

# Financial statements





## INDEPENDENT AUDITOR'S REPORT

To the Attorney-General

### Report on the Financial Statements

I have audited the accompanying financial statements of the Attorney-General's Department for the year ended 30 June 2012, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to and Forming Part of the Financial Statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

### *Chief Executive's Responsibility for the Financial Statements*

The Chief Executive of the Attorney-General's Department is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Attorney-General's Department's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Attorney-General's Department's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of the Attorney-General's Department:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Attorney-General's Department's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

Note 29 *Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund* discloses information on the Attorney-General's Department's review of its exposure to risks of not complying with statutory conditions on payments from special appropriations and special accounts. Non-compliance with statutory conditions may lead to a contravention of section 83 of the Constitution, which requires that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law.

As disclosed in Note 29, payments under the *Social Security Act 1991* and *Social Security (Administration) Act 1999* have been identified as potentially in breach of section 83 of the Constitution, totalling \$3,369,655 as at 1 July 2011 and \$3,490,935 identified during 2011-12. A further 220 payments made during 2011-12 are under investigation.

Australian National Audit Office



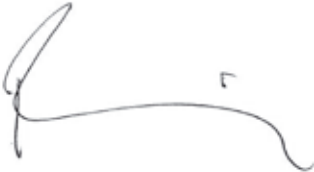
John McCullough  
Executive Director  
Delegate of the Auditor-General

Canberra  
14 September 2012

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**STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Roger Wilkins AO  
Chief Executive Officer  
14 day of September 2012



Stephen Lütze  
Chief Financial Officer  
14 day of September 2012

**STATEMENT OF COMPREHENSIVE INCOME** for the Attorney-General's Department

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>EXPENSES</b>			
Employee benefits	3A	177,910	165,401
Suppliers	3B	81,477	82,070
Depreciation and amortisation	3C	22,429	18,139
Finance costs	3D	37	180
Write-down and impairment of assets	3E	154	188
Other expenses	3F	45	50
Transfer of assets <sup>1</sup>	3G,11,33	38,340	-
<b>Total expenses</b>		<b>320,392</b>	<b>266,028</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	4A	36,541	29,096
Interest	4B	-	1
<b>Total own-source revenue</b>		<b>36,541</b>	<b>29,097</b>
<b>Gains</b>			
Other gains	4C	405	340
<b>Total gains</b>		<b>405</b>	<b>340</b>
<b>Total own-source income</b>		<b>36,946</b>	<b>29,437</b>
<b>Net cost of services</b>		<b>283,446</b>	<b>236,591</b>
Revenue from Government	4D	205,655	218,819
<b>Deficit attributable to the Australian Government</b>		<b>(77,791)</b>	<b>(17,772)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus		(390)	-
<b>Total other comprehensive income</b>		<b>(390)</b>	<b>-</b>
<b>Total comprehensive loss attributable to the Australian Government <sup>2</sup></b>	33	<b>(78,181)</b>	<b>(17,772)</b>

<sup>1</sup> Transfer of the cost of establishing the Personal Property Securities (PPS) register, contact centre and registrar's office from the Attorney-General's Department to Insolvency and Trustee Service Australia (ITSA). Funding for this was provided to the Attorney-General's Department as contributed equity during the current and previous financial years. The amount of \$38,340,110 has been recorded as an expense for the Department and included as operating revenue in ITSA's financial statements (Note 3G refers). From a whole of government perspective this is cost/revenue neutral.

<sup>2</sup> Note 33 provides further information of the extraordinary items included in the 'Total comprehensive loss attributable to the Australian Government'.

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

## BALANCE SHEET for the Attorney-General's Department

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5A,11	5,021	3,971
Trade and other receivables	5B	83,377	104,672
<b>Total financial assets</b>		<b>88,398</b>	<b>108,643</b>
<b>Non-financial assets</b>			
Land and buildings	6A,6C	75,289	64,948
Property, plant and equipment	6B,6C	25,776	23,107
Intangibles	6D,6E	29,315	38,251
Inventories	6F	-	58
Other non-financial assets	6G	4,001	2,130
<b>Total non-financial assets</b>		<b>134,381</b>	<b>128,494</b>
<b>Total assets</b>		<b>222,779</b>	<b>237,137</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	43,740	17,942
Other payables	7B	19,917	13,113
<b>Total payables</b>		<b>63,657</b>	<b>31,055</b>
<b>Interest bearing liabilities</b>			
Leases	8A	-	658
<b>Total interest bearing liabilities</b>		<b>-</b>	<b>658</b>
<b>Provisions</b>			
Employee provisions	9A	40,570	33,005
Other provisions	9B	274	634
<b>Total provisions</b>		<b>40,844</b>	<b>33,639</b>
<b>Total liabilities</b>		<b>104,501</b>	<b>65,352</b>
<b>Net assets</b>		<b>118,278</b>	<b>171,785</b>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Contributed equity		175,317	150,643
Reserves		18,734	19,124
Retained surplus (accumulated deficit)		(75,773)	2,018
<b>Total parent equity interest</b>		<b>118,278</b>	<b>171,785</b>
<b>Total equity</b>		<b>118,278</b>	<b>171,785</b>

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

**STATEMENT OF CHANGES in EQUITY for the Attorney-General's Department**

for the period ended 30 June 2012

Notes	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Opening balance</b>	2,018	19,910	19,124	19,124	150,643	125,503	171,785	164,537
Balance carried forward from previous period	-	(120)	-	-	-	(89)	-	(208)
Adjustments to prior periods	-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>2,018</b>	<b>19,790</b>	<b>19,124</b>	<b>19,124</b>	<b>150,643</b>	<b>125,415</b>	<b>171,785</b>	<b>164,329</b>
<b>Comprehensive income</b>	-	-	-	-	-	-	-	-
Other comprehensive income - changes in asset revaluation reserves	(77,791)	(17,772)	(390)	-	-	-	(390)	-
Deficit for the period	(77,791)	(17,772)	(390)	-	-	-	(77,791)	(17,772)
<b>Total comprehensive income</b>	<b>(77,791)</b>	<b>(17,772)</b>	<b>(390)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,181)</b>	<b>(17,772)</b>
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-
<b>Distributions to owners</b>	-	-	-	-	(459)	(625)	(459)	(625)
Returns of capital:	-	-	-	-	(5,343)	-	(5,343)	-
Restructuring: Department of Regional Australia, Regional Development and Local Government	-	-	-	-	-	-	-	-
Restructuring: Department of Prime Minister and Cabinet	-	-	-	-	-	-	-	-
Transfer of funding: Insolvency and Trustee Service Australia <sup>1</sup>	-	-	-	-	-	-	-	-
<b>Contributions by owners</b>	-	-	-	-	22,419	17,036	22,419	17,036
Restructuring: Department of Families, Housing, Community Services and Indigenous Affairs	-	-	-	-	8,057	8,773	8,057	8,773
Departmental Capital Budget	-	-	-	-	-	-	-	-
Equity injection - Appropriations	-	-	-	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>(75,773)</b>	<b>2,018</b>	<b>18,734</b>	<b>19,124</b>	<b>175,317</b>	<b>150,643</b>	<b>118,278</b>	<b>171,785</b>
<b>Closing balance as 30 June</b>	<b>(75,773)</b>	<b>2,018</b>	<b>18,734</b>	<b>19,124</b>	<b>175,317</b>	<b>150,643</b>	<b>118,278</b>	<b>171,785</b>

<sup>1</sup> The Department was appropriated \$5,343 million for four months pre-operational expenses for the PPS Register. This appropriation was transferred to the Insolvency and Trustee Service Australia (ITSA).

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

## CASH FLOW STATEMENT for the Attorney-General's Department

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Sale of goods and rendering of services		38,741	33,164
Appropriations		265,383	246,969
Interest		-	1
Net GST received		9,841	8,739
<b>Total cash received</b>		<b>313,965</b>	<b>288,873</b>
<b>Cash used</b>			
Employees		168,089	162,703
Suppliers		71,269	96,045
Borrowing costs		37	180
Section 31 receipts transferred to OPA		32,595	28,150
<b>Total cash used</b>		<b>271,990</b>	<b>287,078</b>
<b>Net cash from operating activities</b>	11	<b>41,975</b>	<b>1,795</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of land and buildings	6C	18,101	13,380
Purchase of property, plant and equipment	6C	15,360	9,742
Purchase of intangibles	6E	4,294	4,745
Internally developed intangibles	6E	27,645	16,901
<b>Total cash used</b>		<b>65,400</b>	<b>44,768</b>
<b>Net cash used by investing activities</b>		<b>(65,400)</b>	<b>(44,768)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		25,133	47,501
<b>Total cash received</b>		<b>25,133</b>	<b>47,501</b>
<b>Cash used</b>			
Repayment of borrowings		658	2,324
<b>Total cash used</b>		<b>658</b>	<b>2,324</b>
<b>Net cash from financing activities</b>		<b>24,475</b>	<b>45,177</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,050</b>	<b>2,204</b>
Cash and cash equivalents at the beginning of the reporting period		3,971	1,817
Cash transferred as part of restructure to the Department of Regional Australia, Regional Development and Local Government	10A	-	(50)
<b>Cash and cash equivalents at the end of the reporting period</b>	5A,11	<b>5,021</b>	<b>3,971</b>

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



**SCHEDULE OF COMMITMENTS for the Attorney-General's Department***as at 30 June 2012*

	2012 \$'000	2011 \$'000
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Net GST recoverable on commitments	(27,364)	(19,742)
<b>Total commitments receivable</b>	<b>(27,364)</b>	<b>(19,742)</b>
<b>Commitments payable</b>		
<b>Capital commitments <sup>1</sup></b>		
Land and buildings	4,559	853
Property, plant and equipment	3,668	6,661
<b>Total capital commitments</b>	<b>8,227</b>	<b>7,514</b>
<b>Other commitments <sup>2</sup></b>		
Operating leases <sup>3</sup>	282,668	264,116
Other commitments	10,355	13,163
<b>Total other commitments</b>	<b>293,023</b>	<b>277,279</b>
<b>Total commitments payable</b>	<b>301,250</b>	<b>284,793</b>
<b>Net commitments by type</b>	<b>273,886</b>	<b>265,051</b>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Other commitments receivable</b>		
One year or less	(3,223)	(6,764)
From one to five years	(8,167)	(12,383)
Over five years	(15,974)	(595)
<b>Total other commitments receivable</b>	<b>(27,364)</b>	<b>(19,742)</b>
<b>Total commitments receivable</b>	<b>(27,364)</b>	<b>(19,742)</b>
<b>Commitments payable</b>		
<b>Capital commitments</b>		
One year or less	7,722	7,037
From one to five years	505	477
<b>Total capital commitments</b>	<b>8,227</b>	<b>7,514</b>
<b>Operating lease commitments</b>		
One year or less	22,033	61,155
From one to five years	84,925	143,457
Over five years	175,710	59,504
<b>Total operating lease commitments</b>	<b>282,668</b>	<b>264,116</b>
<b>Other commitments</b>		
One year or less	5,960	6,103
From one to five years	4,395	7,060
<b>Total other commitments</b>	<b>10,355</b>	<b>13,163</b>
<b>Total commitments payable</b>	<b>301,250</b>	<b>284,793</b>
<b>Net commitments by maturity</b>	<b>273,886</b>	<b>265,051</b>

## SCHEDULE OF COMMITMENTS for the Attorney-General's Department

as at 30 June 2012

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### Notes:

Commitments are GST inclusive where relevant.

<sup>1</sup> The nature of capital commitments are outstanding contractual payments for fit out under construction and contracts that principally related to the development of 4 National Circuit.

<sup>2</sup> The nature of other commitments are contractual payments to service providers for various services.

<sup>3</sup> The Department in its capacity as lessee has the following operating leases that are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Each lease is individual and may be subject to automatic percentage increase depending on the terms of the agreement. The period of office accommodation leases are current and may be renewed subject to negotiation.
Agreements for the provision of motor vehicles to senior executive officers.	There are no renewal or purchase options available to the Department.

This schedule should be read in conjunction with the accompanying notes.

**SCHEDULE OF CONTINGENCIES for the Attorney-General's Department***as at 30 June 2012*

	2012	2011
	\$'000	\$'000
<b>Contingent assets</b>		
Claims for damages or costs	95	42
<b>Total contingent assets</b>	<u>95</u>	<u>42</u>
<b>Contingent liabilities</b>		
Claims for damages or costs	(468)	(88)
<b>Total contingent liabilities</b>	<u>(468)</u>	<u>(88)</u>
<b>Net contingent assets (liabilities)</b>	<u>(373)</u>	<u>(46)</u>

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 12: Contingent assets and liabilities, along with information on significant remote contingencies and contingencies that cannot be quantified.

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

## ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME for the Attorney-General's Department

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>EXPENSES</b>			
Employee benefits	17A	1,035	3,059
Suppliers	17B	47,422	86,980
Subsidies	17C	2,426	9,724
Personal benefits <sup>1</sup>	17D	81,101	979,642
Grants <sup>2</sup>	17E	373,778	387,219
Depreciation and amortisation	17F	2,883	10,007
Write-down and impairment of assets	17G	1,596	1,246
Payments to CAC bodies	17H	-	10,127
Transfer of assets	17I	-	7,219
<b>Total expenses administered on behalf of Government</b>		<b>510,241</b>	<b>1,495,223</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
<b>Taxation revenue</b>			
Other taxes	18A	-	361
<b>Total taxation revenue</b>		<b>-</b>	<b>361</b>
<b>Non-taxation revenue</b>			
Sale of goods and rendering of services	18B	5,798	11,298
Fees and fines	18C	-	867
Interest	18D	2,061	3,560
Dividends	18E	7,000	5,858
Rental income	18F	-	973
Royalties	18G	-	562
Competitive neutrality	18H	4,929	4,872
Recoveries	18I	829	3,279
Other non-taxation revenue	18J	1,941	18
<b>Total non-taxation revenue</b>		<b>22,558</b>	<b>31,287</b>
<b>Total own-source income administered on behalf of Government</b>		<b>22,558</b>	<b>31,648</b>
<b>Net cost of services</b>		<b>487,683</b>	<b>1,463,575</b>
<b>Deficit on continuing operations</b>		<b>(487,683)</b>	<b>(1,463,575)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus		(18,981)	788
Actuarial gains/losses on defined benefit plans		(1,900)	(200)
<b>Total other comprehensive income</b>		<b>(20,881)</b>	<b>588</b>
<b>Total comprehensive income</b>		<b>(508,564)</b>	<b>(1,462,987)</b>

<sup>1</sup> The prior year comparative shows payments made to individuals under the Australian Government Disaster Recovery Program (AGDRP), Disaster Income Recovery Subsidy (DIRS) Program and New Zealand residents under the DIRS program in response to the 2010-11 natural disaster events.

<sup>2</sup> The Department makes grant payments to State and Territory Governments, Local Councils and various community organisations to support Government priorities as outlined in the Department's Portfolio Budget Statements and which appear in programs 1.3, 1.4, 1.5 and 1.6.

