</b>	<b>( 41 211)</b>
<b>Net decrease/increase in cash</b>	<b>15 223</b>	<b>( 9 798)</b>	<b>( 338)</b>	<b>1 180</b>	<b>31 217</b>
Cash at the beginning of the period	11 433	26 656	16 858	16 520	17 700
<b>Cash at end of the period</b>	<b>26 656</b>	<b>16 858</b>	<b>16 520</b>	<b>17 700</b>	<b>48 917</b>

\* Change in disclosure 2001-02 including comparative figures.

**Comment**

Cash flows from Member and Employer Contributions were invested in Australian and Overseas shares, direct property and mortgages.

Cash flows may change from year to year because of the timing of clearing inter-entity balances prior to the close of the financial year.

Cash from operations for 1998-99 was significantly high because of an inter-fund transfer amount of \$89.190m.

## FINANCIAL ANALYSIS

	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>					
Investments (\$'000)	123 329	224 600	245 319	279 707	344 590
Net Investment Income (\$'000)	9 918	12 968	24 452	24 791	(1 000)
Return on Investments	9.6%	7.5%	10.4%	9.4%	-0.3%

### Comment

The returns for 2001-02 largely reflect the negative gains on Australian and Overseas shares as the equity markets reacted unfavourably to the events of September 11.

Investment income remained steady with property investments returning more than 14% and local mortgages about 6%.

Return on Investments represents a return on average net investments for any given year.

### 3.5 RETIREMENT BENEFITS FUND BOARD – TASMANIAN ACCUMULATION SCHEME

#### INTRODUCTION

The Retirement Benefits Fund Board (RBFB) 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 Tasmanian Accumulation Scheme was established under the *Public Sector Reform Act 1999* and commenced on 25 April 2000. Currently employers contribute to TAS at the rate of 8% of the gross salaries of those employees who are members of the Scheme.

#### FINANCIAL RESULTS

##### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
			\$'000s	\$'000s	\$'000s
Investment Income			955	4 178	5 155
Change in net market values			2 724	6 064	( 4 736)
Direct Investment Expense			( 164)	( 339)	( 425)
Employer contributions			3 240	28 945	32 979
Member contributions			3 127	12 109	10 657
Other contributions			78 132	( 1 024)	( 112)
<b>Total Revenue</b>			<b>88 014</b>	<b>49 933</b>	<b>43 518</b>
Superannuation contributions surcharge			16	197	86
Management fee			175	1 200	1 704
Death and incapacity insurance			107	1 805	1 992
<b>Total Expenses</b>			<b>298</b>	<b>3 202</b>	<b>3 782</b>
<b>Benefits Accrued before Tax</b>			<b>87 716</b>	<b>46 731</b>	<b>39 736</b>
Income tax expense			510	4 616	5 375
<b>Benefits Accrued as a result of operations</b>			<b>87 206</b>	<b>42 115</b>	<b>34 361</b>
Benefits paid			527	13 015	16 579
<b>Liability for Accrued Benefits at year start</b>			<b>0</b>	<b>86 679</b>	<b>115 779</b>
<b>Liability for Accrued Benefits at year end</b>			<b>86 679</b>	<b>115 779</b>	<b>133 561</b>



## Comment

The change in net market value of the Tasmanian Accumulation Scheme (TAS) decreased by \$10.797m in 2001-02 mainly as a result of negative gains from Australian and Overseas equities stemming from the 11 September 2001 events. This trend has been evident across the superannuation industry generally.

Employee contributions decreased by \$1.452m to \$10.657m in 2001-02 and were offset by an increase in Employer contributions by \$4.034m to \$32.979m.

The Tasmanian Accumulation Scheme (TAS) was charged a management fee of 1.25% of net assets on a weekly basis on the Superannuation Guarantee component and 1.50% on the Allocated Pensions component. This allows for the Contributory Scheme to recoup the outlay for TAS operating expenses.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
			\$'000s	\$'000s	\$'000s
Investments			85 751	112 216	140 606
Cash at bank			971	884	984
Interest receivable			90	63	246
Other receivables			1 761	9 167	181
<b>Total Assets</b>			<b>88 573</b>	<b>122 330</b>	<b>142 017</b>
Sundry creditors			175	8	87
Provision for income tax			453	4 623	5 337
Provisions for deferred income tax			57	51	89
Provision for death and incapacity insurance			728	1 854	2 762
Contributions payable			477	0	0
Management fee provision			0	0	181
Superannuation contribution surcharge payable			4	15	0
<b>Total Liabilities</b>			<b>1 894</b>	<b>6 551</b>	<b>8 456</b>
<b>Net Assets Available To Pay Benefits</b>			<b>86 679</b>	<b>115 779</b>	<b>133 561</b>
<b>Represented by:</b>					
<b>Liability for Accrued Benefits</b>					
Allocated to members accounts			84 084	113 914	134 310
Not yet allocated			2 595	1 865	( 749)
<b>Total Liability For Accrued Benefits</b>			<b>86 679</b>	<b>115 779</b>	<b>133 561</b>

## Comment

TAS was initially funded using surplus assets from the Contributory Scheme.

Investments have increased in 2001-02 by \$28.390m due to the increasing proportion of contributions from members to this fund compared with the defined benefit scheme. This trend is set to continue as contributors to the RBF Contributory Scheme retire and new State Service employees join TAS.

Other receivables decreased by \$8.986m in 2001-02 due mainly to the timing of clearing inter-entity balances prior to the close of the financial year.

Following advice from the Actuary the surplus in the Provision for death and incapacity insurance, \$2.762m, is to be carried forward to 2002-03.

The item Superannuation contributions surcharge payable relates to a surcharge liability for the financial years ended 30 June 1997 through to 30 June 2001, and was based on the actual surcharge calculated by the Australian Taxation Office.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
			\$'000s	\$'000s	\$'000s
Employer contributions			3 696	28 945	32 979
Member contributions			3 127	11 625	10 664
Other contributions			77 338	( 231)	( 112)
Interest received			406	788	876
Dividends received			630	388	512
Benefits paid			( 527)	(13 007)	(16 579)
Income tax paid			0	( 452)	(4 623)
Direct investment expenses			( 164)	( 296)	( 424)
Interfund transfers			( 268)	(8 891)	9 247
Other contributions to be allocated			21	0	0
Management fees paid			0	(1 375)	(1 722)
Death and incapacity benefits paid			28	21	(1 084)
Superannuation contribution surcharge			( 118)	( 186)	( 101)
<b>Cash from operations</b>			<b>84 169</b>	<b>17 329</b>	<b>29 633</b>
Proceeds from the sale of investments *				99 900	60 467
Payments for purchase of investments *				(116 045)	(87 332)
<b>Cash used in investing activities</b>			<b>( 79 370)</b>	<b>(16 145)</b>	<b>(26 865)</b>
<b>Net decrease/increase in cash</b>			<b>4 799</b>	<b>1 184</b>	<b>2 768</b>
Cash at the beginning of the period			0	4 799	5 983
<b>Cash at end of the period</b>			<b>4 799</b>	<b>5 983</b>	<b>8 751</b>

\* Change in disclosure 2001-02 including comparative figures.

## Comment

On 25 April 2000, the initial balances of TAS, being the account balances of the Non-Contributory Scheme as at that date, were funded using surplus assets from within the Contributory Scheme, adjusted to take account of the income taxation differences between the two Schemes.

Cash flows from Member and Employer Contributions were invested in Australian and Overseas shares, direct property and mortgages.

## FINANCIAL ANALYSIS

	Bench	1997-98	1998-99	1999-00	2000-01	2001-02
	Mark					
<b>Financial Performance</b>						
Investments (\$'000)				85 751	112 216	140 606
Net Investment Income (\$'000)				3 515	9 904	( 6)
Return on Investments	5.5%			8.2%	10.0%	0.0%
Profit Return on Total Assets				10.2%	35.3%	24.3%
Revenue on Total Assets				11.2%	40.8%	30.6%
Contribution Revenue on Benefits Paid				1208.2%	307.6%	262.5%

### Comment

It should be noted that 1999-00 relates only to the period 25 April to 30 June 2002.

The returns for 2001-02 largely reflect the negative gains on Australian and Overseas shares as the equity markets reacted unfavourably to the events of September 11. Investment income remained steady with property investments returning more than 14% and local mortgages about 6%.

Return on Investments represents a return on average net investments for any given year.

## OVERALL COMMENT

Total funds under management for RFBF have increased since 1996-97. The rate of return on total funds under management has been solid with the rate outperforming the average return for growth-orientated funds.

During 2001-02 RFBF performed well in comparison with other Australian Superannuation Funds with a crediting rate after fees and tax of 0.83% in the key RFBF Actively Managed option.

## 4 OTHER AUTHORITIES

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### INTRODUCTION

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.

### RESPONSIBLE MINISTER/S

The Ministers responsible for the entities within this group as at 30 June 2002 were as follows:

<b>Entity</b>	<b>Responsible Minister</b>
Legal Aid Commission	Minister for Justice and Industrial Relations
Marine and Safety Authority	Minister for Infrastructure, Energy and Resources
Nominal Insurer	Minister for Infrastructure, Energy and Resources
Private Forests Tasmania	Minister for Infrastructure, Energy and Resources
State Fire Commission	Minister for Health and Human Services
TAFE Tasmania	Minister for Education
Tasmanian Beef Industry (Research & Development) Trust	Minister for Primary Industries, Water and Environment
Theatre Royal Management Board	Minister for Infrastructure, Energy and Resources
University of Tasmania	Minister for Education

## 4.1 LEGAL AID COMMISSION

### INTRODUCTION

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.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of the Commission were received on 3 October 2002 and are still under audit review. The figures contained in those statements are included for comparative purposes.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
State Government Grants	2 700	2 735	2 770	3 086	2 852
Commonwealth grants	4 493	4 581	4 687	4 727	6 298
User charges, fees and fines	495	537	402	310	208
Other operating revenue	157	82	56	62	101
Non-operating revenue	0	0	0	1	0
<b>Total Revenue</b>	<b>7 845</b>	<b>7 935</b>	<b>7 915</b>	<b>8 186</b>	<b>9 459</b>
Depreciation	438	257	200	99	134
Other operating expenses	8 610	9 136	8 375	7 219	7 965
Non-operating expenses	49	0	0	0	0
<b>Total Expenses</b>	<b>9 097</b>	<b>9 393</b>	<b>8 575</b>	<b>7 318</b>	<b>8 099</b>
<b>Result from Ordinary Activities</b>	<b>( 1 252)</b>	<b>( 1 458)</b>	<b>( 660)</b>	<b>868</b>	<b>1 360</b>

## Comment

The increase in Commonwealth Grants for the 2001-02 year of \$1.571m is a result of the introduction of the Commonwealth Expensive Case Provision, \$0.200m, an increase in Commonwealth disbursements to community legal centres, \$0.491m, and an increase in grants in advance for the following year's Base Program of \$0.970m.

