

STATEMENT OF ADMINISTERED REVENUES AND EXPENSES for the year ended 30 June 2000

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS			
Statement of Administered Revenues and Expenses			
for the year ended 30 June 2000			
	Notes	1999-00 \$'000	1998-99 \$'000
Operating Revenues			
Non-Taxation			
Revenue from Government	4B	135,762	139,082
Immigration fees and charges	4G	206,040	220,480
Sales of goods and services	4H	8,025	12,744
Interest	4E	2	37
Other sources of non-taxation revenues	4F	16,294	23,936
Total Non-taxation		<u>366,123</u>	<u>396,279</u>
Total Operating Revenues		<u>366,123</u>	<u>396,279</u>
Operating Expenses			
Personal benefits	6A	5,880	375
Grants	6C	25,508	33,288
Suppliers	5H	97,210	92,693
Net write down of assets	5F	3,046	9,372
Depreciation and amortisation	5D	774	2,977
Other	5i	9,763	10,407
Total operating expenses		<u>142,181</u>	<u>149,112</u>
Net Contribution to budget outcome (before extraordinary items)		<u>223,942</u>	<u>247,167</u>
Net contribution to the budget outcome		<u>223,942</u>	<u>247,167</u>
Transfers			
Transfer to Official Commonwealth Public Account		<u>(233,440)</u>	<u>(235,932)</u>
Net surplus (deficit)		<u>(9,498)</u>	<u>11,235</u>
Accumulated results at beginning of reporting period		23,412	8,797
Asset adjustments		0	3,380
Accumulated results at end of the reporting period		<u>13,914</u>	<u>23,412</u>

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

STATEMENT OF ADMINISTERED ASSETS AND LIABILITIES as at 30 June 2000

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS			
Statement of Administered Assets and Liabilities			
as at 30 June 2000			
		1999-00 \$'000	1998-99 \$'000
ASSETS			
Financial Assets			
Cash	22B	3,497	9,909
Receivables	8B	3,234	5,181
Accrued revenues	8C	2,951	1,802
Other financial assets	8D	<u>147</u>	<u>110</u>
Total financial assets		<u>9,829</u>	<u>17,002</u>
Non-financial assets			
Land and building	9B	30	50
Infrastructure, plant and equipment	9D	146	591
Intangibles	9F	927	1,252
Other	9H	<u>6,912</u>	<u>5,982</u>
Total non-financial assets		<u>8,015</u>	<u>7,875</u>
TOTAL ASSETS		<u>17,844</u>	<u>24,877</u>
LIABILITIES			
Provisions and Payables			
Suppliers	11C	3,182	632
Grants	11D	<u>0</u>	<u>18</u>
Total Provisions and Payables		<u>3,182</u>	<u>650</u>
EQUITY			
Capital		380	447
Accumulated results		13,914	23,412
Reserves		<u>368</u>	<u>368</u>
Total Equity	12A	<u>14,662</u>	<u>24,227</u>
TOTAL LIABILITIES AND EQUITY		<u>17,844</u>	<u>24,877</u>
Current liabilities		3,182	650
Current assets		16,741	22,886
Non-current assets		1,103	1,991

ADMINISTERED CASH FLOW for the year ended 30 June 2000

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS			
ADMINISTERED CASH FLOWS			
for the year ended 30 June 2000			
		1999-00	1998-99
		\$'000	\$'000
OPERATING ACTIVITIES	14B		
Cash received			
NON-TAXATION			
Immigration fees and charges		201,833	223,806
Sales of goods and services		9,439	12,744
Other		17,710	7,877
Interest		2	37
Appropriations		134,988	139,082
Total non-taxation		363,972	383,546
Total cash received		363,972	383,546
Cash used			
Personal Benefits		5,880	375
Suppliers		105,389	108,222
Grants		25,526	30,461
Cash to official Commonwealth Public Account		233,440	235,932
Total cash used		370,235	374,990
Net cash from operating activities		(6,263)	8,556
INVESTING ACTIVITIES			
Cash Used			
Purchase of plant and equipment	9i	149	24
Total cash used		149	24
Net cash from investing activities		(149)	(24)
Net increase/(decrease) in cash held		(6,412)	8,532
Add: cash at 1 July 1999	22	9,909	1,377
Cash at 30 June 2000		3,497	9,909

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS as at 30 June 2000

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS
 SCHEDULE OF COMMITMENTS
 as at 30 June 2000

