

FINANCIAL STATEMENTS



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INDEPENDENT REVIEW REPORT TO THE BOARD MEMBERS OF THE AUSTRALIAN MARITIME SAFETY AUTHORITY

Scope

We have reviewed the financial statements of the National Plan to Combat Pollution of the Sea by Oil ("the National Plan") for the year ended 30 June 1998, consisting of the statement of revenues and expenses, balance sheet, statement of cash flows, and accompanying notes to the financial statements. Management of the Australian Maritime Safety Authority ("the Authority") are responsible for the preparation and presentation of the financial statements and the information contained therein. We have performed the review of the financial statements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial statements are not presented fairly in accordance with accounting policies used and described in Note 1 to the financial statements.

The financial statements have been prepared from the books and records of the Authority and for distribution to members of the National Plan Advisory Committee to account for the cost of National Plan administration by the Authority. We disclaim any assumption of responsibility for any reliance on this review report or on the financial statements to which it relates to any persons other than the Board Members of the Authority or the members of the National Plan Advisory Committee.


Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of Authority personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial statements of the National Plan to Combat Pollution of the Sea by Oil for the year ended 30 June 1998 does not present fairly the National Plan's financial position and the results of its operations and cashflows for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.


KPMG

Chartered Accountants



C J Ingram
Partner



Member of
KPMG International

Canberra
12 October 1998

FINANCIAL STATEMENTS

**AUSTRALIAN MARITIME SAFETY AUTHORITY
NATIONAL PLAN
STATEMENT OF REVENUES AND EXPENSES
for the year ended 30 June 1998**

| | Notes | 1998 \$ | 1997 \$ |
|--|-------|------------------|------------------|
| Income | | | |
| Protection of the sea levy | | 3,550,365 | 3,391,804 |
| Incident recovery | 3 | 203,165 | 331,506 |
| Equipment hire | | 93,311 | 134,005 |
| Other revenue | | 7,969 | 22,139 |
| Interest | | 38,898 | 46,307 |
| Total Income | | 3,893,708 | 3,925,761 |
| Expenses | | | |
| Staff costs | 4 | 667,831 | 586,317 |
| Travel and transport | | 151,525 | 165,117 |
| Materials and services | 5 | 1,404,682 | 937,816 |
| Communications expenses | | 35,912 | 54,518 |
| Occupancy costs | 6 | 146,207 | 86,346 |
| Administrative expenses | | 115,287 | 110,478 |
| Overheads | 7 | 414,184 | 504,723 |
| Depreciation | 1.2 | 1,531,675 | 1,227,966 |
| Incident costs | 3 | 126,880 | 263,501 |
| Loss on sale of assets | | 1,729 | 941 |
| Total Expenses | | 4,595,912 | 3,937,723 |
| Operating surplus/(deficit) (before abnormal items) | | (702,204) | (11,962) |
| Abnormal items | 8 | 0 | (10,232) |
| Operating surplus/(deficit) (after abnormal items) | | (702,204) | (22,194) |
| Accumulated surpluses at start of financial year | | 2,674,853 | 2,688,832 |
| Aggregate of amounts transferred from reserves | 19 | 14,354 | 8,215 |
| Accumulated surpluses at end of financial year | 19 | 1,987,003 | 2,674,853 |

The accompanying notes form part of these statements.

FINANCIAL STATEMENTS

AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN BALANCE SHEET AS AT 30 JUNE 1998

| | Notes | 1998 \$ | 1997 \$ |
|----------------------------------|-------|-------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Cash | 9 | 1,839,465 | 709,410 |
| Receivables | 10 | 141,073 | 484,108 |
| Inventories | 11 | 0 | 396,795 |
| Other | 12 | 70,983 | 50,343 |
| TOTAL CURRENT ASSETS | | <u>2,051,521</u> | <u>1,640,656</u> |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 13 | 7,796,768 | 8,541,104 |
| TOTAL ASSETS | | <u>9,848,289</u> | <u>10,181,760</u> |
| CURRENT LIABILITIES | | | |
| Creditors | 14 | 1,190,684 | 322,284 |
| Provisions | 15 | 90,109 | 101,468 |
| TOTAL CURRENT LIABILITIES | | <u>1,280,793</u> | <u>423,752</u> |
| NON CURRENT LIABILITIES | | | |
| Provisions | 15 | 157,534 | 178,818 |
| TOTAL LIABILITIES | | <u>1,438,327</u> | <u>602,570</u> |
| NET ASSETS | | <u>8,409,962</u> | <u>9,579,190</u> |
| EQUITY | | | |
| Accumulated surpluses | 19 | 1,987,003 | 2,674,853 |
| Reserves | 19 | 6,422,959 | 6,904,337 |
| TOTAL EQUITY | | <u>8,409,962</u> | <u>9,579,190</u> |

The accompanying notes form part of these statements.