The decrease in the depreciation expense for 2000-01 arose as the Commission had depreciated the majority of its office equipment to nil value during the 1999-00 year, with most items having a useful life of four years. Hence, depreciation expense for the 2000-01 year only included depreciation on new office equipment purchased during the year.

The significant variation of other operating expense items is dependant upon the timeliness of processing and payments of accounts. The change over the period of 1999-00 to 2000-01 is mainly attributed to the reduction in payments to Private Legal Practitioners, due to the cessation of the State Civil law program.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash	2 022	687	353	1 230	2 697
Receivables	322	340	135	183	129
Other	18	18	42	11	5
<b>Total Current Assets</b>	<b>2 362</b>	<b>1 045</b>	<b>530</b>	<b>1 424</b>	<b>2 831</b>
Property, plant & equipment	803	653	498	477	453
<b>Total Non-Current Assets</b>	<b>803</b>	<b>653</b>	<b>498</b>	<b>477</b>	<b>453</b>
Payables	83	88	104	108	119
Provisions	314	291	284	315	335
<b>Total Current Liabilities</b>	<b>397</b>	<b>379</b>	<b>388</b>	<b>423</b>	<b>454</b>
Provisions	60	69	50	19	12
<b>Total Non-Current Liabilities</b>	<b>60</b>	<b>69</b>	<b>50</b>	<b>19</b>	<b>12</b>
<b>Net Assets</b>	<b>2 708</b>	<b>1 250</b>	<b>590</b>	<b>1 459</b>	<b>2 818</b>
Capital	325	325	325	325	325
Retained surpluses	2 383	925	265	1 134	2 493
<b>Total Equity</b>	<b>2 708</b>	<b>1 250</b>	<b>590</b>	<b>1 459</b>	<b>2 818</b>

## Comment

Cash held in 1998-99 was lower than the previous year, primarily due to an increase in operating expenses amounting to \$0.526m. This increase was due principally to increases in payments to private practitioners. Similarly, the increase in cash noted in the 2000-01 year is a function of the decrease in payments to private practitioners, as noted previously. The significant cash increase for the 2001-02 year is attributable to the increase of cash held of \$0.690m, due principally to Commonwealth grant monies for the 2002-03 year being received in advance.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
State Government Grants	2 845	2 717	3 004	3 022	2 916
Commonwealth grants	4 493	4 581	4 687	4 727	6 298
Receipts from customers	505	517	348	309	183
Payments to suppliers and employees	( 8 629)	( 9 130)	( 8 386)	( 7 155)	( 7 921)
Interest received	159	87	57	52	99
<b>Cash from operations</b>	<b>( 627)</b>	<b>( 1 228)</b>	<b>( 290)</b>	<b>955</b>	<b>1 575</b>
Payments for P, P & Equipment	( 98)	( 106)	( 44)	( 78)	( 110)
<b>Cash used in investing activities</b>	<b>( 98)</b>	<b>( 106)</b>	<b>( 44)</b>	<b>( 78)</b>	<b>( 110)</b>
<b>Net increase in cash</b>	<b>( 725)</b>	<b>( 1 334)</b>	<b>( 334)</b>	<b>877</b>	<b>1 465</b>
Cash at the beginning of the period	2 747	2 022	687	353	1 232
<b>Cash at end of the period</b>	<b>2 022</b>	<b>688</b>	<b>353</b>	<b>1 230</b>	<b>2 697</b>

## Comment

The largest recorded net deficit in cash occurred in the 1998-99 year, which amounted to \$1.334m. This increased deficit was due to the increase in payments to private legal practitioners during the financial year. This deficit has gradually decreased in line with the decrease in payments to the private practitioners. Ultimately, this resulted in an increment in cash of \$0.877m in the 2000-01 year. This encouraging trend has continued for the 2001-02 year, with a significant increase of cash being held at 30 June 2002 amounting to \$1.465m.

The change in Payments to suppliers and employees over the period of 1999-00 to 2000-01 is mainly attributed to the reduction in payments to Private Legal Practitioners.

The explanation for the change in Commonwealth Grants in the 2001-02 year is directly linked to the movements noted in the Statement of Financial Performance explained previously.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 1 203)	( 1 458)	( 660)	867	1 375
Operating margin	>1.0	0.87	0.84	0.92	1.12	1.17
<b>Financial Management</b>						
Current ratio	>1	5.95	2.76	1.37	3.37	6.25
Debt collection	30 days	n/a	n/a	n/a	n/a	n/a
Creditor turnover	30 days	8	12	13	14	14
<b>Other information</b>						
Staff numbers FTEs		57	56	51	50	52
Average staff costs (\$'000s)		45	49	57	57	54

### Comment

The increase in the result from operations for 2001-02, \$0.503m, is attributable to the additional Commonwealth Grant funding received.

The current ratio throughout the five-year analysis, and in particular for the 2001-02 financial year, shows that the Commission can comfortably meet its short term financial commitments.

The debt collection ratio has been deemed not applicable, as the vast majority of the Legal Aid Commissions' revenue is derived from Commonwealth and State Government Grants, which are not invoiced. In light of this, receivables balances are traditionally low, with little impact on the operations of the Commission.

## OVERALL COMMENT

The audit of the Commission's accounts for the 2001-02 financial years is still in progress.



## 4.2 MARINE AND SAFETY AUTHORITY

### INTRODUCTION

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 commenced operations on 30 July 1997. The former Department of Transport and the former Port Authorities transferred a large number of marine facilities to the Authority. The Port Authorities divested all boat ramps and jetties and all the navigation aids that were outside their immediate port areas or were not part of their core commercial activities. The Authority also assumed the assets and liabilities of the former Navigation and Survey Authority of Tasmania.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

The signed financial statements of the Authority were received on 25 September 2002 and an unqualified audit report was issued on 30 September 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Operating revenue	1 786	2 252	2 325	2 659	3 544
<b>Total Revenue</b>	<b>1 786</b>	<b>2 252</b>	<b>2 325</b>	<b>2 659</b>	<b>3 544</b>
Depreciation	420	567	575	582	597
Other operating expenses	1 270	2 213	2 564	2 390	2 952
Non-operating expenses	0	0	121	0	0
<b>Total Expenses</b>	<b>1 690</b>	<b>2 780</b>	<b>3 260</b>	<b>2 972</b>	<b>3 549</b>
<b>Result from ordinary activities</b>	<b>96</b>	<b>( 528)</b>	<b>( 935)</b>	<b>( 313)</b>	<b>( 5)</b>

#### Comment

A general increase in Operating revenue each year is a result of the significant increase in the number of recreational vessel registrations and increasing activity in

the aquaculture/fishing industries. This was augmented in 2000-01 when a \$10 Safety levy was introduced to fund specific boating safety programs. During 1998-99 a new fee structure for certificates of competency was introduced, and in 2000-01 a new fee structure for commercial vessel survey was implemented resulting in a decrease in revenue but delivering significant cost savings to industry and the Authority.

During 2001-02 the Authority received an additional appropriation of \$0.615m from the Infrastructure Fund for six jetties and ramps. An incentive payment of \$0.098m was also received to take over the lease of office accommodation in Hobart. A further amount of \$0.089m was received from the Commonwealth Government to provide a replacement HF radio communications system.

The increase in Depreciation from 1998-99 was due to the take on of the Ulverstone breakwater, wharf and training wall from 16 June 1997.

The increase in Operating expenses from 1998-99 was due to increased maintenance works on marine facilities. Also in that year there were recreational boating expenses. The increase in Operating expenses in 2001-02 was due to expenditure on the maintenance projects funded by the Infrastructure Fund.

Non-operating expenses in 1999-00 was a write-off of marine facilities where ownership had been vested originally in the Authority, but subsequently discovered that ownership vested elsewhere.

**FINANCIAL POSITION**

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	775	716	280	542	863
Receivables	21	148	28	77	84
Other	5	6	6	19	7
<b>Total Current Assets</b>	<b>801</b>	<b>870</b>	<b>314</b>	<b>638</b>	<b>954</b>
Property, plant & equipment	9 559	9 144	8 669	8 141	7 792
<b>Total Non-Current Assets</b>	<b>9 559</b>	<b>9 144</b>	<b>8 669</b>	<b>8 141</b>	<b>7 792</b>
Payables	137	303	202	230	215
Provisions	77	83	80	147	126
<b>Total Current Liabilities</b>	<b>214</b>	<b>386</b>	<b>282</b>	<b>377</b>	<b>340</b>
Provisions	1	12	19	6	15
<b>Total Non-Current Liabilities</b>	<b>1</b>	<b>12</b>	<b>19</b>	<b>6</b>	<b>15</b>
<b>Net Assets</b>	<b>10 145</b>	<b>9 616</b>	<b>8 682</b>	<b>8 396</b>	<b>8 391</b>
Capital	9 939	9 939	9 939	9 939	9 939
Reserves	420	186	0	29	29
Retained profits/(losses)	( 214)	( 509)	( 1 257)	( 1 572)	( 1 577)
<b>Total Equity</b>	<b>10 145</b>	<b>9 616</b>	<b>8 682</b>	<b>8 396</b>	<b>8 391</b>

**Comment**

The high Cash balances at the end of 1997-98 and 1998-99 were due mainly to a Treasury appropriation not spent until 1999-00 on capital purchases. Similarly, the balance at the end of 2001-02 was the result of unspent funds from the Department of Infrastructure, Energy and Resources (DIER) as part of the Infrastructure Fund.

