

Financial Statements

OPERATING STATEMENT

for the year ended 30 June 2000

	<i>Note</i>	<i>1999-2000</i>	<i>1998-1999</i>
		<i>\$'000</i>	<i>\$'000</i>
Operating revenues			
Revenues from Government	3(a)	57 442	38 474
Sales of goods and services	3(b)	812	1 141
Interest		99	–
Total operating revenues		58 353	39 615
Operating expenses			
Employees	4(a)	25 970	21 163
Suppliers	4(b)	41 102	21 366
Depreciation and amortisation	4(c)	1 243	1 209
Net losses from sale of assets	4(d)	290	25
Write-off of assets	4(e)	230	223
Interest	4(f)	87	14
Total operating expenses		68 922	44 000
Operating surplus/(deficit)		(10 569)	(4 385)
Net deficit attributable to the Commonwealth		(10 569)	(4 385)
Accumulated deficit at 1 July		(7 251)	(2 866)
Total available for appropriation		(17 820)	(7 251)
Other movements		(423)	–
Accumulated deficits at end of reporting period		(18 243)	(7 251)

STATEMENT OF ADMINISTERED REVENUES AND EXPENSES

for the year ended 30 June 2000

Operating revenues			
Fines and costs		13 650	1 971
Authorisation fees		537	474
Other		28	42
Total operating revenues		14 215	2 487
Operating expenses			
Net write-down of assets	4(g)	261	–
Total operating expenses		261	–
Net contribution to the Budget Outcome		13 954	2 487
Transfer to Official Commonwealth Public Account		14 135	2 185
Net surplus or (deficit)		(181)	302
Accumulated results at 1 July		4 955	4 653
Accumulated results at 30 June		4 774	4 955

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

BALANCE SHEET

as at 30 June 2000

	<i>Note</i>	<i>1999-2000</i>	<i>1998-1999</i>
		<i>\$'000</i>	<i>\$'000</i>
ASSETS			
Financial assets			
Cash	5(a)	2 201	568
Receivables	5(c)	72	148
Total financial assets		2 273	716
Non financial assets			
Buildings	6(a)	1 634	1 105
Infrastructure, plant and equipment	6(b)	1 920	1 382
Intangibles	6(c)	979	461
Inventories	6(e)	95	105
Other	6(f)	2 567	506
Total non financial assets		7 195	3 559
Total assets		9 468	4 275
LIABILITIES			
Debt			
Loans	7(a)	3 019	3 019
Leases	7(b)	1 260	93
Other	7(c)	5	13
Total debt		4 284	3 125
Provisions and payables			
Employees	8(a)	8 196	6 511
Suppliers	8(b)	14 382	1 890
Total provisions and payables		22 578	8 401
Total liabilities		26 862	11 526
EQUITY			
Accumulated results		(18 243)	(7 251)
Reserves		768	—
Capital		81	—
Total equity	9(a)	(17 394)	(7 251)
Total liabilities and equity		9 468	4 275
Current assets		4 656	1 417
Non current assets		4 812	2 858
Current liabilities		19 827	8 615
Non current liabilities		7 035	2 911

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

	<i>Note</i>	<i>1999-2000</i>	<i>1998-1999</i>
		<i>\$'000</i>	<i>\$'000</i>
STATEMENT OF ADMINISTERED ASSETS AND LIABILITIES			
<i>as at 30 June 2000</i>			
ASSETS			
Financial assets			
Cash	5(b)	28	14
Receivables	5(d)	4 746	4 941
<i>Total financial assets</i>		<u>4 774</u>	<u>4 955</u>
Total assets		<u>4 774</u>	<u>4 955</u>
LIABILITIES			
<i>Total liabilities</i>		—	—
EQUITY			
Accumulated results		4 774	4 955
<i>Total equity</i>	9(b)	<u>4 774</u>	<u>4 955</u>
Total liabilities and equity		<u>4 774</u>	<u>4 955</u>
Current assets		4 419	4 955
Non current assets		355	—
Current liabilities		—	—
Non current liabilities		—	—

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2000

	<i>Note</i>	<i>1999-2000</i>	<i>1998-1999</i>
		<i>\$'000</i>	<i>\$'000</i>
OPERATING ACTIVITIES			
Cash received			
Appropriations for outputs		57 372	42 469
Sales of goods and services		888	1 086
Interest		99	—
Total cash received		<u>58 359</u>	<u>43 555</u>
Cash used			
Employees		24 968	20 388
Suppliers		30 110	20 937
Interest		87	14
Total cash used		<u>55 165</u>	<u>41 339</u>
Net cash from operating activities	10(a)	<u><u>3 194</u></u>	<u><u>2 216</u></u>
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		1 642	1 661
Total cash used		<u>1 642</u>	<u>1 661</u>
Net cash from investing activities		<u>(1 642)</u>	<u>(1 661)</u>
FINANCING ACTIVITIES			
Cash received			
Equity injection		81	—
Total cash received		<u>81</u>	<u>—</u>
Net cash from financing activities		<u><u>81</u></u>	<u><u>—</u></u>
Net increase in cash held		1 633	555
Cash at 1 July		568	13
Cash at 30 June	5(a)	2 201	568