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

**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES for the Attorney-General's Department***as at 30 June 2012*

	Notes	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	19A, 23	-	169
Loans and receivables	19B	44,671	44,746
Investments	19C	376,490	396,052
<b>Total financial assets</b>		<b>421,161</b>	<b>440,967</b>
<b>Non-financial assets</b>			
Property, plant and equipment	20A,20B	5,271	5,979
Intangibles	20C,20D	869	610
Other non-financial assets	20E	3,276	308
<b>Total non-financial assets</b>		<b>9,416</b>	<b>6,897</b>
<b>Total assets administered on behalf of Government</b>		<b>430,577</b>	<b>447,864</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	21A	3,811	2,461
Grants and subsidies	21B	6,091	20,699
Other payables	21C	885	961
<b>Total payables</b>		<b>10,787</b>	<b>24,121</b>
<b>Provisions</b>			
Employee provisions	22A	-	46
Superannuation provisions	22B	7,007	5,200
<b>Total provisions</b>		<b>7,007</b>	<b>5,246</b>
<b>Total liabilities administered on behalf of Government</b>		<b>17,794</b>	<b>29,367</b>
<b>Net Assets</b>		<b>412,783</b>	<b>418,497</b>

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

**ADMINISTERED RECONCILIATION SCHEDULE for the Attorney-General's Department**

	2012	2011
	\$'000	\$'000
<b>Opening administered assets less administered liabilities as at 1 July</b>	<b>418,497</b>	1,160,144
Adjustment for recognition of Former Solicitors-General Pension scheme	-	(5,000)
<b>Adjusted opening administered assets less administered liabilities</b>	<b>418,497</b>	1,155,144
Deficit items:		
Plus: Administered income	22,558	31,648
Less: Administered expenses (non CAC)	(510,241)	(1,485,109)
Payments to CAC Act bodies	-	(10,127)
Other comprehensive income:		
Administered revaluations taken to/from reserves	(18,981)	788
Actuarial loss - Former Solicitor-General Pension taken to equity	(1,900)	(200)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriations for administered expenses (non CAC)	473,233	564,715
Administered assets and liabilities appropriations	8,897	50,087
Annual appropriations for payment to CAC Act bodies	-	10,127
Special appropriations (unlimited) (non CAC)	79,540	992,122
Transfers to OPA	(58,820)	(163,308)
Restructuring	-	(727,390)
<b>Closing administered assets less administered liabilities as at 30 June</b>	<b>412,783</b>	<b>418,497</b>

**ADMINISTERED CASH FLOW STATEMENT for the Attorney-General's Department***for the period ended 30 June 2012*

	Notes	2012 \$'000	2011 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Sales of goods and rendering of services		5,776	10,384
Interest		1,321	3,560
Dividends		7,000	5,858
Levies, fees, taxes and fines		-	1,228
Net GST received		21,416	20,447
Competitive neutrality		4,929	4,872
Rental income		-	973
Royalties		-	562
Recoveries		829	3,279
Other non-taxation revenue:			
Recovery of unspent grant funding		1,340	-
Torres Strait Regional Authority receipts		600	-
Other revenue		1	17
<b>Total cash received</b>		<b>43,212</b>	<b>51,180</b>
<b>Cash used</b>			
Grant payments		388,386	401,032
Subsidies paid		2,426	9,724
Personal benefits		81,194	978,815
Suppliers		71,951	85,328
Employees		1,095	3,195
Payments to CAC bodies		-	10,127
<b>Total cash used</b>		<b>545,052</b>	<b>1,488,221</b>
<b>Net cash flows used by operating activities</b>	23	<b>(501,840)</b>	<b>(1,437,041)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Repayments of advances and loans from State Governments		8,312	6,638
<b>Total cash received</b>		<b>8,312</b>	<b>6,638</b>
<b>Cash used</b>			
Purchase of land and buildings		-	544
Purchase of property, plant and equipment		1,666	22,632
Purchase of intangibles		213	16
Advances and loans made to State Governments		7,616	-
<b>Total cash used</b>		<b>9,495</b>	<b>23,192</b>
<b>Net cash flows used by investing activities</b>		<b>(1,183)</b>	<b>(16,554)</b>

## ADMINISTERED CASH FLOW STATEMENT for the Attorney-General's Department

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity - transfer from OPA		8,897	-
<b>Net cash flows from/(used by) financing activities</b>		<b>8,897</b>	<b>-</b>
<b>Net decrease in cash held</b>		<b>(494,126)</b>	<b>(1,453,595)</b>
Cash and cash equivalents at the beginning of the reporting period		169	41
Cash transferred as part of restructure to the Department of Regional Australia, Regional Development and Local Government		-	(22)
Cash from Official Public Account for:			
-Appropriations		473,237	614,804
-Special Accounts		79,540	1,002,249
		<b>552,777</b>	<b>1,617,053</b>
Cash to Official Public Account for:			
-Appropriations		(50,559)	(113,482)
-Special Accounts		(8,261)	(49,826)
		<b>(58,820)</b>	<b>(163,308)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	19A	<b>-</b>	<b>169</b>

This statement should be read in conjunction with the accompanying notes.



**SCHEDULE OF ADMINISTERED COMMITMENTS for the Attorney-General's Department**

as at 30 June 2012

	2012	2011
	\$'000	\$'000
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Net GST recoverable on commitments	(22,660)	(11,896)
<b>Total commitments receivable</b>	<u>(22,660)</u>	<u>(11,896)</u>
<b>Commitments payable</b>		
<b>Capital commitments <sup>1</sup></b>		
Property, plant and equipment	-	3,208
<b>Total capital commitments</b>	<u>-</u>	<u>3,208</u>
<b>Other commitments <sup>2</sup></b>		
Operating Leases	14,074	30,925
Other commitments	85,616	110,933
Grants	546,630	552,888
<b>Total other commitments</b>	<u>646,320</u>	<u>694,746</u>
<b>Total commitments payable</b>	<u>646,320</u>	<u>697,954</u>
<b>Net commitments by type</b>	<u>623,660</u>	<u>686,058</u>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Other commitments receivable</b>		
One year or less	(15,611)	(7,642)
From one to five years	(7,049)	(4,254)
<b>Total other commitments receivable</b>	<u>(22,660)</u>	<u>(11,896)</u>
<b>Total commitments receivable</b>	<u>(22,660)</u>	<u>(11,896)</u>
<b>Commitments payable</b>		
<b>Capital commitments</b>		
One year or less	-	1,486
From one to five years	-	1,722
<b>Total capital commitments</b>	<u>-</u>	<u>3,208</u>
<b>Operating lease commitments</b>		
One year or less	14,069	15,458
From one to five years	5	15,467
<b>Total operating lease commitments</b>	<u>14,074</u>	<u>30,925</u>
<b>Other commitments/Grants</b>		
One year or less	336,141	241,943
From one to five years	296,105	421,878
<b>Total other commitments</b>	<u>632,246</u>	<u>663,821</u>
<b>Total commitments payable</b>	<u>646,320</u>	<u>697,954</u>
<b>Net commitments by maturity</b>	<u>623,660</u>	<u>686,058</u>

**Notes:**

Commitments are GST inclusive where relevant.

<sup>1</sup> On 14 September 2010, responsibility for Australian Territories functions was transferred to the Department of Regional Australia, Regional Development and Local Government with effect from 1 October 2010.

<sup>2</sup> The nature of other commitments are grant amounts payable under agreements over future years in respect of which the grantee has yet to provide the services required under the agreement.

These commitments are fully funded in the forward estimates.

This schedule should be read in conjunction with the accompanying notes.

**SCHEDULE OF ADMINISTERED CONTINGENCIES for the Attorney-General's Department**  
*as at 30 June 2012*

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**Contingent assets**

At 30 June 2012 the Department estimates the value of contingent assets to be \$nil (2011: \$nil).

**Contingent liabilities**

At 30 June 2012 the Department estimates the value of contingent liabilities to be \$nil (2011: \$nil).

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the period 1 July 2011 to 30 June 2012*

<b>Note</b>	<b>Description</b>
1	Summary of significant accounting policies
2	Events after the reporting period
3	Expenses
4	Income
5	Financial assets
6	Non-financial assets
7	Payables
8	Interest bearing liabilities
9	Provisions
10	Restructuring
11	Cash flow reconciliation
12	Contingent assets and liabilities
13	Senior executive remuneration
14	Remuneration of auditors
15	Financial instruments
16	Financial assets reconciliation
17	Administered - expenses
18	Administered - income
19	Administered - financial assets
20	Administered - non-financial assets
21	Administered - payables
22	Administered - provisions
23	Administered - cash flow reconciliation
24	Administered - contingent assets and liabilities
25	Administered - investments
26	Administered - financial instruments
27	Administered - financial assets reconciliation
28	Appropriations
29	Special accounts
30	Compensation and debt relief
31	Reporting of outcomes
32	Cost recovery
33	Net cash appropriation arrangements

## Notes to and forming part of the financial statements

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### Note 1: Summary of significant accounting policies

#### 1.1 Objectives of the Attorney-General's Department

The Attorney-General's Department (the Department) is the central policy and coordinating body of the Attorney-General's portfolio. It is a not-for-profit entity.

The Department provides expert advice, policy development and program implementation services to the Attorney-General, the Minister for Home Affairs and Justice and the Australian Government more broadly under one outcome:

Outcome 1: A just and secure society through the maintenance and improvement of Australia's law and justice framework and its national security and emergency management system.

Departmental and Administered activities are identified under seven programs for Outcome 1. The seven programs within Outcome 1 are: Attorney-General's Department Operating Expenses - Civil Justice and Legal Services (1.1), Attorney-General's Department Operating Expenses - National Security and Criminal Justice (1.2), Justice Services (1.3), Family Relationships (1.4), Indigenous Law and Justice (1.5), National Security and Criminal Justice (1.6) and Australian Government Disaster Financial Support Payments (1.7).

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.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

#### 1.2 Basis of preparation of the financial statements

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are general purpose financial statements.

The financial statements and notes have been prepared in accordance with:

- The Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will follow to the Department, or a future sacrifice of economic benefits will be required, and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised at balance date are reported in the schedule of commitments and the schedule of contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

Unless an alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

## Notes to and forming part of the financial statements

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.20.

### 1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the Department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties. In some instances, the Department's buildings are purpose built and may in fact realise more or less in the market; and
- The fair value of the Department's infrastructure, plant and equipment has been taken to be the market selling price.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

### 1.4 New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. Of the new standards, amendments to standards and interpretation issued by the Australian Accounting Standards Board prior to the sign-off date that are applicable to the current period, none have had a material impact.

#### Future Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. Of the new standards, amendments to standards and interpretation issued by the Australian Accounting Standards Board that are applicable to the current period, none have had a material impact.

AASB 9 *Financial Instruments - December 2010 (Principal)*

AASB 12 *Disclosure of Interests in Other Entities - August 2011 (Principal)*

AASB 13 *Fair Value Measurement - September 2011 (Principal)*

AASB 119 *Employee Benefits – September 2011 (Principal)*

AASB 128 *Investments in Associates and Joint Ventures - August 2011 (Principal)*

AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]*

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*

AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*

## Notes to and forming part of the financial statements

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### 1.5 Revenue

#### **Sales of goods and services**

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the Department retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed during the financial year and at end of the reporting period. Impairment allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set in AASB 139 *Financial Instruments: Recognition and Measurement*.

#### **Revenue from Government**

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue from Government when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

### 1.6 Gains

#### **Resources received free of charge**

Resources received free of charge are recognised as gains 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.

Resources received free of charge are recorded as either revenue or gain depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

#### **Sale of assets**

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

### 1.7 Transactions with the Government as Owner

#### **Equity**

Amounts appropriated which are designated as 'equity injections' (less any formal reductions).

Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

#### **Restructuring of administrative arrangements**

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are recorded at their book value directly against contributed equity.

#### **Other distribution to Owners**

Distributions to owners are debited to contributed equity unless in the nature of a dividend.

## Notes to and forming part of the financial statements

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### 1.8 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave. 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 leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Department's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The methodology for calculating the liability for long service leave was confirmed by reference to the work of an actuary who is periodically retained by the Department. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### Superannuation

The majority of the staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation's administered schedule and notes.

The Department makes employer contributions to the CSS and PSS employee superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the Government for the superannuation entitlements of the Department's employees. The Department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

### 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal components and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

## Notes to and forming part of the financial statements

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### 1.10 Borrowing costs

All borrowing costs are expensed as incurred.

### 1.11 Cash

Cash and cash equivalents includes cash on hand, cash held with outsiders, demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

### 1.12 Financial assets

The Department classifies its financial assets as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* – if there is objective evidence that an impairment loss has been incurred for loans and receivables held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted as the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### 1.13 Financial liabilities

Financial liabilities are classified as other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

#### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

### 1.14 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.



## Notes to and forming part of the financial statements

### 1.15 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

### 1.16 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 where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the 'makegood' cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant in property leases taken up by the Department where there exists an obligation to restore the property to its original condition. These costs are included in the value of leasehold improvements with a corresponding provision for the 'makegood' recognised.

#### Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class:	Fair value measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Property, plant and equipment	Market selling price
Heritage and cultural assets	Active market

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. The library assets which have been recognised as heritage assets are not depreciated, and all other library acquisitions are expenses in the year of acquisition.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current and future reporting periods, as appropriate.

## Notes to and forming part of the financial statements

Depreciation rates applying to each class of depreciable departmental asset are based on the following useful lives:

	2012	2011
Buildings on freehold land	<b>25-50 years</b>	25-50 years
Leasehold improvements	<b>Lease term</b>	Lease term
Property, plant and equipment	<b>3 to 10 years</b>	3 to 10 years
Heritage and cultural (where applicable)	<b>Up to 200 years</b>	Up to 200 years

Depreciation rates applying to each class of depreciable administered asset are based on the following useful lives:

	2012	2011
Property, plant and equipment	<b>3 to 10 years</b>	3 to 10 years

### **Impairment**

All assets were assessed for impairment at 30 June 2012. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

### **Heritage and cultural**

Heritage and cultural items (electronic and print) include a comprehensive collection of law and selected works in other subject areas that are of interest to the Department's strategic agenda.

The Department acquires items for the collection from a range of publishers, second hand dealers, book agents, donations or government publishing agents.

Heritage and cultural assets are stored and managed in ways to preserve their heritage and cultural value over time. The Department's conservation and preservation policies include binding loose parts into bound volumes, secure storage of significant items thereby limiting distribution and restoration of items such as Hansard.

### **1.17 Intangibles**

The Department's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department's intangibles are 3 to 5 years (2010-11: 3 to 5 years).

All software assets were assessed for indications of impairment at year end.

### **1.18 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

## Notes to and forming part of the financial statements

### 1.19 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenue, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

### 1.20 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

#### **Administered cash transfer to and from the Official Public Account**

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

#### **Revenue**

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the Department.

Dividend revenue represents dividends received from entities, which mainly relate to administered investments of the Department and is recognised when the dividend has been declared and the right to receive the dividend has been established.

#### **Competitive neutrality**

The Australian Government Solicitor (AGS) is a portfolio related entity and operates on a for profit basis. As an agency within the Australian Government it is not subject to taxation other than GST and FBT. However, under competitive neutrality arrangements, the AGS is required to make payroll tax, income tax, and practicing certificates equivalent payments to the Government.

#### **Expenses**

All administered expenses are expenses relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

#### **Loans and receivables**

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation is recognised through profit and loss.

Concessional loans are initially recognised at their fair value. If the rate of interest charged is lower than the government bond rate (for government/public sector loans) or the counterparty's borrowing rate (for non government loans) the difference between the amortised cost and the fair value of the loan is treated as an expense.

## Notes to and forming part of the financial statements

### **Administered investments**

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are measured at their fair value at 30 June 2012. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.

### **Grants and subsidies**

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy 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, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

### **Superannuation provisions**

The Department recognises an administered liability for the present value of the Australian Government's expected future payments arising from the former Solicitors-General Pension scheme.

Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as personal benefit expense, except for actuarial gains or losses which are recognised in equity. In accordance with AASB 119 *Employee Benefits*, the liability is assessed annually by applying the projected unit credit method in assessing the balance of the liability. The rate used to discount long term employee benefits and post employment benefits is determined by reference to the government bond rate at the reporting date on high quality corporate bonds except where there is not a deep market in these bonds, in which case the market yield on national government bonds is used. In the case of discounting the personal benefit liability, the market yield on government bonds has been used. Additional information can be found at Note 22.

### **Note 2: Events after the reporting period**

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Department.

There were no subsequent Administered events that had the potential to significantly affect the ongoing structure and financial activities of the Department.

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012*

Notes	2012 \$'000	2011 \$'000
<b>Note 3: Expenses</b>		
<b>3A: Employee benefits</b>		
Wages and salaries	125,281	122,547
Superannuation:		
Defined benefit plans	18,227	16,551
Defined contribution plans	5,225	6,173
Leave and other entitlements	20,761	15,692
Separation and redundancies	4,224	1,095
Other employee benefit expenses:		
Recruitment and security vetting expenses	1,901	1,338
Health & wellbeing	502	361
Comsuper charges	316	311
Study assistance	574	506
FBT	692	745
Other employee expenses	207	82
<b>Total employee benefits</b>	<b>177,910</b>	<b>165,401</b>
<b>3B: Suppliers</b>		
<b>Goods and services</b>		
Accommodation expenses	3,908	3,677
Consultants	2,604	1,942
Contractors	6,057	4,828
Travel	7,145	7,492
Information technology and communications	11,212	9,513
General office	8,894	7,466
Auscheck expenditure	4,474	3,236
Legal and internal audit fees	11,789	11,737
Payments and contributions to external bodies	5,753	10,513
<b>Total goods and services</b>	<b>61,836</b>	<b>60,404</b>
Goods and services are made up of:		
Provision of goods - related entities	52	41
Provision of goods - external parties	2,883	4,098
Rendering of services - related entities	22,488	24,989
Rendering of services - external parties	36,413	31,276
<b>Total goods and services</b>	<b>61,836</b>	<b>60,404</b>
<b>Other supplier expenses</b>		
Operating lease rentals - external parties:		
Minimum lease payments	18,958	21,011
Workers compensation expenses	683	655
<b>Total other supplier expenses</b>	<b>19,641</b>	<b>21,666</b>
<b>Total supplier expenses</b>	<b>81,477</b>	<b>82,070</b>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>3C: Depreciation and amortisation</b>			
Depreciation:			
Buildings and leasehold improvements	6C	7,760	6,966
Property, plant and equipment	6C	10,073	6,817
Assets held under finance leases	6C	565	1,716
<b>Total depreciation</b>		<b>18,398</b>	<b>15,499</b>
Amortisation:			
Intangibles: computer software	6E	4,031	2,640
<b>Total amortisation</b>		<b>4,031</b>	<b>2,640</b>
<b>Total depreciation and amortisation</b>		<b>22,429</b>	<b>18,139</b>
<b>3D: Finance costs</b>			
Finance leases		37	180
<b>Total finance costs</b>	15C	<b>37</b>	<b>180</b>
<b>3E: Write-down and impairment of assets</b>			
Asset write-downs and impairments from:			
Write down of property, plant and equipment	11	16	119
Write down of heritage and cultural (library resources)	6C,11	152	-
Impairment of intangibles	11	-	51
Impairment of financial instruments	15B,11	(14)	18
<b>Total write-down and impairment of assets</b>		<b>154</b>	<b>188</b>
<b>3F: Other expenses</b>			
Defective administration scheme payments	30	-	14
Unwinding of makegood expense	9B,11	45	36
<b>Total other expenses</b>		<b>45</b>	<b>50</b>
<b>3G: Transfer of assets</b>			
Assets transferred free of charge <sup>1</sup>	11,33	38,340	-

<sup>1</sup> Transfer of the cost of establishing the Personal Property Securities (PPS) register, contact centre and registrar's office from the Attorney-General's Department to Insolvency and Trustee Service Australia (ITSA). Funding for this was provided to the Attorney-General's Department as contributed equity during the current and previous financial years. The amount of \$38,340,110 has been recorded as an expense for the Department and included as operating revenue in ITSA's financial statements. From a whole of government perspective this is cost/revenue neutral.