Receivables increased by \$0.127m during 1998-99 as a result of moneys being owed from Treasury for the sale of slipways, \$0.085, and salaries for the secondment of a staff member, \$0.032m. Receivables increased from 2000-01 due to the new fee structure for commercial vessels.

The increase in Other assets in 2000-01 was due to increases in prepayments for insurance and the National Marine and Safety Committee subscription.

The reduction in Property, plant and equipment is the result of depreciation.

Payables increased by \$0.166m in 1998-99 as a result of outstanding payments for work carried out on the Denison Canal and redevelopments at Bicheno.

The increase in Provisions in 2000-01 is due to the inclusion of superannuation, FBT and Payroll Tax attributable to leave entitlements.

In 1998-99 and 1999-00 there were transfers from the Facilities Maintenance Reserve to Retained profits/(losses). The amount from 2000-01 is due to the net result of a total asset revaluation undertaken during that year.

The increasing Retained losses are a result of operating losses sustained during 1998-99 to 2000-01. The accumulated loss sustained by the Authority as at 30 June 2001, \$1.572m, relates mainly to non-cash transactions, in particular depreciation expenses for Navigation Aids and Marine Facilities. It is expected these losses will continue in future years, unless additional funding is provided or revenue can be raised to offset the losses.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Receipts from customers	1 773	2 157	2 401	2 576	3 498
Payments to suppliers and employees	( 1 223)	( 2 028)	( 2 583)	( 2 305)	( 2 943)
Interest received	22	41	34	32	39
<b>Cash from operations</b>	<b>572</b>	<b>170</b>	<b>( 148)</b>	<b>303</b>	<b>595</b>
Payments for P, P & Equipment	( 25)	( 229)	( 288)	( 41)	( 274)
<b>Cash used in investing activities</b>	<b>( 25)</b>	<b>( 229)</b>	<b>( 288)</b>	<b>( 41)</b>	<b>( 274)</b>
<b>Net increase in cash</b>	<b>547</b>	<b>( 59)</b>	<b>( 436)</b>	<b>262</b>	<b>321</b>
Cash at the beginning of the period	228	775	716	280	543
<b>Cash at end of the period</b>	<b>775</b>	<b>716</b>	<b>280</b>	<b>542</b>	<b>863</b>

## Comment

Reasons for variations in Cash flows amounts and Cash balances reflect the comments made for variations in the Statement of Financial Performance and movements in the Cash amount in the Statement of Financial Position.

The cash position of the Authority has remained relatively strong since the Authority's inception in 1997.

In 2001-02 cash inflows increased due to extra funds provided from the Infrastructure Fund. The Cash outflow increase is due mainly to the reconstruction of the Southport jetty and work in progress on other jetties.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations (\$'000s)		96	( 528)	( 814)	( 313)	( 5)
Operating margin	>1.0	1.06	0.81	0.74	0.89	1.00
<b>Financial Management</b>						
Current ratio	>1	3.74	2.25	1.11	1.69	2.80
Debt collection	30 days	11	5	15	6	9
Creditor turnover	30 days	38	50	35	44	45
<b>Other information</b>						
Staff numbers FTEs		12	14	14	17	17
Average staff costs (\$'000s)		48	51	66	59	72

### Comment

Most performance indicators show fluctuations over the five years in accordance with the activities of the Authority.

Extra funds provided from DIER have resulted in an increase to the result from operations as well as the current ratio for 2001-02.

The increase in Average staff costs in 2001-02 was due primarily to a redundancy payment for a Senior Engineer.

## OVERALL COMMENT

Whilst the cash position of the Authority is strong, accumulated losses are increasing due to unfunded depreciation.

## 4.3 NOMINAL INSURER

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### INTRODUCTION

The Nominal Insurer is an independent statutory body established under section 121 of the *Workers Rehabilitation and Compensation Act 1988*. Its main purpose is to ensure that a worker is not disadvantaged in circumstances where an employer is not insured, where an employer cannot be located, or has been declared bankrupt, or where an employer/insurer has defaulted in payment of an accepted claim. The entity's main activity is to make payment of claims arising under the above scenarios. The ability to pay claims settled is by way of contributions received from licensed insurers and self-insurers as and when necessary to call up in accordance with section 128 of the Act.

The Nominal Insurer operates the following funds:

- An account established in accordance with sections 16A through 16D of the *Workers Compensation Act 1927* (the 1927 Act);
- The Nominal Insurer No 4 Account established under sections 121-131 of the *Workers Compensation Act 1988* (the 1988 Act); and
- The Nominal Insurer No 5 Account (National Employers' Mutual) established under sections 16A through 16D of the *Workers Compensation Act 1927*.
- The Nominal Insurer No 6 Account (H.I.H Group) established under section 127B of the *Workers Rehabilitation and Compensation Act 2001*.

Approved insurers under the 1927 Act have the responsibility to meet the cost of the 1927 Act claims. Under the 1988 Act, licensed and self-insurers are required to accept liability for claims against uninsured employers and failed workers' compensation insurers.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed statements were received on 3 October 2002. As at the date of completion of this segment of the Report, 11 November 2002, an audit report has not yet been issued. However the audit was substantially complete.

During 2000-01 year, the collapse of HIH Ltd had a profound impact on the workers' compensation coverage for the State, and has resulted in a dramatic impact in outstanding claims as reported in the financial statements for 2001-02.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
Operating revenue			726	761	16 400
<b>Total Revenue</b>			<b>726</b>	<b>761</b>	<b>16 400</b>
Operating expenses			963	611	16 637
<b>Total Expenses</b>			<b>963</b>	<b>611</b>	<b>16 637</b>
<b>Result from Ordinary Activities</b>			<b>( 237)</b>	<b>150</b>	<b>( 238)</b>

#### Comment

1999-00 was the first year that the entity prepared financial statements on an accrual basis.

Operating revenue consists of Insurers' Contributions, Claims Recovery and Investment Revenue. Insurers' Contributions, received to meet the costs of claims made by claimants, increased from \$0.498m in 2000-01 to \$16.383m in 2001-02 principally as a result of the HIH Ltd collapse. Claims Recovery revenue, which is received from employers who have failed to take out an insurance policy, or from insurance brokers who did not obtain insurance on behalf of their employer/client, decreased from \$0.246m in 2000-01 to \$0.001m in 2001-02. This amount is variable from year to year, as it depends on individual circumstances.

Operating expenses comprise Claims Expenses, General Administration Expenses, Interest on Borrowings and Distributions to Members. Claims Expenses, which are payments of weekly compensation paid to claimants, and expenses incurred for medical and hospital treatments, rehabilitation fees and legal expenses associated with workers' compensation claims, increased from \$0.361m in 2000-01 to \$16.134m in 2001-02, again as a result of the HIH Ltd collapse. General Administration expenses increased from \$0.050m in 2000-01 to \$0.112m in 2001-02 as a result of the increased claims. Interest on borrowings for 2001-02 was \$0.391m. Distribution to Members are reimbursements of dividends received from the Official Liquidator. The distribution is made on the proportion contributed by each licensed insurer in the initial establishment of the No 5 Account and subsequent calls made for funds. This amount as well can vary between years. There were none in 2001-02.

**FINANCIAL POSITION**

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash			391	509	311
Receivables			413	17 111	12 756
Other			0	32	0
<b>Total Current Assets</b>			<b>804</b>	<b>17 652</b>	<b>13 067</b>
Receivables			808	33 258	35 552
<b>Total Non-Current Assets</b>			<b>808</b>	<b>33 258</b>	<b>35 552</b>
Payables			362	17 061	6 307
Provisions			51	50	65
Borrowings			0	0	6 391
<b>Total Current Liabilities</b>			<b>413</b>	<b>17 111</b>	<b>12 764</b>
Borrowings			0	0	9 854
Other			808	33 258	25 698
<b>Total Non-Current Liabilities</b>			<b>808</b>	<b>33 258</b>	<b>35 552</b>
<b>Net Assets</b>			<b>391</b>	<b>541</b>	<b>304</b>
Retained surpluses			391	541	304
<b>Total Equity</b>			<b>391</b>	<b>541</b>	<b>304</b>

**Comment**

Receivables are an estimate of the outstanding claims to be settled. The amount and timing (current/non-current) is based on advice from solicitors who are handling the claims. The amount outstanding is subject to annual review and the value changes each year. The impact of HIH Ltd's collapse was evident in the marked increase in current and non-current receivables in 2000-01, with an overall decrease in 2001-02.

Similarly, Payables includes the same amounts under current and non-current liabilities that relate to outstanding HIH claims, as well as an actuarial estimate.

Borrowings were necessary from Tascorp in 2001-02 to meet the immediate claims. The total borrowings outstanding as at 30 June 2002 was \$16.245m including accrued interest.



## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
Receipts from customers			706	745	202
Payments to suppliers and employees			( 963)	( 644)	( 16 261)
Interest received			20	17	7
<b>Cash from operations</b>			<b>( 237)</b>	<b>118</b>	<b>( 16 052)</b>
Borrowings			0	0	15 854
<b>Cash from financing</b>			<b>0</b>	<b>0</b>	<b>15 854</b>
<b>Net increase in cash</b>			<b>( 237)</b>	<b>118</b>	<b>( 198)</b>
Cash at the beginning of the period			628	391	509
<b>Cash at end of the period</b>			<b>391</b>	<b>509</b>	<b>311</b>

### Comment

The variances between the past three years are consistent with the accrual statements, particularly when the increase in Receivables is taken into account. Another factor is a timing issue in processing recoveries to insurance companies from the Official Liquidator.

Tascorp advanced loans totalling \$15.854m during 2001-02. This enabled claims totalling \$16.134m to be paid.

## FINANCIAL ANALYSIS

	Bench	1997-98	1998-99	1999-00	2000-01	2001-02
	Mark					
<b>Financial Performance</b>						
Result from operations (\$'000s)				( 237)	150	( 238)
Operating margin	>1.0			0.75	1.25	0.99
<b>Financial Management</b>						
Current ratio	>1			1.95	1.03	1.02

### Comment

The negative Results from operations in 1999-00 and 2001-02 were due to timing variances in paying out claims and being reimbursed by insurers. The effect has been to reduce the Net Assets of the Nominal Insurer.