ADMINISTERED CASH FLOWS			
<i>for year ended 30 June 2000</i>			
Operating activities			
Cash received			
Fines and costs		13 584	1 683
Authorisation fees		537	474
Other		28	42
Total cash received		<u>14 149</u>	<u>2 199</u>
Cash used			
Cash to Official Commonwealth Public Account		14 135	2 185
Total cash used		<u>14 135</u>	<u>2 185</u>
Net cash from operating activities	10(b)	14	14
Net increase/(decrease) in cash held		<u>14</u>	<u>14</u>
Cash at 1 July		14	—
Cash at 30 June	5(b)	28	14

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

SCHEDULE OF COMMITMENTS

as at 30 June 2000

	Agency		Administered	
	1999–2000	1998–1999	1999–2000	1998–1999
	\$'000	\$'000	\$'000	\$'000
OTHER COMMITMENTS				
Operating leases ¹	10 242	11 654	–	–
Contract for IT services ²	6 202	–	–	–
Other commitments ³	2 677	–	–	–
Total other commitments	19 121	11 654	–	–
Commitments receivable	822	–	–	–
Net commitments	18 299	11 654	–	–
BY MATURITY				
All net commitments				
One year or less	6 103	2 317		
From one to two years	3 120	2 161		
From two to five years	7 356	4 199		
Over five years	1 720	2 977		
Net commitments	18 299	11 654	–	–
Operating lease commitments				
One year or less	2 217	2 317		
From one to five years	6 252	6 360		
Over five years	1 720	2 977		
Net commitments	10 189	11 654	–	–

NB: All 1999–2000 commitments are GST inclusive where relevant. The comparatives have not been adjusted to reflect the GST.

1 Operating leases included are effectively non-cancellable and comprise:

- leases for office accommodation.

2 A contract for services and future finance lease commitments for IT equipment.

3 Other commitments included are for contracts entered into for various services to be performed over the next 12 months.

There are no Administered Commitments as at 30 June 2000.

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

SCHEDULE OF CONTINGENCIES

as at 30 June 2000

	Agency		Administered	
	1999–2000	1998–1999	1999–2000	1998–1999
	\$'000	\$'000	\$'000	\$'000
CONTINGENT LOSSES				
Contingent losses ¹	–	–	60	–
Total contingent losses	–	–	60	–
CONTINGENT GAINS				
Contingent gains ²	–	–	12 472	–
Net contingencies	–	–	12 412	–

1 The amount represents an estimate of the Commission's liability based on precedent cases. The Commission is defending the claims.

2 The Commission is expecting to succeed in 19 alleged breaches of the Trade Practices Act, although the cases are continuing. The estimate is based on legal advice and the precedents in such cases.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

Contingent gains and losses — Administered

As at reporting date the Commission has 24 matters (43 in 1998–1999) before the Federal Court alleging breaches of the Trade Practices Act. In the event of favourable judgment by the court, the Commission stands to gain by way of penalties or costs awarded. It is not possible to determine the amounts in relation to these matters.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2000

Note	Description
1	Commission objectives
2	Summary of significant accounting policies
3	Operating revenues
4	Operating expenses
5	Financial assets
6	Non financial assets
7	Debt
8	Provisions and payables
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10	Cash flow reconciliation
11	Appropriations
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13	Reporting of outcomes
14	Executive remuneration
15	Services provided by the Auditor General
16	Average staffing levels
17	Act of Grace payments and waivers
18	Financial Instruments

Note 1 Commission objectives

The objectives of the Commission are to:

- prevent anti-competitive conduct with the aim of promoting economic efficiency and enhanced social welfare including an improved choice for consumers in price, quality and service;
- provide appropriate safeguards for consumers in their dealings with producers and sellers by fostering adherence to fair trading practices in well informed markets; and
- promote competitive pricing wherever possible and restrain price rises in markets where competition is less than effective.

The Commission's outcome is to enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets.

The Commission's outputs are:

Output 1

Proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws.

Output 2

Performance of actions that promote competition and fair trading and enable well functioning markets.

Note 2 Summary of significant accounting policies

2.1 Basis of accounting

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

The statements have been prepared in accordance with:

- *Requirements for the Preparation of Financial Statements of Commonwealth Agencies and Authorities* made by the Minister for Finance and Administration in August 1999 (Schedule 2 to the Financial Management and Accountability (FMA) Orders);
- Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Boards; and
- the Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting concepts; and
- the Explanatory Notes to Schedule 2 issued by the Department of Finance and Administration.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

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

The Commission is part of the legal entity that is the Commonwealth Government, which is ultimately responsible for all the Commission's debts. The existence of total liabilities in excess of total assets of the Commission as reported in the Balance Sheet has no bearing on whether the Commission's debts will be met.