	Departmental		Administered	
	1999-00 \$'000	1998-99 \$'000	1999-00 \$'000	1998-99 \$'000
BY TYPE				
CAPITAL COMMITMENTS				
Infrastructure, plant and equipment ¹	878	781	0	0
Land and buildings	11,632	0	0	0
Other capital commitments	0	177	0	0
Total capital commitments	12,510	958	0	0
OTHER COMMITMENTS				
Operating leases ²	94,831	123,770	7,474	5,478
Other commitments ³	120,541	96,972	330,503	102,073
Total other commitments	215,372	220,742	337,977	107,551
COMMITMENTS RECEIVABLE	0	0	0	(5,478)
Net commitments	227,882	221,700	337,977	102,073
BY MATURITY				
All net commitments				
One year or less	118,762	77,181	92,775	70,662
From one to five years	88,956	119,998	245,203	31,411
Over five years	20,164	24,521	0	0
Net commitments	227,882	221,700	337,978	102,073
Operating Lease Commitments				
One year or less	28,455	32,279	2,057	2,864
From one to five years	46,212	66,970	5,417	2,614
Over five years	20,164	24,521	0	0
Net commitments	94,831	123,770	7,474	5,478

**NB: All 1999-00 commitments are GST inclusive where relevant.
 The comparatives have not been adjusted to reflect the GST.**

The Department expects to receive GST refunds of \$585,080.88 in the coming year.
 Therefore, the estimated net receivable to the Department of \$585,080.88.

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

1. The commitments relate mainly for architectural services and refurbishment.
2. Department commitments cover leases for onshore and offshore accommodation, DASFLEET vehicles and photocopiers. Administered commitments cover property leases for AMEP.
3. Department commitments include outstanding purchase orders and other agreements for On-Arrival-Accommodation. Administered commitments relate mainly to AMEP contracts and obligations under grant agreements.

SCHEDULE OF CONTINGENCIES as at 30 June 2000

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS
SCHEDULE OF CONTINGENCIES
as at 30 June 2000

Notes	Department		Administered	
	1999-00 \$'000	1998-99 \$'000	1999-00 \$'000	1998-99 \$'000
CONTINGENT LOSSES				
Claims for damages/costs	1,885	11,111	0	0
Other	<u>1,193</u>	<u>604</u>	<u>0</u>	<u>0</u>
Total contingent losses	3,078	11,715	0	0
CONTINGENT GAINS				
Claims for damages/costs	<u>1,051</u>	<u>737</u>	<u>0</u>	<u>6</u>
Net contingencies	<u>2,027</u>	<u>10,978</u>	<u>0</u>	<u>(6)</u>

Remote contingencies are disclosed in Note 15.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 2000, the Department had a number of legal claims against it. It is not possible to estimate the amounts of any eventual payment that may be required in relation to these claims.

Notes: 'contingencies' are conditions, situations, or circumstances that:

- (a) exist at the end of the reporting period;
- (b) create uncertainty as to possible gain or loss to an entity; and
- (c) will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2000

Note	Description
1.	Objectives of the Department
2.	Summary of Significant Accounting Policies
3.	Events Occurring after Balance Date
4.	Operating Revenues
5.	Operating Expenses
6.	Grants
7.	Abnormal Items
8.	Financial Assets
9.	Non-financial Assets
10.	Debt
11.	Provisions and Payables
12.	Equity
13.	Resources received free of charge
14.	Cash flow reconciliation
15.	Remote Contingencies
16.	Appropriations
17.	Reporting of Outcomes
18.	Executive Remuneration
19.	Services provided by the Auditor-General
20.	Act of Grace payments and Waivers
21.	Average Staffing levels
22.	Financial instruments

Note 1: Objectives of Department

The objective of the Department of Immigration and Multicultural Affairs is to manage the movement of people into and out of Australia. The Department produces eight outputs which contribute toward the achievement of two outcomes:

Outcome 1: Lawful and orderly entry and stay of people.

Output 1.1: Non-humanitarian entry and stay

Output 1.2: Refugee and humanitarian entry and stay

Output 1.3: Enforcement of immigration law

Output 1.4: Safe Havens

Outcome 2: A society which values Australian citizenship, appreciates cultural diversity, and enables migrants to participate equitably.

Output 2.1: Settlement services

Output 2.2: Translating and interpreting services

Output 2.3: Australian citizenship

Output 2.4: Appreciation of cultural diversity

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 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 Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

2.2 Changes in Accounting Policy

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

2.3 Department and Administered Items

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

- computers plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from appropriations;
- revenue from user charges, etc. where the proceeds are deemed appropriated under s31 of the *Financial Management and Accountability Act 1997*; and
- employee expenses and other administrative expenses incurred in producing Department outputs.

Administered items are those which are controlled by the Government and managed or oversighted by the Department on behalf of the Government. These items include benefit payments and other taxes, fees and fines.

