

FINANCIAL STATEMENTS

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FINANCIAL  
STATEMENTS

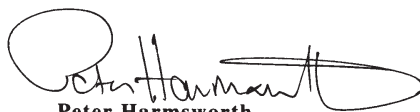
# ACCOUNTABLE OFFICERS' DECLARATION

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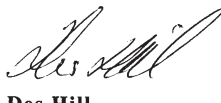
We certify that the attached financial statements for the Department of Justice have been prepared in accordance with part 9 of the Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2001 and financial position of the Department as at 30 June 2001.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Peter Harmsworth**  
Secretary  
12 September 2001



**Des Hill**  
Acting General Manager, Finance  
12 September 2001

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2001 \$'000	2000 \$'000
<b>Revenue from ordinary activities</b>			
Output appropriation	3(a)	1,617,459	557,601
Additions to asset base	3(a)	35,613	11,912
Special appropriations	3(a), 4(b)	52,913	69,896
Resources received free of charge	3(a)	755	16,349
Other revenue and revenue from other parties	3(a)	52,567	44,170
		1,759,307	699,928
<b>Expenses from ordinary activities</b>			
Employee benefits		(226,632)	(223,159)
Depreciation and amortisation expense	5	(16,727)	(13,900)
Resources provided free of charge	1(a)	(451)	(8,464)
Grants and other payments to service providers	3(b)	(1,166,441)	(147,265)
Capital assets charge		(30,766)	(26,390)
Supplies and services		(270,194)	(242,611)
Other expenses from ordinary activities		(1,021)	(1,172)
<b>Net result for the reporting period</b>	12	47,075	36,967
Net increase in asset revaluation reserve	12	3	34,714
Total revenues, expenses and revaluation adjustments recognised directly in equity		3	34,714
<b>Total changes in equity other than those resulting from transactions with Victorian State Government in its capacity as owner</b>	12	<b>47,078</b>	<b>71,681</b>

*The above statement of financial performance should be read in conjunction with the accompanying notes.*

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

	Notes	2001 \$'000	2000 \$'000
<b>Current assets</b>			
Cash assets	6, 13	148,883	123,865
Receivables	7, 13	141,489	52,898
Inventories	8	4,681	4,339
Prepayments		1,112	1,372
<b>Total current assets</b>		<b>296,165</b>	<b>182,474</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	405,674	375,782
<b>Total non-current assets</b>		<b>405,674</b>	<b>375,782</b>
<b>Total assets</b>		<b>701,839</b>	<b>558,256</b>
<b>Current liabilities</b>			
Payables	10, 13	124,130	33,139
Provisions	11	16,914	17,599
Other		0	27
<b>Total current liabilities</b>		<b>141,044</b>	<b>50,765</b>
<b>Non-current liabilities</b>			
Provisions	11	54,799	48,753
<b>Total non-current liabilities</b>		<b>54,799</b>	<b>48,753</b>
<b>Total liabilities</b>		<b>195,843</b>	<b>99,338</b>
<b>Net assets</b>		<b>505,996</b>	<b>458,918</b>
<b>Equity</b>			
Reserves	12	39,757	39,754
Accumulated surplus	12	466,239	419,164
<b>Total equity</b>	<b>12</b>	<b>505,996</b>	<b>458,918</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2001 \$'000	2000 \$'000
<b>Cash flows from operating activities</b>			
Receipts from Government		1,623,447	624,184
Receipts from other entities		11,146	1,247
Payments to suppliers and employees (inclusive of GST)		(1,566,844)	(578,639)
		67,749	46,792
Interest received		33,625	28,594
Other revenue		1,743	11,490
Capital assets charge		(30,766)	(26,390)
<b>Net cash inflow from operating activities</b>	22	72,351	60,486
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(47,433)	(24,413)
<b>Net cash (outflow) from investing activities</b>		(47,333)	(24,413)
<b>Net increase (decrease) in cash held</b>		25,018	36,073
Cash at beginning of the financial year		123,865	87,792
<b>Cash at end of the financial year</b>	6	<b>148,883</b>	<b>123,865</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

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# NOTES TO THE FINANCIAL STATEMENTS

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## **Note 1. Summary of significant accounting policies**

This general-purpose financial report has been prepared in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain assets and liabilities which, as noted, are at valuation. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian Accounting Standard or Urgent Issues Group Consensus View, or an alternative accounting policy or an alternative presentation or classification of an item, as permitted by an Australian Accounting Standard, is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

### **(a) Reporting entity**

#### *Controlled resources*

The financial statements include all the controlled activities of the Department of Justice.

A description of departmental outputs undertaken during the year is included in note 2.

A number of reporting entities within the Justice portfolio, which report separately, receive grants or transfer payments (refer note 3). These are:

- Chief Commissioner of Police
- Country Fire Authority
- Domestic Building (HIH) Indemnity Fund
- Equal Opportunity Commission
- Metropolitan Fire and Emergency Services Board
- Office of Public Prosecutions
- Office of the Public Advocate
- Victoria Legal Aid
- Victorian Electoral Commission
- Victorian Institute of Forensic Medicine
- Victorian Law Reform Commission

The Residential Tenancies Bond Authority was reported in the Department's 1999–2000 Annual Report and is excluded for 2000–2001, as it now reports separately.

