



Department of Immigration
and Multicultural Affairs

2000-01

PART FIVE

**financial statements
and notes**

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INDEPENDENT AUDIT REPORT

To the Minister for Immigration and Multicultural Affairs

Scope

I have audited the financial statements of the Department of Immigration and Multicultural Affairs for the year ended 30 June 2001. The financial statements comprise:

- Statement by the Chief Executive;
- statements of Financial Performance, Financial Position and Cashflows;
- schedules of Contingencies and Commitments;
- schedules of administered Revenues and Expenses, Assets and Liabilities, Cashflows, Contingencies and Commitments; and
- notes to and forming part of the Financial Statements.

The Department's Chief Executive is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the Department which is consistent with my understanding of its financial position, its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion,

(i) the financial statements have been prepared in accordance with Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders;

(ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders, of.

- the financial position of the Department of Immigration and Multicultural Affairs as at 30 June 2001 and the results of its operations and its cash flows for the year then ended; and
- the Commonwealth assets and liabilities as at 30 June 2001 and the revenue, expenses and cash flows of the Commonwealth for the year then ended, which have been administered by the Department.

Australian National Audit Office



G F Welsh Executive Director
Delegate of the Auditor-General

Canberra
20 August 2001

STATEMENT BY THE CHIEF EXECUTIVE

In my opinion, the attached financial statements give a true and fair view of the matters required by Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-01) Orders made under section 63 of the *Financial Management and Accountability Act 1997*.

A handwritten signature in black ink, appearing to read 'WJ Farmer', written over a horizontal line.

WJ Farmer
Chief Executive

20 August 2001

STATEMENT OF FINANCIAL PERFORMANCE

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS

Statement of Financial Performance

for the year ended 30 June 2001

	Notes	2000-01 \$'000	1999-00 \$'000
Revenues from ordinary activities			
Revenues from government	3A	649,510	607,708
Sales of goods and services	3B	17,263	13,292
Net gains from sales of assets	3C	11	11
Other revenues from independent sources	3D	14,788	10,030
Foreign exchange gains		8	61
Reversal of previous asset write-downs	3E	1,324	480
Interest	3F	5,951	1,795
Total revenues from ordinary activities		688,855	633,377
Expenses from ordinary activities			
Employees	4A	232,789	199,385
Suppliers	4B	395,654	346,551
Depreciation and amortisation	4C	23,177	15,966
Write down of assets	4D	6,903	9,489
Net losses from sales of assets	4E	100	82
Foreign exchange losses		6	31
Total expenses from ordinary activities		658,629	571,504
Net operating surplus (deficit) from ordinary activities¹		30,226	61,873
Net surplus (deficit)		30,226	61,873
Equity interests			
Net surplus (deficit) attributable to the Commonwealth		30,226	61,873
Net credit (debit) to asset revaluation reserve		10,309	325
Total revenues, expenses and valuation adjustments recognised directly in equity		10,309	325
Total changes in equity other than those resulting from transactions with owners as owners		40,535	62,198

¹ Net surplus (deficit) attributable to the Commonwealth excludes a Capital Use Charge component of \$12.972m (1999-00 \$11.594m) for the 2000-01 financial year.

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

STATEMENT OF FINANCIAL POSITION

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS

Statement of Financial Position

as at 30 June 2001

	Notes	2000-01 \$'000	1999-00 \$'000
ASSETS			
Financial Assets			
Cash		55,377	17,828
Receivables	5	97,068	97,675
Accrued revenue		404	2,133
Total financial assets		<u>152,849</u>	<u>117,636</u>
Non-financial assets			
Land and buildings	6A,6D	51,252	32,161
Infrastructure, plant and equipment	6B,6D	14,434	17,444
Intangibles	6C,6D	43,963	42,228
Inventories	6E	1,705	1,857
Other	6F	12,095	13,930
Total non-financial assets		<u>123,449</u>	<u>107,620</u>
TOTAL ASSETS		<u><u>276,298</u></u>	<u><u>225,256</u></u>
LIABILITIES			
Interest bearing liabilities			
Lease incentives	7	7,068	34
Total debt		<u>7,068</u>	<u>34</u>
Provisions			
Employees	8	80,887	70,707
Capital use charge		817	5,383
Total provisions		<u>81,704</u>	<u>76,090</u>
Payables			
Suppliers	9	59,722	49,558
Total payables		<u>59,722</u>	<u>49,558</u>
TOTAL LIABILITIES		<u><u>148,494</u></u>	<u><u>125,682</u></u>
EQUITY			
Capital		29,490	28,812
Accumulated surpluses (deficits)		80,260	63,006
Reserves		18,054	7,756
TOTAL EQUITY	10	<u>127,804</u>	<u>99,574</u>
Current liabilities		80,380	80,819
Non-current liabilities		68,114	44,863
Current assets		164,944	133,423
Non-current assets		111,354	91,833