The purposes of the separation of Administered and Departmental items is to enable assessment of the administrative efficiency of the Department in providing goods and services.

The basis of accounting described in Note 2.1 applies to both Departmental and Administered items.

Administered items are distinguished from Departmental items in the financial statements by shading.

2.4 Reporting by Outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Department is presented in Note 17. 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 Department.

Policies for accounting for revenue from Government follow; amounts and other details are given in Note 4.

Department Appropriations

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

Appropriations to Immigration & Multicultural Affairs for its departmental outputs are recognised as revenue to the extent they have been received into the Department's bank account or are entitled to be received by the Department at year end.

Appropriations to Immigration & Multicultural Affairs for its departmental capital items are recognised directly in equity, to the extent that the appropriation has been received into the Department's bank account.

Appropriations for departmental capital items for 1999-2000 include, as carryovers, the re-appropriation to the Department of the certain unspent amounts from 1998-99. These amounts were recognised directly in equity in the financial statements for 1998-99.

This is a change in the policy adopted in prior years when Department appropriations, other than running costs, were recognised as revenue to the extent that the appropriations were spent. Amounts appropriated for Department 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.

Administered appropriations

Appropriations for administered expenses are recognised as revenue to the extent that expenses have been incurred up to the limit, if any, of each appropriation. Appropriations for administered capital are recognised as the amount appropriated by Parliament.

Resources Received Free of Charge

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another Government Department as a consequence of a restructuring of administrative arrangements.

In the latter case, the assets are initially recognised at the amounts at which they were recognised by the transferring Department immediately prior to the transfer.

In prior years, net assets received under a restructuring of administrative arrangements were recognised as a revenue. From 1 July 1999, such asset transfers are designated as transactions of owners and adjusted directly against equity.

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.

Department 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.

Fees are charged for entry to Australia. Administered revenue is recognised at the time of payment, is non-refundable, and means the payer will enter the country. Administered fines are recognised in the period in which the breach of access rights occurs.

All revenues described in this note are revenues relating to the core operating activities of the Department, whether in its own right or on behalf of the Commonwealth. Details of revenue amounts are given in Note 4.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.7 Grants (Administered)

The Department administers a number of grant schemes on behalf of the Commonwealth.

Grant liabilities are recognised to the extent that:

- (i) the services required to be performed by the grantee have been performed, or
- (ii) the grant eligibility criteria have been satisfied.

A commitment is recorded when the Commonwealth has a binding agreement to make the grants but services have not been performed, or criteria satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

2.8 Employee Entitlements

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No long service leave accrues for overseas posts' locally engaged staff who commenced after 12 December 1978. 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 Department 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 (except locally engaged staff at overseas posts) at 30 June 2000 and is recognised at the nominal value.

Employee entitlements for locally engaged staff at overseas posts is based on actual entitlements calculated by the overseas posts.

The non-current portion for 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 with three or more years of completed service. In determining the present value of the liability, the Department 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 Department has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

Superannuation

Staff of the Department contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$17,031,204.33 (1998-99: \$17,348,775) in relation to these schemes have been expensed in these financial statements.

No liability is shown for superannuation in the Statement of Department Assets and Liabilities as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled \$3,452,498.63 (1998-99: \$3,471,942).

2.9 Leases

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 non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are charged to the Department's Operating Statement on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

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

2.10 Cash

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

2.11 Financial Instruments

Accounting policies for financial instruments are stated at Note 22.

2.12 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor Department's accounts immediately prior to the restructuring.

2.13 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 \$2,000 which are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

Revaluations

Schedule 2 requires that the property, buildings, infrastructure plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation in successive 3-years cycles. Land is to be valued annually on the basis of its highest and best use, unless disposal is restricted by legislation, zoning or Government policy. In the latter cases, the deprival basis should be used and the valuation at highest and best use shown in a note.

The Department is implementing the requirements of Schedule 2, as

- freehold land was not revalued during 1999-2000;
- buildings on freehold land and leasehold improvements are revalued progressively on a temporal basis. The current cycles commenced in 1998-1999.
- plant and equipment (P&E) assets, whether at cost or under finance lease, are initially being revalued over the financial years 1997-98 to 1999-2000 by type of asset. In 1997-98 furniture and fittings were revalued. In 1998-99 all information technology assets were revalued. All other P&E assets on hand at the commencement of the cycle have been revalued in 1999-2000.

Assets in each class acquired after the commencement of a progressive revaluation cycle are not captured by the progressive revaluation then in progress.