The following organisations also form part of the Justice Portfolio. However, they report separately and are excluded from the financial statements of the Department of Justice:

- Legal Ombudsman
- Legal Practice Board
- Legal Practitioners Liability Committee
- Residential Tenancies Bond Authority
- Senior Master of the Supreme Court

The Victorian Law Reform Commission was established 6 April 2001 at which date assets valued at \$451,012 were provided free of charge by the Department, with \$173,069 being expenses in the Department's books due to establishment costs incurred from the date of proclamation of the Commission.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

Due to the requirements of the Appropriation Act, the 2001 report incorporates appropriations in respect to the Chief Commissioner of Police. Appropriations amounting to \$1,014,004,000 are shown both as revenue to the Department and grant payments to the Chief Commissioner of Police. Also accumulated cash receivable balances of \$82,969,847 held by Department of Treasury and Finance are shown as a debtor to the Department with the Chief Commissioner of Police being shown as a creditor for the same amount. The net effect of these additional entries is nil.

## *Administered resources*

The Department administers, but does not control, certain resources on behalf of the Victorian Government. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the Department's objectives. For these resources, the Department acts only on behalf of the Victorian Government. The accrual basis of accounting has been used in accounting for administered resources.

Transactions and balances relating to these administered resources are not recognised as departmental revenues, expenses, assets or liabilities, but are disclosed in the applicable output schedules (note 20).

## *Other administered activities on behalf of parties external to the Victorian Government*

The Department of Justice has responsibility for transactions and balances relating to administered funds on behalf of third parties external to the Victorian Government. Revenues, expenses, assets and liabilities administered on behalf of third parties are not recognised in these financial statements as they are administered on a fiduciary and custodial basis, and therefore not controlled by the Department.

## *Non-current assets*

All non-current assets, including Crown Land, controlled by the Department are reported in the statement of financial position. Non-current assets which the Department administers on behalf of the Victorian Government are reported as administered resources.

## **(b) Cash and cash equivalents**

### *(i) Cash*

For purposes of the statement of cash flows, cash includes short term deposits that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

### *(ii) Cash equivalents*

With the exception of the Estate Agents Guarantee Fund, investments in unlisted securities are recognised at cost and dividend income is recognised in the statement of financial performance when receivable.

Investments managed by Macquarie Investment Management Limited on behalf of the Estate Agents Guarantee Fund are recognised at market value due to the nature of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

Short term deposits relate to the following trust funds:

- Estate Agents' Guarantee Trust A/c
- Motor Car Traders' Guarantee Fund
- Prostitution Control Board Fund
- Residential Tenancy Fund
- Consumer Credit Trust A/c
- Domestic Builders' Fund

## **(c) Rounding of amounts**

Amounts in the financial report have been rounded to the nearest thousand dollars, or in other cases, to the nearest dollar.

## **(d) Objectives and funding**

The Department's objectives are for a safer community, a just society, confident consumers and responsible traders and achieving equality of opportunity and valuing difference.

The Department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs.

## **(e) Outputs of the Department**

Information about the Department's output groups and the expenses, revenues, assets and liabilities which are reliably attributable to those output groups is set out in the output Groups Schedule (note 2). Information about expenses, revenues, assets and liabilities administered by the Department are given in the schedule of administered expenses and revenues and the administered assets and liabilities (note 20).

## **(f) Acquisitions of assets**

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

## **(g) Revenue recognition**

All revenue received by the Department is generally required to be paid into the Consolidated Fund.

Revenue becomes controlled by the Department when it has been appropriated by the Victorian Parliament and the appropriation is applied by the relevant Minister. In respect to revenue from the provision of outputs, Commonwealth grants and sales of non-current physical assets, the Department may be permitted under section 29 of the *Financial Management Act 1994* to have this revenue initially paid into the Consolidated Fund and an equivalent amount is provided by appropriation. In these instances the revenue 'received' by the Department is administered and disclosed in note 20.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

Reclassification of controlled and administered transactions;

During the year ended 30 June 2001, Section 29 annotated receipts of \$77.30 million and the related payment to the Consolidated Fund has been classified as administered revenue and payments respectively. The financial impact of this reclassification is nil.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Department's major activities as follows:

*(i) Output revenue*

Revenue from the outputs the Department provides to Government is recognised when those outputs have been delivered and the relevant Minister has certified delivery of those outputs in accordance with specified performance criteria.

*(ii) Other revenues*

Grants, donations, interest and other contributions to Trust Funds controlled by the Department, are recognised as revenue at the time of receipt or service.

*(iii) Fines and fees*

As the Department does not gain control over assets arising from fines and fees, no revenue is recognised. The Department collects these amounts on behalf of the Crown. Accordingly, the amounts are disclosed as revenues in the schedule of administered revenue and expenses (note 20).

All other amounts or revenue over which the Department does not gain control are disclosed as administered revenue in the schedule of administered revenues and expenses (note 20).

**(h) Receivables**

All debtors are recognised at the amounts receivable as they are due for settlements at no more than 30 days from the date of recognition.

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debt is raised when doubt as to collection exists.

**(i) Revaluation of non-current assets**

Subsequent to initial recognition as assets, non-current physical assets are measured at either cost or deprival value. Deprival value is deemed to approximate fair value, being the amounts the Department would have to forgo if it were deprived of those assets. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Annual assessments will be made, supplemented by independent assessments, at least every five years. Revaluations are conducted in accordance with Department of Treasury and Finance Guidelines, *Recognition and Valuation of Non-Current Physical Assets* (January 1995).