FINANCIAL STATEMENTS

AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN STATEMENT OF CASH FLOWS for the year ended 30 June 1998

| | Note | 1998 \$ | 1997 \$ |
|--|------|-------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Inflows: | | | |
| Levies, fees and charges received | | 3,991,358 | 3,333,136 |
| Interest received | | 42,220 | 46,465 |
| Incident costs re-imbursed | | 203,165 | 331,506 |
| Outflows: | | | |
| Cash paid to employees and suppliers | | <u>(1,849,796)</u> | <u>(2,656,291)</u> |
| Net cash provided by operating activities | 16 | 2,386,947 | 1,054,816 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Inflows: | | | |
| Proceeds from disposal of equipment | | 10,310 | 5,658 |
| Outflows: | | | |
| Payments for work in progress | | (528,852) | (994,810) |
| Payments for property, plant and equipment | | <u>(123,132)</u> | <u>(68,906)</u> |
| Net cash used by investing activities | | (641,674) | (1,058,058) |
| | | | |
| Net increase (decrease) in cash held | | 1,745,273 | (3,242) |
| Cash at the beginning of the reporting period | | 709,410 | 712,652 |
| Adjustment for prior year | 19 | (615,218) | |
| | | | |
| Cash at the end of the reporting period | | <u><u>1,839,465</u></u> | <u><u>709,410</u></u> |

FINANCIAL STATEMENTS

AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1998

Note 1 Statement of Significant Accounting Policies

1.1 *Basis of Accounting*

The financial statements have been prepared on a full accrual accounting basis, in accordance with relevant Australian Accounting Standards, Accounting Guidance Releases, the Consensus Views of the Urgent Issues Group and other mandatory professional reporting requirements. Except for certain assets which, as noted, are at valuation, the financial statements are prepared in accordance with the historical cost convention.

The financial statements have been extracted from the books and records of the Australian Maritime Safety Authority, and they represent the Authority's income and expenditure, and assets and liabilities in managing the National Plan. They do not include the income, expenses, assets or liabilities of third parties involved in National Plan activities.

1.2 *Property, plant and equipment*

Property plant and equipment are stated at carrying amounts not exceeding their recoverable values. In assessing recoverable amounts, the relevant cashflows have not been discounted to their present values.

Depreciation

Depreciation is provided on a straight line basis on all Property, Plant and Equipment at rates calculated to allocate the cost or valuation of those assets over their estimated useful lives.

The estimated useful lives applying to each class of depreciable assets are as follows:

| | 1998 | 1997 |
|-------------------------------|---------------|---------------|
| Furniture and fittings | 4 – 10 years | 4 – 10 years |
| Plant and equipment | 3 – 30 years | 3 – 30 years |
| Office and computer equipment | 3 – 16 years | 3 – 16 years |
| Vessels and amphibians | 10 - 16 years | 10 - 16 years |
| Vehicles | 6 years | 6 years |

Depreciation has increased from the previous financial year as the result of the upward revaluation on the National Plan plant and equipment and the purchase of new plant and equipment to deliver a response capability. As such, accumulated surpluses can only be realised as cash upon cessation of the National Plan.

Acquisition of Assets

All acquisitions of assets are accounted for at cost. Cost is determined as the fair value of the assets at date of acquisition plus costs incidental to the acquisition.

Valuations

Assets are revalued every three years using the "deprival" method of valuation. The valuation base is net current replacement cost.

Details of the current valuation are at Note 13.

FINANCIAL STATEMENTS

Note 1 Statement of Significant Accounting Policies (continued)

1.3 Inventories

Inventories are managed stores which are expected to be used within twelve months, less a provision for slow moving stock. These items are not held for resale and are valued at weighted average cost.