## **OVERALL COMMENT**

The volume of activity for the Nominal Insurer has increased dramatically over the past two years since the collapse of HIH Ltd, and is expected to continue for the foreseeable future, due to the large number of policies held by employers with that insurer and the ongoing processing of HIH-related insurance claims.

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## 4.4 PRIVATE FORESTS TASMANIA

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### INTRODUCTION

Private Forests Tasmania was established as a state authority on 1 July 1994 under the *Private Forests Act 1994*. Its primary functions are to develop and advocate strategic and policy advice to the Minister and forestry partners, and to work in partnership with growers, managers, investors and industry to sustainably develop and manage Tasmania's private forests and to initiate extended or new market opportunities.

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.

At 30 June 2002 the Responsible Minister was the Minister for Infrastructure, Energy and Resources, and on 9 August 2002 the Responsible Minister became the Minister for Economic Development, Energy and Resources.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of were received on 18 October 2002 and an unqualified audit report was issued on that date.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Operating revenue	1 859	1 891	1 858	2 273	2 750
<b>Total Revenue</b>	<b>1 859</b>	<b>1 891</b>	<b>1 858</b>	<b>2 273</b>	<b>2 750</b>
Borrowing costs	133	130	125	102	95
Depreciation	40	41	41	60	58
Other operating expenses	1 699	1 735	1 804	2 039	2 304
Non-operating expenses	0	0	0	0	9
<b>Total Expenses</b>	<b>1 872</b>	<b>1 906</b>	<b>1 970</b>	<b>2 201</b>	<b>2 466</b>
<b>Result from ordinary activities</b>	<b>( 13)</b>	<b>( 15)</b>	<b>( 112)</b>	<b>72</b>	<b>284</b>
<b>Result after taxation</b>	<b>( 13)</b>	<b>( 15)</b>	<b>( 112)</b>	<b>72</b>	<b>284</b>

#### Comment

The nature of Private Forests' operations is not to provide substantial returns to Government but rather to perform a function. The operating results for the last five years reflect this aim. The results are small profits or losses with the exception of the 1999-00 and 2001-02 years. The Authority made a larger loss of \$0.112m for the 1999-00 year. Operating grants were \$0.021 less for 1999-00 than the previous year, the remainder of the revenue reduction is attributable to reduced consultancy fees. The 2001-02 result is due predominantly to a 21% increase in operating revenue, \$0.477m, due principally to an increase in Commonwealth grant funding, \$0.260m.

Revenue is mainly derived from Commonwealth Grants and Consolidated Fund appropriations. The amount of grants and appropriations received varies from year to year depending on project schedules and priorities.

An amendment to the *Private Forests Act 1994* received Royal Assent on 6 December 2001. The amendment allowed for the introduction of a private forest service levy and is applicable to forest practices plans certified since 24 August 2001. The new levy contributed \$0.085m to revenue for the 2001-02 year.

Other revenue is derived substantially through interest on investments and from pine loan debtors. The pine loan debtor interest is largely offset by borrowing costs payable to the State Government. Borrowing costs have been steadily reducing over the five-year period as the outstanding borrowings decrease.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash	477	827	111	595	141
Receivables	59	23	30	53	425
Investments	850	850	1 850	1 900	1 800
Other	145	175	178	168	161
<b>Total Current Assets</b>	<b>1 531</b>	<b>1 875</b>	<b>2 169</b>	<b>2 716</b>	<b>2 527</b>
Property, plant & equipment	140	142	184	192	249
Other	1 886	1 844	1 552	1 390	1 303
<b>Total Non-Current Assets</b>	<b>2 026</b>	<b>1 986</b>	<b>1 736</b>	<b>1 582</b>	<b>1 552</b>
Payables	19	26	58	56	105
Borrowings	130	170	171	161	153
Provisions	217	203	213	239	250
Other	592	931	1 315	1 757	1 269
<b>Total Current Liabilities</b>	<b>958</b>	<b>1 330</b>	<b>1 757</b>	<b>2 213</b>	<b>1 777</b>
Borrowings	2 322	2 277	2 002	1 856	1 783
Provisions	17	9	13	24	30
<b>Total Non-Current Liabilities</b>	<b>2 339</b>	<b>2 286</b>	<b>2 015</b>	<b>1 880</b>	<b>1 813</b>
<b>Net Assets</b>	<b>260</b>	<b>245</b>	<b>133</b>	<b>205</b>	<b>489</b>
Retained profits	260	245	133	205	489
<b>Total Equity</b>	<b>260</b>	<b>245</b>	<b>133</b>	<b>205</b>	<b>489</b>

### Comment

The cash balance for Private Forests Tasmania reduced at the end of 1999-00 as surplus funds of \$1.000m were transferred to investments for the year.

Receivables as at 30 June 2002 include \$0.301m of grant and consolidated fund appropriations relating to the 2001-02 year as well as increased debtors due to the new private forest service levy.

Property, plant and equipment increased by \$0.042m in 1999-00. During this year the Authority purchased computer equipment and geographic information systems software for new projects, including National Heritage Trust projects. Property, plant and equipment increased by a net \$0.057m during 2001-02. Purchases included office equipment, computer equipment and software, and plant items for specific projects, \$0.064m.

Other non-current assets are private pine plantation loan debtor receivables.

Payables at 30 June 2002 include \$0.044m in capital expenditure creditors for computer hardware and software.

The borrowings balance of \$1.936m for 2001-02, (2000-01, \$2.017m), represents loan funds advanced by the State Government to fund private plantation loans.

Other current liabilities are comprised of accrued expenses and unexpended grants. Under Treasurer's Instruction GBE 08-52-01 all government grants & 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. Unexpended grants at 30 June 2002 totalled \$1.231m (2001, \$1.716m). A number of projects either reached or neared completion of their current stage during 2001-02, thus the substantial decrease of \$0.485m in unexpended grants held at balance date.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Receipts from customers	1 855	2 032	2 139	2 642	1 894
Payments to suppliers and employees	( 1 761)	( 1 691)	( 1 849)	( 2 179)	( 2 448)
Interest received	51	61	84	144	126
Borrowing costs	( 58)	( 82)	( 98)	( 96)	( 95)
<b>Cash from operations</b>	<b>87</b>	<b>320</b>	<b>276</b>	<b>511</b>	<b>( 523)</b>
Proceeds from investments	0	0	0	0	100
Payments for investments	( 350)	0	( 1 000)	( 50)	0
Payments for P, P & Equipment	( 37)	( 43)	( 83)	( 68)	( 126)
Proceeds from sale of P, P & E	0	0	0	0	3
<b>Cash used in investing activities</b>	<b>( 387)</b>	<b>( 43)</b>	<b>( 1 083)</b>	<b>( 118)</b>	<b>( 23)</b>
Proceeds from borrowings	64	146	364	273	189
Repayment of borrowings	( 27)	( 73)	( 273)	( 182)	( 97)
<b>Cash from financing activities</b>	<b>37</b>	<b>73</b>	<b>91</b>	<b>91</b>	<b>92</b>
<b>Net increase in cash</b>	<b>( 263)</b>	<b>350</b>	<b>( 716)</b>	<b>484</b>	<b>( 454)</b>
Cash at the beginning of the period	740	477	827	111	595
<b>Cash at end of the period</b>	<b>477</b>	<b>827</b>	<b>111</b>	<b>595</b>	<b>141</b>

## Comment

The timing of cash transactions due to project scheduling can cause disparity between cash receipts and payments. Project funding is shown as a receipt from customers for the year during which it is received. As projects can run for long periods, the corresponding payments to suppliers and employees are spread over a number of financial years. The level of unexpended grants funding contributes to the level of cash and investments held within the Authority. Receipts from customers is substantially lower for 2001-02 than the previous year due to the timing of grant

payments. Funding for many of the projects undertaken during the year was held in unexpended grants at 30 June 2001 and actually received during 2000-01, explaining the increase in receipts from customers for the 2000-01 year.

Payments for property, plant and equipment during 2001-02, \$0.126m, included \$0.091m relating to specific State and Commonwealth grant funded projects.

Proceeds from borrowings vary significantly from year to year. Private Forests Tasmania administers plantation loans. The life span of these loan agreements is 30 years. Plantation owners may defer the repayment of their loans for part of the period. During recent years a number of loan debtors have elected to pay the full portion of their loan balances resulting in increased proceeds from borrowings. The additional repayments have then been passed on to the State Government by Private Forests Tasmania as repayment of their debt to Treasury.

## FINANCIAL ANALYSIS

	Bench	1997-98	1998-99	1999-00	2000-01	2001-02
	Mark					
<b>Financial Performance</b>						
Result from operations (\$'000s)		( 13)	( 15)	( 112)	72	293
EBIT (\$'000s)		120	115	13	174	379
Operating margin	>1.0	0.99	0.99	0.94	1.03	1.12
Return on assets		3.5%	3.1%	0.3%	4.2%	9.0%
Return on equity		-4.9%	-5.9%	-59.3%	42.6%	81.8%
<b>Financial Management</b>						
Debt to equity		943.1%	998.8%	1633.8%	983.9%	395.9%
Debt to total assets		68.9%	63.4%	55.6%	46.9%	47.5%
Interest cover	>3	1	1	0	2	4
Current ratio	>1	1.60	1.41	1.23	1.23	1.42
Cost of debt	7.5%	5.5%	5.3%	5.4%	4.9%	4.8%
Debt collection	30 days					
Creditor turnover	30 days	9	11	23	24	35
<b>Other information</b>						
Staff numbers FTEs		18	15	19	21	22
Average staff costs (\$'000s)		56	62	51	59	59

## Comment

Private Forests Tasmania is not required to pay income tax equivalent or dividend payments to the Tasmanian Government.

Due to the nature of Private Forest Tasmania's operations and the composition of the Statement of Financial Position the return on asset and equity ratios vary from year to year. The solid operating result for 2001-02 has seen substantial increases in these ratios for the current year. The Authority's operating margin has consistently remained around the benchmark for the five years under review.