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net result, the increment is recognised immediately as revenue in net result.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets.

## **(j) Depreciation of property, plant and equipment**

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Department. The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	3–15 years

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

## **(k) Leasehold improvements**

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Department, whichever is the shorter. Leaseholds vary between 2 and 10 years.

## **(l) Leased non-current assets**

A distinction is made between finance and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership of the leased asset. Operating leases are those in which the lessor effectively retains all substantial risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is established at its fair value at the inception of the lease. A corresponding liability, for future lease payments, is also established.

Periodic lease payments are allocated between principal (a reduction in the liability) and interest (an operating expense).

Operating lease payments are representative of the pattern of benefits derived from leased assets and accordingly are charged to the Operating Statement in the periods in which they are incurred.

## **(m) Trade and other creditors**

These amounts represent liabilities for goods and services provided to the Department prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

## **(n) Maintenance and repairs**

Plant of the Department is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(j). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

## **(o) Goods and services tax systems changes**

Costs incurred to update existing systems or to design, develop and implement new systems to deal with the GST are charged as expenses as incurred, except where they result in an enhancement of future economic benefits and are recognised as an asset.

## **(p) Employee entitlements**

### *(i) Wages, salaries and annual leave*

Liabilities for salaries, wages and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

### *(ii) Long service leave*

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

A current liability is recognised for the amount expected to be paid within 12 months.

### *(iii) Superannuation*

The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the Department to the superannuation fund.

## **(q) Inventories**

Stores, work in progress and raw materials are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories.

## **(r) Capital asset charge**

The capital asset charge is imposed by the Department of Treasury and Finance and represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs. The charge is calculated on the carrying amount of non-current physical assets (excluding heritage assets).

## **(s) Resources provided and received free of charge**

Contributions of resources and resources provided free of charge are recognised at their fair value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

## **Note 2. Output groups of the Department**

A description of each output group of the Department during the year ended 30 June 2001, together with the outcomes expected of that group are summarised below.

### **Legal Services**

#### *Key Government Outcomes*

The intended outcomes from this group are that people's rights and freedoms are protected and community expectations are met through a fair and equitable justice system that is accessible to all Victorians.

#### *Description of the Output Group*

The outputs of the group maintain and further develop justice policy and procedures by providing:

- policy advice on law reform programs and developing, implementing and monitoring legislative and non-legislative reform;
- executive support to the Attorney-General;
- legal advice, solicitor and prosecutorial services to and on behalf of government;
- support for legal aid services in matters prosecuted under state laws; and
- enforcement services that give effect to judicial fines, orders and warrants, assist in the collection of other State and local government penalty payments and the confiscation of the assets derived from criminal activity and held by accused persons in certain types of criminal cases.

The outputs of the group also:

- ensure state-wide counselling and support services are made available to victims of serious crime;
- support the maintenance and use of the electoral roll for the implementation of State Parliamentary elections;
- manage native title issues; and
- conduct privacy education campaigns.

### **Court and Tribunal Services**

#### *Key Government Outcomes*

People's rights and freedoms are protected and community expectations are met through a fair and just system of criminal justice and an accessible, equitable and responsible system of civil procedures.

#### *Description of the Output Group*

The outputs of the group provide administrative support for case processing in the jurisdictions of the various State courts, statutory tribunals and alternative civil dispute resolution processes.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

## **Consumer and Equity Services**

### *Key Government Outcomes*

- Consumers are confident and informed, traders are ethical, and consumers are protected by a regulatory framework which is not burdensome for traders;
- The law provides for equitable treatment for all, and people know their rights and responsibilities and act on them, including accessing services which protect them; and
- Statutory obligations concerning the maintenance of registry information are met.

### *Description of the Output Group*

The outputs of this group give people accessible information about their rights and responsibilities and educates the community to promote equality of opportunity, prevent discrimination, protect consumers and promote responsible business conduct. The outputs of the group also include the maintenance and use of the State Register of Births, Deaths and Marriages.

## **Correctional Services**

### *Key Government Outcomes*

Prisoners are contained and offenders effectively supervised in a manner that meets community expectations of safety and encouragement to adopt a law-abiding lifestyle.

### *Description of the Output Group*

The outputs of the group ensure that correctional dispositions of the courts and orders of the Adult Parole Board are implemented through the management of the State's system of correctional facilities and programs for the containment and rehabilitation of prisoners and the community based supervision of offenders. Policy and program development advice and information is provided to the Minister for Corrections as well as policy implementation, service redevelopment and the monitoring of service providers to ensure compliance against agreed performance standards.

## **Community Safety Services**

### *Key Government Outcomes*

The intended Government outcomes are:

- People feel safe in their day to day lives; and
- Readiness for fire and other emergencies is maintained and effectively co-ordinated.

### *Description of the Output Group*

The outputs of the group are to develop and deliver the Minister for Police and Emergency Services' portfolio commitments and associated legislative reform and program implementation initiatives, provide operational funding support to the State's fire and emergency services agencies and purchase community safety and crime prevention services from community organisations.