2.2 Changes in accounting policy

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

2.3 Agency and administered items

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

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from appropriations or independent sources in payment of outputs; and
- employee, supplier and depreciation expenses incurred in producing Commission outputs.

Administered items are those items which are controlled by the Government and managed or oversighted by the Commission on behalf of the Government. These administered items managed or controlled by the Commission include authorisation fees, fines and costs.

The purpose of the separation of agency and administered items is to enable the assessment of administrative efficiency of the agency in providing goods and services.

The basis of accounting described in Note 2.1 applies to both agency and administered items.

2.4 Reporting of outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Commission is presented in Note 13. The net cost to Budget outcomes shown includes intra-government costs that are eliminated in calculating the actual budget outcome for the Government overall.

2.5 Revenues from government

Revenues from government are revenues relating to the core operating activities of the Commission.

Policies for accounting for revenue from government follow; amounts and other details are given in Note 3(a).

Agency Appropriations

From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework.

Appropriations to the Commission for its agency outputs are recognised as revenue to the extent they have been received into the Commission's bank account or are entitled to be received by the Commission at year end.

Appropriations to the Commission for agency capital items are recognised directly in equity, to the extent that the appropriation has been received into the Commission's bank account or are entitled to be received by the Commission at year end.

The appropriations for agency capital items for 1999–2000 include, as carryovers, the re-appropriation to the Commission of the certain unspent amounts from 1998–1999. These amounts were recognised directly in equity in the financial statements for 1999–2000. This is a change in the policy adopted in prior years when Commission appropriations, other than running costs, were recognised as revenue to the extent that the appropriations were spent. Amounts appropriated for Commission running costs were recognised as revenue in the year of appropriation, except to the extent of:

- unspent amounts not automatically carried over into the new financial year; and
- running costs borrowings.

Resources received free of charge (Note 3(a))

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

2.6 Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Agency revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services to Commonwealth bodies.

The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Administered revenue includes fines and costs which are recognised as per the court judgment orders. Authorisation fees are recognised when the application is received.

2.7 Employee entitlements (Note 8(a))

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Commission is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2000 and is recognised at the nominal amount.

The non current portion of the provision for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees as at 30 June 2000. In determining the present value of the liability, the Commission has taken into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is also made for separation and redundancy payments in circumstances where the Commission has formally identified positions as excess to requirements and a reliable estimate of the amount of payments can be determined.

Superannuation payments (Note 4(a))

Staff of the Commission contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions in relation to these schemes amounting to \$2 868 801 in 1999–2000 (\$1 969 555 in 1998–1999) have been expensed in these financial statements.

No liability is shown for superannuation in the Balance Sheet as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled \$468 502 in 1999–2000 (\$433 525 in 1998–1999).

2.8 Leases (Notes 4(f), 7(b))

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased noncurrent assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Commission's Operating Statement on a basis which is representative of the pattern of benefits derived from the leased assets.

The Commission entered into a sale and lease back of certain IT assets on 1 July 1999. This sale and lease back of the IT assets has been specifically treated as a finance lease. The consequent loss on sale of \$835 508 is being amortised over three years.

Lease incentives taking the form of rent free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

2.9 Borrowing costs

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

2.10 Cash (Notes 5(a), 5(b))

Cash includes notes and coins held and any deposits held at call with a bank or financial institution.

2.11 Special public monies

Special public monies represent monies held by the Commission in a Trustee capacity. These monies are not recognised as either agency or administered as the Commission cannot use them for the achievement of its objectives. They are reported in Note 12 to the Financial Statements for purposes of accountability.

2.12 Receivables (Notes 5(c), 5(d))

Court costs which are awarded are not considered as receivables or as creditors, as the case may be, until the costs have been agreed by the concerned parties.

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

Bad debts are written off during the year in which they are identified.

2.13 Financial instruments

Accounting policies for financial instruments are stated at Note 18.

2.14 Prepayments (Note 6(f))

Prepayments consist of amounts paid by the Commission in respect of goods and services that have not been received at 30 June 2000.

2.15 Acquisition of Assets (Note 6)

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

2.16 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$1000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Schedule 2 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles.

The Commission revalued all its assets (except intangibles) on 1 July 1999. The current revaluation cycle commenced in 1999–2000.

The Commission is implementing the requirements of Schedule 2 as follows:

- leasehold improvements were revalued as at 1 July 1999 at depreciated replacement cost;
- plant and equipment (including furniture and fittings, office equipment and computer equipment excluding software) assets, were revalued as at 1 July 1999 at deprival value;
- intangibles (software) have not been revalued.

