

FINANCIAL STATEMENTS



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 and Other Noxious and Hazardous Substances ("the National Plan") for the year ended 30 June 2001, consisting of the statement of financial performance, statement of financial position, 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 and Other Noxious and Hazardous Substances for the year ended 30 June 2001 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

KPMG
Chartered Accountants

CJ Ingram
CJ Ingram
Partner

Canberra
9 October 2001



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AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2001

	Notes	2001 \$	2000 \$
Income			
Protection of the sea levy		3,719,007	3,609,744
Equipment hire		153,765	140,061
Incident recovery	3	151,207	477,857
Interest		64,700	53,881
Other revenue		26,603	64,298
Total Income	4	4,115,282	4,345,841
Expenses			
Staff costs	5	1,051,843	895,575
Travel and transport		175,704	178,768
Materials and services	6	1,000,167	1,328,168
Communications expenses		26,675	35,300
Occupancy costs	7	94,149	100,210
Administrative expenses		102,828	111,681
Overheads	8	514,226	548,889
Depreciation and amortisation		846,105	1,390,231
Incident costs	3	183,478	267,890
Loss on sale of assets		11,377	1,858
Write down of assets		-	53,542
Total Expenses		4,006,552	4,912,113
Operating surplus/(deficit)		108,730	(566,272)
Accumulated surpluses at start of financial year		1,001,739	1,502,891
Aggregate of amounts transferred from reserves	19	40,634	65,120
Accumulated surpluses at end of financial year	19	1,151,103	1,001,739

The above Statement of Revenues and Expenses should be read in conjunction with the notes to the financial statements set out in the following pages.

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AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN STATEMENT OF FINANCIAL POSITION as at 30 June 2001

	Notes	2001 \$	2000 \$
Current Assets			
Cash	9	468,480	792,054
Receivables	10	236,757	88,673
Inventories	11	0	0
Other	12	5,756	16,923
Total Current Assets		710,993	897,650
Non Current Assets			
Property, plant and equipment	13	7,801,256	7,195,285
Intangibles	14	219,228	0
Total Non Current Assets		8,020,484	7,195,285
Total Assets		8,731,477	8,092,935
Current Liabilities			
Creditors	15	263,269	212,202
Provisions	16	109,998	68,106
Total Current Liabilities		373,267	280,308
Non Current Liabilities			
Provisions	16	131,526	125,717
Total Non Current Liabilities		131,526	125,717
Total Liabilities		504,793	406,025
Net Assets		8,226,684	7,686,910
Equity			
Accumulated surpluses	19	1,206,815	1,016,013
Reserves	19	7,019,869	6,670,896
Total Equity		8,226,684	7,686,909

The above Statement of Revenues and Expenses should be read in conjunction with the notes to the financial statements set out in the following pages.

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**AUSTRALIAN MARITIME SAFETY AUTHORITY
NATIONAL PLAN
STATEMENT OF CASH FLOWS
for the year ended 30 June 2000**

	Notes	2001 \$	2000 \$
OPERATING ACTIVITIES			
Cash received			
Levies, fees and charges received		3,753,763	3,935,389
Interest received		64,700	53,881
Incident costs re-imbursed		166,328	477,857
GST recovered from taxation authority		311,104	0
Total cash received		4,295,895	4,467,127
Cash used			
Cash paid to employees and suppliers		(3,242,635)	(4,256,719)
Total cash used		(3,242,635)	(4,256,719)
Net cash from operating activities	16	1,053,260	210,408
INVESTING ACTIVITIES			
Cash received			
Proceeds from disposal of equipment		343	2,302
Total cash received		343	2,302
Cash used			
Payments for property, plant and equipment		(1,377,177)	(728,578)
Total cash used		(1,377,177)	(728,578)
Net cash used by investing activities		(1,376,834)	(726,276)
Net increase (decrease) in cash held		(323,574)	(515,868)
Cash at the beginning of the reporting period		792,054	1,307,922
Cash at the end of the reporting period		468,480	792,054
Cash as per Statement of Financial Position		468,480	792,054

The above Statement of Revenues and Expenses should be read in conjunction with the notes to the financial statements set out in the following pages.