The Department recognises all land at its current market buying price because disposal is restricted by legislation, zoning or Government policy. Highest and best use (current market selling price) valuations, where different to current market buying prices, are disclosed in Note 9.

The Department recognises property plant and equipment other than land at its depreciated replacement cost.

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

All valuations are independent.

Recoverable Amount Test

Schedule 2 requires the application of the recoverable amount test to departmental 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 to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

Depreciation and Amortisation

Depreciable property plant and equipment assets are written-off to their estimated residual value over their estimated useful lives to the Department 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 based on the following useful lives:

	1999-00	1998-99
Buildings on freehold land	60 years	60 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	4 to 10 years	3 to 7 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

2.14 Inventories

The Department does hold some inventories for sale - mainly Migration Booklets, for sale at \$10 each. Inventories held for resale are valued at the lesser of cost and net realisable value. Inventory not held for resale is valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

Costs incurred in bring each item of inventory to its present location and condition are assigned as follows:

- stores - purchase cost on a first-in-first-out basis.

The reporting threshold of \$10,000 has been carried forward from last year.

2.15 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (relating to transactions with a post-1 July 2000 service element).

2.16 Capital User Charge

A capital user charge of 12% is imposed by the Commonwealth on the net departmental assets of the Department. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

2.17 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 or losses are not material.

2.18 Insurance

The Commonwealth's insurable risk managed fund, Comcover, commenced operations in 1999-00. Department of Immigration and Multicultural Affairs has insured with the fund for risks other than workers' compensation, which is dealt with via continuing arrangements with Comcare.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.19 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.

2.20 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following items:

- Act of Grace payments and Waivers;
- Remuneration of executives; and,
- Remuneration of auditors.

Note 3 - Events Occurring after Balance Date

1999-00	1998-99
\$'000	\$'000

Note 4 - Operating Revenues**Note 4A - Revenue from Government**

Appropriations for outputs	<u>459,417</u>	<u>389,388</u>
Total	<u><u>459,417</u></u>	<u><u>389,388</u></u>

Note 4B - Administered Revenue from Government

Transfers from Official Public Account	<u>135,762</u>	<u>139,082</u>
Total	<u><u>135,762</u></u>	<u><u>139,082</u></u>

Note 4C- Sales of Goods and Services

Goods	2,443	N/R ¹
Services	<u>7,524</u>	<u>9,661</u>
Total	<u><u>9,967</u></u>	<u><u>9,661</u></u>

Note 4D- Net Gains from Sales of Assets

Non-financial assets		
Infrastructure, Plant and Equipment	11	N/R ¹
Total Net Gains from Sales of Assets	<u><u>11</u></u>	<u><u>0</u></u>

Note 4E - Administered Interest

Interest Earned	<u>2</u>	<u>37</u>
Total Interest	<u><u>2</u></u>	<u><u>37</u></u>

Note 4F - Administered - Other Sources of Non-taxation Revenue

Fines	15,252	9,289
Gains from Sales of Assets	10	0
Other sources of non-taxation revenue	<u>1,032</u>	<u>14,647</u>
Total Other Sources of Non-Taxation Revenue	<u><u>16,294</u></u>	<u><u>23,936</u></u>

Note 4G - Administered - Immigration Fees and Fines

Fees and Charges	<u>206,040</u>	<u>220,480</u>
Total Immigration Fees and Fines	<u><u>206,040</u></u>	<u><u>220,480</u></u>

Note 4H - Administered - Sales of Goods and Services

Services	<u>8,025</u>	<u>12,744</u>
Total	<u><u>8,025</u></u>	<u><u>12,744</u></u>

Note 4I - Departmental Other Revenue from Independent Sources

Operating Revenue	13,355	11,600
Interest Earned	1,795	2
Resources Received Free of Charge - refer Note 13A	<u>1,071</u>	<u>1,838</u>
Total	<u><u>16,221</u></u>	<u><u>13,440</u></u>

Note 4J - Foreign Exchange Gains

Foreign Exchange Transactions Gains	<u>61</u>	<u>0</u>
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5 - Operating expenses

Note 5A - Employee Expenses

Remuneration (for services provided)	196,810	190,818
Separation and redundancy payments	<u>946</u>	<u>1,486</u>
Total remuneration	<u><u>197,756</u></u>	<u><u>192,304</u></u>

Note 5B - Suppliers Expenses

Supply of goods and services	257,531	212,386
Operating lease rentals	<u>478</u>	<u>26,788</u>
Total	<u><u>258,009</u></u>	<u><u>239,174</u></u>