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012*

	2012	2011
Notes	\$'000	\$'000
<b>Note 4: Income</b>		
<b>OWN SOURCE REVENUE</b>		
<b><u>4A: Sale of goods and rendering of services</u></b>		
Provision of goods - related entities	718	603
Provision of goods - external parties	463	410
Rendering of services - related entities	17,169	15,162
Rendering of services - external entities	18,191	12,921
<b>Total sale of goods and rendering of services</b>	<b>36,541</b>	<b>29,096</b>
<b><u>4B: Interest</u></b>		
Interest on deposits	-	1
<b>GAINS</b>		
<b><u>4C: Other gains</u></b>		
Resources received free of charge - ANAO	14 405	340
<b>REVENUE FROM GOVERNMENT</b>		
<b><u>4D: Revenue from Government</u></b>		
<b>Appropriations:</b>		
Departmental appropriations	205,655	218,819

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 5: Financial assets</b>			
<b>5A: Cash and cash equivalents</b>			
Cash on hand or on deposit	15A	5,021	3,971
<b>Total cash and cash equivalents</b>		<b>5,021</b>	<b>3,971</b>
<b>5B: Trade and other receivables</b>			
<b>Goods and services:</b>			
Goods and services - related entities		3,882	3,853
Goods and services - external parties		5,676	1,137
<b>Total receivables for goods and services</b>	15A	<b>9,558</b>	<b>4,990</b>
<b>Appropriations receivable:</b>			
For existing programs		70,813	97,946
<b>Total appropriations receivable</b>		<b>70,813</b>	<b>97,946</b>
<b>Other receivables:</b>			
GST receivable from the Australian Taxation Office		3,009	1,621
Other		17	151
<b>Total other receivables</b>		<b>3,026</b>	<b>1,772</b>
<b>Total trade and other receivables (gross)</b>		<b>83,397</b>	<b>104,708</b>
<b>Less impairment allowance account:</b>			
Goods and services		(20)	(36)
<b>Total impairment allowance account</b>		<b>(20)</b>	<b>(36)</b>
<b>Total trade and other receivables (net)</b>		<b>83,377</b>	<b>104,672</b>
<b>Receivables are expected to be recovered in:</b>			
No more than 12 months		83,377	104,672
<b>Total trade and other receivables (net)</b>		<b>83,377</b>	<b>104,672</b>
<b>Receivables are aged as follows:</b>			
Not overdue		80,456	103,986
Overdue by:			
0 to 30 days		1,338	408
31 to 60 days		765	44
61 to 90 days		197	107
More than 90 days		641	163
<b>Total receivables (gross)</b>		<b>83,397</b>	<b>104,708</b>



**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012*

Notes	2012 \$'000	2011 \$'000
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**Note 5: Financial assets continued****The impairment allowance account is aged as follows:**

Overdue by:		
More than 90 days	(20)	(36)
<b>Total impairment allowance account</b>	<b>(20)</b>	<b>(36)</b>

Credit terms for goods and services were within 30 days (2011: 30 days).

**Reconciliation of the impairment allowance account:****Movements in relation to 2012**

	Goods and services \$'000	Total \$'000
<b>Opening balance</b>	<b>36</b>	<b>36</b>
Amounts recovered and reversed	(16)	(16)
<b>Closing balance</b>	<b>20</b>	<b>20</b>

**Movements in relation to 2011**

Opening balance	23	23
Amounts recovered and reversed	(13)	(13)
(Increase)/decrease recognised in operating result	26	26
<b>Closing balance</b>	<b>36</b>	<b>36</b>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 6: Non-financial assets</b>			
<b>6A: Land and buildings</b>			
<b>Land:</b>			
Land at fair value	6C	<u>865</u>	<u>865</u>
<b>Buildings on freehold land:</b>			
Fair value	6C	772	370
Accumulated depreciation	6C	<u>(49)</u>	<u>(23)</u>
<b>Total buildings on freehold land</b>		<u>723</u>	<u>347</u>
<b>Leasehold improvements:</b>			
Fair value		78,765	65,968
Accumulated depreciation		<u>(21,857)</u>	<u>(14,124)</u>
Work in progress (at cost)		<u>16,793</u>	<u>11,892</u>
<b>Total leasehold improvements</b>	6C	<u>73,701</u>	<u>63,736</u>
<b>Total land and buildings</b>	6C	<u>75,289</u>	<u>64,948</u>

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

### **6B: Property, plant and equipment**

#### **Heritage and cultural:**

Library (at fair value)		<u>1,663</u>	<u>1,815</u>
<b>Total heritage and cultural</b>	6C	<u>1,663</u>	<u>1,815</u>

#### **Other property, plant and equipment:**

Fair value		41,432	51,099
Accumulated depreciation		<u>(17,319)</u>	<u>(29,807)</u>
<b>Total other property, plant and equipment</b>	6C	<u>24,113</u>	<u>21,292</u>
<b>Total property, plant and equipment</b>		<u>25,776</u>	<u>23,107</u>

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment are expected to be sold or disposed of within the next 12 months.

#### **Revaluation of non-financial assets**

All revaluations were undertaken in accordance with the revaluation policy stated at Note 1. A revaluation of property, plant and equipment was undertaken by an independent valuer with effect from 30 June 2012.

A revaluation decrement of \$501,599 (2011: nil) for property, plant and equipment was debited against the asset revaluation surplus by asset class and included in the equity section of the balance sheet; a decrement of \$152,000 (2011: nil) for the Library was expensed in the Statement of Comprehensive Income (Note 3E refers); \$111,515 of assets were recognised for the first time and were credited against the asset revaluation surplus by asset class and included in the equity section of the balance sheet.

**Notes to and forming part of the financial statements**  
for the period 1 July 2011 to 30 June 2012

**Note 6: Other non-financial assets continued**

**Note 6C: Reconciliation of the opening and closing balances of property, plant and equipment (2011-12)**

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Heritage and cultural <sup>1</sup> \$'000	Other property, plant & equipment \$'000	Total \$'000
<b>As at 1 July 2011</b>							
Gross book value	865	370	77,860	79,095	1,815	51,099	132,009
Accumulated depreciation and impairment	-	(23)	(14,124)	(14,147)	-	(29,807)	(43,954)
<b>Net book value 1 July 2011</b>	<b>865</b>	<b>347</b>	<b>63,736</b>	<b>64,948</b>	<b>1,815</b>	<b>21,292</b>	<b>88,055</b>
<b>Additions</b>							
By purchase	-	402	17,699	18,101	-	15,360	33,461
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	-	(502)	(502)
Revaluations recognised in the operating result	-	-	-	-	(152)	-	(152)
Assets first found	-	-	-	-	-	112	112
Depreciation expense	-	(26)	(7,734)	(7,760)	-	(10,638)	(18,398)
Other movements - transfer assets between asset classes <sup>2</sup>	-	-	-	-	-	144	144
Other movements - transfer of assets to Insolvency and Trustee Service Australia <sup>3</sup>	-	-	-	-	-	(1,640)	(1,640)
Disposals	-	-	-	-	-	(15)	(15)
Property, plant and equipment	-	-	-	-	-	(15)	(15)
<b>Net book value 30 June 2012</b>	<b>865</b>	<b>723</b>	<b>73,701</b>	<b>75,289</b>	<b>1,663</b>	<b>24,113</b>	<b>101,065</b>
<b>Net book value as of 30 June 2012 represented by:</b>							
Gross book value	865	772	95,559	97,196	1,663	41,432	140,291
Accumulated depreciation and impairment	-	(49)	(21,858)	(21,907)	-	(17,319)	(39,226)
<b>Net book value 30 June 2012</b>	<b>865</b>	<b>723</b>	<b>73,701</b>	<b>75,289</b>	<b>1,663</b>	<b>24,113</b>	<b>101,065</b>

<sup>1</sup> Library assets that met the definition of heritage and cultural items were disclosed in the heritage and cultural asset class.

<sup>2</sup> Transfer of assets classed as intangibles in 2010-11 to property, plant and equipment in 2011-12.

<sup>3</sup> Transfer of the Personal Property Securities (PPS) assets from the Attorney-General's Department to Insolvency and Trustee Service Australia (Note 3G refers).

**Notes to and forming part of the financial statements**  
for the period 1 July 2011 to 30 June 2012

**Note 6: Other non-financial assets continued**

**Note 6C (Cont'd): Reconciliation of the opening and closing balances of property, plant and equipment (2010-11)**

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Heritage and cultural <sup>1</sup> \$'000	Other property, plant & equipment \$'000	Total \$'000
<b>As at 1 July 2010</b>							
Gross book value	865	335	64,634	65,634	1,815	41,913	109,562
Accumulated depreciation and impairment	-	(11)	(7,206)	(7,217)	-	(21,418)	(28,635)
Adjustments made to accumulated depreciation and impairment	-	-	-	-	-	(3)	(3)
<b>Net book value 1 July 2010</b>	<b>865</b>	<b>324</b>	<b>57,428</b>	<b>58,617</b>	<b>1,815</b>	<b>20,492</b>	<b>80,924</b>
<b>Additions</b>							
By purchase	-	35	13,345	13,380	-	9,742	23,122
Depreciation expense	-	(12)	(6,954)	(6,966)	-	(8,533)	(15,499)
Other movements: transfer of assets to Department of Regional Australia, Regional Development and Local Government	-	-	(58)	(58)	-	(28)	(86)
Disposals							
From disposal of entities or operations (including restructuring)	-	-	(25)	(25)	-	(279)	(304)
Other	-	-	-	-	-	(102)	(102)
<b>Net book value 30 June 2011</b>	<b>865</b>	<b>347</b>	<b>63,736</b>	<b>64,948</b>	<b>1,815</b>	<b>21,292</b>	<b>88,055</b>
<b>Net book value as of 30 June 2011 represented by:</b>							
Gross book value	865	370	77,860	79,095	1,815	51,099	132,009
Accumulated depreciation and impairment	-	(23)	(14,124)	(14,147)	-	(29,807)	(43,954)
<b>Net book value 30 June 2011</b>	<b>865</b>	<b>347</b>	<b>63,736</b>	<b>64,948</b>	<b>1,815</b>	<b>21,292</b>	<b>88,055</b>

<sup>1</sup> Library assets that met the definition of heritage and cultural items were disclosed in the heritage and cultural asset class.

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012*

	Notes	2012 \$'000	2011 \$'000
<b>6D: Intangibles</b>			
<b>Computer software:</b>			
Internally developed - in progress <sup>1</sup>		14,652	26,767
Internally developed - in use		20,682	17,384
Purchased		15,258	11,699
Accumulated amortisation		<u>(21,277)</u>	<u>(17,599)</u>
<b>Total intangibles</b>	6E	<u>29,315</u>	<u>38,251</u>

No indicators of impairment were found for intangibles.

No intangibles are expected to be sold or disposed of within the next 12 months.

<sup>1</sup> The decrease from 2010-11 is primarily attributable to the transfer of establishing the Personal Property Securities (PPS) register, contact centre and registrar's office, from the Attorney-General's Department to Insolvency and Trustee Service Australia (ITSA) (refer to Note 33).

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 6: Other non-financial assets continued

#### Note 6E: Reconciliation of the opening and closing balances of intangibles (2011-12)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2011</b>			
Gross book value	44,151	11,699	55,850
Accumulated amortisation and impairment	(11,051)	(6,548)	(17,599)
<b>Net book value 1 July 2011</b>	<b>33,100</b>	<b>5,151</b>	<b>38,251</b>
Additions:			
By purchase	-	4,294	4,294
Internally developed	27,645	-	27,645
Total additions	27,645	4,294	31,939
Amortisation expense	(2,392)	(1,639)	(4,031)
Other movements - transfer assets between asset classes <sup>1</sup>	(174)	30	(144)
Other movements - transfer of assets to Insolvency and Trustee Service Australia <sup>2</sup>	(36,288)	(412)	(36,700)
<b>Net book value 30 June 2012</b>	<b>21,891</b>	<b>7,424</b>	<b>29,315</b>
<b>Net book value as of 30 June 2012 represented by:</b>			
Gross book value	35,334	15,258	50,592
Accumulated amortisation and impairment	(13,443)	(7,834)	(21,277)
<b>Net book value 30 June 2012</b>	<b>21,891</b>	<b>7,424</b>	<b>29,315</b>

<sup>1</sup> Transfer of assets classed as intangibles in 2010-11 to property, plant and equipment in 2011-12.

<sup>2</sup> Transfer of the Personal Property Securities (PPS) assets from the Attorney-General's Department to Insolvency and Trustee Service Australia (Note 3G refers).

#### Reconciliation of the opening and closing balances of intangibles (2010-11)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2010</b>			
Gross book value	27,278	6,996	34,274
Accumulated amortisation and impairment	(9,452)	(5,526)	(14,978)
<b>Net book value 1 July 2010</b>	<b>17,826</b>	<b>1,470</b>	<b>19,296</b>
Additions:			
By purchase	-	4,745	4,745
Internally developed	16,901	-	16,901
Total additions	16,901	4,745	21,646
Impairments recognised in operating result	(24)	(27)	(51)
Amortisation expense	(1,603)	(1,037)	(2,640)
<b>Net book value 30 June 2011</b>	<b>33,100</b>	<b>5,151</b>	<b>38,251</b>
<b>Net book value as of 30 June 2011 represented by:</b>			
Gross book value	44,151	11,699	55,850
Accumulated amortisation and impairment	(11,051)	(6,548)	(17,599)
<b>Net book value 30 June 2011</b>	<b>33,100</b>	<b>5,151</b>	<b>38,251</b>

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

	2012	2011
Notes	\$'000	\$'000
<b>Note 6: Non-financial assets continued</b>		
<b>6F: Inventories</b>		
Inventories held for distribution	-	58
During 2011-12, nil (2011: \$12,420) inventory held for distribution was recognised as an expense.		
<b>6G: Other non-financial assets</b>		
Prepayments	4,001	2,130
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	2,905	1,746
More than 12 months	1,096	384
<b>Total other non-financial assets</b>	<b>4,001</b>	<b>2,130</b>

**Note 7: Payables**

**7A: Suppliers**

Trade creditors and accruals	36,561	11,487
Operating lease rentals	7,179	6,455
<b>Total suppliers payables</b>	<b>43,740</b>	<b>17,942</b>
<b>Supplier payables expected to be settled within 12 months:</b>		
Related entities	1,473	95
External parties	42,267	17,847
<b>Total suppliers payables</b>	<b>43,740</b>	<b>17,942</b>

Settlement is usually made net 30 days.

**7B: Other payables**

Wages and salaries	3,547	2,896
Superannuation	3,680	3,108
Separations and redundancies	2,669	1,243
Other employee payables	393	37
Prepayments received/unearned income	7,712	3,318
FBT payable	246	536
Lease incentives <sup>1</sup>	1,670	1,975
<b>Total other payables</b>	<b>19,917</b>	<b>13,113</b>
<b>Total other payables are expected to be settled in:</b>		
No more than 12 months	18,552	11,443
More than 12 months	1,365	1,670
<b>Total other payables</b>	<b>19,917</b>	<b>13,113</b>

<sup>1</sup> The Department has received incentives in the form of cash and rent free periods on entering into property operating leases.

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 8: Interest bearing liabilities</b>			
<b>8A: Leases<sup>1</sup></b>			
Finance leases	15A	-	658
<b>Payable:</b>			
<b>Within one year:</b>			
Minimum lease payments		-	700
Deduct: future finance charges		-	(42)
<b>Finance leases recognised on the balance sheet</b>		<b>-</b>	<b>658</b>

<sup>1</sup> Finance leases exist in relation to certain computer and office equipment assets. The leases are non-cancellable and for fixed terms averaging 3 years, with a maximum of 4 years. The interest rate implicit in the leases averaged 5% (2011: 5%). The lease assets secure the lease liabilities. The Department guarantees the residual values of all assets leased. There are no contingent rentals.

## Note 9: Provisions

### 9A: Employee provisions

Leave		40,570	33,005
<b>Employee provisions are expected to be settled in:</b>			
No more than 12 months		16,616	15,464
More than 12 months		23,954	17,541
<b>Total employee provisions</b>		<b>40,570</b>	<b>33,005</b>

### 9B: Other provisions

Provision for restoration obligations		274	634
<b>Other provisions are expected to be settled in:</b>			
More than 12 months		274	634

	Provision for restoration \$'000	Total \$'000
<b>Carrying amount 1 July 2011</b>	<b>634</b>	<b>634</b>
Amounts used	(405)	(405)
Unwinding of discount or change in discount rate	45	45
<b>Closing balance 2012</b>	<b>274</b>	<b>274</b>

The Department currently has seven (2011: 7) agreements for the lease of premises some of which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

During August and September 2012 the Department will consolidate most of its leased office accommodation and relocate to 4 National Circuit, Barton. This will result in releasing part of the provision for restoration obligations in 2012-13.





## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 10: Restructuring continued

#### Note 10B: Administered restructuring

2012		2011	
\$'000	\$'000	\$'000	\$'000
<b>Functions assumed</b>			
<b>Assets recognised</b>			
Appropriation receivable	-	-	-
Personal benefits receivable	-	299	-
<b>Total assets recognised</b>	-	299	-
<b>Liabilities recognised</b>			
Employee provisions	-	-	-
<b>Total liabilities recognised</b>	-	-	-
<b>Net assets assumed</b> <sup>3</sup>	-	299	-
<b>Expenses</b>			
Recognised by the Attorney-General's Department <sup>1</sup>	-	907,926	-
Recognised by the Department of Families, Housing, Community Services and Indigenous Affairs <sup>1</sup>	-	10,413	-
<b>Total expenses</b>	-	918,339	-
<b>Functions relinquished</b>			
<b>Assets relinquished</b>			
Cash	-	-	22
Loans and receivables	-	-	87,050
Land and buildings	-	-	227,507
Infrastructure, plant and equipment	-	-	435,315
Intangibles	-	-	3,016
Inventories	-	-	1,908
Other	-	-	1
<b>Total assets relinquished</b>	-	-	754,819
<b>Liabilities relinquished</b>			
Trade creditors	-	-	(11,811)
Grants	-	-	(3,516)
Other payables	-	-	(92)
Employee provisions	-	-	(1,815)
Asbestos removal provision	-	-	(6,912)
Phosphate mine rehabilitation provision	-	-	(2,984)
<b>Total liabilities relinquished</b>	-	-	(27,130)
<b>Net assets relinquished</b> <sup>4</sup>	-	-	727,689

1. The Australian Government Disaster Recovery Payment (AGDRP) function was assumed from the Department of Families, Housing, Community Services and Indigenous Affairs on 14 October 2010 due to a restructuring of administrative arrangements.

2. Services to Territories and Good governance to the Australian Territories through the maintenance and improvements of the overarching legislative framework for the self-governing territories, and laws and services for the non-self-governing territories functions were relinquished to the Department of Regional Australia on 14 September 2010 due to a restructuring of administrative arrangements.

3. The net assets assumed from all entities were nil. (2010-11: \$0.299m).

4. The net assets relinquished to all entities were nil. (2010-11: \$727.689m).

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012***Note 11: Cash flow reconciliation**

	2012 \$'000	2011 \$'000
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash Flow Statement	5,021	3,971
Balance Sheet	5,021	3,971
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(283,446)	(236,591)
Add revenue from Government	205,655	218,819
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	22,429	18,139
Impairment of financial instruments	(14)	18
Loss on revaluation of assets	152	-
Transfer of assets	38,340	-
Write-down of property, plant and equipment	16	170
Unwinding of makegood	(360)	37
<b>Gain</b>		
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in net receivables	21,311	172
(Increase)/decrease in prepayments	(1,871)	(1,390)
(Increase)/decrease in inventories	59	13
Increase/(decrease) in employee provisions	7,106	2,769
Increase/(decrease) in supplier payables	25,795	2,290
Increase/(decrease) in other payables	2,714	(2,847)
Increase/(decrease) in other provisions	4,089	196
<b>Net cash from operating activities</b>	<u>41,975</u>	<u>1,795</u>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 12: Contingent assets and liabilities

	Claims for damages or costs		Total	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>				
Balance from previous period	42	-	42	-
New	10	42	10	42
Re-measurement	43	-	43	-
<b>Total contingent assets</b>	<b>95</b>	<b>42</b>	<b>95</b>	<b>42</b>
<b>Contingent liabilities</b>				
Balance from previous period	(88)	-	(88)	-
New	(368)	(88)	(368)	(88)
Re-measurement	(25)	-	(25)	-
Liabilities recognised	13	-	13	-
<b>Total contingent liabilities</b>	<b>(468)</b>	<b>(88)</b>	<b>(468)</b>	<b>(88)</b>
<b>Net contingent liabilities</b>	<b>(373)</b>	<b>(46)</b>	<b>(373)</b>	<b>(46)</b>

#### Quantifiable contingencies

The Department estimates \$468,000 of contingent liabilities in respect to claims for damages/costs (2011: \$88,000). This amount represents an estimate of the Department's liability based on precedent in such cases. The Department is defending the claims.

The Department estimates \$95,000 of contingent assets in respect of claims for damages/costs (2011: \$42,000). This amount represents the Department's estimate of claims against persons/organisations based on ongoing cases. The estimate is based on precedent in such cases.

#### Unquantifiable contingent liabilities

The Department is party to a number of civil litigation matters arising out of its statutory duty to administer the laws for which it is responsible. As at the date of this report there are no matters where costs have been awarded against the Department.

#### Unquantifiable contingent assets

Conversely, the Department, like any other party to civil litigation may be entitled to recover costs arising out of such litigation if it is successful. There are no matters at the date of this report where the Department reasonably expects to have an award of costs in its favour.

#### Future compensation claims

The "Scheme for Compensation for Defective Administration" (CDDA) allows agencies to provide compensation to persons who have been adversely affected by their maladministration, but who have no legal means to seek redress, such as a legal claim. It is not possible to estimate the value of future CDDA claims. The value of claims paid under this scheme during the financial year is disclosed at Note 30.

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012***Note 13: Senior executive remuneration****Note 13A: Senior executive remuneration expense for the reporting period**

	2012	2011
	\$	\$
<b>Short-term employee benefits:</b>		
Salary (including annual leave taken)	(11,624,813)	(11,627,212)
Annual leave accrued	(129,506)	(232,294)
Other	(1,158,372)	(1,213,942)
<b>Total short-term employee benefits</b>	<b>(12,912,691)</b>	<b>(13,073,448)</b>
<b>Post-employment benefits</b>		
Superannuation	(2,313,672)	(2,053,168)
<b>Total post-employment benefits</b>	<b>(2,313,672)</b>	<b>(2,053,168)</b>
<b>Other long-term benefits</b>		
Long service leave	(381,096)	(552,313)
<b>Total other long-term benefits</b>	<b>(381,096)</b>	<b>(552,313)</b>
Termination benefits	(269,679)	-
<b>Total employment benefits</b>	<b>(15,877,138)</b>	<b>(15,678,929)</b>

**Notes:**

- Note 13A was prepared on an accrual basis (therefore the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 13B).
- Other includes motor vehicle, other allowances and reportable fringe benefits.
- Note 13A excludes acting arrangements and part-year services where remuneration expensed is less than \$150,000.

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 13B: Average annual remuneration packages and bonus paid for substantive senior executives during the reporting period

Average annual reportable remuneration <sup>1</sup>	2012					
	Senior Executive Officers	Reportable salary <sup>2</sup>	Contributed superannuation <sup>3</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	Total
	No.	\$	\$	\$	\$	\$
<b>Total remuneration (including part-time arrangements):</b>						
less than \$150,000	14	58,427	16,322	-	-	74,749
\$150,000 to \$179,999	5	123,438	35,863	-	-	159,301
\$180,000 to \$209,999	26	165,569	36,242	-	-	201,811
\$210,000 to \$239,999	20	183,448	36,817	6,534	-	226,799
\$240,000 to \$269,999	8	215,659	42,554	-	-	258,213
\$270,000 to \$299,999	6	225,415	56,574	-	-	281,989
\$300,000 to \$329,999	2	268,720	42,974	252	-	311,946
\$330,000 to \$359,999	1	276,029	67,383	-	-	343,412
\$510,000 to \$539,999	1	470,747	50,000	5,062	-	525,809
<b>Total</b>	<b>83</b>					

Average annual reportable remuneration <sup>1</sup>	2011					
	Senior Executive Officers	Reportable salary <sup>2</sup>	Contributed superannuation <sup>3</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	Total
	No.	\$	\$	\$	\$	\$
<b>Total remuneration (including part-time arrangements):</b>						
less than \$150,000	12	66,720	12,812	-	16,492	96,024
\$150,000 to \$179,999	6	125,030	36,767	-	14,080	175,877
\$180,000 to \$209,999	15	166,890	28,275	6,647	9,421	211,233
\$210,000 to \$239,999	25	171,961	36,602	342	12,538	221,443
\$240,000 to \$269,999	6	190,353	51,671	-	17,729	259,753
\$270,000 to \$299,999	8	209,786	52,917	-	18,495	281,198
\$300,000 to \$329,999	1	262,218	42,465	-	18,565	323,248
\$330,000 to \$359,999	1	300,480	56,815	-	-	357,295
\$480,000 to \$509,999	1	435,015	50,000	4,296	-	489,311
<b>Total</b>	<b>75</b>					

#### Notes:

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
  - gross payments; and
  - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits).
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per individuals' payslips.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- There were no 'bonus paid' in 2011-12. In 2010-11 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

**Note 13C: Other highly paid staff**

2012						
Average annual reportable remuneration <sup>1</sup>	Highly Paid Staff No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Bonus paid <sup>5</sup> \$	Total \$
<b>Total remuneration (including part-time arrangements):</b>						
\$150,000 to \$179,999	38	132,576	24,487	598	-	157,661
\$180,000 to \$209,999	6	167,703	24,495	-	-	192,198
\$210,000 to \$239,999	5	199,012	24,134	85	-	223,231
\$240,000 to \$269,999	1	143,653	21,626	93,779	-	259,058
\$270,000 to \$299,999	3	251,139	23,011	-	-	274,150
<b>Total</b>	<b>53</b>					

2011						
Average annual reportable remuneration <sup>1</sup>	Highly Paid Staff No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Bonus paid <sup>5</sup> \$	Total \$
<b>Total remuneration (including part-time arrangements):</b>						
\$150,000 to \$179,999	23	128,491	26,346	2,963	427	158,227
\$180,000 to \$209,999	3	136,761	35,514	21,544	2,853	196,672
\$210,000 to \$239,999	4	166,254	30,259	16,433	4,527	217,473
\$240,000 to \$269,999	4	148,648	25,668	81,786	-	256,102
\$270,000 to \$299,999	2	189,106	39,371	56,531	-	285,008
\$330,000 to \$359,999	1	239,370	38,311	60,000	-	337,681
<b>Total</b>	<b>37</b>					

**Notes:**

1. This table reports staff:
  - a) who were employed by the Department during the reporting period;
  - b) whose reportable remuneration was \$150,000 or more for the financial period; and
  - c) were not required to be disclosed in Tables A or B.
 Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
  - a) gross payments;
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
  - c) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per individuals' payslips.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. There were no 'bonus paid' in 2011-12. In 2010-11 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band.
6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

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### Note 14: Remuneration of auditors

	2012 \$'000	2011 \$'000
Financial statement audit services were provided free of charge to the Department.		
The fair value of services provided was:	<u>405</u>	<u>340</u>
No other services were provided by the auditors of the financial statements.		



**Notes to and forming part of the Financial Statements**

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 15: Financial instruments</b>			
<b><u>15A: Categories of financial instruments</u></b>			
<b>Financial assets</b>			
<b>Loans and receivables:</b>			
Cash and cash equivalents	5A	5,021	3,971
Goods and services receivable	5B	9,558	4,990
<b>Carrying amount of financial assets</b>		<b>14,579</b>	<b>8,961</b>
<b>Financial liabilities</b>			
<b>At amortised cost:</b>			
Trade creditors	7A	43,740	17,942
Finance leases	8A	-	658
<b>Carrying amount of financial liabilities</b>		<b>43,740</b>	<b>18,600</b>
<b><u>15B: Net income and expense from financial assets</u></b>			
<b>Loans and receivables</b>			
Impairment	3E	14	(18)
<b>Net gain/(loss) from loans and receivables</b>		<b>14</b>	<b>(18)</b>
<b><u>15C: Net income and expense from financial liabilities</u></b>			
<b>Financial liabilities - at amortised cost</b>			
Interest expense	3D	(37)	(180)
<b>Net gain/(loss) from financial liabilities - at amortised cost</b>		<b>(37)</b>	<b>(180)</b>
<b><u>15D: Fair value of financial assets and liabilities</u></b>			

The Department considers that the carrying amounts of financial instruments reported in the balance sheet are a reasonable approximation of fair value.

## Notes to and forming part of the Financial Statements

for the period 1 July 2011 to 30 June 2012

### Note 15: Financial instruments continued

#### 15E: Credit risk

The Department is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables of \$9,558,398 in 2012 (2011: \$4,989,927). The Department has assessed the risk of default on payment and has allocated \$20,237 in 2012 (2011: \$35,997) to an impairment allowance account. This amount has been determined following an assessment of invoices greater than 90 days past due.

The Department has policies and procedures that guide employees in debt recovery techniques that are to be applied.

The following table illustrates the Department's gross exposure to credit risk, excluding any collateral or credit enhancements.

	Notes	2012 \$'000	2011 \$'000
<b>Loans and receivables</b>			
Cash and cash equivalents	5A	5,021	3,971
Trade receivables	5B	9,558	4,990
<b>Total</b>		<b>14,579</b>	<b>8,961</b>

The Department holds no collateral to mitigate against credit risk.

#### Credit quality of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired 2012 \$'000	Not Past Due Nor Impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
<b>Loans and receivables</b>				
Cash and cash equivalents	5,021	3,971	-	-
Trade receivables	6,617	4,268	2,941	722
<b>Total</b>	<b>11,638</b>	<b>8,239</b>	<b>2,941</b>	<b>722</b>

#### Ageing of financial assets that were past due but not impaired for 2012:

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Trade receivables	1,338	765	197	621	2,921
<b>Total</b>	<b>1,338</b>	<b>765</b>	<b>197</b>	<b>621</b>	<b>2,921</b>

#### Ageing of financial assets that were past due but not impaired for 2011:

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Trade receivables	408	44	107	127	686
<b>Total</b>	<b>408</b>	<b>44</b>	<b>107</b>	<b>127</b>	<b>686</b>

**Notes to and forming part of the Financial Statements**

for the period 1 July 2011 to 30 June 2012

**Note 15: Financial instruments continued****15F: Liquidity risk**

The Department's financial liabilities are trade creditors and finance leases. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and other funding mechanisms available to the Department (eg Advance to the Finance Minister) to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no past experience of default.

**Maturities for non-derivative financial liabilities 2012**

	Notes	On demand 2012 \$'000	within 1 year 2012 \$'000	1 to 5 years 2012 \$'000	>5 years 2012 \$'000	Total 2012 \$'000
<b>Financial liabilities at amortised cost</b>						
Trade creditors	7A	-	43,740	-	-	43,740
<b>Total</b>		-	43,740	-	-	43,740

**Maturities for non-derivative financial liabilities 2011**

	Notes	On demand 2011 \$'000	within 1 year 2011 \$'000	1 to 5 years 2011 \$'000	>5 years 2011 \$'000	Total 2011 \$'000
<b>Financial liabilities at amortised cost</b>						
Finance leases	8A	-	658	-	-	658
Trade creditors	7A	-	17,942	-	-	17,942
<b>Total</b>		-	18,600	-	-	18,600

**15G: Market risk**

The Department holds basic financial instruments that do not expose it to market risks. The Department is not exposed to 'Currency risk' or 'Other price risk'.