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

An Emergency Services Commissioner has been created to establish and monitor performance standards for our existing fire and emergency services. The proposed role of the Commissioner is to:

- Advise the Minister on matters relating to emergency management, standards set by the Commissioner and on any other matter referred to the Commissioner by the Minister;
- Develop a standard model of fire cover;
- Establish and monitor performance standards (CFA, MFESB & VicSES);
- Ensure effective utilisation of resources (CFA, MFESB & VicSES); and
- Issue guidelines if there is non compliance by agencies.

## **Other Information**

In addition to, and incorporated in, the above output groups are a number of entities within the Justice Portfolio which report separately. The Financial Statements contain the appropriation revenue for these entities and the expenditure is represented in grants expense and transfer payments. These are:

### *Legal Services*

Office of Public Prosecutions Victoria  
Legal Aid  
Victorian Electoral Commission  
Victorian Law Reform Commission

### *Court and Tribunal Services*

Senior Master of the Supreme Court  
Victorian Institute of Forensic Medicine

### *Consumer and Equity Services*

Equal Opportunity Commission  
Office of the Public Advocate  
Residential Tenancies Bond Authority  
Domestic Building (HIH) Indemnity Fund

### *Community Safety*

Country Fire Authority  
Metropolitan Fire and Emergency Services Board

The following organisations form part of the Justice Portfolio however, they are excluded from the above output groups:

Chief Commissioner of Police  
Legal Ombudsman  
Legal Practice Board  
Legal Practitioners Liability Committee

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 2. (continued)

### Output groups schedule – controlled revenue and expenses for the year ended 30 June 2001

	Legal Services		Court & Tribunal Services		Equity and Information Services		Correctional Services		Community Safety		Chief Commissioner of Police		Departmental Total	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Revenue</b>														
Output appropriations	136,026	127,228	139,379	128,697	32,980	32,598	227,398	210,235	103,285	70,755	1,014,004	0	1,653,072	569,513
Special appropriations	12,858	33,126	39,178	35,362	126	98	0	0	751	1,310	0	0	52,913	69,896
Resources received free of charge	0	1,908	135	6,634	612	2,400	8	4,358	0	1,049	0	0	755	16,349
Other revenue	3,285	88	1,418	2,667	38,916	40,598	935	41	8,013	776	0	0	52,567	44,170
<b>Total Revenue</b>	<b>152,169</b>	<b>162,350</b>	<b>180,110</b>	<b>173,360</b>	<b>72,634</b>	<b>75,694</b>	<b>228,341</b>	<b>214,634</b>	<b>112,049</b>	<b>73,890</b>	<b>1,014,004</b>	<b>0</b>	<b>1,759,307</b>	<b>699,928</b>
<b>Expenses</b>														
Employee benefits	(24,576)	(21,337)	(94,308)	(94,766)	(17,693)	(21,301)	(79,590)	(75,401)	(10,465)	(10,354)	0	0	(226,632)	(223,159)
Depreciation and amortisation expense	(993)	(466)	(7,425)	(6,541)	(1,257)	(1,629)	(5,332)	(4,218)	(1,720)	(1,046)	0	0	(16,727)	(13,900)
Resources provided free of charge	(451)	(68)	0	(8,370)	0	(24)	0	(2)	0	0	0	0	(451)	(8,464)
Grants and other payments to service providers	(63,925)	(83,744)	(10,179)	(11,595)	(7,152)	(7,181)	0	0	(71,181)	(44,745)	(1,014,004)	0	(1,166,441)	(147,265)
Capital asset charge	(692)	(345)	(17,969)	(14,839)	(234)	(281)	(11,191)	(10,257)	(680)	(668)	0	0	(30,766)	(26,390)
Supplies and services	(57,555)	(45,617)	(51,250)	(42,550)	(17,687)	(18,502)	(126,490)	(123,528)	(17,212)	(12,414)	0	0	(270,194)	(242,611)
Other expenses from ordinary activities	(121)	(221)	(367)	(437)	(369)	(23)	(172)	(453)	8	(38)	0	0	(1,021)	(1,172)
<b>Total Expenses</b>	<b>(148,313)</b>	<b>(151,798)</b>	<b>(181,498)</b>	<b>(179,098)</b>	<b>(44,392)</b>	<b>(48,941)</b>	<b>(222,775)</b>	<b>(213,859)</b>	<b>(101,250)</b>	<b>(69,265)</b>	<b>(1,014,004)</b>	<b>0</b>	<b>(1,712,232)</b>	<b>(662,961)</b>
Net increase in asset revaluation reserve			3	30,460				4,254					3	34,714
<b>Total changes in equity other than those resulting from contributions of Victorian State Government as owner</b>	<b>3,856</b>	<b>10,552</b>	<b>(1,385)</b>	<b>24,722</b>	<b>28,242</b>	<b>26,753</b>	<b>5,566</b>	<b>5,029</b>	<b>10,799</b>	<b>4,625</b>	<b>0</b>	<b>0</b>	<b>47,078</b>	<b>71,681</b>
<b>Output groups schedule – Assets and Liabilities as at 30 June 2001</b>														
<b>Assets</b>														
Current assets	10,511	10,412	20,990	7,463	155,391	128,343	18,556	31,296	7,747	4,960	82,970	0	296,165	182,474
Non-current assets	4,595	3,693	227,109	224,875	2,747	2,921	158,672	135,296	12,551	8,997	0	0	405,674	375,782
<b>Total Assets</b>	<b>15,106</b>	<b>14,105</b>	<b>248,099</b>	<b>232,338</b>	<b>158,138</b>	<b>131,264</b>	<b>177,228</b>	<b>166,592</b>	<b>20,298</b>	<b>13,957</b>	<b>82,970</b>	<b>0</b>	<b>701,839</b>	<b>558,256</b>
<b>Liabilities</b>														
Current liabilities	(8,297)	(9,505)	(22,904)	(14,807)	(6,342)	(5,674)	(15,089)	(18,723)	(5,442)	(2,056)	(82,970)	0	(141,044)	(50,765)
Non-current liabilities	(4,542)	(3,840)	(29,317)	(24,866)	(3,986)	(3,438)	(15,148)	(14,934)	(1,806)	(1,495)	0	0	(54,799)	(48,573)
<b>Total Liabilities</b>	<b>(12,839)</b>	<b>(13,345)</b>	<b>(52,221)</b>	<b>(39,673)</b>	<b>(10,328)</b>	<b>(9,112)</b>	<b>(30,237)</b>	<b>(33,657)</b>	<b>(7,248)</b>	<b>(3,551)</b>	<b>(82,970)</b>	<b>0</b>	<b>(195,843)</b>	<b>(99,338)</b>
<b>Net Assets/(Liabilities)</b>	<b>2,267</b>	<b>760</b>	<b>195,878</b>	<b>192,665</b>	<b>147,810</b>	<b>122,152</b>	<b>146,991</b>	<b>132,935</b>	<b>13,050</b>	<b>10,406</b>	<b>0</b>	<b>0</b>	<b>505,996</b>	<b>458,918</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 3. Revenue from ordinary activities