Any assets which would not be replaced or are surplus to requirements are valued at net realisable value. At 30 June 2000, the Commission had no assets in this situation.

All valuations are independent.

Recoverable amount test

Schedule 2 requires the application of the recoverable amount test to agency non current assets in accordance with AAS10 *Accounting for the Revaluation of Non Current Assets*. The carrying amounts of these non current assets have been reviewed, considering the 1999–2000 revaluation of assets and any new assets this financial year have been included at cost, to determine whether they are in excess of their recoverable amounts.

2.17 Depreciation and amortisation (Notes 4(c), 6)

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

Asset Class	1999–2000 Total useful life	1998–1999 Total useful life
Fitout	lesser of the term of the lease or 10 years	lesser of the term of the lease or 10 years
Furniture and fittings	10 years	5 years
Office equipment	5 years	5 years
Computer hardware	3 years	3 years
Computer software	3 to 7 years	3 years

Change in accounting policy

Following the independent revaluation of the Commission's assets, specifically furniture and fittings, a decision was made to increase the useful life of furniture and fittings to 10 years. The previous useful life in respect of furniture and fittings was 5 years. There was no financial effect with this change in accounting policy due to the revaluation.

The useful life policy for software has been changed to reflect that various pieces of software will be utilised by the Commission for varying periods of time.

2.18 Inventories (Note 6(e))

Inventories (publications) held for resale are valued at the lower of cost or net realisable value. Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

2.19 Creditors (Note 8(b))

Creditors consist of amounts which were due to be paid by the Commission for goods and services received on or before 30 June 2000, but which were unpaid at that date.

2.20 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

Comparatives are not presented in Notes dealing with the Reporting on Outcomes, due to 1999–2000 being the first year of the implementation of accrual budgeting.

2.21 Taxation

The Commission's activities are exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

2.22 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

2.23 Insurance

The Commonwealth's insurable risk managed fund, called 'Comcover' commenced operations in 1998–1999. The Commission has insured with the fund for risks other than workers compensation, which is dealt with via continuing arrangements with Comcare.

2.24 Rounding

Amounts have been rounded to the nearest \$1000 except in relation to the following items:

- Special Public Monies;
- Remuneration of Executives;
- Remuneration of Auditors; and
- Act of Grace payments and waivers.

Note 3 Operating revenues

3(a) Revenues from Government

	1999–2000	1998–1999
	\$'000	\$'000
Appropriations for outputs	57 372	38 328
Resources received free of charge	70	146
Total revenues from government	57 442	38 474

3(b) Sales of goods and services

	1999–2000	1998–1999
	\$'000	\$'000
Goods	80	131
Services	732	1 010
Total sales of goods and services	812	1 141

Note 4 Operating expenses

4(a) Employee expenses

	1999–2000	1998–1999
	\$'000	\$'000
Basic remuneration (for services provided)	24 937	17 954
Separation and redundancy	88	79
Total remuneration	25 025	18 033
Other employee expenses	945	3 130
Total employee expenses	25 970	21 163

4(b) Suppliers expenses

	1999–2000	1998–1999
	\$'000	\$'000
Supply of goods and services	39 134	18 729
Operating lease rentals	1 968	2 637
Total suppliers expenses	41 102	21 366

4(c) Depreciation and amortisation

	1999–2000	1998–1999
	\$'000	\$'000
Amortisation of leasehold improvements	558	208
Depreciation of property, plant and equipment	263	820
Amortisation of intangibles	141	133
Amortisation of leased assets	281	48
Total depreciation and amortisation	1 243	1 209

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Leasehold improvements	558	208
Plant and equipment	544	868
Intangibles	141	133
	1 243	1 209

4(d) Net losses from sale of assets

	<i>1999–2000</i>	<i>1998–1999</i>
Non financial assets	\$'000	\$'000
Infrastructure, plant and equipment	290	25
Total net losses from sale of assets	290	25

4(e) Write-off of assets

	<i>1999–2000</i>	<i>1998–1999</i>
Financial assets	\$'000	\$'000
Inventories	6	–
Non financial assets		
Property, plant and equipment	20	223
Intangibles	204	–
Total non financial asset write-off	224	223
Total write-down of assets	230	223

4(f) Interest

	<i>1999–2000</i>	<i>1998–1999</i>
	\$'000	\$'000
Finance charge — leases	87	14
Total interest	87	14

4(g) Write-down of administered assets

	<i>1999–2000</i>	<i>1998–1999</i>
	\$'000	\$'000
Fines and costs — provision for doubtful debts	261	–
Total write-down of administered assets	261	–

Note 5 Financial assets

5(a) Cash — Agency

	<i>1999–2000</i>	<i>1998–1999</i>
	\$'000	\$'000
Cash on hand	10	10
Cash at bank	2 191	10
Cash in trust account	–	548
Total agency cash	2 201	568