The level of borrowings held to facilitate the private plantation loans is substantial. This has resulted in consistently large debt to equity and debt to total asset ratios. The debt to total assets ratio has been steadily declining as the borrowings are repaid. The debt to equity ratio has dramatically decreased for the 2001-02 year. The operating result for the 2001-02 year (\$0.284m) has increased the equity balance of the Authority to \$0.489m. This increase combined with the reducing debt level has led to the substantial decrease in the ratio.

Private Forests Tasmania's cost of debt has been steadily decreasing as a result of a reduction in overall interest rates.

As the majority of revenue is derived from funding received from either State or Commonwealth Governments, the debt collection ratio is not relevant to Private Forests Tasmania. The creditor turnover has increased for 2002 primarily due to the increased payables balance which includes \$0.044m of capital expenditure creditors.

## **OVERALL COMMENT**

The 2001-02 audit was completed satisfactorily with no major issues outstanding.



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## **4.5 STATE FIRE COMMISSION**

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### **INTRODUCTION**

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 nominated by the Tasmanian Volunteer Fire Brigades Association, one nominated by the Secretary of the Department of Treasury and Finance and two nominated by the Local Government Association of Tasmania.

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

### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

Signed financial statements of the Commission were received by Audit on 26 September 2002 and an unqualified audit report was issued on 9 October 2002.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
State government contribution	2 777	1 982	2 741	4 026	3 388
Commonwealth contribution	166	168	168	184	183
User charges, fees and fines	2 434	2 504	2 899	3 080	3 164
Other operating revenue	29 493	29 085	29 521	31 535	34 215
Non-operating revenue	1 174	1 097	1 567	912	886
<b>Total Revenue</b>	<b>36 044</b>	<b>34 836</b>	<b>36 896</b>	<b>39 737</b>	<b>41 836</b>
Borrowing costs	673	594	584	474	330
Depreciation	2 162	2 499	2 615	2 780	3 004
Other operating expenses	29 344	28 517	30 642	34 032	34 811
Non-operating expenses	1 074	1 257	1 941	1 028	1 064
<b>Total Expenses</b>	<b>33 253</b>	<b>32 867</b>	<b>35 782</b>	<b>38 314</b>	<b>39 209</b>
<b>Result from Ordinary Activities</b>	<b>2 791</b>	<b>1 969</b>	<b>1 114</b>	<b>1 423</b>	<b>2 627</b>

#### Comment

The variations in State Government contributions relate to the receipt of additional wildfire fighting contributions, which is dependant on the incidence of fires experienced within the state. The 2000-01 year was significant for the number of fires.

Other operating revenue consists mainly of fire service contributions from local councils, the fire levy paid by Insurance companies and the motor vehicle fire levy. The variation noted in other operating revenue for 2001-02 was due to an increase in the insurance fire levy, which increased from \$7.601m in 2000-01 to \$10.103m.

The increase in other operating expenses recorded in 2000-01 is a result of a number of factors. There was a four per cent wage increase for fire-fighters effective from January 2001 and a significant rise of \$0.386m in computer expenses in the 2000-01 year. There was also a general increase across most expenditure areas caused principally by the 2000-01 year having a very busy fire season.

## FINANCIAL POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash	1 214	2 977	542	3 708	4 458
Receivables	474	368	509	819	1 242
Investments	1 600	0	1 500	0	0
Inventories	677	602	627	697	617
Other	1 879	1 967	2 457	1 111	1 463
<b>Total Current Assets</b>	<b>5 844</b>	<b>5 914</b>	<b>5 635</b>	<b>6 335</b>	<b>7 780</b>
Property, plant & equipment	50 501	52 200	52 090	55 317	56 213
<b>Total Non-Current Assets</b>	<b>50 501</b>	<b>52 200</b>	<b>52 090</b>	<b>55 317</b>	<b>56 213</b>
Payables	1 715	2 196	1 897	3 843	3 282
Borrowings	0	2 868	1 830	4 698	1 368
Provisions	4 345	4 483	4 702	1 983	2 090
Other	1 764	1 084	0	464	1 251
<b>Total Current Liabilities</b>	<b>7 824</b>	<b>10 631</b>	<b>8 429</b>	<b>10 988</b>	<b>7 991</b>
Borrowings	5 709	2 841	3 879	1 011	4 341
Provisions	329	246	249	3 166	3 368
<b>Total Non-Current Liabilities</b>	<b>6 038</b>	<b>3 087</b>	<b>4 128</b>	<b>4 177</b>	<b>7 709</b>
<b>Net Assets</b>	<b>42 483</b>	<b>44 396</b>	<b>45 168</b>	<b>46 487</b>	<b>48 293</b>
Capital	5 464	5 464	0	0	0
Reserves	32 053	1 704	1 362	1 258	0
Retained surpluses	4 966	37 228	43 806	45 229	48 293
<b>Total Equity</b>	<b>42 483</b>	<b>44 396</b>	<b>45 168</b>	<b>46 487</b>	<b>48 293</b>

### Comment

The significant increase in payables for 2000-01 year was due to the purchase of some computer equipment near the end of the financial year.

Other current liabilities in the first two years under review represented capital commitments. In the 1999-00 year, it was resolved that the majority of these balances did not meet the definition of a liability and hence they were no longer recorded. In the two most recent years, other current liabilities represent bank overdrafts. The increase in the bank overdraft in 2001-02 is offset by the increase in Cash and investment holdings, explaining how the net cash position has not materially moved.

Although the borrowings have moved significantly between the current and non-current classification in the past four years, the net outstanding balance had always

remained at \$5.709m. This is due to the fact that the Commission annually refinances its borrowings portfolio held with Tascorp.

In 2001-02 the Commission changed the way it calculated the current and non-current components of its provision for long service leave. The current provision is now calculated as the amount of the liability expected to be paid in the forthcoming financial year instead of being the existing entitlement as in previous years. There was a corresponding change to the 2000-01 provision amounts in the Statement of Financial Position.

Prior to the 2000-01 year, the Commission had a general capital balance that represented the net assets taken up by the Commission on conversion to accrual accounting. This amount was transferred to retained surpluses in accordance with changes to Australian Accounting Standards.

In 2001-02 the amount for Reserves, which is solely the Asset Revaluation Reserve was reduced to zero. During the year, Land and Buildings were revalued downwards by \$1.216m, with the asset revaluation reserve being debited by \$0.922m which amounted to the part of the reserve that was attributable to previous revaluation increments. As the remainder of the reserve related to assets now recorded on a cost basis, the Commission transferred the remaining balance to Retained operating surpluses in accordance with Australian Accounting Standards.

## CASH POSITION

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
Receipts from customers	35 624	33 208	34 011	39 015	40 581
Payments to suppliers and employees	( 28 767)	( 27 434)	( 30 131)	( 32 096)	( 35 532)
Interest received	87	78	75	88	73
Borrowing costs	( 673)	( 594)	( 585)	( 474)	( 330)
<b>Cash from operations</b>	<b>6 271</b>	<b>5 258</b>	<b>3 370</b>	<b>6 533</b>	<b>4 792</b>
Proceeds from investments	370	1 600	0	1 500	0
Payments for investments	0	0	( 1 500)	0	0
Payments for P, P & Equipment	( 6 630)	( 6 192)	( 5 872)	( 6 242)	( 5 532)
Proceeds from sale of P, P & E	1 174	1 097	1 567	912	703
<b>Cash used in investing activities</b>	<b>( 5 086)</b>	<b>( 3 495)</b>	<b>( 5 805)</b>	<b>( 3 830)</b>	<b>( 4 829)</b>
<b>Net increase in cash</b>	<b>1 185</b>	<b>1 763</b>	<b>( 2 435)</b>	<b>2 703</b>	<b>( 37)</b>
Cash at the beginning of the period	29	1 214	2 977	542	3 245
<b>Cash at end of the period</b>	<b>1 214</b>	<b>2 977</b>	<b>542</b>	<b>3 245</b>	<b>3 208</b>

## Comment

The decrease in cash in the 1999-00 year was due principally to payments for investments of \$1.500m. In several other years proceeds from the sale of investments assisted in a net increase in cash being recorded.

## FINANCIAL ANALYSIS

	Bench Mark	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations (\$'000s)		2 691	2 129	1 488	1 539	2 805
Operating margin	>1.0	1.08	1.07	1.04	1.04	1.07
<b>Financial Management</b>						
Current ratio	>1	0.75	0.56	0.67	0.58	0.97
Debt collection	30 days	6	5	7	10	15
Creditor turnover	30 days	27	35	30	64	36
<b>Other information</b>						
Staff numbers FTEs		391	387	407	420	415
Average staff costs (\$'000s)		51	51	51	53	57

## Comment

The current ratio has improved significantly in 2001-02 due to the change in accounting policy to record the current long service leave balance as what is expected to be paid in the following year, and the reclassification of a significant portion of borrowings as non-current after the latest refinancing arrangement.

The increase in creditor turnover in 2000-01 is directly related to the purchase of computer equipment noted previously.

## OVERALL COMMENT

The 2001-02 audit was completed with satisfactory results.

## 4.6 TAFE TASMANIA

### INTRODUCTION

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.

### AUDIT OF THE 2001-02 FINANCIAL STATEMENTS

Signed financial statements of the Authority were received by audit on 2 October 2002 and an unqualified audit report was issued on 3 October 2002.

### FINANCIAL RESULTS

As TAFE commenced operations on 1 January 1998, the results for 1997-98 only reflect six months of activity.

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
	\$000s	\$000s	\$000s	\$000s	\$000s
State Government grants	29 744	65 139	66 763	65 640	69 741
User charges, fees and fines	3 723	6 664	6 072	6 711	6 429
Other operating revenue	3 003	7 293	9 047	8 326	9 004
<b>Total Revenue</b>	<b>36 470</b>	<b>79 096</b>	<b>81 882</b>	<b>80 677</b>	<b>85 174</b>
Borrowing costs	0	0	226	147	55
Depreciation	3 289	6 617	6 498	6 733	6 815
Other operating expenses	35 318	72 609	74 308	74 983	78 951
Non-operating expenses	64	97	3 208	312	135
<b>Total Expenses</b>	<b>38 671</b>	<b>79 323</b>	<b>84 240</b>	<b>82 175</b>	<b>85 956</b>
<b>Result from Ordinary Activities</b>	<b>( 2 201)</b>	<b>( 227)</b>	<b>( 2 358)</b>	<b>( 1 498)</b>	<b>( 782)</b>

**Comment**

State Government Grants increased by \$4.101m in 2001-02 due principally to additional Commonwealth revenue provided under agreements to improve vocational education and training programs, including the development of a natural gas industry in Tasmania.