**Interest rate risk**

The only interest-bearing items on the Balance Sheet are finance leases. All bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

## Notes to and forming part of the Financial Statements

for the period 1 July 2011 to 30 June 2012

	2012	2011
	\$'000	\$'000
<b>Note 16: Financial assets reconciliation</b>		
<b>Financial assets</b>		
<b>Total financial assets as per balance sheet</b>	<b>88,398</b>	108,643
Less: non-financial instrument components		
Appropriation receivable	70,813	97,946
GST receivable from the Australian Taxation Office	3,009	1,621
Other	17	151
Impairment allowance	(20)	(36)
Total non-financial instrument components	<u>73,819</u>	<u>99,682</u>
<b>Total financial assets as per financial instruments note</b>	<b><u>14,579</u></b>	<b><u>8,961</u></b>

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 17: Administered - expenses <sup>1</sup></b>		
<b>17A: Employee benefits</b>		
Wages and salaries	871	2,003
Leave and other entitlements	10	275
Superannuation:		
Defined benefit plans	-	6
Defined contribution plans	137	327
Other employee benefits	17	448
<b>Total employee benefits</b>	<b>1,035</b>	<b>3,059</b>
<b>17B: Suppliers <sup>2</sup></b>		
<b>Goods and services</b>		
Consultants and contractors	3,023	13,432
Administration of Territories	-	11,628
Training and equipment purchases	14,148	15,402
Travel	340	529
Information technology and communications	3,915	230
Emergency Management Australia payments to the States	-	6,652
Contribution to Family Court of Western Australia operations	18,762	18,170
General office	7,234	20,409
<b>Total goods and services</b>	<b>47,422</b>	<b>86,452</b>
<b>Goods and services are made up of:</b>		
Provision of goods - related entities	101	443
Provision of goods - external parties	8,218	12,858
Rendering of services - related entities	10,933	8,788
Rendering of services - external parties	28,170	64,363
<b>Total goods and services</b>	<b>47,422</b>	<b>86,452</b>
<b>Other supplier expenses</b>		
Minimum lease payments	-	528
<b>Total other supplier expenses</b>	<b>-</b>	<b>528</b>
<b>Total supplier expenses</b>	<b>47,422</b>	<b>86,980</b>
<b>17C: Subsidies</b>		
<b>Payable to external parties:</b>		
Law Courts Limited	2,426	9,698
Services to Indian Ocean Territories	-	26
<b>Total subsidies</b>	<b>2,426</b>	<b>9,724</b>
<b>17D: Personal benefits <sup>3</sup></b>		
<b>Direct:</b>		
Australian Government Disaster Recovery Payments	79,879	829,123
Payments to victims of natural disasters	181	149,692
Former Solicitor Generals Pension - interest cost	300	-
Federal Proceedings Cost Act	741	827
<b>Total personal benefits</b>	<b>81,101</b>	<b>979,642</b>
<b>17E: Grants <sup>2</sup></b>		
<b>Public sector:</b>		
Australian Government entities (related entities)	7,238	9,667
State and Territory Governments	1,449	9,044
Local Governments	3,722	4,322
<b>Private sector:</b>		
Non-profit organisations	144,187	137,459
Other private sector	15,555	15,593
Overseas	4,806	6,965
<b>Other grants:</b>		
Family relationship support payments	152,094	152,207
Other grants	44,727	51,962
<b>Total grants</b>	<b>373,778</b>	<b>387,219</b>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 17: Administered - expenses continued</b>		
<b>17F: Depreciation and amortisation</b>		
<b>Depreciation:</b>		
Buildings	-	1,459
Property, plant and equipment	2,642	8,037
Heritage and cultural assets	-	112
<b>Total depreciation</b>	<b>2,642</b>	<b>9,608</b>
<b>Amortisation:</b>		
Intangibles: Phosphate mine lease	-	86
Intangibles: Software	241	313
<b>Total amortisation</b>	<b>241</b>	<b>399</b>
<b>Total depreciation and amortisation</b>	<b>2,883</b>	<b>10,007</b>
<b>17G: Write-down and impairment of assets</b>		
<b>Asset write-downs and impairments from:</b>		
Impairment on financial instruments	-	8
Impairment on personal benefit recoveries	1,571	951
Impairment of property, plant and equipment	25	7
Impairment of intangibles	-	280
<b>Total write-down and impairment of assets</b>	<b>1,596</b>	<b>1,246</b>
<b>17H: Payments to CAC bodies <sup>4</sup></b>		
Australian Institute of Criminology	-	6,770
Australian Law Reform Commission	-	3,152
Criminology Research Council	-	205
<b>Total payments to CAC bodies</b>	<b>-</b>	<b>10,127</b>
<b>17I: Transfer of assets</b>		
Assets transferred free of charge <sup>5</sup>	-	7,219
<b>Total other expenses</b>	<b>-</b>	<b>7,219</b>

<sup>1</sup> The 2010-11 comparatives include three months expenditure relating to the administration of the Australian Territories functions which were transferred to the Department of Regional Australia, Regional Development and Local Government effective from 1 October 2010 (Note 10B refers).

<sup>2</sup> During 2011-12, the Department reclassified payments made to the Family Court of Western Australia from 'grants to State and Territory Governments' to supplier expenses as these payments did not meet the definition of a grant. Comparatives have been restated accordingly.

<sup>3</sup> The prior year comparative shows payments made to individuals under the Australian Government Disaster Recovery Program (AGDRP), Disaster Income Recovery Subsidy (DIRS) Program and New Zealand residents under the DIRS program in response to the 2010-11 natural disaster events.

<sup>4</sup> On 17 December 2010, the Australian Institute of Criminology, the Australian Law Reform Commission and the Criminology Research Council became prescribed agencies under the *Financial Management and Accountability Act 1997* with effect from 1 July 2011. No payments were made to these agencies by the Department in 2011-12.

<sup>5</sup> No transfer of assets occurred in 2011-12. (The transfer of assets for 2010-11 relates to the transfer of the Australian Ministerial Briefing Room which was transferred from the Attorney-General's Department to the Department of Prime Minister and Cabinet (\$1.0m) and the Department of Parliamentary Services (\$6.219m).)

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 18: Administered - income <sup>1</sup></b>		
<b>OWN-SOURCE REVENUE</b>		
<b>Taxation revenue</b>		
<b>18A: Other taxes</b>		
Levies - Christmas Island conservation	-	361
<b>Non-taxation revenue</b>		
<b>18B: Sale of goods and rendering of services</b>		
Sale of goods - external parties	-	222
Rendering of services - related entities	185	380
Rendering of services - external parties	5,613	10,696
<b>Total sale of goods and rendering of services</b>	<b>5,798</b>	<b>11,298</b>
<b>18C: Fees and fines</b>		
Fees - IOT vehicle registration, licences and programmes	-	867
<b>18D: Interest</b>		
Loans - State and Territory Government	2,061	3,441
Other loans	-	119
<b>Total interest</b>	<b>2,061</b>	<b>3,560</b>
<b>18E: Dividends</b>		
Australian Government entities - Australian Government Solicitor	7,000	5,858
<b>18F: Rental income</b>		
Rent - IOT domestic and commercial properties	-	973
<b>18G: Royalties</b>		
Mining royalties - Christmas Island phosphate mine lease	-	562
<b>18H: Competitive neutrality</b>		
Australian Government entities - Australian Government Solicitor	4,929	4,872
<b>18I: Recoveries <sup>2</sup></b>		
Personal benefit recoveries	829	3,279
<b>18J: Other non-taxation revenue</b>		
Recovery of unspent grant funding	1,340	-
Torres Strait Regional Authority receipts	600	-
Other revenue	1	18
<b>Total other revenue</b>	<b>1,941</b>	<b>18</b>

<sup>1</sup> The 2010-11 comparatives include three months revenue relating to the administration of the Australian Territories functions which were transferred to the Department of Regional Australia, Regional Development and Local Government effective from 1 October 2010 (Note 10B refers).

<sup>2</sup> The Department has an arrangement with the Department of Human Services (DHS) to provide claiming channels and claim processing arrangements in respect of disaster recovery payments. The amount of \$0.829m represents the value of recovery action undertaken by DHS.

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 19: Administered - financial assets</b>		
<b>19A: Cash and cash equivalents</b>		
Cash on hand or on deposit	-	169
<b>19B: Loans and receivables</b>		
<b>Goods and services:</b>		
Goods and services receivable - related entities	70	31
Goods and services receivable - external parties	2,544	2,195
<b>Total receivables for goods and services</b>	<b>2,614</b>	<b>2,226</b>
<b>Advances and loans<sup>1</sup>:</b>		
State and Territory Governments	37,588	36,029
<b>Total advances and loans</b>	<b>37,588</b>	<b>36,029</b>
<b>Other receivables:</b>		
Other	646	418
Personal benefit recoveries <sup>2</sup>	3,001	3,578
GST receivable from Australian Taxation Office	3,343	3,446
<b>Total other receivables</b>	<b>6,990</b>	<b>7,442</b>
<b>Total receivables (gross)</b>	<b>47,192</b>	<b>45,697</b>
<b>Less: impairment allowance account:</b>		
Goods and services	-	(1)
Personal benefit recoveries	(2,521)	(950)
<b>Total impairment allowance account</b>	<b>(2,521)</b>	<b>(951)</b>
<b>Total trade and other receivables (net)</b>	<b>44,671</b>	<b>44,746</b>
<b>Receivables are expected to be recovered in:</b>		
No more than 12 months	44,671	44,746
<b>Total trade and other receivables (net)</b>	<b>44,671</b>	<b>44,746</b>
<b>Receivables were aged as follows:</b>		
Not overdue	43,637	42,102
Overdue by:		
0 to 30 days	208	-
31 to 60 days	342	1
61 to 90 days	-	1
More than 90 days	3,005	3,593
<b>Total receivables (gross)</b>	<b>47,192</b>	<b>45,697</b>
<b>The impairment allowance account is aged as follows:</b>		
Overdue by:		
31 to 60 days	-	(1)
More than 90 days	(2,521)	(950)
<b>Total impairment allowance account</b>	<b>(2,521)</b>	<b>(951)</b>

Credit terms were within 30 days (2011: 30 days).

<sup>1</sup> Loans are made to State and Territory Governments for periods up to 100 years. No security is required. Principal will be repaid in full by maturity. Interest rates are either fixed or variable. Interest payments are made annually.

<sup>2</sup> This amounts represents recovery action undertaken by Department of Human Services.



**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000	
<b>Note 19: Administered - financial assets continued</b>			
<b>Reconciliation of the Impairment Allowance Account: Movements in relation to 2012</b>			
	<b>Goods and services \$'000</b>	<b>Personal benefit recovery \$'000</b>	<b>Total \$'000</b>
<b>Opening balance</b>	<b>1</b>	<b>950</b>	<b>951</b>
Amounts recovered and reversed	(1)	-	(1)
Increase recognised in net deficit	-	1,571	1,571
<b>Closing balance</b>	<b>-</b>	<b>2,521</b>	<b>2,521</b>
Movements in relation to 2011			
Opening balance	166	-	166
Amounts transferred under restructuring of administrative arrangements	(166)	-	(166)
Increase recognised in net deficit	1	950	951
Closing balance	1	950	951
<b>19C: Investments</b>			
<b>Investments in associates:</b>			
Australian Institute of Criminology <sup>1</sup>		-	1,918
Australian Government Solicitor		44,354	46,100
Australian Law Reform Commission <sup>1</sup>		-	1,062
Criminology Research Council <sup>1</sup>		-	879
High Court of Australia		225,342	222,825
<b>Investments in jointly controlled entities:</b>			
Law Courts Limited		106,794	123,268
<b>Total investments</b>		<b>376,490</b>	<b>396,052</b>
<b>Investments expected to be recovered in:</b>			
More than 12 months		376,490	396,052
<b>Total investments</b>		<b>376,490</b>	<b>396,052</b>
<b>Details of investments</b>			
	<b>Ownership</b>		
Name of entity	2012	2011	
	%	%	
<b>Jointly controlled entities:</b>			
Law Courts Limited <sup>2</sup>	45.7	50.1	
<b>Associates:</b>			
Australian Institute of Criminology	-	100	
Australian Government Solicitor	100	100	
Australian Law Reform Commission	-	100	
Criminology Research Council	-	100	
High Court of Australia	100	100	
<sup>1</sup> On 17 December 2010, the Australian Institute of Criminology, the Australian Law Reform Commission and the Criminology Research Council became prescribed agencies under the <i>Financial Management and Accountability Act 1997</i> with effect from 1 July 2011. The Department's investment in these entities was fully impaired at 1 July 2011.			
<sup>2</sup> The published fair value for the investment in Law Courts Limited is \$106.794m (2011: \$123.268m).			
This note should be read in conjunction with Note 25.			

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 20: Administered - non-financial assets</b>			
<b>20A: Property, plant and equipment</b>			
<b>Other property, plant and equipment:</b>			
Fair value		5,417	11,642
Accumulated depreciation		(146)	(5,663)
<b>Total other property, plant and equipment</b>	20B	<b>5,271</b>	<b>5,979</b>
<b>Total property, plant and equipment</b>		<b>5,271</b>	<b>5,979</b>

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

### Revaluation of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. A revaluation of property, plant and equipment was undertaken by an independent valuer with effect from 30 June 2012.

A revaluation increment of \$581,234 (2011: nil increment/decrement) for property, plant and equipment was credited to the asset revaluation surplus by asset class and included in the equity section of the balance sheet.

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

**Note 20: Administered - non-financial assets continued**
**Note 20B: Reconciliation of the opening and closing balances of property, plant and equipment (2011-12)**

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Heritage and cultural <sup>1</sup> \$'000	Other property, plant & equipment \$'000	Total \$'000
<b>As at 1 July 2011</b>						
Gross book value	-	-	-	-	11,642	11,642
Accumulated depreciation and impairment	-	-	-	-	(5,663)	(5,663)
<b>Net book value 1 July 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,979</b>	<b>5,979</b>
Additions:						
By purchase	-	-	-	-	1,666	1,666
Revaluation and impairments recognised through other comprehensive income	-	-	-	-	581	581
Depreciation expense	-	-	-	-	(2,642)	(2,642)
Other movements <sup>2</sup>	-	-	-	-	(287)	(287)
Disposals	-	-	-	-	-	-
Other - infrastructure, plant and equipment	-	-	-	-	(26)	(26)
<b>Net book value 30 June 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,271</b>	<b>5,271</b>
<b>Net book value as of 30 June 2012 represented by:</b>						
Gross book value	-	-	-	-	5,417	5,417
Accumulated depreciation and impairment	-	-	-	-	(146)	(146)
<b>Net book value 30 June 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,271</b>	<b>5,271</b>

<sup>1</sup> Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

<sup>2</sup> Other movements relate to the capitalisation of an Asset Under Construction to an Internally Developed Software Asset.

**Reconciliation of the opening and closing balances of property, plant and equipment (2010-11)**

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Heritage and cultural <sup>1</sup> \$'000	Other property, plant & equipment \$'000	Total \$'000
<b>As at 1 July 2010</b>						
Gross book value	82,241	146,248	228,489	66,550	370,745	665,784
Accumulated depreciation and impairment	-	(67)	(67)	(2)	(3,256)	(3,325)
<b>Net book value 1 July 2010</b>	<b>82,241</b>	<b>146,181</b>	<b>228,422</b>	<b>66,548</b>	<b>367,489</b>	<b>662,459</b>
Additions:						
By purchase	154	390	544	-	22,632	23,176
Other movements: assets transferred to Department of Regional Australia, Regional Development & Local Government	1,625	(390)	1,235	-	-	1,235
Other movements <sup>2</sup>	-	-	-	-	(7,219)	(7,219)
Depreciation expense	-	(1,459)	(1,459)	(112)	(8,037)	(9,608)
Disposals	-	-	-	-	-	-
From disposal of entities or operations (including restructuring)	(82,395)	(145,112)	(227,507)	(66,436)	(368,879)	(662,822)
Other	(1,625)	390	(1,235)	-	(7)	(1,242)
<b>Net book value 30 June 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,979</b>	<b>5,979</b>
<b>Net book value as of 30 June 2011 represented by:</b>						
Gross book value	-	-	-	-	11,642	11,642
Accumulated depreciation and impairment	-	-	-	-	(5,663)	(5,663)
<b>Net book value 30 June 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,979</b>	<b>5,979</b>

<sup>1</sup> Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

<sup>2</sup> This represents the transfer of the Australian Ministerial Briefing Room and critical components of the Crisis Coordination Centre from the Attorney-General's Department to the Department of Prime Minister and Cabinet (\$1.0m) and the Department of Parliamentary Services (\$6.219m).

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012*

		2012	2011
	Note	\$'000	\$'000
<b>Note 20: Administered - non-financial assets continued</b>			
<b><u>20C: Intangibles</u></b>			
<b>Computer software:</b>			
Internally developed - in use		287	-
Purchased		1,318	1,105
<b>Total computer software (gross)</b>		<b>1,605</b>	<b>1,105</b>
Accumulated amortisation		(736)	(495)
<b>Total computer software (net)</b>		<b>869</b>	<b>610</b>
<b>Total intangibles</b>	20D	<b>869</b>	<b>610</b>

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012***Note 20: Administered - non-financial assets continued****Note 20D: Reconciliation of the opening and closing balances of intangibles (2011-12)**

	Computer software internally developed \$'000	Computer software purchased \$'000	Phosphate mine lease \$'000	Total \$'000
<b>As at 1 July 2011</b>				
Gross book value	389	1,105	-	1,494
Accumulated amortisation and impairment	(389)	(495)	-	(884)
<b>Net book value 1 July 2011</b>	<b>-</b>	<b>610</b>	<b>-</b>	<b>610</b>
Additions:				
By purchase		213	-	213
Internally developed	-	-	-	-
Amortisation	(29)	(212)	-	(241)
Other movements <sup>1</sup>	287	-	-	287
<b>Net book value 30 June 2012</b>	<b>258</b>	<b>611</b>	<b>-</b>	<b>869</b>
<b>Net book value as of 30 June 2012 represented by:</b>				
Gross book value	676	1,318	-	1,994
Accumulated amortisation and impairment	(418)	(707)	-	(1,125)
<b>Net book value 30 June 2012</b>	<b>258</b>	<b>611</b>	<b>-</b>	<b>869</b>

<sup>1</sup> Other movements relate to the capitalisation of an Asset Under Construction to an Internally Developed Software Asset.