	Operating		Non-Operating	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>(a) Revenue from Government</b>				
Output appropriations*	1,617,459	557,601		
Special appropriations	52,913	69,896		
Resources received free of charge			755	16,349
Additions to asset base			35,613	11,912
Other revenue			11,146	1,247
	<b>1,670,372</b>	<b>627,497</b>	<b>47,514</b>	<b>29,508</b>
<b>Revenue from Other Parties</b>				
Trust fund revenue			7,783	7,004
Interest			33,638	35,919
<b>Total Revenue</b>	<b>1,670,372</b>	<b>627,497</b>	<b>88,935</b>	<b>72,431</b>
<b>(b) Grants and other payments to service providers</b>				
Chief Commissioner of Police			1,014,004	0
Country Fire Authority			53,782	28,355
Equal Opportunity Commission			3,741	3,967
Metropolitan Fire and Emergency Services Board			17,399	16,390
Office of the Public Advocate			3,411	3,214
Office of Public Prosecutions			21,839	20,868
Victorian Electoral Commission			13,635	34,829
Victorian Institute of Forensic Medicine			10,179	11,595
Victorian Law Reform Commission			404	0
Victoria Legal Aid			28,047	28,047
			<b>1,166,441</b>	<b>147,265</b>

\* In relation to these amounts applied the Department has provided grants to Police in relation to outputs of \$1,008.42 million and additions to net assets of \$5.584 million.

# NOTES TO THE FINANCIAL STATEMENTS

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## Note 4. Summary of compliance with annual parliamentary appropriations

### (a) Summary of Compliance with annual parliamentary appropriations

The following table discloses the details of the various Parliamentary Appropriations received by the Department for the year. In accordance with Accrual Output-based Management procedures 'Provisions for outputs' and 'Additions to net assets' are disclosed as 'controlled' activities of the Department.

	Appropriation Act					
	Annual Appropriation		Payments from Advance to Treasurer		Section 3(2)	
	\$'000		\$'000		\$'000	
	2001	2000	2001	2000	2001	2000
Controlled provision of outputs	1,485,243	482,240	43,381	9,506	0	9,689
Additions to net assets	52,417	13,725	0	0	0	0
<b>Total</b>	<b>1,537,660</b>	<b>495,965</b>	<b>43,381</b>	<b>9,506</b>	<b>0</b>	<b>9,689</b>

	Financial Management Act 1994							
	Section 29		Section 30		Section 32		Section 35	
	\$'000		\$'000		\$'000		\$'000	
	2001	2000	2001	2000	2001	2000	2001	2000
Controlled provision of outputs	77,065	66,888	(5,500)	0	8,254	1,796	22,500	0
Additions to net assets	207	0	5,500	0	13,314	0	17,800	0
<b>Total</b>	<b>77,272</b>	<b>66,888</b>	<b>0</b>	<b>0</b>	<b>21,568</b>	<b>1,796</b>	<b>40,300</b>	<b>0</b>

	Total Parliamentary Authority		Appropriations Applied		Variance	
	\$'000		\$'000		\$'000	
	2001	2000	2001	2000	2001	2000
Controlled provision of outputs	1,630,943	570,119	1,617,459	557,601	13,484	12,518
Additions to net assets	89,238	13,725	35,613	11,912	53,625	1,813
<b>Total</b>	<b>1,720,181</b>	<b>583,844</b>	<b>1,653,072</b>	<b>569,513</b>	<b>67,109</b>	<b>14,331</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## (b) Summary of compliance with special appropriations