In 1999-00, other operating revenue rose significantly due to increases in commercial training activities provided on a fee for service basis.

Other operating expenses increased by \$3.873m in 2001-02 due mainly to increased teaching salaries, \$1.890m, offset by reduced non-teaching salaries, \$1.249m, together with increases in minor equipment purchases, \$1.193m, power and heating, \$0.362m, and repairs and maintenance, \$0.374m.

Non-operating expenses for 1999-00 principally comprise a loss on asset revaluations and the transfer of assets to the Crown valued at \$3.172m.

Borrowing costs relate to a loan facility through the Department of Treasury and Finance to fund a redundancy program. The loan balance has been reducing and will be fully repaid in 2002-03.

**FINANCIAL POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash	3 110	3 991	8 493	4 182	3 846
Receivables	1 748	1 797	2 349	2 221	1 615
Inventories	794	459	394	446	373
Other	104	61	74	525	21
<b>Total Current Assets</b>	<b>5 756</b>	<b>6 308</b>	<b>11 310</b>	<b>7 374</b>	<b>5 855</b>
Property, plant & equipment	145 311	145 855	141 676	143 069	143 154
<b>Total Non-Current Assets</b>	<b>145 311</b>	<b>145 855</b>	<b>141 676</b>	<b>143 069</b>	<b>143 154</b>
Payables	1 561	1 328	2 379	1 852	1 808
Borrowings	294	581	629	305	160
Provisions	7 877	9 044	4 027	4 316	4 053
Other	1 496	730	399	90	13
<b>Total Current Liabilities</b>	<b>11 228</b>	<b>11 683</b>	<b>7 434</b>	<b>6 563</b>	<b>6 034</b>
Borrowings	1 449	2 404	1 770	680	0
Provisions	1 663	1 576	7 209	6 940	7 493
Other	0	0	10	12	16
<b>Total Non-Current Liabilities</b>	<b>3 112</b>	<b>3 980</b>	<b>8 989</b>	<b>7 632</b>	<b>7 509</b>
<b>Net Assets</b>	<b>136 727</b>	<b>136 500</b>	<b>136 563</b>	<b>136 248</b>	<b>135 466</b>
Reserves	0	0	2 421	3 605	3 605
Retained surpluses	136 727	136 500	134 142	132 643	131 861
<b>Total Equity</b>	<b>136 727</b>	<b>136 500</b>	<b>136 563</b>	<b>136 248</b>	<b>135 466</b>

**Comment**

Cash increased in 1999-00 due mainly to the timing of the receipt of Government funding.

Borrowings relate to a loan facility through the Department of Treasury and Finance to fund a redundancy program. The loan balance has been reducing and will be fully repaid in 2002-03.

A re-assessment of employee entitlement provisions in 1999-00 resulted in a change in amounts classified as current and non-current.

The asset revaluation reserve of \$3.605m culminated from successive revaluations of infrastructure assets during 1999-00 and 2000-01.



**CASH POSITION**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>
	\$000s	\$000s	\$000s	\$000s	\$000s
State Government grants	32 872	65 501	66 763	65 640	69 741
Receipts from customers	5 928	14 039	13 997	21 474	23 456
Payments to suppliers and employees	( 32 110)	( 71 136)	( 73 256)	( 84 812)	( 87 429)
Borrowing costs	0	0	( 226)	( 146)	( 55)
<b>Cash from operations</b>	<b>6 690</b>	<b>8 404</b>	<b>7 278</b>	<b>2 156</b>	<b>5 713</b>
Payments for P, P & Equipment	( 3 678)	( 7 258)	( 2 240)	( 5 185)	( 5 546)
Proceeds from sale of P, P & E	84	29	51	131	323
<b>Cash used in investing activities</b>	<b>( 3 594)</b>	<b>( 7 229)</b>	<b>( 2 189)</b>	<b>( 5 054)</b>	<b>( 5 223)</b>
Repayment of borrowings	0	( 294)	( 587)	( 1 413)	( 826)
<b>Cash from financing activities</b>	<b>0</b>	<b>( 294)</b>	<b>( 587)</b>	<b>( 1 413)</b>	<b>( 826)</b>
<b>Net increase in cash</b>	<b>3 096</b>	<b>881</b>	<b>4 502</b>	<b>( 4 311)</b>	<b>( 336)</b>
Cash at the beginning of the period	14	3 110	3 991	8 493	4 182
<b>Cash at end of the period</b>	<b>3 110</b>	<b>3 991</b>	<b>8 493</b>	<b>4 182</b>	<b>3 846</b>

**Comment**

State Government Grants increased in 2001-02 due principally to additional Commonwealth revenue referred to earlier in this segment of the Report.

Cash increased in 1999-00 due mainly to the timing of the receipt of government funding.

Receipts from customers and payments to suppliers and employees have increased during 2000-01 due principally to the introduction of the GST.

**FINANCIAL ANALYSIS**

	1997-98	1998-99	1999-00	2000-01	2000-01
<b>Financial Performance</b>					
Result from operations (\$000s)	( 2 137)	( 130)	850	( 1 186)	( 647)
Operating margin	0.94	1.00	1.01	0.99	0.99
Current ratio	0.51	0.54	1.52	1.12	0.97
Debt collection	96	47	59	56	40
Creditor turnover	72	25	41	34	29
<b>Other information</b>					
Staff numbers FTEs	905	923	955	931	936
Average staff costs (\$'000s)	28	56	56	59	60

**Comment**

Over the last five years TAFE's operating result has shown an accumulated deficit of \$3.250m.

The current ratio improved significantly in 1999-00 due mainly to a reclassification of employee provisions.

Average staff costs in 1997-98 only reflect six months of activity.

Staff numbers as shown do not include sessional teacher, adult education tutors or casual staff. The FTE equivalent for these categories of staff is between 150-190 in any given year. As such the average staff costs disclosed are overstated. Based on an estimated staff FTE of 1 120 the average staff costs in 2001-02 are approximately \$50 000.

**OVERALL COMMENT**

The 2001-02 audit was completed with satisfactory results.

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## **4.7 TASMANIAN BEEF INDUSTRY (RESEARCH AND DEVELOPMENT) TRUST**

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### **INTRODUCTION**

On 17 August 1987, the Tasmanian Industry Residue Testing Fund was established for the purpose of testing of carcasses of cattle for chemical residue. On 29 February 1988 this function was assumed by the Australian Meat and Livestock Corporation and the Fund was no longer required.

An equitable distribution of the balance of the Residual Testing Fund could not be determined. Consequently the Tasmanian Beef Industry (Research and Development) Trust (the Trust) was established on the 11 July 1990 by the *Tasmanian Beef Industry (Research and Development) Trust Act 1990*. The Act provided for the transfer of \$0.296m held by the Tasmanian Industry Residue Testing Fund to the Trust.

The objectives of the Trust are to encourage and promote, through project funding, any undertakings which may assist in improving any aspect of the Tasmanian beef industry. The Trust performs this function by utilising the proceeds from investment funds for project funding. The Trust is exempt from income tax.

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

The Board comprises three members appointed by the Minister who are responsible for administering the Trust.

### **AUDIT OF THE 2001-02 FINANCIAL STATEMENTS**

Signed financial statements of the Tasmanian Beef Industry (Research and Development) Trust were received on 30 October 2002 and an unqualified audit report was issued on that date.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

	1997-98	1998-99	1999-00	2000-01	2001-02
Operating revenue	22	27	22	24	21
<b>Total Revenue</b>	<b>22</b>	<b>27</b>	<b>22</b>	<b>24</b>	<b>21</b>
Depreciation	0	0	1	1	0
Other operating expenses	19	18	11	13	8
<b>Total Expenses</b>	<b>19</b>	<b>19</b>	<b>12</b>	<b>14</b>	<b>9</b>
<b>Result from ordinary activities</b>	<b>2</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>12</b>

#### Comment

Operating revenue consists primarily of interest revenue earned on investment funds. Revenue for 1998-99 includes sponsorship of \$0.006m and interest revenue of \$0.021m.

Other operating expenses consist primarily of project funding, which is variable depending upon grant applications received and approvals given in any particular period.

**FINANCIAL POSITION**

	1997-98	1998-99	1999-00	2000-01	2001-02
Cash	0	12	14	0	10
Receivables	3	2	3	1	1
Investments	370	375	371	397	408
<b>Total Current Assets</b>	<b>373</b>	<b>390</b>	<b>388</b>	<b>398</b>	<b>419</b>
Property, plant & equipment	0	5	4	4	3
<b>Total Non-Current Assets</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>
Payables	1	14	1	1	9
<b>Total Current Liabilities</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>9</b>
<b>Total Non-Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>372</b>	<b>380</b>	<b>391</b>	<b>401</b>	<b>413</b>
Capital	296	296	296	296	296
Retained profits	76	84	95	105	117
<b>Total Equity</b>	<b>372</b>	<b>380</b>	<b>391</b>	<b>401</b>	<b>413</b>

**Comment**

The majority of the Trust's funds are held in term deposits.

Receivables each year consist of accrued interest revenue.

The only increase in plant and equipment for the five-year period under review was during 1998-99 when the Trust purchased additional furniture and equipment for \$0.005m.

Payables primarily comprise expenses associated with projects and vary according to the timing of project funding. The balance at 30 June 1999 included \$0.010m for a Garlic Pour-on Trial. The balance at 30 June 2002 included project funding of \$0.005m for a Beef Profitability Study submitted by the King Island Beef Group.

Equity includes a capital amount of \$0.296m. This represents the initial equity transferred from the Tasmanian Meat Industry Residue Testing Fund upon establishment of the Trust.