1.4 Liability for Employee Entitlements

The liability for employee entitlements encompasses provisions for annual leave and long service leave which is accrued from an employee's date of commencement. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees is less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 1998 and is recognised at its nominal value, including costs attributable to workers' compensation insurance.

The liability 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 at 30 June 1998. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

1.5 Receivables

All receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Credit terms are usually 30 days. (1997: 30 days).

Bad debts are written off during the year in which they are identified. A provision is raised for doubtful debts based on a review of outstanding accounts at year end.

1.6 Trade Creditors

Creditors and accruals represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

1.7 Reclassification of comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

Note 2 Contingencies

In the normal course of operations, the Authority is responsible for the provision of funds necessary to meet the clean up costs arising from ship sourced marine pollution. The Commonwealth has agreed that the Authority's responsibility should be limited to a maximum outlay of \$10 million. The Authority has a stand by loan facility for this purpose. In the event of costs above that limit, funds will be provided by the Commonwealth. In all circumstances, the Authority is responsible in accordance with the National Plan Administrative Arrangements for making appropriate efforts to recover the costs of any such incidents.

Note 3 Incident Costs and Recoveries

The reduction in incident recoveries in this financial year is proportionate with the reduction in incident costs. There were no major incidents in the financial year ended 30 June 1997 or 30 June 1998.

FINANCIAL STATEMENTS

**AUSTRALIAN MARITIME SAFETY AUTHORITY
NATIONAL PLAN
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1998**

| | 1998 | 1997 |
|---|-------------------------|-----------------------|
| | \$ | \$ |
| Note 4 Staff costs | | |
| Staff costs | 667,831 | 616,566 |
| Salaries included as pollution incident costs | 0 | (30,249) |
| | <u>667,831</u> | <u>586,317</u> |
| <p>Staff costs include the estimated proportion of the Marine Environment Protection Services Business Unit's staff costs attributable to National Plan activities.</p> <p>In addition to salaries and wages, staff costs includes all associated staff on costs, including superannuation, staff development and fringe benefits tax.</p> | | |
| Note 5 Materials and services | | |
| Materials and services | 1,404,682 | 964,615 |
| Overheads included as pollution incident costs | 0 | (26,799) |
| | <u>1,404,682</u> | <u>937,816</u> |
| <p>The increase in costs this financial year is largely the result of provisions made for slow moving dispersant stock (refer Note 11).</p> | | |
| Note 6 Occupancy costs | | |
| <p>Occupancy costs include storage costs of equipment and accommodation costs of National Plan staff.</p> | | |
| Note 7 Overheads | | |
| <p>Overheads are the estimated share of the Authority's corporate and head office costs attributable to National National Plan activities. This includes the proportion of actual expenditures for the Board, Internal Audit, as well as the Business Units comprising Strategic Development, Corporate and Commercial Services, and the Executive.</p> | | |
| Note 8 Abnormal items | | |
| Voluntary redundancies | 0 | 9,015 |
| Asset revaluation decrement | 0 | 1,217 |
| | <u>0</u> | <u>10,232</u> |
| Note 9 Cash | | |
| <p>Cash held as at 30 June 1998 comprises \$1,000,868 in respect of trust funds held for the National Heritage Coastal Resource fast tracking project, as well as \$838,597 in respect of cash brought forward and generated from current year operations (refer Note 17).</p> | | |