Authority	Purpose	Appropriations applied	
		2001 \$'000	2000 \$'000
1 <i>Constitution (Supreme Court) Act 1989</i>	Remuneration to Judges of the Supreme Court of Victoria.	5,887	5,346
2 <i>Constitution (Supreme Court) Act 1989</i>	Remuneration to Judges of the Court of Appeals Division of the Supreme Court of Victoria	3,056	2,454
3 <i>Juries Act 1967</i>	Workcover payments in relation to jurors	1	11
4 <i>County Court Act 1958</i>	Remuneration to Judges of the County Court of Victoria	10,965	10,311
5 <i>Victims of Crime Assistance Act 1996</i>	Operating costs of the Victims of Crime Assistance Tribunal	1,245	1,224
6 <i>Defence Reserves Re-Employment Act 1995</i>	Cost incurred by the Defence Reserves Re-Employment Board	10	13
7 <i>The Constitution Act Amendment Act 1958</i>	Cost incurred by the Victorian Electoral Commission	12,859	33,963
8 <i>Magistrates' Court (Infringement) Act 2000</i>	Remuneration to Magistrates of the Magistrates' Court of Victoria	18,023	16,017
9 <i>Patriotic Funds Act 1958</i>	Costs incurred on behalf of the Patriotic Funds Council	116	85
10 <i>Victoria State Emergency Service Act 1987</i>	Payments to SES volunteers for work related injuries	751	472
	<b>Total</b>	<b>52,913</b>	<b>69,896</b>
<b>Administered Special Appropriations Applied</b>			
11 <i>Crown Proceedings Act 1958</i>	Payments due for Crown Proceedings in the Supreme Court of Victoria	3,225	0
12 <i>Victims of Crime Assistance Act 1996</i>	Payments to victims of crime	14,492	20,509
13 <i>Melbourne City Link Act 1995</i>	Payments to City Link	1,312	2
	<b>Total</b>	<b>19,029</b>	<b>20,511</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 5. Result for the reporting period

	2001 \$'000	2000 \$'000
<b>(a) Net gains and expenses</b>		
Result from ordinary activities includes the following specific net gains and expenses:		
<b>Expenses</b>		
<i>Depreciation</i>		
Buildings	6,141	4,988
Plant and equipment	1,337	1,277
Computer equipment and communication systems	6,898	6,563
Motor vehicles	152	85
<b>Total depreciation</b>	14,528	12,913
<i>Amortisation</i>		
Leasehold improvements	2,199	987
<b>Total amortisation</b>	2,199	987
<b>Total depreciation and amortisation</b>	16,727	13,900
<i>Other charges against assets</i>		
Bad and doubtful debts	928	10
<i>Other provisions</i>		
Employee entitlements	9,837	10,077
<b>Total other provisions</b>	9,837	10,077

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 6. Cash assets

	2001 \$'000	2000 \$'000
Cash at bank and on hand	(4,699)	(5,022)
Funds held in trust	6,784	9,629
Deposits at call with related entities	0	961
Term deposits with related entities	84,520	60,737
Managed investments with non public sector	62,278	57,560
	<b>148,883</b>	<b>123,865</b>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

<b>Balances per statement of cash flows</b>	<b>148,883</b>	<b>123,865</b>
Term deposits comprise the following:		
Estate Agents' Guarantee Trust A/c	62,070	40,960
Motor Car Traders' Guarantee Fund	1,450	1,080
Prostitution Control Board Fund	330	137
Residential Tenancy Fund	18,250	16,700
Consumer Credit Trust A/c	1,510	630
Domestic Builders' Fund	910	1,230
	<b>84,520</b>	<b>60,737</b>
Managed investments comprise the following:		
Estate Agents' Guarantee Trust A/c	62,278	57,560
	<b>62,278</b>	<b>57,560</b>

## Note 7. Receivables

### Current:

Amounts owing from Victorian Government*	127,442	44,904
Debtors	15,581	8,024
Less: Provision for doubtful debts	(1,534)	(30)
	<b>141,489</b>	<b>52,898</b>

\* \$82.970m relates to the Chief Commissioner of Police.

## Note 8. Inventories

### Current:

Supplies and consumables – at cost	2,141	2,048
Raw materials – at cost	2,379	2,259
Work in progress – at cost	161	32
	<b>4,681</b>	<b>4,339</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 9. Property, plant and equipment

	2001 \$'000	2000 \$'000
<b>Land and buildings</b>		
Crown land		
At cost	4,345	821
At independent valuation 2000	93,956	93,266
	<b>98,301</b>	<b>94,087</b>
<b>Buildings</b>		
At cost	20,112	0
At independent valuation 2000	232,970	232,991
Less: Accumulated depreciation	(6,170)	0
	<b>246,912</b>	<b>232,991</b>
<b>Building in the course of construction</b>	<b>24,294</b>	<b>15,179</b>
<b>Leasehold improvements</b>		
At cost	3,808	1,865
At independent valuation 1995	23,869	23,869
Less: Accumulated amortisation	(18,357)	(16,924)
	<b>9,320</b>	<b>8,810</b>
<b>Total land and buildings</b>	<b>378,827</b>	<b>351,067</b>
<b>Plant and equipment</b>		
At cost	70,557	71,667
Less: Accumulated depreciation	(43,710)	(46,952)
Total plant and equipment	26,847	24,715
	<b>405,674</b>	<b>375,782</b>

### Valuations of land and buildings

The basis of valuation of land and buildings is deprival value being the loss an entity would incur if deprived of the service potential embodied in the asset.