5(b) Cash — Administered

	<i>1999–2000</i>	<i>1998–1999</i>
	\$'000	\$'000
Cash at bank	28	14
Total administered cash	28	14

5(c) Receivables — Agency

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Goods and services	102	148
Less: provision for doubtful debts	30	–
Net receivables	72	148
Receivables (gross) are aged as follows:		
Not overdue	70	57
Overdue by		
less than 30 days	18	12
30–60 days	14	–
61–90 days	–	–
more than 90 days	–	79
Total goods and services receivable	102	148

5(d) Receivables — Administered

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Fines and costs	5 007	4 941
Less: provision for doubtful debts	261	–
Net administered receivables	4 746	4 941
Receivables (gross) are aged as follows:		
Not overdue	3 236	4 154
Overdue by		
less than 30 days	–	60
30–60 days	–	30
61–90 days	–	–
more than 90 days	1 771	697
Total fines and costs receivable	5 007	4 941

Note 6 Non financial assets

6(a) Buildings

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Leasehold improvements at cost	639	2 162
Less: Accumulated amortisation	(135)	(1 057)
	504	1 105
Leasehold improvement at 1999–2000 valuation	1 549	–
Less: Accumulated amortisation	(419)	–
	1 130	–
Total buildings	1 634	1 105

The revaluations were in accordance with revaluation policy stated at Note 2.16 and were completed by an independent valuer B Hurrell (Australian Valuation Office). Revaluation increments of \$444 824 for leasehold improvements were made to the asset revaluation reserve.

6(b) Infrastructure, plant and equipment

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Plant and equipment at cost	409	3 889
Less: Accumulated amortisation	(51)	(2 646)
	358	1 243
Plant and equipment 1999–2000 valuation	647	–
Less: Accumulated depreciation	(190)	–
	457	–
Plant and equipment under finance lease	1 369	230
Less: Accumulated amortisation	(264)	(91)
	1 105	139
Total infrastructure, plant and equipment	1 920	1 382

The revaluations were in accordance with the revaluation policy stated at Note 2.16 and were completed by an independent valuer C Tuttle (Australian Valuation Office). Revaluation increments of \$323 593 for plant and equipment were made to the asset revaluation reserve.

6(c) Intangibles

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Computer software at cost	1 258	690
Less: Accumulated amortisation	(279)	(319)
	979	371
Work in progress	–	90
Total intangibles	979	461

6(d) Analysis of property, plant and equipment

Table A Movement summary 1999–2000 for all assets irrespective of valuation basis

<i>Item</i>	<i>Buildings (leasehold improvements)</i> \$'000	<i>Other infra- structure plant and equipment</i> \$'000	<i>Intangibles (computer software)</i> \$'000	<i>Total</i> \$'000
Gross value as at 1 July 1999	2 162	4 119	780	7 061
Additions				
Acquisition of new assets	639	1 765	599	3 003
Revaluations: write-ups/(write-downs)	444	324	–	768
Write-offs	–	(47)	(403)	(450)
Disposals	–	(2 679)	–	(2 679)
Other movements	(1 057)	(1 057)	282	(1 832)
Gross value as at 30 June 2000	2 188	2 425	1 258	5 871
Accumulated depreciation/amortisation as at 1 July 1999	1 057	2 737	319	4 113
Depreciation/amortisation charge for assets held 1 July 1999	419	238	83	740
Depreciation/amortisation charge for additions	139	306	58	503
Revaluations	(1 057)	(1 110)	–	(2 167)
Write-offs	–	(27)	(199)	(226)
Disposals	–	(1 679)	–	(1 679)
Other movements	(4)	40	18	54
Accumulated depreciation/amortisation as at 30 June 2000	554	505	279	1 338
Net book value as at 30 June 2000	1 634	1 920	979	4 533
Net book value as at 1 July 1999	1 105	1 382	461	2 948

Table B Summary of balances of assets at valuation as at 30 June 2000

<i>Item</i>	<i>Buildings</i> \$'000	<i>Plant & equip- ment</i> \$'000	<i>Computer software — Total intangibles</i> \$'000	<i>Total</i> \$'000
As at 30 June 2000				
Gross value	1 549	647	–	2 196
Less: accumulated depreciation/ amortisation	(419)	(190)	–	(609)
Net book value	1 130	457	–	1 587
As at 30 June 1999				
Gross value	–	–	–	–
Less: accumulated depreciation/ amortisation	–	–	–	–
Net book value	–	–	–	–

Table C Summary of balances of assets held under finance lease as at 30 June 2000

<i>Item</i>	<i>Other infrastructure plant and equipment \$'000</i>
As at 30 June 2000	
Gross value	1 369
Less: accumulated depreciation/amortisation	(264)
Net book value	1 105
As at 30 June 1999	
Gross value	230
Less: accumulated depreciation/amortisation	(91)
Net book value	139