**Reconciliation of the opening and closing balances of intangibles (2010-11)**

	Computer software internally developed \$'000	Computer software purchased \$'000	Phosphate mine lease \$'000	Total \$'000
<b>As at 1 July 2010</b>				
Gross book value	373	1,245	3,000	4,618
Accumulated amortisation and impairment	(22)	(307)	-	(329)
<b>Net book value 1 July 2010</b>	<b>351</b>	<b>938</b>	<b>3,000</b>	<b>4,289</b>
Additions:				
By purchase	-	-	-	-
Internally developed	16	-	-	16
Impairments recognised in operating result	(279)	(1)	-	(280)
Amortisation	(88)	(225)	(86)	(399)
Disposals:				
From disposal of entities or operations (including restructuring)	-	(102)	(2,914)	(3,016)
<b>Net book value 30 June 2011</b>	<b>-</b>	<b>610</b>	<b>-</b>	<b>610</b>
<b>Net book value as of 30 June 2011 represented by:</b>				
Gross book value	389	1,105	-	1,494
Accumulated amortisation and impairment	(389)	(495)	-	(884)
<b>Net book value 30 June 2011</b>	<b>-</b>	<b>610</b>	<b>-</b>	<b>610</b>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 20: Administered - non-financial assets continued</b>		
<b>20E: Other non-financial assets</b>		
Prepayments	3,276	308
No indicators of impairment were found for other non-financial assets.		
<b>Total other non-financial assets - are expected to be recovered in:</b>		
No more than 12 months	3,047	18
More than 12 months	229	290
<b>Total other non-financial assets</b>	<b>3,276</b>	<b>308</b>
<b>Note 21: Administered - payables</b>		
<b>21A: Suppliers</b>		
Trade creditors and accruals	3,811	2,461
<b>Supplier payables expected to be settled within 12 months:</b>		
Related entities	16	9
External parties	3,795	2,452
<b>Total suppliers</b>	<b>3,811</b>	<b>2,461</b>
Supplier payables are current liabilities. Settlement is usually net 30 days.		
<b>21B: Grants and subsidies</b>		
<b>Public sector:</b>		
Australian Government entities (related entities)	647	4,957
State and Territory Governments	15	314
Local Governments	1,437	2,047
<b>Private sector:</b>		
Non-profit organisations	2,953	3,358
Overseas	275	-
Other	764	10,023
<b>Total grants and subsidies</b>	<b>6,091</b>	<b>20,699</b>
<b>Total grants and subsidies - are expected to be settled in:</b>		
No more than 12 months	6,091	20,699
<b>Total grants and subsidies</b>	<b>6,091</b>	<b>20,699</b>
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
<b>21C: Other payables</b>		
Prepayments received/unearned income	749	899
Salaries and wages	-	12
Superannuation	-	2
Other	136	48
<b>Total other payables</b>	<b>885</b>	<b>961</b>
<b>Total other payables are expected to be settled in:</b>		
No more than 12 months	885	961
<b>Total other payables</b>	<b>885</b>	<b>961</b>
<b>Note 22: Administered - provisions</b>		
<b>22A: Employee provisions</b>		
Leave	-	46
<b>Employee provisions are expected to be settled in:</b>		
No more than 12 months	-	27
More than 12 months	-	19
<b>Total employee provisions</b>	<b>-</b>	<b>46</b>

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 22: Administered - provisions continued</b>		
<b>22B: Superannuation provisions</b>		
Present value of defined benefit obligations at end of the year	7,007	5,200
<b>Personal benefits provisions are expected to be settled in:</b>		
No more than 12 months	400	400
More than 12 months	6,607	4,800
<b>Total personal benefits</b>	<b>7,007</b>	<b>5,200</b>

**Accounting policy:**

Actuarial gains and losses are recognised immediately in administered equity in the year in which they occur.

**Scheme information:**

Pension payments to former Solicitors-General are made under the Judges' Pension Scheme. The Judges' Pension Scheme is a defined benefit scheme. It provides 60% of the appropriate current judicial salary for eligible retired judges. The scheme is unfunded. Members do not contribute towards the cost of benefits.

**Reconciliation of the present value of the defined benefit obligation:**

Net liability at 1 July	5,200	5,100
Current service cost	-	-
Interest cost	300	300
Actuarial gains/(losses)	1,900	200
Benefits paid	(393)	(400)
Net liability at 30 June	<b>7,007</b>	<b>5,200</b>

**Reconciliation of the fair value of scheme assets:**

Opening fair value of scheme assets	-	-
Employer contributions <sup>1</sup>	(393)	400
Benefits paid	393	(400)
Closing fair value of scheme assets	<b>-</b>	<b>-</b>

<sup>1</sup> Employer contributions include appropriations from the Consolidated Revenue Fund.

**Reconciliation of the net surplus/(deficit) to recognised assets and liabilities in the schedule of assets and liabilities administered on behalf of Government:**

	30 June 2012 \$'000	30 June 2011 \$'000
<b>As at</b>		
Defined benefit obligation	7,007	5,200
<b>Net superannuation liability</b>	<b>7,007</b>	<b>5,200</b>

**Total expense recognised in the schedule of comprehensive income administered on behalf of Government:**

	30 June 2012 \$'000	30 June 2011 \$'000
<b>For the period ended</b>		
Interest cost	300	300
<b>Net superannuation expense</b>	<b>300</b>	<b>300</b>

**Amounts recognised directly in administered equity:**

	30 June 2012 \$'000	30 June 2011 \$'000
<b>For the period ended</b>		
Actuarial gains/(losses)	(1,900)	(200)

**Cumulative amount of actuarial gains and losses recognised in administered equity:**

	30 June 2012 \$'000	30 June 2011 \$'000
<b>For the period ended</b>		
Cumulative amount of actuarial gains/(losses)	(2,100)	(200)

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
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### Note 22: Administered - provisions continued

#### Scheme assets:

The scheme is an unfunded arrangement with no assets.

#### Expected rate of return on scheme assets:

The expected return on assets assumption is not relevant as the scheme is an unfunded arrangement with no assets.

#### Principal actuarial assumptions at the balance sheet date:

	30 June 2012 \$'000	30 June 2011 \$'000
<b>For the period ended</b>		
Discount rate	3.10%	5.30%
Expected salary increase rate	4.00%	4.00%
Expected pension increase rate	4.00%	4.00%

#### Other material assumptions:

The demographic assumptions used as at 30 June 2012 are those used for the preparation of the Long Term Cost Report for the Judges' Pension Scheme as at 30 June 2011. The demographic assumptions used as at 30 June 2011 are those used for the preparation of the Long Term Cost Report for the Judges' Pension Scheme as at 30 June 2011.

Benefits payable (including payments of surcharge debt) under the *Judges' Pension Act 1968* and the *Superannuation (Productivity Benefit) Act 1988* are paid from Consolidated Revenue on an emerging (or pay as go) basis. Thus contributions made equal benefits paid for the Judges' Pension Scheme (including former Solicitor-General's Pensions).

#### Historical information<sup>1</sup>:

	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
<b>For the period ended</b>			
Present value of defined benefit obligation	7,007	5,200	5,100
Surplus/(deficit) in scheme	7,007	5,200	5,100
Experience adjustments gain/(loss) - scheme liabilities	(1,900)	(100)	-

<sup>1</sup> From 1 January 2010 responsibility for management of the Judges Pension Scheme (excluding the Former Solicitor-General's Pensions) was transferred to the Department of Finance and Deregulation. Prior to this date the Department had responsibility for the whole function and it was reported as such.

The expected employer contributions in respect of 2012-13 are \$450,000.

#### Funding arrangements for employer contributions:

##### Contribution recommendations

The Scheme is unfunded. The defined benefits are not funded in advance.

##### Funding method

Where a benefit in the Scheme becomes payable, the Australian Government assumes responsibility for the payment from the Consolidated Revenue Fund

##### Economic assumptions

The long-term economic assumptions adopted for the last actuarial review of the scheme as at 30 June 2008 were:

Expected rate of return on assets (discount rate)	3.1%
Expected salary increase rate	4.0% + a promotional salary increase scale
Expected pension increase	4.0%

#### Nature of asset/liability:

The Department has recognised a liability in the Schedule of Administered Assets and Liabilities in respect of its defined benefit superannuation arrangements administered on behalf of the Government. The Former Solicitor-General's Pension Scheme does not impose a legal liability on the Department to cover any deficit that exists in the scheme.

The liability instead rests with the Australian Government. The Government has established the Future Fund for the purpose of accumulating assets to help meet this liability. The Future Fund is also intended to cover other superannuation unfunded liabilities including in relation to military schemes, Commonwealth public servants and Governors-General.



**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

Notes	2012 \$'000	2011 \$'000
<b>Note 23: Administered - cash flow reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per Administered Balance Sheet to Administered Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Schedule of administered cash flows	-	169
Schedule of administered assets and liabilities	-	169
<b>Difference</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(487,683)	(1,463,575)
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	2,883	10,007
Net write down of non-financial assets	25	-
Actuarial loss - former Solicitor-General Pension	(1,900)	(200)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in net receivables	894	32,935
(Increase)/decrease in prepayments	(2,968)	(302)
(Increase)/decrease in inventories	-	2,008
Increase/(decrease) in employee provisions	(46)	(1,822)
Increase/(decrease) in supplier payables	1,639	(5,861)
Increase/(decrease) in grant payables	(14,608)	1,668
Increase/(decrease) in other payables	(76)	(794)
Increase/(decrease) in other provisions	-	(11,105)
<b>Net cash from operating activities</b>	<b>(501,840)</b>	<b>(1,437,041)</b>

**Note 24: Administered - contingent assets and liabilities**
**Unquantifiable administered contingencies**
**Natural Disaster Relief and Recovery Arrangements (NDRRA)**

Under the NDRRA, the Commonwealth provides States and Territories a scheme of loans assistance at a concessional interest rate to eligible small businesses and primary producers whose assets have been significantly damaged as a direct result of a natural disaster.

At balance date the Department is unable to reliably estimate the future value of these potential claims, and no provision for these claims has been recognised in the Administered financial statements.

The Department is party to a number of civil litigation matters arising out of its statutory duty to administer the laws for which it is responsible. As at the date of this report there are no matters where costs have been awarded against the Department.

Conversely, the Department, like any other party to civil litigation may be entitled to recover costs arising out of such litigation if it is successful. There are no matters at the date of this report where the Department reasonably expects to have an award of costs in its favour.

**Future compensation claims**

The "Scheme for Compensation for Defective Administration" (CDDA) allows agencies to provide compensation to person who have been adversely affected their maladministration, but who have no legal means to seek redress, such as a legal claim. It is not possible to estimate the value of future CDDA claims. The value of claims paid under this scheme during the financial year is disclosed at Note 30.

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 25: Administered investments

The Australian Government owns 100% of the following entities:

\*High Court of Australia - s17 of the *High Court of Australia Act 1996*

\*Australian Government Solicitor - s55M of the *Judiciary Act 1903*

Law Courts Ltd is a company limited by guarantee and is jointly controlled by the Australian and NSW Governments. The primary purpose of the company is to provide a courts facility being the joint Sydney Law Courts Building. The building is currently undergoing a major refurbishment program. The investment taken up by the Australian Government is based on the net assets of Law Courts Ltd, adjusted by the accumulated capital contributions made by the Australian Government to the company up to 30 June 2012.

The principal activities of each of the Department's administered investments are:

\* Law Courts Limited is a jointly controlled Australian Government/New South Wales company limited by guarantee established to manage the Sydney Law Courts Building

\* The High Court, as the highest court in Australian judicial system, interprets and applies the law of Australia, decides cases of special Commonwealth significance including challenges to the constitutional validity of laws, and hears appeals from Federal, State and Territory Governments

\* The Australian Government Solicitor is a Commonwealth Authority providing national legal services to the Government and its agencies in a contestable environment.

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 26: Administered - financial instruments</b>			
<b>26A: Categories of financial instruments</b>			
<b>Financial assets</b>			
<b>Loans and receivables:</b>			
Cash and cash equivalents	19A	-	169
Trade receivables	19B	2,614	2,226
Loans	19B	37,588	36,029
Other receivables	19B	646	418
Personal benefit recoveries	19B	3,001	3,578
<b>Available for sale:</b>			
Investments	19C	376,490	396,052
<b>Carrying amount of financial assets</b>		<b>420,339</b>	<b>438,472</b>
<b>Financial liabilities</b>			
<b>At amortised cost</b>			
Trade creditors	21A	3,811	2,461
Grants and subsidies payable	21B	6,091	20,699
<b>Carrying amount of financial liabilities</b>		<b>9,902</b>	<b>23,160</b>
<b>26B: Net income and expense from financial assets</b>			
<b>Loans and receivables</b>			
Interest revenue	18D	2,061	3,560
Impairment on financial instruments	17G	-	(8)
Impairment of personal benefit recoveries	17G	(1,571)	(951)
<b>Net gain/(loss) from loans and receivables</b>		<b>490</b>	<b>2,601</b>
<b>Available for sale</b>			
Dividend revenue	18E	7,000	5,858
<b>Net gain/(loss) from available for sale</b>		<b>7,000</b>	<b>5,858</b>
<b>Net gain from financial assets</b>		<b>7,490</b>	<b>8,459</b>
<b>26C: Fair value of financial assets</b>			

The Department considers that the carrying amounts of financial instruments reported in the balance sheet are a reasonable approximation of fair value.

**26D: Credit risk**

The Administered activities of the Department are exposed to minimal credit risk as the majority of financial assets are trade receivables, advances and loans to State and Territory Governments, and shares in associated and Government controlled entities. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of receivables \$43,848,663 (2011: \$42,250,901). The Department has assessed the risk of default on payment and has allocated \$2,521,025 (2011: \$951,171) to an impairment allowance account. This amount has been determined following an assessment of invoices greater than 90 days.

The Department has policies and procedures that guide employees on debt recovery techniques that are to be applied.

The following table illustrates the Department's gross exposure to credit risk. The Department holds no collateral to mitigate credit risk.

	Notes	2012 \$'000	2011 \$'000
<b>Loans and receivables</b>			
Cash and cash equivalents	19A	-	169
Trade receivables	19B	2,614	2,226
Loans	19B	37,588	36,029
Other receivables	19B	646	418
Personal benefit recoveries	19B	3,001	3,578
<b>Available for sale</b>			
Investments	19C	376,490	396,052
<b>Total</b>		<b>420,339</b>	<b>438,472</b>

**Credit quality of financial instruments not past due or individually determined as impaired**

	Not Past Due Nor Impaired 2012 \$'000	Not Past Due Nor Impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
<b>Loans and receivables</b>				
Cash and cash equivalents	-	169	-	-
Trade receivables	2,060	2,209	554	17
Loans	37,588	36,029	-	-
Other receivables	646	418	-	-
Personal benefit recoveries	-	-	3,001	3,578
<b>Available for sale</b>				
Investments	376,490	396,052	-	-
<b>Total</b>	<b>416,784</b>	<b>434,877</b>	<b>3,555</b>	<b>3,595</b>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 26: Administered - financial instruments continued

#### Ageing of financial assets that are past due but not impaired for 2012

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Trade receivables	208	342	-	4	554
Personal benefit recoveries	-	-	-	480	480
<b>Total</b>	<b>208</b>	<b>342</b>	<b>-</b>	<b>484</b>	<b>1,034</b>

#### Ageing of financial assets that are past due but not impaired for 2011

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Trade receivables	-	-	1	15	16
Personal benefit recoveries	-	-	-	2,628	2,628
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2,643</b>	<b>2,644</b>

Trade receivables have been individually assessed for impairment by departmental officers. Recovery of debt has been considered based on communication with the debtor, and where determined to be unrecoverable an allowance was recognised.

#### 26E: Liquidity risk

The Department's financial liabilities are trade creditors, grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (eg Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Department receives appropriations and manages its funds to ensure it is able to meet its financial obligations as they fall due. The Department also has policies in place to ensure timely payment of invoices and has no past history of default.

#### Maturities for non-derivative financial liabilities 2012

	Notes	On demand 2012 \$'000	within 1 year 2012 \$'000	1 to 5 years 2012 \$'000	>5 years 2012 \$'000	Total 2012 \$'000
<b>Liabilities at amortised cost</b>						
Trade creditors	21A	-	3,811	-	-	3,811
Grants and subsidies payable	21B	-	6,091	-	-	6,091
<b>Total</b>		<b>-</b>	<b>9,902</b>	<b>-</b>	<b>-</b>	<b>9,902</b>

#### Maturities for non-derivative financial liabilities 2011

	Notes	On demand 2011 \$'000	within 1 year 2011 \$'000	1 to 5 years 2011 \$'000	>5 years 2011 \$'000	Total 2011 \$'000
<b>Liabilities at amortised cost</b>						
Trade creditors	21A	-	2,461	-	-	2,461
Grants and subsidies payable	21B	-	20,699	-	-	20,699
<b>Total</b>		<b>-</b>	<b>23,160</b>	<b>-</b>	<b>-</b>	<b>23,160</b>

#### 26F: Market risk

The Department holds basic financial instruments that do not expose the Department to market risks. The Department is also not exposed to 'currency risk' or 'other price risk'.

#### Interest rate risk

The only interest-bearing items on the schedule of assets administered on behalf of Government are loans made to State and Territory Governments. All those bearing interest are at a fixed interest rate that does not fluctuate due to changes in the market interest rate. Those with variable interest rates are significantly concessional so that any movement in the market rate will not have a material impact on the carrying amount of the receivable.

