

# 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 1999, 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 1999 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

18 Canberra  
October 1999



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# FINANCIAL STATEMENTS

**AUSTRALIAN MARITIME SAFETY AUTHORITY  
NATIONAL PLAN  
STATEMENT OF REVENUES AND EXPENSES  
for the year ended 30 June 1999**

	Notes	1999 \$	1998 \$
<b>Income</b>			
Protection of the sea levy		3,599,234	3,550,365
Equipment hire		59,510	93,311
Incident recovery	3	16,111	203,165
Interest		72,041	38,898
Other revenue		47,058	7,969
<b>Total Income</b>	4	<b>3,793,954</b>	<b>3,893,708</b>
<b>Expenses</b>			
Staff costs	5	720,868	667,831
Travel and transport		182,956	151,525
Materials and services	6	875,302	1,404,682
Communications expenses		46,130	35,912
Occupancy costs	7	84,506	146,207
Administrative expenses		109,854	115,287
Overheads	8	613,919	414,184
Depreciation		1,534,001	1,531,675
Incident costs	3	90,555	126,880
Loss on sale of assets		190	1,729
<b>Total Expenses</b>		<b>4,258,281</b>	<b>4,595,912</b>
<b>Operating surplus/(deficit)</b>		<b>(464,327)</b>	<b>(702,204)</b>
Accumulated surpluses at start of financial year		1,987,003	2,674,853
Aggregate of amounts transferred from reserves	18	(19,785)	14,354
<b>Accumulated surpluses at end of financial year</b>	18	<b>1,502,891</b>	<b>1,987,003</b>

The accompanying notes form part of these statements

# FINANCIAL STATEMENTS

## AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN BALANCE SHEET AS AT 30 JUNE 1999

	Notes	1999 \$	1998 \$
<b>CURRENT ASSETS</b>			
Cash	9	1,307,922	1,839,465
Receivables	10	209,959	141,073
Inventories	11	0	0
Other	12	79,524	70,983
<b>TOTAL CURRENT ASSETS</b>		<b><u>1,597,405</u></b>	<b><u>2,051,521</u></b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	13	7,607,093	7,796,768
<b>TOTAL ASSETS</b>		<b><u>9,204,498</u></b>	<b><u>9,848,289</u></b>
<b>CURRENT LIABILITIES</b>			
Creditors	14	1,006,844	1,190,684
Provisions	15	105,872	90,109
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>1,112,716</u></b>	<b><u>1,280,793</u></b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	15	146,147	157,534
<b>TOTAL LIABILITIES</b>		<b><u>1,258,863</u></b>	<b><u>1,438,327</u></b>
<b>NET ASSETS</b>		<b><u>7,945,635</u></b>	<b><u>8,409,962</u></b>
<b>EQUITY</b>			
Accumulated surpluses	18	1,502,891	1,987,003
Reserves	18	6,442,744	6,422,959
<b>TOTAL EQUITY</b>		<b><u>7,945,635</u></b>	<b><u>8,409,962</u></b>

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 1999

	Notes	1999 \$	1998 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Inflows:			
Levies, fees and charges received		3,636,916	3,991,358
Interest received		72,041	42,220
Incident costs re-imbursed		16,111	203,165
Outflows:			
Cash paid to employees and suppliers		<u>(2,911,369)</u>	<u>(1,849,796)</u>
<b>Net cash provided by operating activities</b>	16	813,699	2,386,947
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Inflows:			
Proceeds from disposal of equipment		39,737	10,310
Outflows:			
Payments for work in progress		(1,232,693)	(528,852)
Payments for property, plant and equipment		<u>(152,286)</u>	<u>(123,132)</u>
<b>Net cash used by investing activities</b>		(1,345,242)	(641,674)
<b>Net increase (decrease) in cash held</b>		<b>(531,543)</b>	<b>1,745,273</b>
Cash at the beginning of the reporting period		1,839,465	709,410
Adjustment for prior year		0	(615,218)
<b>Cash at the end of the reporting period</b>		<u><b>1,307,922</b></u>	<u><b>1,839,465</b></u>

The accompanying notes form part of these statements

# FINANCIAL STATEMENTS

## AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

### 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:

	1999	1998
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

##### *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.

##### *Disposal of revalued assets*

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

Any related revaluation increment standing in the asset revaluation reserve at the time of disposal is transferred back to accumulated results.