FINANCIAL STATEMENTS

AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1998

| | 1998 \$ | 1997 \$ |
|--|------------------|------------------|
| Note 10 Receivables | | |
| Trade debtors | 78,211 | 404,075 |
| Accrued revenue | 62,862 | 76,711 |
| Accrued interest | 0 | 3,322 |
| | 141,073 | 484,108 |
| | 141,073 | 484,108 |
| Note 11 Inventory | | |
| Oil dispersant stocks | 407,235 | 396,795 |
| Provision slow moving stock | (407,235) | 0 |
| | 0 | 396,795 |
| | 0 | 396,795 |
| Note 12 Other | | |
| Prepayments | 70,983 | 50,343 |
| | 70,983 | 50,343 |
| | 70,983 | 50,343 |
| Note 13 Property, plant and equipment | | |
| <i>Plant and equipment:</i> | | |
| - independent valuation 1997 | 6,585,734 | 6,753,424 |
| Accumulated depreciation | (1,216,817) | 0 |
| | 5,368,917 | 6,753,424 |
| - cost | 808,534 | 899 |
| Accumulated depreciation | (72,817) | 0 |
| | 735,717 | 899 |
| Total plant and equipment | 6,104,634 | 6,754,323 |
| <i>Office and computer equipment:</i> | | |
| - independent valuation 1997 | 39,149 | 43,360 |
| Accumulated depreciation | (24,824) | 0 |
| | 14,325 | 43,360 |
| - cost | 22,210 | 2,696 |
| Accumulated depreciation | (4,264) | (68) |
| | 17,946 | 2,628 |
| Total office and computer equipment | 32,271 | 45,988 |
| <i>Furniture and fittings:</i> | | |
| - independent valuation 1997 | 10,841 | 10,672 |
| Accumulated depreciation | (1,269) | 0 |
| | 9,572 | 10,672 |
| - cost | 75,607 | 0 |
| Accumulated depreciation | (1,254) | 0 |
| | 74,353 | 0 |
| Total furniture and fittings | 83,925 | 10,672 |

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AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1998

| | 1998 \$ | 1997 \$ |
|--|------------------|------------------|
| Note 13 Property, plant and equipment (continued) | | |
| Vehicles: | | |
| - independent valuation 1997 | 86,482 | 95,299 |
| Accumulated depreciation | (12,783) | 0 |
| | 73,699 | 95,299 |
| - cost | 50,971 | 46,787 |
| Accumulated depreciation | (8,645) | (323) |
| | 42,326 | 46,464 |
| Total vehicles | 116,025 | 141,763 |
| Vessels and amphibians: | | |
| - independent valuation 1995 | 0 | 850,990 |
| Accumulated depreciation | 0 | (376,870) |
| | 0 | 474,120 |
| - independent valuation 1998 | 1,321,419 | 0 |
| Accumulated depreciation | 0 | 0 |
| | 1,321,419 | 0 |
| - cost | 0 | 749,400 |
| Accumulated depreciation | 0 | (89,963) |
| | 0 | 659,437 |
| Total vessels and amphibians | 1,321,419 | 1,133,557 |
| Capital works in progress | 138,494 | 454,801 |
| Total property, plant and equipment | 7,796,768 | 8,541,104 |

Property, plant and equipment is valued in accordance with the revaluation policy as described in Note 1. Plant and equipment, office and computer equipment, vehicles and furniture and fittings were revalued in the financial year ended 30 June 1997. Vessels and amphibians were revalued in the financial year ended 30 June 1998. The valuation was performed by David Martin AVLE (P&M) and Matthew Radmilo AVLE (P&M), Registered Valuer No. 3611, of Edward Rushton Australia Pty Limited.

Additions to assets since revaluation have been included in their respective classes at cost less accumulated depreciation.

Note 14 Creditors

| | | |
|--------------------------------------|------------------|----------------|
| Trade creditors | 142,412 | 217,677 |
| Other creditors and accruals | 47,404 | 104,607 |
| Monies held in trust (refer Note 17) | 1,000,868 | 0 |
| | 1,190,684 | 322,284 |

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AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1998