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

STATEMENT OF CASH FLOWS

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS

Statement of Cash Flows

for the year ended 30 June 2001

	Notes	2000-01 \$'000	1999-00 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations for outputs		657,313	529,163
Sales of goods and services		13,897	7,417
Other		5,449	9,788
GST refunds		21,590	0
Total cash received		<u>698,249</u>	<u>546,368</u>
Cash used			
Employees		222,609	194,842
Suppliers		409,426	297,127
Foreign exchange losses		6	31
Total cash used		<u>632,041</u>	<u>492,000</u>
Net cash from operating activities		<u>66,208</u>	<u>54,368</u>
INVESTING ACTIVITIES			
Cash received			
Appropriations		0	2,694
Interest received		5,951	1,795
Proceeds from sales of property, plant and equipment	6D	32	316
Total cash received		<u>5,983</u>	<u>4,805</u>
Cash used			
Purchase of plant and equipment	6D	24,816	35,920
Total cash used		<u>24,816</u>	<u>35,920</u>
Net cash from (used by) investing activities		<u>(18,833)</u>	<u>(31,115)</u>
FINANCING ACTIVITIES			
Cash received			
Appropriations		678	9
Other (Lease Incentive)		7,034	44
Total cash received		<u>7,712</u>	<u>53</u>
Cash used			
Capital use charge paid		17,538	6,211
Total cash used		<u>17,538</u>	<u>6,211</u>
Net cash from (used by) financing activities		<u>(9,826)</u>	<u>(6,158)</u>
Net increase (decrease) in cash held		<u>37,549</u>	<u>17,095</u>
Cash at beginning of the reporting period		<u>17,828</u>	<u>733</u>
Cash at the end of the reporting period		<u>55,377</u>	<u>17,828</u>

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

SCHEDULE OF COMMITMENTS

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS

SCHEDULE OF COMMITMENTS

as at 30 June 2001

	Departmental	
	2000-01	1999-00
	\$'000	\$'000
BY TYPE		
CAPITAL COMMITMENTS		
Infrastructure, plant and equipment ¹	4,255	878
Land and buildings ²	5,388	11,632
Other capital commitments	904	0
Total capital commitments	<u>10,547</u>	<u>12,510</u>
OTHER COMMITMENTS		
Operating leases ³	296,831	94,831
Other commitments ⁴	149,375	120,541
Total other commitments	<u>446,206</u>	<u>215,372</u>
COMMITMENTS RECEIVABLE ⁵	<u>(27,034)</u>	<u>0</u>
Net commitments	<u><u>429,719</u></u>	<u><u>227,882</u></u>
BY MATURITY		
All net commitments		
One year or less	128,477	118,762
From one to five years	181,341	88,956
Over five years	119,901	20,164
Net commitments	<u>429,719</u>	<u>227,882</u>
Operating Lease Commitments		
One year or less	54,279	28,455
From one to five years	122,651	46,212
Over five years	119,901	20,164
Net commitments	<u>296,831</u>	<u>94,831</u>

NB: All commitments are GST inclusive where relevant.

SCHEDULE OF COMMITMENTS

1. The commitments relate mainly to architectural services and refurbishment.
2. The Land and Buildings commitments represent amounts attributable to the Gateway Project in Sydney (approved by the Public Works Committee).
3. Departmental commitments cover leases for onshore and offshore accommodation, DASFLEET vehicles and photocopiers. A substantial component of the Operating Lease reported is made up of fitout commitments for the new offices in Belconnen in the ACT.
4. Departmental commitments include outstanding purchase orders and other agreements for On-Arrival-Accommodation.
5. Commitments Receivable total represents the gross GST component in Commitments totals for both Capital and Other Commitments.

Nature of Lease	General description of leasing arrangement
Leases for office accommodation	- lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index;
	- the initial periods of office accommodation leases are still current and each may be renewed for up to 5 years at the Agency's option, following a once-off adjustment of rentals to current market level.
Agreements for the provision of motor vehicles to senior executive officers	<ul style="list-style-type: none"> - no contingent rental exists; - there are no renewal or purchase options available to the Agency.

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

SCHEDULE OF CONTINGENCIES

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS
SCHEDULE OF CONTINGENCIES
as at 30 June 2001

	Departmental	
	2000-01	1999-00
	\$'000	\$'000
CONTINGENT LOSSES		
Claims for damages/costs ¹	650	1,885
Other ³	<u>2,353</u>	<u>1,193</u>
Total contingent losses	3,003	3,078
CONTINGENT GAINS		
Claims for damages/costs ²	<u>(328)</u>	<u>(1,051)</u>
Net contingencies	<u>2,675</u>	<u>2,027</u>

Remote contingencies are disclosed in Note 12.

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

²The Agency is expecting to succeed in claims against suppliers, although the cases are continuing. The estimate is based on precedent in such cases.

³Other Contingent Losses include an amount attributed to the CSC operating lease.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 2001, the Agency had a number of legal claims against it. The Agency is defending the claims. 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.