6(e) Inventories

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Finished goods (cost)	95	105

6(f) Other

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Prepayments	2 010	504
Leasehold rights	–	2
Deferred loss on outsourced assets	557	–
Total other	2 567	506

Note 7 Debt

7(a) Loans

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Loans from Government	3 019	3 019
Maturity schedule for loans		
Payable: within one year	3 019	3 019

7(b) Leases

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Finance lease commitments		
Not later than one year	456	89
Later than one year but less than two years	436	9
Later than two years but less than five years	541	4
Minimum lease payments	1 433	102
Deduct: future finance charges	(173)	(9)
Lease liability	1 260	93
Lease liability is represented by:		
Current lease liability	382	81
Non current lease liability	878	12
	1 260	93

7(c) Other debt

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Lease incentives	5	13

Note 8 Provisions and payables

8(a) Employee liabilities

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Salaries and wages	611	360
Leave	7 493	6 102
Superannuation	92	49
Aggregate employee entitlement liability	8 196	6 511

8(b) Suppliers

	<i>1999–2000</i>	<i>1998–1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Trade creditors and accruals	14 382	1 890
Total suppliers	14 382	1 890

Note 9 Equity

9(a) Equity — Agency

Item	Capital		Accumulated results		Asset revaluation reserve		Total equity	
	1999-2000 \$'000	1998-1999 \$'000	1999-2000 \$'000	1998-1999 \$'000	1999-2000 \$'000	1998-1999 \$'000	1999-2000 \$'000	1998-1999 \$'000
Balance 1 July 1999	—	—	(7 251)	(2 866)	—	—	(7 251)	(2 866)
Operating result	—	—	(10 569)	(4 385)	—	—	(10 569)	(4 385)
Equity appropriation	81	—	—	—	—	—	81	—
Other movements	—	—	(423)	—	—	—	(423)	—
Net revaluation increases	—	—	—	—	768	—	768	—
Net revaluation decreases	—	—	—	—	—	—	—	—
Balance 30 June 2000	81	—	(18 243)	(7 251)	768	—	(17 394)	7 251

9(b) Equity — Administered

Item	Capital		Accumulated results		Asset revaluation reserve		Total equity	
	1999-2000 \$'000	1998-1999 \$'000	1999-2000 \$'000	1998-1999 \$'000	1999-2000 \$'000	1998-1999 \$'000	1999-2000 \$'000	1998-1999 \$'000
Balance 1 July 1999	—	—	4 955	4 653	—	—	4 955	4 653
Contribution to Budget Outcome	—	—	13 954	2 487	—	—	13 954	2 487
Amount to Official Public Account	—	—	(14 135)	(2 185)	—	—	(14 135)	(2 185)
Balance 30 June 2000	—	—	4 774	4 955	—	—	4 774	4 955

The Commission's Balance Sheet reflects a negative figure for accumulated results. This has occurred as a result of:

- the current year's operating loss, which has resulted from an increase in legal expenses and costs of monitoring the implementation of the New Tax System planned for the 2000-2001 financial year being brought forward;
 - accumulated losses associated with increased legal expenses;
 - no funding being received in previous years to offset accrued employee entitlements and accumulated depreciation.
- The Commission and the Department of Finance and Administration are undertaking a funding review, which will include a Balance Sheet analysis to identify means to achieve a positive equity.

Note 10 Cash flow reconciliation

10(a) Cash flow reconciliation — Agency

A reconciliation of operating surplus (deficit) to net cash provided by operating activities:

	1999–2000	1998–1999
	\$'000	\$'000
Net operating surplus (deficit)	(10 569)	(4 385)
Depreciation/amortisation	1 243	1 209
Loss on disposal of non current assets	290	248
Decrease (increase) in receivables	76	1 067
Write-off of assets	230	–
Decrease (increase) in inventories	10	(23)
Decrease (Increase) in other assets	(2 061)	(137)
Increase (decrease) in employee liabilities	1 685	775
Increase (decrease) in suppliers liability	12 385	420
Increase (decrease) in other liabilities	(8)	3 030
Increase (decrease) in lease liability	–	12
Finance charges — interest	(87)	–
Net cash provided by operating activities	3 194	2 216

10(b) Cash flow reconciliation — Administered

Reconciliation of net contribution to budget outcomes to net cash provided by operating activities:

	1999–2000	1998–1999
	\$'000	\$'000
Net contribution to Budget Outcome	13 954	2 487
Cash to the Commonwealth Public Account from operations	(14 135)	(2 185)
	(181)	302
Decrease (increase) in receivables	195	(288)
Net cash from operating activities	14	14

Note 11 Appropriations

11 (a) Agency appropriations for agency items (price of outputs)