# 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 1999 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 1999. 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. (1998: 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

Incidents in the financial year ended 30 June 1999 consisted of a number of minor incidents committed by unidentified parties. Therefore, incident recoveries are lower this financial year in comparison to the previous financial year where the polluters had been identified.

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**AUSTRALIAN MARITIME SAFETY AUTHORITY  
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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 1999**

	Notes	1999 \$	1998 \$
<b>Note 4 Revenue</b>			
Rendering of services		3,721,913	3,854,810
Interest		72,041	38,898
		<u>3,793,954</u>	<u>3,893,708</u>
<b>Note 5 Staff costs</b>			
<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>			
<b>Note 6 Materials and services</b>			
<p>In the financial year ended 30 June 1998, materials and services expense included the creation of a provision made for slow moving dispersant stock (refer note 11).</p>			
<b>Note 7 Occupancy costs</b>			
<p>Occupancy costs include storage costs of equipment and accommodation costs of National Plan staff.</p>			
<b>Note 8 Overheads</b>			
<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>			
<b>Note 9 Cash</b>			
Cash		381,960	838,597
Monies held in trust (refer note 17)		925,962	1,000,868
		<u>1,307,922</u>	<u>1,839,465</u>

# FINANCIAL STATEMENTS

## AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

	Notes	1999 \$	1998 \$
<b>Note 10 Receivables</b>			
Trade debtors		40,051	78,211
Accrued revenue		169,908	62,862
		<b>209,959</b>	<b>141,073</b>
 <b>Note 11 Inventory</b>			
Oil dispersant stocks		407,235	407,235
Provision slow moving stock		(407,235)	(407,235)
		<b>0</b>	<b>0</b>
 <b>Note 12 Other</b>			
Prepayments		79,524	70,983
		<b>79,524</b>	<b>70,983</b>
 <b>Note 13 Property, plant and equipment</b>			
<i><b>Plant and equipment:</b></i>			
- independent valuation 1997		6,601,066	6,585,734
Accumulated depreciation		(2,295,004)	(1,216,817)
		4,306,062	5,368,917
- cost		1,942,481	808,534
Accumulated depreciation		(212,049)	(72,817)
		1,730,432	735,717
<b>Total plant and equipment</b>		<b>6,036,494</b>	<b>6,104,634</b>
 <i><b>Office and computer equipment:</b></i>			
- independent valuation 1997		27,346	39,149
Accumulated depreciation		(24,209)	(24,824)
		3,137	14,325
- cost		100,586	22,210
Accumulated depreciation		(16,608)	(4,264)
		83,978	17,946
<b>Total office and computer equipment</b>		<b>87,115</b>	<b>32,271</b>
 <i><b>Furniture and fittings:</b></i>			
- independent valuation 1997		10,611	10,841
Accumulated depreciation		(2,480)	(1,269)
		8,131	9,572
- cost		78,072	75,607
Accumulated depreciation		(8,780)	(1,254)
		69,292	74,353
<b>Total furniture and fittings</b>		<b>77,423</b>	<b>83,925</b>

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AUSTRALIAN MARITIME SAFETY AUTHORITY  
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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 1999