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AUSTRALIAN MARITIME SAFETY AUTHORITY NATIONAL PLAN NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 1 Statement of Significant Accounting Policies

1.1 *Basis of Accounting*

The financial report is a special purpose financial report which has been prepared on a full accrual accounting basis, in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. 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 *Revenue*

All material revenues described in this note are revenues relating to the core operating activities of the National Plan.

The major appropriation revenue for the National Plan relates to maritime infrastructure charges and includes levies received by the Commonwealth under the *Protection of the Sea (Shipping Levy) Act 1981* and through the recovery of pollution incident costs from offending parties.

Revenues are recognised to the extent they have been received by the National Plan or are entitled to be received by the National Plan at year end.

1.3 *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.

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.

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

	2001	2000
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 - 20 years	10 - 20 years
Vehicles	6 - 12 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.

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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.

1.4 Intangibles

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

No write-down to recoverable amount has been made in 2000-2001.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives, which are between 3 and 15 years.

1.5 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.

1.6 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 2001 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 2001. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

1.7 Receivables

All receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Credit terms are usually 30 days. (2000: 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.

1.8 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.

1.9 Reclassification of comparatives

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

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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 decrease in incident recoveries reflects the decrease in the number of significant pollution incidents compared with the previous financial year. The majority of incident costs have been recovered from the parties at fault.

Incident costs do not include the salaries, wages and associated on-costs incurred for AMSA employees involved in an incident response. Where cost recovery has been possible, however, these amounts are reimbursed and reflected in the incident recoveries total.

	Notes	2001 \$	2000 \$
Note 4 Revenue			
Rendering of services		(124,605)	(413,559)
Interest		151,207	477,857
		26,603	64,298

Note 5 Staff costs

Staff costs also include the proportion of AMSA's staff costs attributable to National Plan activities and the organisational staff costs associated with pollution incidents. Where cost recovery has been possible, however, staff costs attributable to pollution incidents are reimbursed and reflected in the incident recoveries total.

In addition to salaries and wages, staff costs include all associated on-costs: including superannuation, worker's compensation, staff development costs and fringe benefits tax.

Note 6 Materials and services

In the financial year ended 30 June 2001, materials and services expense included an increase in the provision made for slow moving dispersant stock of \$89,169 (refer note 11).

Note 7 Occupancy costs

Occupancy costs include storage costs of equipment and accommodation costs of National Plan staff.

Note 8 Overheads

Overheads are the estimated share of the Authority's corporate and head office costs attributable to National Plan activities. This includes the proportion of actual expenditures for the Board, Internal Audit, as well as the Business Units comprising Maritime Operations Business Support, Strategic Development, Corporate and Commercial Services, and the Executive.

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	Notes	2001 \$	2000 \$
Note 9 Cash			
Cash		468,480	792,054
		468,480	792,054
Note 10 Receivables			
Trade debtors		238,750	78,087
less Provision for doubtful debts		(5,020)	0
		233,730	78,087
Accrued revenue		3,027	10,586
		236,757	88,673
Note 11 Inventory			
Oil dispersant stocks		805,267	716,098
Provision slow moving stock		(805,267)	(716,098)
		0	0
Note 12 Other			
Prepayments		5,756	16,923
		5,756	16,923
Note 13 Property, plant and equipment			
<i>Plant and equipment:</i>			
- independent valuation 2000		5,369,597	5,377,047
Accumulated depreciation		(491,319)	(37,850)
		4,878,278	5,339,197
- cost		1,496,645	563,954
Accumulated depreciation		(94,983)	(17,306)
		1,401,662	546,648
Total plant and equipment		6,279,940	5,885,845
 <i>Office and computer equipment:</i>			
- independent valuation 2000		52,942	52,942
Accumulated depreciation		(25,853)	(1,852)
		27,089	51,090
- cost		16,150	0
Accumulated depreciation		(81)	0
		16,069	0
Total office and computer equipment		43,158	51,090
 <i>Furniture and fittings:</i>			
- independent valuation 2000		49,657	49,657
Accumulated depreciation		8,873	(528)
		58,530	49,129
- cost		0	0
Accumulated depreciation		0	0
		0	0
Total furniture and fittings		58,530	49,129