	1999–2000 \$'000
Balance available at 1 July	–
Add: Appropriation Acts No. 1 and 3 credits	
Section 6 — Act 1 Budget appropriation	50 872
Section 6 — Act 3 Additional estimates	5 000
Section 9 — Departmental Items — adjustments	1 500
	57 372
Add: FMA Act	
Section 31 appropriations	835
Total appropriations available for the year	58 207
Expenditures during the year	56 561
Balance of appropriations for outputs at 30 June 2000	1 646

Note 11 (b) Annual Appropriations for agency non-revenue items

	Equity injections 1999–2000 \$'000	Loans 1999–2000 \$'000	Carryovers 1999–2000 \$'000
Balance available at 1 July			
Add: Appropriation Act No. 2	–	–	–
Add: Advance to the Finance Minister	–	–	–
Add: FMA Act s. 30 appropriations	–	–	–
Add: Appropriation Act No. 4	–	–	81
Total appropriations available for the year	–	–	81
Less: expenditure debited during the year	–	–	(81)
Balance of appropriations for capital at 30 June 2000	–	–	–

Note 12 Special Public Monies

	1999–2000 Cash \$	1998–1999 Cash \$
Other Trust moneys (ACCC)		
Legal authority — Financial Management and Accountability Act 1997; s. 20		
Purpose — for the receipt of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth		
Receipts and expenditure		
Opening balance	474 103	125 947
Add: receipts from other sources	6 277 237	690 086
Add: receipts from appropriations	–	–
	6 751 340	816 033
Less: expenditure in 1999–2000	(2 245 253)	(341 930)
Closing balance	4 506 087	474 103

	1999–2000 Cash \$	1998–1999 Cash \$
ACCC— services for other Governments and non-departmental bodies		
Legal authority — Financial Management and Accountability Act 1997; s. 20		
Purpose — for the expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies		
Receipts and expenditure		
Opening balance	–	–
Add: receipts from other sources	54 273	27 376
Add: receipts from appropriations	–	–
	54 273	27 376
Less: expenditure in 1999–2000	(54 273)	(27 376)
Closing balance	–	–

Note 13 Reporting of Outcomes

13(a)

	Outcome 1		Total	
	Budget \$'000	Actual \$'000	Budget \$'000	Actual \$'000
Total net administered expenses	–	261	–	261
Add: net cost of entity outputs	52 196	68 011	52 196	68 011
Net cost to Budget outcome	52 196	68 272	52 196	68 272
Total assets deployed as at 30 June 2000	3 743	12 242	3 743	12 242
Net assets deployed as at 30 June 2000	(4 111)	(12 620)	(4 111)	(12 620)

Major agency revenues and expenses by outcome		
<i>Major expenses</i>		
Employees	25 970	25 970
Suppliers	41 102	41 102
Depreciation and amortisation	1 243	1 243
<i>Major sources of revenues</i>		
Revenue from government	57 442	57 442
Sale of goods and services	812	812
Interest	99	99

Major administered revenues and expenses by outcome		
<i>Major expenses</i>		
Net write-down of assets	261	261
<i>Major sources of revenues</i>		
Fines and costs	13 650	13 650
Authorisation fees	537	537
Other	28	28

Note 14 Executive remuneration

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

	1999–2000	1998–1999
	Number	Number
\$100 000 to \$110 000	2	–
\$110 001 to \$120 000	2	7
\$120 001 to \$130 000	4	6
\$130 001 to \$140 000	2	2
\$140 001 to \$150 000	–	–
\$150 001 to \$160 000	2	–
\$160 001 to \$170 000	2	1
\$170 001 to \$180 000	2	–
\$180 001 to \$190 000	2	2
\$190 001 to \$200 000	–	2
\$200 001 to \$210 000	–	1
\$210 001 to \$220 000	1	–
\$220 001 to \$230 000	–	1
\$230 001 to \$240 000	–	–
\$240 001 to \$250 000	1	–
The aggregate amount of total remuneration of executive officers shown above	\$3 054 485	3 183 514
The aggregate amount of separation and redundancy payments during the year to executive officers	–	–

Note 15 Services provided by the Auditor General

	1999–2000	1998–1999
	(\$)	(\$)
Financial statement audit services are provided free of charge to the Commission by the Australian National Audit Office (ANAO)	70 000	47 000
No other services were provided by ANAO		

Note 16 Average staffing levels

The average staffing levels for the Commission in 1999–2000 were 381.71 (357.6 for 1998–1999).

Note 17 Act of Grace Payments and Waivers

(a) No Act of Grace payments were made during the reporting period.

(b) No waivers of amounts owing to the Commonwealth were made pursuant to sub-section 34(1) of the Financial Management and Accountability Act 1997.