Land and buildings were valued by the Victorian Valuer-General as at 30 June 2000 on the basis of market value.

Movement of \$3,000 in the asset revaluation reserve relates to the Melton Courthouse, revalued during 1999/00 and since transferred to the Department of Natural Resources and Environment.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 9. Property, plant and equipment (continued)

### Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Freehold land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant & equipment \$'000	In course of construction \$'000	Total \$'000
<b>2001</b>						
Carrying amount at start of year	94,087	232,991	8,810	24,715	15,179	375,782
Additions	4,432	19,001	591	10,520	12,954	47,498
Capitalisation of completed assets	0	1,091	1,997	751	(3,839)	0
Disposals	(218)	(30)	(22)	(752)	0	(1,022)
Revaluation increments	0	0	0	0	0	0
Net transfers free of charge	0	0	143	0	0	143
Depreciation/amortisation expense	0	(6,141)	(2,199)	(8,387)	0	(16,727)
<b>Carrying amount at end of year</b>	<b>98,301</b>	<b>246,912</b>	<b>9,320</b>	<b>26,847</b>	<b>24,294</b>	<b>405,674</b>
<b>2000</b>						
Carrying amount at start of year	49,520	203,526	8,458	28,118	34,435	324,057
Additions	661	16,931	1,620	5,212	0	24,424
Capitalisation of completed assets	0	19,322	0	0	(19,322)	0
Disposals	0	(131)	(188)	(853)	0	(1,172)
Revaluation increments	44,816	(10,102)	0	0	0	34,714
Net transfers free of charge	(910)	8,433	(93)	163	66	7,659
Depreciation/amortisation expense	0	(4,988)	(987)	(7,925)	0	(13,900)
<b>Carrying amount at end of year</b>	<b>94,087</b>	<b>232,991</b>	<b>8,810</b>	<b>24,715</b>	<b>15,179</b>	<b>375,782</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 10. Payables

	2001 \$'000	2000 \$'000
Trade creditors	33,294	23,548
Fringe benefits tax	297	641
Salaries and wages	2,571	4,767
Amounts owing to related entities*	87,968	4,183
	<b>124,130</b>	<b>33,139</b>

\* \$82.970m relates to the Chief Commissioner of Police.

## Note 11. Provisions

### Current

Employee entitlements		
Annual leave	10,812	11,285
Long service leave	6,102	6,314
	<b>16,914</b>	<b>17,599</b>

### Non-current

Employee entitlements		
Long service leave	54,799	48,573
	<b>54,799</b>	<b>48,573</b>

### Aggregate carrying amount of provisions

Current	16,914	17,599
Non-current	54,799	48,573
	<b>71,713</b>	<b>66,172</b>

## Note 12. Equity and movements in equity

### (a) Reserves

Asset revaluation reserve	39,757	39,754
	<b>39,757</b>	<b>39,754</b>

### Movements

Asset revaluation reserve		
Balance 1 July 2000	39,754	5,040
Revaluation adjustments recognised directly in equity	3	34,714
<b>Balance 30 June 2001</b>	<b>39,757</b>	<b>39,754</b>

### (b) Accumulated surplus

Accumulated surplus at the beginning of the financial year	419,164	382,197
Net result	47,075	36,967
<b>Accumulated surplus at the end of the financial year</b>	<b>466,239</b>	<b>419,164</b>

### (c) Nature and purpose of reserves

#### Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(i).

Total equity at the beginning of the financial year	458,918	387,237
Total changes in equity recognised in the statement of financial performance	47,078	71,681
<b>Total equity at the end of the financial year</b>	<b>505,996</b>	<b>458,918</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 13. Financial instruments

### (a) Credit risk exposures

The credit risk on financial assets of the Department which have been recognised on the statement of financial position, is generally the carrying amount, net of any provisions for doubtful debts.

### (b) Interest rate risk exposures

The Department's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2001 Controlled	Notes	Fixed interest rate maturing in:					Total \$'000
		Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- Interest bearing \$'000	
<b>Financial assets</b>							
Cash and deposits	6	2,024	146,798	0	0	61	148,883
Receivables	7	0	0	0	0	14,047	14,047
Other financial assets	7	0	0	0	0	127,442	127,442
		2,024	146,798	0	0	141,550	290,372
Weighted average interest rate		5.43%	5.81%				
<b>Financial liabilities</b>							
Trade and other creditors	10	0	0	0	0	124,130	124,130
		0	0	0	0	124,130	124,130
Weighted average interest rate							
<b>Net financial assets (liabilities)</b>		<b>2,024</b>	<b>146,798</b>	<b>0</b>	<b>0</b>	<b>17,420</b>	<b>166,242</b>
<b>Administered</b>							
<b>Financial assets</b>							
Cash and deposits	20	67,262	0	0	0	0	67,262
Receivables	20	0	0	0	0	124,194	124,194
		67,262	0	0	0	124,194	191,456
Weighted average interest rate		5.43%	5.81%				
<b>Financial liabilities</b>							
Trade and other creditors	20	0	0	0	0	93,268	93,268
		0	0	0	0	93,268	93,268
Weighted average interest rate							
<b>Net financial assets (liabilities)</b>		<b>67,262</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,926</b>	<b>98,188</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 13. Financial instruments (continued)