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	2001 \$	2000 \$
Note 13 Property, plant and equipment (continued)		
Vehicles:		
- cost	29,527	0
Accumulated depreciation	(6,817)	0
	22,710	0
Total vehicles	22,710	0
Vessels and amphibians:		
- independent valuation 2001	1,459,488	1,319,829
Accumulated depreciation	(62,570)	(464,656)
	1,396,918	855,173
- cost	0	378,961
Accumulated depreciation	0	(24,913)
	0	354,048
Total vessels and amphibians	1,396,918	1,209,221
Capital works in progress	0	0
Total property, plant and equipment	7,801,256	7,195,285

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 2000.

Vessels and amphibians were revalued in the financial year ended 30 June 2001.

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

Note 14 Intangibles

Computer software	305,900	0
Accumulated amortisation	(86,672)	0
	219,228	0

Note 15 Creditors

Trade creditors	214,348	140,862
Salaries and wages	48,921	26,340
Other creditors and accruals	0	45,000
	263,269	212,202

Note 16 Provisions

Current

Long service leave	59,431	36,973
Annual leave	50,567	31,133
	109,998	68,106

Non Current

Long service leave	113,573	106,783
Annual leave	17,953	18,934
	131,526	125,717

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	2001	2000
	\$	\$
Note 17 Reconciliation of operating surplus/(deficit) to net cashflows from operating activities		
Operating surplus/(deficit)	108,730	(566,272)
Depreciation	846,105	1,390,232
Asset write downs	0	53,542
Loss on disposal of non-current assets	11,377	1,858
GST Recovered on payments for non-current assets	125,198	0
Changes in assets and liabilities:		
(Increase)decrease in trade debtors	(155,643)	0
(Increase)decrease in accrued revenue	7,559	121,286
(Increase)decrease in inventories	0	0
(Increase)decrease in prepayments	11,167	62,600
(Decrease)increase in trade creditors and other creditors	51,067	(794,642)
(Decrease)increase in annual leave/long service leave	47,701	(58,196)
Net cash flows from operating activities	1,053,260	210,408
Balance per cash flow statement	1,053,260	210,408

Note 18 Trust monies

In May 1998, the National Plan received monies from Environment Australia to fast track the development of Coastal Resource Atlases. Monies received were placed in a special bank account and were only to be expended on the specified research project as outlined in the terms of the agreement. These monies were not available for the other purposes of National Plan. In accordance with the project management plan agreed by Environment Australia, these funds were expended from the project in the financial years ended 30 June 1999 and 30 June 2000.

Balance 1 July	0	894,302
Add: Receipts during the year	0	0
Add: Interest received	0	17,321
Less: Expenditure	0	(911,623)
Balance 30 June	<u>0</u>	<u>0</u>

Note 19 Commitments

BY TYPE

CAPITAL COMMITMENTS

Infrastructure, plant and equipment	53,865	0
Total capital commitments	<u>53,865</u>	<u>0</u>

OTHER COMMITMENTS

Operating leases	13,613	5,191
Other commitments	108,771	9,900
Total other commitments	<u>122,384</u>	<u>15,091</u>

COMMITMENTS RECEIVABLE

Net commitments	<u>(16,023)</u>	<u>(1,372)</u>
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BY MATURITY

All net commitments

One year or less	155,507	13,719
From one to two years	4,719	0
Net commitments	<u>160,226</u>	<u>13,719</u>

Operating lease commitments

One year or less	7,656	4,719
From one to two years	4719	0
Net operating lease commitments	<u>12,375</u>	<u>4,719</u>