Note 5C - Depreciation and Amortisation

Depreciation of land and buildings, infrastructure, plant and equipment	9,903	6,464
Amortisation of intangibles	<u>5,679</u>	<u>2,530</u>
Total	<u><u>15,582</u></u>	<u><u>8,994</u></u>

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

Buildings on freehold land	144	0
Leasehold improvements	7,053	3,850
Infrastructure, plant and equipment	3,090	2,614
Less: Depreciation attributable to Abnormals - see Note 7	<u>(384)</u>	<u>0</u>
Total	<u><u>9,903</u></u>	<u><u>6,464</u></u>

Note 5D - Depreciation and Amortisation - Administered

Depreciation of land and buildings, and plant and equipment	449	893
Amortisation of intangibles	<u>325</u>	<u>2,084</u>
Total	<u><u>774</u></u>	<u><u>2,977</u></u>

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

Buildings on freehold land	2	389
Infrastructure, plant and equipment	<u>447</u>	<u>504</u>
Total	<u><u>449</u></u>	<u><u>893</u></u>

Note 5E - Write Down of Assets

Financial assets		
Receivables	8,986	392
Non-financial assets		
Land and buildings	30	0
Plant & equipment - write-off	<u>473</u>	<u>0</u>
Total	<u><u>9,489</u></u>	<u><u>392</u></u>

Note 5F - Write Down of Administered Assets

Financial assets		
Receivables	<u>2,910</u>	<u>8,528</u>
Non-financial assets		
Infrastructure, Plant and equipment	136	83
Intangibles	<u>0</u>	<u>761</u>
Total non-financial assets	<u>136</u>	<u>844</u>
Total	<u><u>3,046</u></u>	<u><u>9,372</u></u>

Note 5G - Net Losses from Sales of Assets

Non-Financial Assets		
Plant and equipment	<u>82</u>	<u>78</u>
Total	<u><u>82</u></u>	<u><u>78</u></u>

Note 5H - Suppliers - Administered

Adult Migrant English Program	91,851	87,111
Refugee maintenance, accommodation & humanitarian expenses	<u>5,359</u>	<u>5,582</u>
Total	<u><u>97,210</u></u>	<u><u>92,693</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5I - Other Administered Expenses		
Contributions to other organisations	9,735	7,378
Other administered expenses	29	3,029
Total	<u>9,763</u>	<u>10,407</u>

Note 6 - Grants

Note 6A - Personal Benefits		
	5,880	375
Total	<u>5,880</u>	<u>375</u>

Note 6B - Grants

Grants to non-profit institutions	4,289	2,530
Total	<u>4,289</u>	<u>2,530</u>

The nature of the grants are as follows:

Community based programs	4,289	2,530
Total	<u>4,289</u>	<u>2,530</u>

Note 6C - Administered Grants

Assistance to asylum seekers	0	8,759
Grants to non profit institutions	25,508	24,529
Total	<u>25,508</u>	<u>33,288</u>

The nature of the grants are as follows:

Community based programs	25,508	N/R ¹
Total	<u>25,508</u>	<u>0</u>

Note 7 - Abnormal Items**Note 7A - Detention Centres and Detention Operations**

Revenues from Government	141,527
Less: Employee costs	1,629
Less: Suppliers' costs	88,573
Less: Depreciation costs	384
Net Abnormal for Detention Centres and Detention Operations	50,941
Add: Reclassified prior year revenue for AMEP	5,693
Total Abnormal Items	<u>56,633</u>

The surge in unauthorised boat arrivals in late 1999 and early 2000 created substantial resource exposure for the Department in the areas of detention, protection visa processing and potential repatriation costs. After additional estimates bills were tabled in Parliament, the Government agreed to fund the department for resource expenses and capital requirements on the basis of the daily rate for the detention of the unauthorised boat arrivals. Under the arrangement, the department has accrued a substantial level of appropriation revenue beyond its appropriation activity expected in 1999-2000. The majority of the appropriation receivable has been appropriated by Parliament in *Appropriation Act No. 2, 2000-01*. The residual receivable will be considered in 2000-01 Additional Estimates processes for appropriations through *Appropriation Bill No. 4, 2000-01*.

A substantial element of the expenses relating to these unauthorised boat arrivals has already been incurred, particularly in relation to detention costs, and capital costs associated with building two new Immigration Reception and Processing Centres (in Curtin, WA and Woomera, SA). A further substantial portion of expenses will also be incurred in 2000-01 particularly in relation to further detention capital expenditure, systems changes, protection visa processing and repatriation costs. Also further Government decisions relating to detention arrangements in 2000-01, mean funding is now based on a fixed level of resourcing per arrival, and expenses beyond this will need be borne by the Department from the 1999-2000 appropriation revenue source.