| | 1998 \$ | 1997 \$ |
|---|------------------|------------------|
| Note 15 Provisions | | |
| <i>Current</i> | | |
| Long service leave | 20,149 | 31,210 |
| Annual leave | 69,960 | 70,258 |
| | 90,109 | 101,468 |
| <i>Non Current</i> | | |
| Long service leave | 157,534 | 178,818 |
| | | |
| Note 16 Reconciliation of operating surplus/(deficit) to net cashflows from operating activities | | |
| Operating surplus/(deficit) | (702,204) | (22,194) |
| Depreciation | 1,531,675 | 1,227,966 |
| Revaluation decrement | 0 | 1,217 |
| Loss on disposal of non-current assets | 1,730 | 941 |
| | | |
| Changes in assets and liabilities: | | |
| (Increase)decrease in trade debtors | 325,863 | (226,649) |
| (Increase)decrease in accrued revenue | 13,849 | 11,837 |
| (Increase)decrease in accrued interest | 3,322 | 158 |
| (Increase)decrease in inventories | 396,795 | 0 |
| (Increase)decrease in prepayments | (20,640) | (14,979) |
| (Decrease)increase in trade creditors and other creditors | 869,200 | 43,842 |
| (Decrease)increase in annual leave/long service leave | (32,643) | 32,677 |
| (Decrease)increase in voluntary redundancy | 0 | 0 |
| | | |
| Net cash flows from operating activities | 2,386,947 | 1,054,816 |
| | | |
| Note 17 Trust monies | | |
| <p>In May 1998, the National Plan has received monies from Environment Australia to fast track the development of Coastal Resource Atlases. Monies received were placed in a special bank account and will only be expended on the specified research project specified in the terms of the agreement. These monies are not available for other purposes of the National Plan. In accordance with the project management plan agreed by Environment Australia, these funds will meet expenditure from the project in the financial years ended 30 June 1999 and 30 June 2000.</p> | | |
| | | |
| Balance 1 July 1997 | 0 | 0 |
| Add: Receipts during the year | 1,000,000 | 0 |
| Add: Interest received | 868 | 0 |
| | | |
| Balance 30 June 1998 | 1,000,868 | 0 |

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AUSTRALIAN MARITIME SAFETY AUTHORITY
NATIONAL PLAN
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

| | 1998 | 1997 |
|-------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Note 18 Commitments | | |
| <i>By Type</i> | | |
| CAPITAL COMMITMENTS | | |
| Infrastructure, plant and equipment | 323,495 | 174,200 |
| Total capital commitments | <u>323,495</u> | <u>174,200</u> |
| OTHER COMMITMENTS | | |
| Operating leases | 856 | 0 |
| Other commitments | 116,167 | 21,017 |
| Total other commitments | <u>117,023</u> | <u>21,017</u> |
| Total commitments | <u><u>440,518</u></u> | <u><u>195,217</u></u> |
| <i>By Maturity</i> | | |
| One year or less | <u><u>440,518</u></u> | <u><u>195,217</u></u> |

FINANCIAL STATEMENTS

**AUSTRALIAN MARITIME SAFETY AUTHORITY
NATIONAL PLAN
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1998**

Note 19 Equity

| Item | Accumulated surpluses | Asset revaluation reserve | Other reserve | Total reserves | TOTAL EQUITY |
|--|--------------------------|---------------------------------|---------------|------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance 1 July 1997 | 2,674,853 | 6,845,148 | 59,189 | 6,904,337 | 9,579,190 |
| Surplus/(deficit) | (702,204) | 0 | 0 | 0 | (702,204) |
| Net revaluation increases/(decreases) | 0 | 148,194 | 0 | 148,194 | 148,194 |
| Adjustment from prior year | 0 | (615,218) | 0 | (615,218) | (615,218) |
| Transfers to/(from) reserves | 14,354 | 44,835 | (59,189) | (14,354) | 0 |
| Balance 30 June 1998 | 1,987,003 | 6,422,959 | 0 | 6,422,959 | 8,409,962 |

Accumulated surpluses

The accumulated surpluses represent the equity of the National Plan used to fund the working capital costs of the National Plan and to purchase property plant and equipment assets to deliver a response capability. As such, the accumulated surpluses can only be realised as cash upon cessation of the National Plan.

Asset revaluation reserve

The National Plan property plant and equipment assets were revalued in accordance with Australian Accounting Standard Statement No. 10 which requires the value of non current assets to be reassessed on a progressive basis.

The revaluation has been undertaken using the "deprival" value method as measured by the replacement costs necessary to obtain an equivalent or identical asset which will provide the same level of service benefits currently provided by that asset, taking into account its condition and remaining useful life.

The asset revaluation reserve represents the net increase in asset values between book values and the revalued amounts upon revaluation and as such cannot be realised as cash until the sale of the assets

Adjustment from prior year

An adjustment of \$615,218 was made to the asset revaluation reserve to properly reflect the total net increments arising from assets existing as at 30 June 1998 which were previously revalued between the financial years ending 30 June 1992 and 30 June 1997. Correspondingly the level of cash brought forward from prior years has also been adjusted.