**CASH POSITION**

	1997-98	1998-99	1999-00	2000-01	2001-02
Receipts from customers	0	7	1	0	0
Payments to suppliers and employees	( 19)	( 5)	( 24)	( 14)	( 0)
Interest received	22	21	21	26	21
<b>Cash from operations</b>	<b>3</b>	<b>22</b>	<b>( 2)</b>	<b>12</b>	<b>21</b>
Payments for P, P & Equipment	0	( 5)	0	0	0
<b>Cash used in investing activities</b>	<b>0</b>	<b>( 5)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash</b>	<b>3</b>	<b>17</b>	<b>( 2)</b>	<b>12</b>	<b>21</b>
Cash at the beginning of the period	367	370	387	385	397
<b>Cash at end of the period</b>	<b>370</b>	<b>387</b>	<b>385</b>	<b>397</b>	<b>418</b>

**Comment**

The Trust's cash position has increased from \$0.370m at 30 June 1998 to \$0.418m at 30 June 2002. Approved project funding has been consistently below interest revenue for the five-year period under review, resulting in the cash growth.

Receipts from customers are comprised of sponsorship money received by the Trust.

**FINANCIAL ANALYSIS**

	Bench	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Financial Performance</b>						
Result from operations		2	8	10	10	12
Operating margin	>1.0	1.12	1.45	1.86	1.72	2.43
Return on equity		0.6%	2.2%	2.7%	2.5%	3.1%
<b>Financial Management</b>						
Current ratio	>1	423.44	27.61	286.94	399.87	47.17
<b>Other information</b>						
Staff numbers FTEs		0	0	0	0	0
Average staff costs		0	0	0	0	0

## **Comment**

The Trust's result from operations has been consistent over the last few years. The Trust is maintaining an operating margin which is above the benchmark and for the 2001-02 year, attained a level of 2.43.

The return on assets and equity ratios have remained between 2% - 3% for the last four years. The 1997-98 return was lower due to greater project funding commitments.

The Trust's current ratio remains strong due to the nature of its operations.

The Trust has no employees.

## **OVERALL COMMENT**

Equity in the Trust has increased from \$0.296m received on establishment in 1990 to \$0.418m in 2002 as proceeds earned from invested funds have not been spent towards the Trust's objectives of encouraging, promoting and improving the Tasmanian beef industry.

The 2001-02 audit was completed satisfactorily with no major issues outstanding.

## 4.8 THEATRE ROYAL MANAGEMENT BOARD

### INTRODUCTION

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.

At 31 December 2001 the responsible Minister was the Minister for State Development and from 9 August 2002 the Responsible Minister became the Minister for the Arts.

### AUDIT OF THE 2001 FINANCIAL STATEMENTS

The Theatre Royal Management Board's financial statements for the year ended 31 December 2001 were signed on 20 March 2002 and an unqualified audit report was issued on 25 March 2002.

Notes to the financial statements include comment that 'the ability of the Theatre to continue as a going concern and to 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.'

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997	1998	1999	2000	2001
	\$000s	\$000s	\$000s	\$000s	\$000s
Government grants	157	272	120	127	129
User charges and fees	1 097	360	509	498	465
Other operating revenue	0	629	731	701	829
Non-operating revenue	0	0	0	0	15
<b>Total Revenue</b>	<b>1 254</b>	<b>1 261</b>	<b>1 360</b>	<b>1 326</b>	<b>1 438</b>
Depreciation	17	22	20	17	22
Other operating expenses	1 226	1 362	1 262	1 279	1 414
<b>Total Expenses</b>	<b>1 243</b>	<b>1 384</b>	<b>1 282</b>	<b>1 296</b>	<b>1 436</b>
<b>Result from Ordinary Activities</b>	<b>11</b>	<b>( 123)</b>	<b>78</b>	<b>30</b>	<b>2</b>



**Comment**

The significant movements that occurred in 1998 were described on page 204 of my 1999 Report. Comments were in reference to the Board's operations that resulted in a loss on both Theatre Royal activities, and on Entrepreneurial activities, which resulted in the Board disclosing negative equity at 31 December 1998. 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 that resulted in settlement disputes; and the fact that the significant growth in audience during 1997 was not sustained during 1998.

With the appointment of a new Chief Executive Officer in March 1999, more selective scheduling of productions for 1999, and the implementation of improved financial reporting mechanisms, the Board reduced expenses in 1999 to record an Operating surplus for the year. The operating result after both abnormal items and grants and subsidies, for the 1999 year was a surplus of \$0.078m compared with a deficiency in the prior year of \$0.123m.

While the Board returned positive results for the years 2000 and 2001 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.

**FINANCIAL POSITION**

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Cash	28	6	52	197	121
Receivables	50	165	18	19	25
Investments	2	0	0	0	0
Inventories	17	2	5	4	5
Other	40	5	2	5	4
<b>Total Current Assets</b>	<b>137</b>	<b>178</b>	<b>77</b>	<b>225</b>	<b>155</b>
Property, plant & equipment	69	47	43	34	19
Other	0	24	21	17	0
<b>Total Non-Current Assets</b>	<b>69</b>	<b>71</b>	<b>64</b>	<b>51</b>	<b>19</b>
Payables	14	164	53	99	51
Borrowings	29	42	7	7	2
Provisions	8	8	7	7	5
Other	81	62	27	90	56
<b>Total Current Liabilities</b>	<b>132</b>	<b>276</b>	<b>94</b>	<b>203</b>	<b>114</b>
Other	0	22	18	14	0
<b>Total Non-Current Liabilities</b>	<b>0</b>	<b>22</b>	<b>18</b>	<b>14</b>	<b>0</b>
<b>Net Assets</b>	<b>74</b>	<b>( 49)</b>	<b>29</b>	<b>59</b>	<b>60</b>
Reserves	63	74	( 49)	29	58
Surpluses	11	( 123)	78	30	2
<b>Total Equity</b>	<b>74</b>	<b>( 49)</b>	<b>29</b>	<b>59</b>	<b>60</b>

**Comment**

The significant movements, which occurred in 1998, are referred to above.

Receivables in 1998 included the special purpose grant assistance from DSD, which was used to pay creditors and accruals resulting from 1998 operations.

The movement in other Non Current Assets over the period is due to a lease liability contract for a motor vehicle that was disposed of during 2001.

The Board concluded 1999 with a positive equity of \$0.029m compared with a negative equity of \$0.049m for the 1998 year. Equity again improved to \$0.059m in 2000 with a marginal improvement in 2001 to \$0.060m.

## CASH POSITION

	1997	1998	1999	2000	2001
	\$000s	\$000s	\$000s	\$000s	\$000s
Government grants	157	272	248	127	129
Receipts from customers	1 156	892	1 224	1 257	1 268
Payments to suppliers and employees	( 1 309)	( 1 210)	( 1 373)	( 1 230)	( 1 463)
Interest received	4	0	0	1	0
Borrowing costs	0	( 1)	( 2)	( 2)	( 2)
<b>Cash from operations</b>	<b>8</b>	<b>( 47)</b>	<b>97</b>	<b>153</b>	<b>( 68)</b>
Payments for P, P & Equipment	( 41)	( 6)	( 13)	( 3)	( 3)
Proceeds from sale of P, P & E	0	19	0	0	15
<b>Cash used in investing activities</b>	<b>( 41)</b>	<b>13</b>	<b>( 13)</b>	<b>( 3)</b>	<b>12</b>
Proceeds from borrowings	6	3	0	0	0
Repayment of borrowings	( 4)	( 6)	( 6)	( 4)	( 20)
<b>Cash from financing activities</b>	<b>2</b>	<b>( 3)</b>	<b>( 6)</b>	<b>( 4)</b>	<b>( 20)</b>
<b>Net increase in cash</b>	<b>( 31)</b>	<b>( 37)</b>	<b>78</b>	<b>146</b>	<b>( 76)</b>
Cash at the beginning of the period	41	10	( 27)	51	197
<b>Cash at end of the period</b>	<b>10</b>	<b>( 27)</b>	<b>51</b>	<b>197</b>	<b>121</b>

## Comment

The significant movements in 1998 and 1999 have been previously commented on earlier in this segment of the Report. The increase in Payments to suppliers and employees in 2001 over that of the prior year is due to a number of factors including increases in salaries and related costs; general administration costs; repairs and maintenance; insurance, and entrepreneurial expenses resulting from operations for the year. The other contributing factor related to the timing of amounts payable to suppliers at year-end which totalled \$0.099m as at 31 December 2000 compared with \$0.051m at 31 December 2001.

**FINANCIAL ANALYSIS**

	<b>Bench Mark</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		11	( 123)	78	30	( 13)
Operating margin	>1.0	1.01	0.91	1.06	1.02	0.99
<b>Financial Management</b>						
Current ratio	>1	1.04	0.64	0.82	1.11	1.36

**Comment**

Apart from 1998 when a significant operating loss occurred, and 2001 where a negative operating result was offset by asset disposals to return a positive Result from Ordinary Activities, the Authority has made small operating profits.

**OVERALL COMMENT**

The Board remains dependent upon Government support to enable it to meet its debts as they fall due.

## 4.9 UNIVERSITY OF TASMANIA

### INTRODUCTION

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 2001.

The Responsible Minister is the Minister for Education.

### AUDIT OF THE 2001 FINANCIAL STATEMENTS

The Tasmanian Audit Office received the signed financial statements of the University of Tasmania on 22 May 2002 and an unqualified audit report was issued on 28 May 2002.

### FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE

	1997	1998	1999	2000	2001
	\$000s	\$000s	\$000s	\$000s	\$000s
State government grants	3 103	3 594	7 349	6 277	6 927
Commonwealth grants	100 533	95 509	99 264	98 018	101 708
User charges, fees and fines	39 000	41 880	42 466	47 466	53 016
Other operating revenue	19 444	20 349	18 871	22 291	20 715
Non-operating revenue	4 105	1 345	9 892	1 461	3 676
<b>Total Revenue</b>	<b>166 185</b>	<b>162 677</b>	<b>177 842</b>	<b>175 513</b>	<b>186 042</b>
Depreciation	7 993	7 950	14 322	14 734	16 703
Other operating expenses	133 135	137 109	147 344	159 457	163 564
Non-operating expenses	9 999	3 812	1 945	1 617	3 934
<b>Total Expenses</b>	<b>151 127</b>	<b>148 871</b>	<b>163 611</b>	<b>175 808</b>	<b>184 201</b>
<b>Result from Ordinary Activities</b>	<b>15 058</b>	<b>13 806</b>	<b>14 231</b>	<b>( 295)</b>	<b>1 841</b>

**Comment**

The increase in User charges, fees and fines over the five-year period reflects the increase in HECS funding the University has received from the Commonwealth government. HECS increases of \$3.628m in 1998 and \$4.348m in 2000 accounted for 64.04% of the increase. Increased User fees and charges in 2001 were due principally to an increase of \$1.993m in fees from overseas students.

In 1997, non-operating revenue included prior years' investment income as the University changed its accounting policy to disclose investments at market value. Investments were disclosed at market value until 2001, when the University reverted to the cost basis. This resulted in a fall in recorded investment income of \$4.148m, reflected in the decrease in other operating revenue for 2001.

In 1999 non-operating revenue included \$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. In 2001, Non-operating income includes \$3.096m in proceeds from asset sales.

In 1999 there was a significant increase in depreciation, which was due to the University increasing the general depreciation rate for Buildings from 1% up to 2.5% reflecting a change in useful lives from 100 years to 40 years. This resulted in an additional expense of \$5.213m.

Other operating expenses rose to \$147.344m in 1999 due principally to an increase in employee benefits of \$9.624m. This resulted from a 4% pay increase to academic staff and a 2.5% wage increase for general staff.

The increase in other operating expenses in 2000 is due mainly to an increase in employee benefits of \$1.847m and a general increase in expenditure across the University, including increases in consumables, \$1.825m, maintenance, \$2.892m, library materials, \$1.084m, and scholarships and prizes, \$1.039m.

The increase in other operating expenses in 2001 is due to an increase of \$6.685m in employee expenses. Salary award increases of 2% from July 2000 and 3% from July 2001 were paid to both general and academic staff.

Non-operating expenses for 1997 included redundancy costs of \$6.367m and a write-down in the value of the library collection asset by \$2.406m.

## FINANCIAL POSITION

	1997	1998	1999	2000	2001
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash	337	469	1 380	1 980	3 362
Receivables	2 243	2 634	4 256	5 219	4 657
Investments	47 402	42 997	43 784	53 848	78 583
Inventories	340	663	646	453	179
Other	116	735	1 085	2 448	3 023
<b>Total Current Assets</b>	<b>50 438</b>	<b>47 498</b>	<b>51 151</b>	<b>63 948</b>	<b>89 804</b>
Investments	30 466	37 902	40 822	33 498	10 038
Property, Plant and Equipment	318 967	323 868	256 024	253 078	255 313
Other	3	0	6 188	6 409	7 594
<b>Total Non-Current Assets</b>	<b>349 436</b>	<b>361 770</b>	<b>303 034</b>	<b>292 985</b>	<b>272 945</b>
Payables	6 890	6 119	6 083	5 300	6 253
Borrowings	344	67	0	0	0
Provisions	13 444	13 006	13 192	14 184	15 327
Other	10 478	9 901	9 288	11 897	14 535
<b>Total Current Liabilities</b>	<b>31 156</b>	<b>29 093</b>	<b>28 563</b>	<b>31 381</b>	<b>36 115</b>
Provisions	24 976	24 493	21 889	21 649	20 890
<b>Total Non-Current Liabilities</b>	<b>24 976</b>	<b>24 493</b>	<b>21 889</b>	<b>21 649</b>	<b>20 890</b>
<b>Net Assets</b>	<b>343 742</b>	<b>355 682</b>	<b>303 733</b>	<b>303 903</b>	<b>305 744</b>
Restricted Funds	11 141	11 445	14 664	21 027	20 933
Reserves	272 832	270 966	204 786	205 338	205 304
Retained surpluses	59 769	73 271	84 283	77 538	79 507
<b>Total Equity</b>	<b>343 742</b>	<b>355 682</b>	<b>303 733</b>	<b>303 903</b>	<b>305 744</b>

### Comment

In 1999 there was a significant decrease in Property, plant and equipment due to the revaluation of land and buildings and a reassessment of the useful lives of buildings from 100 years to 40 years. A non-current asset amounting to \$6.188m was also created in 1999 to reflect the Commonwealth's supplementation of the retirement benefit fund liability.

There was a change in the mix of investments held at the end of the year 2000, when the University's fund manager moved away from longer-term investments, and instead invested heavily in shares and securities. This development continued in 2001 and as a result, the University disclosed the entire investment portfolio controlled by its fund manager as a current asset, due to the discretionary nature of the directions given to its fund manager.

The increase in other current liabilities in 2000, \$2.609m, is due mainly to student fees in advance of \$1.402m. The remaining increase is due primarily to an increase in accrued services fees. The increase of \$2.638m in 2001 is due mainly to an increase in various types of income received in advance. Aspects of this increase included DETYA funding, \$0.641m, student fees, \$0.346m and University Business Enterprise income, \$0.329m. The remaining difference is essentially due to accrued back pay of \$0.742m.

## CASH POSITION

	1997	1998	1999	2000	2001
	\$000s	\$000s	\$000s	\$000s	\$000s
State government grants	3 186	3 606	7 349	6 277	6 928
Commonwealth grants	100 034	95 274	99 144	100 121	104 317
Receipts from customers	56 312	54 634	52 582	61 507	69 904
Payments to suppliers and employees	( 137 423)	( 139 973)	( 148 042)	( 160 523)	( 161 357)
Interest received	5 666	6 851	4 520	6 788	2 640
<b>Cash from operations</b>	<b>27 775</b>	<b>20 392</b>	<b>15 553</b>	<b>14 170</b>	<b>22 432</b>
Payments for investments	( 4 635)	( 30 480)	( 4 027)	( 8 891)	( 8 541)
Payments for P, P & Equipment	( 11 591)	( 15 458)	( 13 809)	( 11 667)	( 22 872)
Proceeds from sale of P, P & E	1 037	1 345	1 395	837	3 096
<b>Cash used in investing activities</b>	<b>( 15 189)</b>	<b>( 44 593)</b>	<b>( 16 441)</b>	<b>( 19 721)</b>	<b>( 28 317)</b>
<b>Net increase in cash</b>	<b>12 586</b>	<b>( 24 201)</b>	<b>( 888)</b>	<b>( 5 551)</b>	<b>( 5 885)</b>
Cash at the beginning of the period	33 261	45 847	21 646	20 758	15 207
<b>Cash at end of the period</b>	<b>45 847</b>	<b>21 646</b>	<b>20 758</b>	<b>15 207</b>	<b>9 322</b>

## Comment

Receipts from customers increased by \$8.925m in 2000, due principally to an increase in Commonwealth payments under HECS, \$4.348m, and consultancy and contract research income, \$2.228m. The increase of \$8.397m in 2001 is due mainly to increases in fees and charges, \$4.443, Commonwealth payments under HECS, \$1.646, and other sundry receipts, \$1.560m.

The increase in Payments to suppliers and employees in 2000, \$12.481m, is mainly a function of increases in other expenses, which increased by \$12.113m. The largest increases are equipment and maintenance, \$2.892m, employee benefits, \$1.847m, and consumables, \$1.825m.

The increase of Payments for investments in 1998, \$25.845m, is a result of the University holding its investments as shares and securities rather than bank bills and deposits. This resulted in a decrease of \$24.201m in cash held as part of the current investment balance for that year.



In 2001 Payments for property, plant and equipment increased by \$11.205m to \$22.872m. Major acquisitions were building improvements, \$3.497m, and plant and equipment, \$7.405m.

## FINANCIAL ANALYSIS

	<b>Bench Mark</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Financial Performance</b>						
Result from operations (\$'000s)		20 952	16 273	6 284	( 139)	2 099
Operating margin	>1.0	1.15	1.11	1.04	1.00	1.01
<b>Financial Management</b>						
Current ratio	>1	1.62	1.63	1.79	2.04	2.49
Debt collection	30 days	24	24	33	41	37
Creditor turnover	30 days	48	40	41	33	41
<b>Other information</b>						
Staff numbers FTEs		1,437	1,387	1,418	1,466	1,504
Average staff costs (\$'000s)		60	64	69	68	71

### Comment

In 2001 the University achieved a small surplus after recording a small operating loss in the 2000 financial year.

The debt collection ratio has improved from the prior year but still remains high. The high ratio is primarily due to the slow collection of some large accounts relating to health and hospital authorities.

## OVERALL COMMENT

The year 2001 audit was completed with satisfactory results, however several issues were addressed to the University Council for comment. These issues included the accounting for the consolidation of the University Foundation, suggestions for further improvements of debtor management and issues associated with the newly installed Pinnacle asset recording system.

## 5 MISCELLANEOUS PUBLIC BODIES

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The following public bodies received *unqualified audit reports* on their financial statements for 2001-02. No particular comments are required.

- Aboriginal Land Council;
- Anzac Day Trust;
- Ben Lomond Skifield Management Authority;
- Cradle Coast Authority;
- Forest Practices Board;
- Government Prices Oversight Commission;
- Launceston Sailors Home Fund Trust;
- Office of the Tasmanian Electricity Regulator;
- Tasmanian Building and Construction Industry Training Board;
- Teachers Registration Board;
- Travel Agents Licensing Board;
- Tsuneichi Fujji Fellowship Trust;
- Wellington Park Management Trust; and
- WorkCover Tasmania Board.

### Other

The following auditees have not submitted financial statements for 2001-02 as at 15 November 2002:

- Southern Combined Planning Authority; and
- Abt Railway Ministerial Corporation

The following public bodies have submitted draft statements for 2001-02 and the audit of their accounts is currently in progress:

<b>Organisation</b>	<b>Draft statements received</b>
Empower (previously Remus) Consortium	7 November
Southern Waste Management Authority	26 September
Tasmanian Risk Management Fund	7 November