	Notes	1999 \$	1998 \$
<b>Note 13 Property, plant and equipment (continued)</b>			
<i><b>Vehicles:</b></i>			
- independent valuation 1997		82,782	86,482
Accumulated depreciation		(24,393)	(12,783)
		<u>58,389</u>	<u>73,699</u>
- cost		4,184	50,971
Accumulated depreciation		(1,046)	(8,645)
		<u>3,138</u>	<u>42,326</u>
<b>Total vehicles</b>		<u>61,527</u>	<u>116,025</u>
<i><b>Vessels and amphibians:</b></i>			
- independent valuation 1998		1,321,419	1,321,419
Accumulated depreciation		(256,585)	0
		<u>1,064,834</u>	<u>1,321,419</u>
<b>Total vessels and amphibians</b>		<u>1,064,834</u>	<u>1,321,419</u>
<b>Capital works in progress</b>		279,700	138,494
<b>Total property, plant and equipment</b>		<u><u>7,607,093</u></u>	<u><u>7,796,768</u></u>

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.

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

## Note 14 Creditors

Trade creditors	81,549	142,412
Other creditors and accruals	30,993	47,404
Monies held in trust (refer Note 17)	894,302	1,000,868
	<u><u>1,006,844</u></u>	<u><u>1,190,684</u></u>

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**AUSTRALIAN MARITIME SAFETY AUTHORITY  
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	Notes	1999 \$	1998 \$
<b>Note 15 Provisions</b>			
<i>Current</i>			
Long service leave		39,389	20,149
Annual leave		66,483	69,960
		<b>105,872</b>	<b>90,109</b>
<i>Non Current</i>			
Long service leave		<b>146,147</b>	<b>157,534</b>
<b>Note 16 Reconciliation of operating surplus/(deficit) to net cashflows from operating activities</b>			
Operating surplus/(deficit)		(464,327)	(702,204)
Depreciation		1,534,001	1,531,675
Loss on disposal of non-current assets		190	1,730
Changes in assets and liabilities:			
(Increase)decrease in trade debtors		38,160	325,863
(Increase)decrease in accrued revenue		(107,046)	17,171
(Increase)decrease in inventories		0	396,795
(Increase)decrease in prepayments		(8,541)	(20,640)
(Decrease)increase in trade creditors and other creditors		(183,114)	869,200
(Decrease)increase in annual leave/long service leave		4,376	(32,643)
		<b>813,699</b>	<b>2,386,947</b>
<b>Note 17 Trust monies</b>			
<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 1998		1,000,868	0
Add: Receipts during the year		(157,652)	1,000,000
Add: Interest received		51,086	868
		<b>894,302</b>	<b>1,000,868</b>

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**Note 18 Equity**

Item	Accumulated surpluses \$'000	Asset revaluation reserve \$'000	Total reserves \$'000	TOTAL EQUITY \$'000
Balance 1 July 1998	1,987,003	6,422,959	6,422,959	8,409,962
Surplus/(deficit)	(464,327)	0	0	(464,327)
Transfers to/(from) reserves	(19,785)	19,785	19,785	0
<b>Balance 30 June 1998</b>	<b>1,502,891</b>	<b>6,442,744</b>	<b>6,442,744</b>	<b>7,945,635</b>

***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.

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AUSTRALIAN MARITIME SAFETY AUTHORITY  
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	Notes	1999 \$	1998 \$
<b>Note 19 Commitments</b>			
<i>By Type</i>			
CAPITAL COMMITMENTS			
Infrastructure, plant and equipment		53,893	323,495
<b>Total capital commitments</b>		<b>53,893</b>	<b>323,495</b>
OTHER COMMITMENTS			
Operating leases		12,396	856
Other commitments		116,389	116,167
<b>Total other commitments</b>		<b>128,785</b>	<b>117,023</b>
<b>Total commitments</b>		<b>182,678</b>	<b>440,518</b>
<i>By Maturity</i>			
ALL COMMITMENTS			
One year or less		177,959	440,518
From one to two years		4,719	0
<b>Total commitments</b>		<b>182,678</b>	<b>440,518</b>
OPERATING LEASE COMMITMENTS			
One year or less		7,677	856
From one to two years		4,719	0
<b>Operating lease commitments</b>		<b>12,396</b>	<b>856</b>