Note 18 Financial instruments

18(a) Terms, conditions and accounting policies

Financial instrument	Note	Accounting policies and methods (including recognition criteria and measurement basis)	Terms and conditions
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	5(a) 5(b)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The Commission invests funds with the Reserve Bank. Monies in the Commission's bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on money market call rates.
Receivables for goods and services	5(c)	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	All receivables are with entities external to the Commonwealth. Credit sales are on 30 day terms (1998–1999: 30 days).
Administered receivables for fines and costs and authorisation fees	5(d)	As for receivables for goods and services.	Fines and costs are payable as per judgment orders. Authorisation fees are payable on receipt of application.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance lease liabilities	7(b)	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date the Commission had finance leases with terms averaging 3.6 years and a maximum term of 5 years. The interest rate implicit in the leases averaged 10.2% (1998–1999: 12.1%). The lease liabilities are secured by the leased assets.
Lease incentives	7(c)	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight line basis over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	The Commission has received rent free period incentives on entering property operating leases in April 1999. Lease payments are made monthly.
Trade creditors	8(b)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Trade creditors are normally settled on 30 day terms.

18(b) Interest rate risk: Agency

Financial instrument	Note	Floating interest rate		Fixed interest rate					Fixed interest rate				Non-interest bearing		Total				Weighted av. effective int. rate				
				1 year or less		1 to 2 years		2 to 5 years		5 years		1999–2000 \$'000			1998–1999 \$'000		1999–2000 \$'000				1998–1999 \$'000		
Financial assets																							
Cash at bank	5(a)	2 201	568	–	–	–	–	–	–	–	–	–	–	–	–	2 201	568	5.4	n/a				
Receivables for goods and services	5(c)	–	–	–	–	–	–	–	–	–	–	–	–	–	72	148	72	148	n/a				
Total financial assets (recognised)		2 201	568	–	–	–	–	–	–	–	–	–	–	–	72	148	2 273	716					
Total assets		2 201	568	–	–	–	–	–	–	–	–	–	–	–	72	148	2 273	716					
Financial liabilities																							
Finance lease liabilities	7(b)	–	–	456	89	436	9	541	4	–	–	–	–	–	–	1 433	102	10.2	12.1				
Lease incentives	7(c)	–	–	–	–	–	–	–	–	–	–	–	–	–	5	13	5	n/a	n/a				
Trade creditors	8(b)	–	–	–	–	–	–	–	–	–	–	–	–	–	14 382	1 890	14 382	1 890	n/a				
Total financial liabilities (recognised)		–	–	456	89	436	9	541	4	–	–	–	–	–	14 387	1 903	15 820	2 005					
Total liabilities		–	–	456	89	436	9	541	4	–	–	–	–	–	14 387	1 903	15 820	2 005					

18(c) Interest rate risk: Administered

Total interest rate risk: Administered																
Financial instrument	Note	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted av. effective int. rate		
				1 year or less		1 to 2 years		2 to 5 years								5 years
		1999–2000 \$'000	1998–1999 \$'000	1999–2000 \$'000	1998–1999 \$'000	1999–2000 \$'000	1998–1999 \$'000	1999–2000 \$'000	1998–1999 \$'000	1999–2000 \$'000	1998–1999 \$'000	1999–2000 \$'000	1998–1999 \$'000	1999–2000 \$'000	1999–2000 %	1998–1999 %
Financial assets																
Cash	5(b)	28	14	–	–	–	–	–	–	–	–	–	28	14	4.22	n/a
Fines and costs receivable	5(d)	–	–	–	–	–	–	–	–	–	–	–	4 746	4 941	n/a	n/a
Total financial assets (recognised)		28	14	–	–	–	–	–	–	–	–	–	4 774	4 955		
Total assets		28	14	–	–	–	–	–	–	–	–	–	4 774	4 955		

18(d) Net fair values of financial assets and liabilities

	Note	1999–2000		1998–1999	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Agency financial assets					
Cash at bank	5(a)	2 201	2 201	568	568
Receivables for goods and services	5(c)	72	72	148	148
Total financial assets		2 273	2 273	716	716

Agency financial liabilities (recognised)					
Finance lease liabilities	7(b)	1 260	1 260	102	102
Lease incentives	7(c)	5	5	13	13
Trade creditors	8(b)	14 382	14 382	1 890	1 890
Total financial liabilities (recognised)		15 647	15 647	2 005	2 005

Administered financial assets					
Cash	5(b)	28	28	14	14
Fines and costs receivable	5(d)	4 746	4 746	4 941	4 941
Total financial assets		4 774	4 774	4 955	4 955

Financial assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial liabilities

The net fair values of finance leases and lease incentive liabilities are based on discounted cash flows using interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors which are short term in nature, are approximated by their carrying amounts.

18(e) Credit risk exposures

The Commission's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet. The Commission does not have any significant exposures to any concentrations of credit risk. The maximum value of credit risk exposure does not take into account the value of any collateral or other security.