**Notes to and forming part of the financial statements**

*for the period 1 July 2011 to 30 June 2012*

**Note 26: Administered - financial instruments continued**

**26G: Concessional loans**

	2012	2011
	\$'000	\$'000
<b>Natural Disaster Relief and Recovery Arrangements</b>		
Nominal value	50,429	48,949
Less: Unexpired discount	(4,529)	(5,315)
Principle repayment	<u>(8,312)</u>	<u>(7,605)</u>
Carrying value	<u>37,588</u>	<u>36,029</u>
<b>Total Natural Disaster Relief and Recovery Arrangements</b>	<b><u>37,588</u></b>	<b><u>36,029</u></b>

**Note 27: Administered financial assets reconciliation**

**Financial assets**

<b>Total financial assets as per schedule of administered assets and liabilities</b>	421,161	440,967
Less: non-financial instrument components		
GST receivable from the Australian Taxation Office	3,343	3,446
Impairment allowance	<u>(2,521)</u>	<u>(951)</u>
Total non-financial instrument components	<u>822</u>	<u>2,495</u>
<b>Total financial assets as per financial instruments note</b>	<b><u>420,339</u></b>	<b><u>438,472</u></b>

Notes to and forming part of the financial statements  
for the period 1 July 2011 to 30 June 2012

Note 28: Appropriations

Table A.: Annual appropriations (recoverable GST exclusive)

	2012 Appropriations						Total appropriation \$'000	Appropriation applied in 2012 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FIMA Act			AFM \$'000			
	Annual Appropriation \$'000	Appropriations reduced <sup>(1)</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000				
<b>DEPARTMENTAL</b>									
Ordinary annual services <sup>(2)</sup>	229,525	-	-	32,595	501	-	262,621	(18,835)	
Other services	8,057	-	-	-	-	-	8,057	(866)	
Equity <sup>(3)</sup>	237,582	-	-	32,595	501	-	270,678	(19,721)	
<b>TOTAL DEPARTMENTAL</b>									
<b>ADMINISTERED</b>									
Ordinary annual services <sup>(4)</sup>	429,683	(9,944)	809	-	-	-	429,548	(5,815)	
Administered items	5,709	-	-	-	-	-	5,709	214	
Other services	66,869	-	-	-	-	-	66,869	13,551	
States, ACT, NT and Local Governments	502,261	(9,944)	809	-	-	-	493,126	445,409	
Administered assets and liabilities <sup>(4)</sup>								47,717	
<b>TOTAL ADMINISTERED</b>									

Notes:  
 (1) Appropriations reduced under *Appropriation Acts (No 1 & 3)* 2011-12; sections 10, 11, 12 and 15 and under *Appropriation Acts (No 2 & 4)* 2011-12; sections 12, 13, 14 and 17. (Refer Note 28F).  
 (2) The variance of appropriation for ordinary annual services represents expenditure of prior year appropriations for capital projects.  
 (3) The variance is due to the timing of expenditure for capital projects.  
 (4) The variance is the represents the payment of invoices received in 2011-12 financial year for expenses accrued in 2010-11 financial year.  
 (5) The variance relates to NDRRA loans to state governments which are awaiting approval.

	2011 Appropriations						Total appropriation \$'000	Appropriation applied in 2011 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FIMA Act			AFM \$'000			
	Annual Appropriation \$'000	Appropriations reduced <sup>(1)</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000				
<b>DEPARTMENTAL</b>									
Ordinary annual services <sup>(2)</sup>	242,408	-	-	281,150	(5,826)	-	264,732	(2,128)	
Other services	8,773	-	-	-	-	-	8,773	5,853	
Equity <sup>(3)</sup>	251,181	-	-	281,150	(5,826)	-	273,505	2,920	
<b>TOTAL DEPARTMENTAL</b>									
<b>ADMINISTERED</b>									
Ordinary annual services	698,301	(65,615)	1,647	-	(101,483)	-	532,850	532,718	
Administered items	10,127	-	-	-	-	-	10,127	10,127	
Payments to CAC Act bodies	7,608	(709)	-	-	-	-	6,899	10,413	
Other services	29,576	-	-	-	(11,209)	-	18,367	18,192	
States, ACT, NT and Local Governments <sup>(4)</sup>	745,612	(66,324)	1,647	-	(112,692)	-	568,243	571,450	
Administered assets and liabilities								(3,207)	
<b>TOTAL ADMINISTERED</b>									

Notes:  
 (1) Appropriations reduced under *Appropriation Acts (No 1 & 3)* 2010-11; sections 10, 11, 12 and 15 and under *Appropriation Acts (No 2 & 4)* 2009-10; sections 12, 13, 14 and 17. (Refer Note 28F).  
 (2) The variance of appropriation for ordinary annual services represents expenditure of prior year appropriations for capital projects.  
 (3) The variance is due to the timing of expenditure for capital projects.  
 (4) The variance is the represents the payment of invoices received in 2009-10 financial year for expenses accrued in 2008-09 financial year.

**Notes to and forming part of the financial statements**  
for the period 1 July 2011 to 30 June 2012

Note 28: Appropriations continued

**Table B: Departmental and administered capital budgets (recoverable GST exclusive)**

	2012 Capital Budget Appropriations				Capital Budget Appropriation applied in 2012 (current and prior years)		
	Appropriation Act		FMA Act		Payments for non-financial assets <sup>1</sup> \$'000	Payments for other purposes <sup>1</sup> \$'000	Total payments \$'000
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000			
<b>DEPARTMENTAL</b>							
Ordinary annual services - Departmental Capital Budget <sup>2</sup>	22,419	-	-	22,419	21,596	-	21,596
<b>ADMINISTERED</b>							
Ordinary annual services - Administered Capital Budget <sup>2</sup>	891	-	-	891	-	-	891

Notes:

1 Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs to make good an asset to its original condition, and the capital repayment component of finance leases.

2 Departmental and Administered Capital Budgets are appropriated through *Appropriation Acts (No 1 & 3)*. They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

	2011 Capital Budget Appropriations				Capital Budget Appropriation applied in 2011 (current and prior years)		
	Appropriation Act		FMA Act		Payments for non-financial assets <sup>1</sup> \$'000	Payments for other purposes <sup>1</sup> \$'000	Total payments \$'000
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000			
<b>DEPARTMENTAL</b>							
Ordinary annual services - Departmental Capital Budget <sup>2</sup>	17,036	-	-	17,036	8,102	-	8,102
<b>ADMINISTERED</b>							
Ordinary annual services - Administered Capital Budget <sup>2</sup>	9,871	-	-	9,871	8,742	-	8,742

Notes:

1 Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs to make good an asset to its original condition, and the capital repayment component of finance leases.

2 Departmental and Administered Capital Budgets are appropriated through *Appropriation Acts (No 1 & 3)*. They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 28: Appropriations continued

**Table C: Unspent annual appropriations ('recoverable GST exclusive')**

Authority	2012 \$'000	2011 \$'000
<b>DEPARTMENTAL</b>		
2006/07 Appropriation Act 3	1,541	1,731
2007/08 Appropriation Act 1	-	8,074
2007/08 Act 2 - Non Operating - Previous Years Outputs	2,105	2,105
2007/08 Appropriation (NTER) Act (no.1) 2007-2008	287	287
2008/09 Appropriation Act 1	578	27,979
2008/09 Appropriation Act 3	1,996	1,996
2008/09 Act 4 - Non Operating - Equity Injection	86	86
2009/10 Appropriation Act 1	5,385	4,653
2009/10 Act 2 - Non Operating - Previous Years Outputs	2,228	2,228
2009/10 Appropriation Act 3	79	79
2009/10 Act 4 - Non Operating - Previous Years Outputs	489	489
2010/11 Appropriation Act 1	16,506	36,354
2010/11 Appropriation Act 1 - Capital Budget (DCB) - Non Operating	298	8,933
2010/11 Act 2 - Non Operating - Equity Injection	86	2,920
2010/11 Appropriation Act 3	32	32
2011/12 Appropriation Act 1	26,013	-
2011/12 Appropriation Act 1 - Capital Budget (DCB) - Non Operating	3,757	-
2011/12 Act 2 - Non Operating - Equity Injection	621	-
2011/12 Appropriation Act 3	1,698	-
2011/12 Appropriation Act 3 - Capital Budget (DCB) - Non Operating	5,700	-
2011/12 Act 4 - Non Operating - Equity Injection	1,327	-
<b>Total</b>	<b>70,812</b>	<b>97,946</b>

Authority	2012 \$'000	2011 \$'000
<b>ADMINISTERED</b>		
2006/07 Act 2 - Non Operating - Administered Assets and Liabilities	56,039	56,039
2007/08 Act 2 - Non Operating - Administered Assets and Liabilities	81	104
2007/08 Retained Prior Years Appropriation	-	2,596
2008/09 Act 2 - Non Operating - Administered Assets and Liabilities	5,015	5,015
2008/09 Retained Prior Years Appropriation	2,500	21,250
2009/10 Appropriation Act 1	-	9,309
2009/10 Act 2 - Non Operating - Administered Assets and Liabilities	3,541	9,453
2009/10 Appropriation Act 3	-	773
2009/10 Appropriation Act 4 - SPP	1,231	1,231
2010/11 Appropriation Act 1	-	8,491
2010/11 Appropriation Act 1 - Capital Budget (DCB) - Non Operating	1,128	1,128
2010/11 Appropriation Act 3	1,790	57,149
2011/12 Appropriation Act 1	7,244	-
2011/12 Appropriation Act 1 - Capital Budget (DCB) - Non Operating	891	-
2011/12 Appropriation Act 2 - SPP	214	-
2011/12 Act 2 - Non Operating - Administered Assets and Liabilities	11,055	-
<b>Total</b>	<b>90,729</b>	<b>172,538</b>



**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

**Note 28: Appropriations continued**

**Table D: Special appropriations (recoverable GST exclusive)**

Authority	Type	Purpose	Appropriation Applied	
			2012 \$'000	2011 \$'000
<i>National Firearms Program Implementation Act 1996</i>	Unlimited	To provide for financial assistance and other expenditure in connection with the implementation of the national firearms program. All transactions under this Act are recognised as Administered items.	-	55
<i>National Handgun Buyback Act 2003</i> <sup>1</sup>	Unlimited	To provide for financial assistance for qualifying payments made by Sates and other expenditure in connection with the implementation of the handgun buyback and related purposes.	667	-
<i>Law Officers Act 1964</i> <sup>2</sup>	Unlimited	To make payments of pensions and benefits to former Solicitors General. All transactions under this Act are recognised as Administered items.	393	-
<i>Social Security (Administration) Act 1999</i> <sup>3</sup>	Unlimited	To enable the payment of income support payments. All transactions under this Act are recognised as Administered items. <sup>1</sup>	78,472	829,123
<i>Financial Management and Accountability Act 1997</i>	Refund	To provide for payments under Section 28 of the FMA Act. All transactions under this Act are recognised as Administered items.	8	2
<b>Total</b>			<b>79,540</b>	<b>829,180</b>

<sup>1</sup> One qualifying payment was made during 2011-12. (Nil in 2010-11).

<sup>2</sup> On 1 January 2010 the Department of Finance and Deregulation (DoFD) assumed responsibility for payments under the *Judges' Pensions Act 1968* which included pension payments to former Solicitors-General. In 2010-11 DoFD made payments from the incorrect appropriation. These payments were in breach of the *Financial Management and Accountability Act 1997* as the payments should have been made from the *Law Officers Act 1964*. In 2011-12 the Department provided DoFD with a valid drawing right to enable the payments to be made to former Solicitors-General.

<sup>3</sup> The prior year comparative reflects the substantial level of payments made to individuals under the Australian Government Disaster Recovery Program in response to the 2010-11 natural disasters.

The following Agencies have been issued with Drawing Rights, that permit them to spend money from the consolidated revenue fund on behalf of the Department:

\*Department of Human Services

\*Insolvency and Trustee Services Australia

\*Department of Families, Housing, Community Services and Indigenous Affairs

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 28: Appropriations continued

**Table E: Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')**

	Australian Public Service Commission - Payments in relation to the <i>Remuneration Tribunal Act 1973</i> s7(13) Remuneration (including salary) or allowances	Department of Finance and Deregulation <i>Parliamentary Entitlements Act 1990</i> s11, 5 (1)(b) and <i>Parliamentary Entitlements Regulations 1997, Part 3 - Legal assistance to ministers</i>
2012	\$'000	\$'000
Total receipts	3,536	76
Total payments	3,536	68
<hr/>		
	Australian Public Service Commission- Payments in relation to the <i>Remuneration Tribunal Act 1973</i> s7(13) Remuneration (including salary) or allowances	Department of Finance and Deregulation <i>Parliamentary Entitlements Act 1990</i> s11, 5 (1)(b) and <i>Parliamentary Entitlements Regulations 1997, Part 3 - Legal assistance to ministers</i>
2011	\$'000	\$'000
Total receipts	3,381	220
Total payments	3,379	218

Other Special Appropriations that had nil balances at the end of the 2011-12 financial year and where there were no transactions debited or credited to them during the 2011-12 financial year are:

- *Native Title Act 1993* Purpose: Payment of successful Native Title compensation claims
- *National Firearms Program Implementation Act 1998* Purpose: Payment of compensation for firearms surrendered in 3 External Territories
- *National Firearms Program Implementation Act 1997* Purpose: Payment of compensation for surrendered firearms not covered by the 1996 legislation (certain automatic weapons)
- *National Crime Authority (Status and Rights of former Chairman) Act 1984* Purpose: Payments of remuneration and allowances
- *High Court of Australia Act 1979* Purpose: Salary and Allowances of Judges
- *Judges (Long Leave Payments) Act 1979* Purpose: To make provision for long leave payments for judges
- *Federal Court of Australia Act 1976* Purpose: Salary and allowances of judges
- *Family Law Act 1975* Purpose: Salary and allowances of judges
- *Crimes (Superannuation Benefits) Act 1989* Purpose: Superannuation benefits paid or payable to or in respect of certain persons convicted of corruption offences
- *Commonwealth Places (Application of Laws) Act 1970* Purpose: Application and administration of laws in places acquired by the Commonwealth for public purposes
- *Classification (Publications, Films and Computer Games) Act 1995* Purpose: Payments to the States regarding costs of administering the scheme
- *Federal Magistrates Act 1999* Purpose: To make provision for death or invalidity benefits for judges

**Notes to and forming part of the financial statements**  
for the period 1 July 2011 to 30 June 2012

**Note 28: Appropriations continued**

**Table F: Reduction in administered items (recoverable GST exclusive)**

	Amount required <sup>2</sup> - by Appropriation Act	Total amount required <sup>2</sup>	Total amount appropriated <sup>3</sup>	Total reduction <sup>4</sup>
<b>2012</b>				
<b>Ordinary Annual Services</b>	Act (No.1)	Act (No.3)		
Outcome 1	410,894,000.00	8,845,000.00	419,739,000.00	429,683,000.00
		Act (No.4)		9,944,000.00
<b>Other Services</b>	Act (No.2)			
Specific payments to States, ACT, NT and Local government		5,709,000.00	0.00	5,709,000.00
Outcome 1				0.00

- Administered items for 2012 were reduced to these amounts when these financial statements were tabled in Parliament as per the Attorney-General's Department 2012 annual report. This reduction is effective in 2013, but the amounts are reflected in Table A in the 2012 financial statements in the column 'Appropriation reduced' as they are adjustments to 2012 appropriations.
- Amounts required as per Appropriation Act (Act 1 s 11; Act 2 s 12).
- Total amount appropriated in 2012.
- Total reduction effective 2013.

	Amount required <sup>2</sup> - by Appropriation Act	Total amount required <sup>2</sup>	Total amount appropriated <sup>3</sup>	Total reduction <sup>4</sup>
<b>2011</b>				
<b>Ordinary Annual Services</b>	Act (No.1)	Act (No.3)		
Outcome 1	415,476,268.43	105,303,181.13	520,779,449.56	578,813,000.00
Outcome 2	10,423,661.84	0.00	10,423,661.84	18,005,000.00
		Act (No.4)		7,581,338.16
<b>Other Services</b>	Act (No.2)			
Specific Payments to States, ACT, NT and Local government		6,899,000.00	0.00	6,899,000.00
Outcome 1				709,000.00

- Administered items for 2011 were reduced to these amounts when these financial statements were tabled in Parliament as per the Attorney-General's Department 2011 annual report. This reduction is effective in 2012, but the amounts are reflected in Table A in the 2011 financial statements in the column 'Appropriation reduced' as they are adjustments to 2011 appropriations.
- Amounts required as per Appropriation Act (Act 1 s 11; Act 2 s 12).
- Total amount appropriated in 2011.
- Total reduction effective 2012.

**Notes to and forming part of the financial statements**  
for the period 1 July 2011 to 30 June 2012

**Note 29: Special accounts**

	Christmas Island Phosphate Mining Rehabilitation (Administered) <sup>1</sup>		Services on behalf of other Governments and non public bodies (Administered) <sup>2</sup>		Other Trust Monies Account (Administered) <sup>3</sup>		Services for Other Entities and Trust Money - Attorney-General's Department Special Account <sup>4</sup>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Balance brought forward from previous period</b>	-	2,788	15,837	15,755	1,869	1,846	-	-
<b>Increases:</b>								
Appropriation credited to special account	-	-	-	-	-	-	17,706	-
Receipts	-	610	-	-	-	-	-	-
Other receipts	-	-	-	85,931	-	1,701	8,254	-
<b>Total increases</b>	-	610	-	85,931	-	1,701	25,960	-
<b>Available for payments</b>	-	3,398	15,837	101,686	1,869	3,547	25,960	-
<b>Decreases:</b>								
Administered	-	-	-	-	-	-	-	-
Payments made: suppliers <sup>5</sup>	-	-	-	(85,849)	-	(1,678)	(15,436)	-
Restructuring transfer	-	(3,398)	-	-	-	-	-	-
Appropriation debited from special account	-	-	(15,837)	-	-	-	-	-
<b>Total decreases</b>	-	(3,398)	(15,837)	(85,849)	(1,869)	(1,678)	(15,436)	-
<b>Total balance carried forward to the next period</b>	-	-	-	15,837	-	1,869	10,524	-

1. Appropriation: *Financial Management and Accountability Act 1997; section 20.*

Establishing Instrument: Financial Management and Accountability Determination 2006/11.

Purpose: To manage the funding provided for the rehabilitation of phosphate mine sites on Christmas Island in accordance with the requirements of the lease between Phosphate Resources Limited and the Australian Government.

As a consequence of 14 September 2010 administrative arrangements the management of this account transferred to the Department of Regional Australia, Regional Development and Local Government (Note 10B refers).

2. Appropriation: Financial Management and Accountability Act 1997, section 20.

Establishing Instrument: Financial Management and Accountability Determination 2008/15.

Purpose: For expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the FMA Act.

3. Appropriation: Financial Management and Accountability Act 1997, section 20.

Establishing Instrument: Financial Management and Accountability Determination 2008/15.

Purpose: For expenditure of monies held on trust or otherwise for the benefit of a person other than the Australian Government.

4. On 1 July 2011 the Minister for Finance and Deregulation abolished the Other Trust Money and Services for Other Government and Non-Agency bodies account and established the Services for Other Entities and Trust Money - Attorney-General's Department Special Account.

<sup>5</sup> In 2010-11 as a result of an agreement between the Commonwealth and Queensland Government this account is used to make payments for the Queensland Premiers Flood Relief Appeal. The Queensland Department of Premier and Cabinet made payments into the account which the Department transferred to Centrelink to make payment to eligible recipients.

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012***Note 29: Special accounts (continued)****Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund**

The Attorney-General's Department (AGD) reported in its 2010-11 financial statements that a risk assessment would be undertaken in relation to compliance with the statutory and other legal requirements, including constitutional requirements, relevant to its special appropriations and special accounts.

In accordance with guidelines provided by the Department of Finance and Deregulation, this risk assessment was prepared during the year and entailed:

- identifying each special appropriation and special account as listed at Table A below;
- reviewing the associated relevant legislation to identify the statutory conditions on payments;
- determining the risk of non-compliant payments being made by reviewing the statutory conditions and assessing the extent to which existing payment systems and processes satisfy those conditions;
- assessing the effectiveness of the internal control procedures to confirm the results of the risk assessments and to quantify the number of non-compliant payments that have occurred during the financial year;
- obtaining legal advice, as appropriate, to resolve questions of potential non-compliance; and
- considering legislative or procedural changes to reduce the risk of non-compliance in the future.

Having regard to the guidelines provided by the Department of Finance and Deregulation, AGD has identified the following appropriations involving statutory conditions for payment:

- Five special appropriations; and
- One special account.

At 30 June 2012, work has been completed in respect of all appropriations with statutory conditions for cash payments.

For Australian Government Disaster Recovery Payments (AGDRP) made under the *Social Security Act 1991* and *Social Security (Administration) Act 1999*, the Department of Human Services (DHS) provides assessment and payment services on behalf of AGD in disaster-affected locations to claimants assessed as being eligible and who meet the statutory conditions authorising the payments. The conditions and circumstances under which payments are made may contribute to a circumstance where an incorrect payment arising from a mistake or otherwise occurs.

Table A below provides further information on findings the risk assessment undertaken for each of the special appropriations and special account.

In summary, work undertaken up to 30 June 2012, including prior years, identified that for AGDRP payments under the *Social Security Act 1991* and *Social Security (Administration) Act 1999* there were:

- As at 1 July 2011, 2,696 potential non-compliant payments totaling \$3,369,655 identified;
- During the 2011-12 financial year, 2,881 potential non-compliant prior years payments totaling \$3,490,935 identified; and
- 220 payments made in 2011-12 that are currently under investigation which could be potential contraventions.

**Notes to and forming part of the financial statements**  
for the period 1 July 2011 to 30 June 2012

Note 29: Special accounts continued

Table A - Summary

Appropriations identified as subject to conditions	Expenditure in 2011-12 \$'000	Risk Assessment Completed	Breaches identified from 1 July 2011 to 30 June 2012			Potential breaches to date yet to be resolved		Remedial action taken or proposed <sup>1</sup>	
			Number	Actual \$'000	Potential \$'000	Recovered/waived \$'000	Yes/No		Indicative extent
<b>SPECIAL APPROPRIATIONS:</b>									
Social Security Act 1991 and Social Security (Administration) Act 1998	78,472	Yes	5,577	0	6,861	3,866	Yes	Refer Note 1 below	LP
National Handgun Buyback Act 2003	667	Yes	Nil	0	0	0	No	N/A	N/A
Law Officers Act 1984	393	Yes	Nil	0	0	0	No	N/A	N/A
Financial Management and Accountability Act 1997	8	Yes	Nil	0	0	0	No	N/A	N/A
National Firearms Program Implementation Act 1996	-	Yes	Nil	0	0	0	No	N/A	N/A
<b>SPECIAL ACCOUNTS:</b>									
Services for Other Entities and Trust/Moneys - Attorney-Generals Department Special Account (SOETM Special Account)	15,436	Yes	Nil	0	0	0	No	N/A	N/A

Note 1: There are currently 220 payments made in 2011-12 that have been identified for investigation which could be potential contraventions of section 63 of the Constitution.

<sup>1</sup> LP - legislative change to the Acts planned

**Notes to and forming part of the financial statements***for the period 1 July 2011 to 30 June 2012***Note 30: Compensation and debt relief**

	2012	2011
	\$	\$
<b>Departmental</b>		
No 'Act of Grace' expenses were incurred during the reporting period. (2011: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2011: No waivers)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2011: No payments).	-	-
No ex-gratia payments were provided for during the reporting period. (2011: No payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to s73 of the <i>Public Service Act 1999</i> during the reporting period (2011: One payment).	-	14,000
<b>Administered</b>		
No 'Act of Grace' expenses were incurred during the reporting period. (2011: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2011: No waivers)	-	-
No payments were provided for under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2011: No payments).	-	-
No ex-gratia payments were provided for during the reporting period. (2011: No payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to s73 of the <i>Public Service Act 1999</i> during the reporting period. (2011: No payments).	-	-

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

**Note 31: Reporting of outcomes**

The Department uses budgeted average staffing levels to determine the attribution of its shared items. The basis of attribution in the Table is consistent with the basis used for the 2011-12 Budget.

**31A: Net cost of outcome delivery**

	Outcome 1		Outcome 2		Payments to CAC Act bodies*		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>								
Expenses	(320,392)	(264,058)	-	(1,970)			(320,392)	(266,028)
Own-source income	36,946	29,399	-	38			36,946	29,437
<b>Administered</b>								
Expenses	(510,241)	(1,450,220)	-	(34,876)	-	(10,127)	(510,241)	(1,495,223)
Own-source income	22,558	22,903	-	8,745	-	-	22,558	31,648
<b>Net cost/(contribution) of outcome delivery</b>	<b>(771,129)</b>	<b>(1,661,976)</b>	<b>-</b>	<b>(28,063)</b>	<b>-</b>	<b>(10,127)</b>	<b>(771,129)</b>	<b>(1,700,166)</b>

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table of this Annual Report.

The 2010-11 comparatives for Outcome 2 include three months revenue and expenses relating to the administration of the Australian Territories functions which was transferred to the Department of Regional Australia, Local Government, Arts and Sport effective from 1 October 2010 (Note 10A and 10B refers).

\* Payments to CAC Act bodies are not related to outcomes. They are included here so the total can agree to the resourcing table.



**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

**Note 31: Reporting of outcomes continued**
**31B: Major classes of departmental expense, income, assets and liabilities by outcomes**

	Outcome 1		Outcome 2		Total	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental Expenses:</b>						
Employees	177,910	163,679	-	1,722	177,910	165,401
Suppliers	81,477	81,829	-	241	81,477	82,070
Depreciation and amortisation	22,429	18,132	-	7	22,429	18,139
Other expenses	236	418	-	-	236	418
Transfer of assets	38,340	-	-	-	38,340	-
<b>Total</b>	<b>320,392</b>	<b>264,058</b>	<b>-</b>	<b>1,970</b>	<b>320,392</b>	<b>266,028</b>
<b>Departmental Income:</b>						
Income from government	205,655	216,789	-	2,030	205,655	218,819
Sale of goods and services	36,541	29,059	-	37	36,541	29,096
Other income	405	340	-	1	405	341
<b>Total</b>	<b>242,601</b>	<b>246,188</b>	<b>-</b>	<b>2,068</b>	<b>242,601</b>	<b>248,256</b>
<b>Departmental Assets:</b>						
Cash and cash equivalents	5,021	3,971	-	-	5,021	3,971
Trade and other receivables	83,377	104,672	-	-	83,377	104,672
Land and buildings	75,289	64,948	-	-	75,289	64,948
Property, plant and equipment	25,776	23,107	-	-	25,776	23,107
Intangibles	29,315	38,251	-	-	29,315	38,251
Inventories	-	58	-	-	-	58
Other non-financial assets	4,001	2,130	-	-	4,001	2,130
<b>Total</b>	<b>222,779</b>	<b>237,137</b>	<b>-</b>	<b>-</b>	<b>222,779</b>	<b>237,137</b>
<b>Departmental Liabilities:</b>						
Suppliers	43,740	17,942	-	-	43,740	17,942
Other payables	19,917	13,113	-	-	19,917	13,113
Leases	-	658	-	-	-	658
Employee provisions	40,570	33,005	-	-	40,570	33,005
Other provisions	274	634	-	-	274	634
<b>Total</b>	<b>104,501</b>	<b>65,352</b>	<b>-</b>	<b>-</b>	<b>104,501</b>	<b>65,352</b>

Outcome 1 is described in Note 1.1.

The 2010-11 comparatives for Outcome 2 include three months revenue and expenses relating to the administration of the Australian Territories functions which was transferred to the Department of Regional Australia, Local Government, Arts and Sport effective from 1 October 2010 (Note 10A refers).

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

### Note 31: Reporting of outcomes continued

#### 31C: Major classes of administered expense, income, assets and liabilities by outcomes

	Outcome 1		Outcome 2		Payments to CAC Act bodies*		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered Expenses:</b>								
Employee benefits	1,935	393	-	2,666	-	-	1,935	3,059
Suppliers	47,422	66,213	-	20,767	-	-	47,422	86,980
Subsidies	2,426	9,698	-	26	-	-	2,426	9,724
Personal benefits <sup>1</sup>	81,101	979,642	-	-	-	-	81,101	979,642
Grants	373,778	382,721	-	4,498	-	-	373,778	387,219
Write-down and impairment of assets	1,596	1,246	-	-	-	-	1,596	1,246
Depreciation and amortisation	2,883	3,088	-	6,919	-	-	2,883	10,007
CAC Act body payment items	-	-	-	-	-	10,127	-	10,127
Other expenses	-	7,219	-	-	-	-	-	7,219
<b>Total</b>	<b>510,241</b>	<b>1,450,220</b>	<b>-</b>	<b>34,876</b>	<b>-</b>	<b>10,127</b>	<b>510,241</b>	<b>1,495,223</b>
<b>Administered income:</b>								
Dividends	7,000	5,858	-	-	-	-	7,000	5,858
Competitive neutrality	4,929	4,872	-	-	-	-	4,929	4,872
Sale of goods and rendering of services	5,798	6,431	-	4,867	-	-	5,798	11,298
Fees and fines	-	-	-	867	-	-	-	867
Interest	2,061	2,445	-	1,115	-	-	2,061	3,560
Rental income	-	-	-	973	-	-	-	973
Royalties	-	-	-	562	-	-	-	562
Recoveries	829	3,279	-	-	-	-	829	3,279
Other revenue	1,941	18	-	-	-	-	1,941	18
Other tax	-	-	-	361	-	-	-	361
<b>Total</b>	<b>22,558</b>	<b>22,903</b>	<b>-</b>	<b>8,745</b>	<b>-</b>	<b>-</b>	<b>22,558</b>	<b>31,648</b>
<b>Administered Assets:</b>								
Cash and cash equivalents	-	169	-	-	-	-	-	169
Loans and receivables	44,671	44,746	-	-	-	-	44,671	44,746
Investments	376,490	396,052	-	-	-	-	376,490	396,052
Property, plant and equipment	5,271	5,979	-	-	-	-	5,271	5,979
Intangibles	869	610	-	-	-	-	869	610
Other non-financial assets	3,276	308	-	-	-	-	3,276	308
<b>Total</b>	<b>430,577</b>	<b>447,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,577</b>	<b>447,864</b>
<b>Administered Liabilities:</b>								
Suppliers	3,811	2,461	-	-	-	-	3,811	2,461
Grants and subsidies	6,091	20,699	-	-	-	-	6,091	20,699
Other payables	885	961	-	-	-	-	885	961
Employee provisions	-	46	-	-	-	-	-	46
Superannuation provisions	7,007	5,200	-	-	-	-	7,007	5,200
<b>Total</b>	<b>17,794</b>	<b>29,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,794</b>	<b>29,367</b>

Outcome 1 is described in Note 1.1.

The 2010-11 comparatives for Outcome 2 include three months revenue and expenses relating to the administration of the Australian Territories functions which was transferred to the Department of Regional Australia, Local Government, Arts and Sport effective from 1 October 2010 (Note 10B refers).

<sup>1</sup> The prior year comparative reflects the substantial level of payments made to individuals under the Australian Government Disaster Recovery Program, Disaster Income Recovery Subsidy Program and New Zealand residents in response to the 2010-11 natural disaster events.

**Notes to and forming part of the financial statements**

for the period 1 July 2011 to 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Note 32: Cost recovery</b>			
<b><u>32A: Receipts subject to cost recovery policy</u></b>			
<b>Significant cost recovery arrangements</b>			
AusCheck background checking service 1 July 2010 - 30 June 2012		13,200	7,920
<b>Other cost recovery arrangements</b>			
Sale of publications		438	363
Federal Register of Legislative Instruments (FRLI) registration fees		3,433	2,457
Protective security training registration fees		1,767	778
Legislative drafting		1,105	1,070
<b>Total receipts subject to cost recovery policy</b>		<b>19,943</b>	<b>12,588</b>
<b><u>32B: Administered receipts subject to cost recovery policy</u></b>			
<b>Significant cost recovery arrangements</b>			
Classification Fees September 2011 - June 2013		5,501	6,151
<b>Other cost recovery arrangements</b>			
ASNET Levy		172	176
<b>Total receipts subject to cost recovery policy</b>		<b>5,673</b>	<b>6,327</b>

## Notes to and forming part of the financial statements

for the period 1 July 2011 to 30 June 2012

	2012	2011
	\$'000	\$'000
<b>Note 33: Net cash appropriation arrangements</b>		
<b>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(79,994)</b>	<b>(19,128)</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>1,813</u>	<u>1,356</u>
<b>Total comprehensive income (loss) - as per the Statement of Comprehensive Income <sup>1</sup></b>	<b><u>(78,181)</u></b>	<b><u>(17,772)</u></b>

1. The table below shows non-cash items contributing to the comprehensive loss attributable to AGD:

	2012
	\$'000
<b>Total comprehensive income (loss) attributable to AGD</b>	<b>(78,181)</b>
<i>Plus: extraordinary items</i>	
(a) Transfer of assets received free of charge	<b>38,340</b>
(b) Unfunded depreciation	<b>20,616</b>
(c) Employee provisions	<b>5,648</b>
(d) Asset revaluation decrement	<u>390</u>
<b>Total comprehensive income (loss) attributable to AGD excluding extraordinary items</b>	<b><u>(13,187)</u></b>

**(a) Transfer of assets free of charge** - The Personal Property Securities (PPS) register, contact centre and registrar's office was transferred from the Attorney-General's Department to Insolvency and Trustee Service Australia (ITSA). Funding for the PPS contact centre and registrar's office was provided to the Attorney-General's Department as contributed equity in the current and previous financial years and was transferred free of charge at a value of \$38.340 million. ITSA will recognise the transfer of the asset as revenue in their financial statements and from a whole of government perspective the transaction is cost/revenue neutral.

**(b) Unfunded depreciation** - From 2010-11, the Government changed its arrangements for funding capital expenditure for Departments of State and Agencies within the meaning of Section 5 of the *Financial Management and Accountability Act 1997*. Funding for capital expenditure is now provided through the Departmental Capital Budget (DCB) Statement and is recognised through equity as a contribution by owner (refer Statement of Changes in Equity).

There is no direct correlation between the amount of funding foregone for depreciation and amortisation expenses and DCB funding, as depreciation expense is incurred on assets, including large project assets, while DCB funding is provided to replace assets. An unfunded depreciation and amortisation expense of \$20.616 million was recorded in the 2011-12 financial year (Note 3C refers).

**(c) Employee provisions** - Employee provisions, which include annual, long service and some superannuation liabilities, are required under the accounting standard *AASB 119 Employee Benefits* and under FMO Section 43.3 to be valued at their Present Value (PV) at balance date. This is done by discounting the leave provision using the 10-Year Government bond rate. A movement in the 10-year Government bond rate, will therefore change the amount used to discount leave provisions.

In the past year, the 10-year Government bond rate has decreased, resulting in AGD increasing the PV of its leave provisions by \$5.648 million. The need to increase the PV of the leave provision resulted in a corresponding non-cash expense being recorded in the Statement of Comprehensive Income, adding to the operating loss (refer (c) above).

**(d) Asset revaluation decrement** - A revaluation of property, plant and equipment was undertaken by an independent valuer with effect from 30 June 2012. A revaluation decrement of \$0.502m for property, plant and equipment (PP&E) was debited against the asset revaluation surplus by asset class and included in the equity section of the balance sheet. Additional PP&E assets located at Mount Macedon were recognised on the asset register for the first time. The fair value of these assets at 30 June 2012 is \$0.112m and was credited to the asset revaluation surplus and included in the equity section of the balance sheet.