### (b) Interest rate risk exposures (continued)

2000 Controlled	Notes	Fixed interest rate maturing in:					Total \$'000
		Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- Interest bearing \$'000	
<b>Financial assets</b>							
Cash and deposits	6	5,528	118,297	0	0	40	123,865
Receivables	7	0	0	0	0	7,994	7,994
Other financial assets	7	0	0	0	0	44,904	44,904
		<u>5,528</u>	<u>118,297</u>	<u>0</u>	<u>0</u>	<u>52,938</u>	<u>176,763</u>
Weighted average interest rate		4.97%	6.10%				
<b>Financial liabilities</b>							
Trade and other creditors	10	0	0	0	0	33,139	33,139
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,139</u>	<u>33,139</u>
Weighted average interest rate							
<b>Net financial assets (liabilities)</b>		<b><u>5,528</u></b>	<b><u>118,297</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>19,799</u></b>	<b><u>143,624</u></b>
<b>Administered</b>							
<b>Financial assets</b>							
Cash and deposits	20	93,841	0	0	0	0	93,841
Receivables	20	0	0	0	0	91,228	91,228
		<u>93,841</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91,228</u>	<u>185,069</u>
Weighted average interest rate		4.97%	6.10%				
<b>Financial liabilities</b>							
Trade and other creditors	20	0	0	0	0	87,584	87,584
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,584</u>	<u>87,584</u>
Weighted average interest rate							
<b>Net financial assets (liabilities)</b>		<b><u>93,841</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>3,644</u></b>	<b><u>97,485</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 13. Financial instruments (continued)

### (c) Net fair value of financial assets and liabilities

#### (i) On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Department approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

For non-traded equity investments, the net fair value is based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

#### (ii) Off-balance sheet

The Department has potential financial liabilities which may arise from certain contingencies disclosed in note 17. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the net fair value disclosed below is the estimate of amounts which would be payable by the Department as consideration for the assumption of those contingencies by another party.

The carrying amounts and net fair values of financial assets and liabilities at reporting date are:

	Notes	2001		2000	
		Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Controlled</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Cash and deposits	6	148,883	148,883	123,865	123,865
Receivables	7	14,047	14,047	7,994	7,994
Other debtors	7	127,442	127,442	44,904	44,904
<b>Non-traded financial assets</b>		<b>290,372</b>	<b>290,372</b>	<b>176,763</b>	<b>176,763</b>
<b>Financial liabilities</b>					
Trade and other creditors	10	124,130	124,130	33,139	33,139
<b>Non-traded financial liabilities</b>		<b>124,130</b>	<b>124,130</b>	<b>33,139</b>	<b>33,139</b>
<b>Administered</b>					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Cash and term deposits	20	67,262	67,262	93,841	93,841
Receivables	20	124,194	124,194	91,228	91,228
<b>Non-traded financial assets</b>		<b>191,456</b>	<b>191,456</b>	<b>185,069</b>	<b>185,069</b>
<b>Financial liabilities</b>					
Trust fund liabilities	20	93,268	93,268	87,584	87,584
<b>Non-traded financial liabilities</b>		<b>93,268</b>	<b>93,268</b>	<b>87,584</b>	<b>87,584</b>

Other than those classes of assets and liabilities denoted as 'traded', none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Although certain financial assets are carried at an amount above net fair value, those assets have not been written down as it is intended to retain those assets to maturity.

Net fair value is exclusive of costs which would be incurred on realisation of an asset, and inclusive of costs which would be incurred on settlement of a liability.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 14. Ministers and accountable officers

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

### Names

The persons who held the positions in the Department are as follows:

Attorney-General	The Hon. Rob Hulls, MP	1 July 2000	to 30 June 2001
Acting Attorney-General	The Hon. Robert Cameron, MP	25 June 2000 26 March 2001	to 12 July 2000 to 23 April 2001
Acting Attorney-General	The Hon. John Thwaites, MP	1 January 2001	to 12 January 2001
Minister for Consumer Affairs	The Hon. Marsha Thomson, MLC	1 July 2000	to 30 June 2001
Acting Minister for Consumer Affairs	The Hon. John Pandazopoulos, MP	13 September 2000 25 September 2000 28 December 2000	to 21 September 2000 to 26 September 2000 to 12 January 2001
Acting Minister for Consumer Affairs	The Hon. Rob Hulls, MP	12 January 2001	to 16 January 2001
Minister for Police and Emergency Services	The Hon. Andre Haermeyer, MP	1 July 2000	to 30 June 2001
Minister for Corrections		1 July 2000	to 30 June 2001
Acting Minister for Police and Emergency Services	The Hon. Robert Cameron, MP	14 September 2000	to 22 September 2000
Acting Minister for Corrections		14 September 2000	to 22 September 2000
Acting Minister for Police and Emergency Services	The Hon. John Thwaites, MP	2 January 2001	to 14 January 2001
Acting Minister for Corrections		2 January 2001	to 14 January 2001
Secretary to the Department of Justice	Peter Harmsworth	1 July 2000	to 30 June 2001
Acting Secretary to the Department of Justice	John Charleson	27 December 2000	to 14 January 2001
Acting Secretary to the Department of Justice	Elizabeth Eldridge	15 January 2001	to 19 January 2001

### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Department during the reporting period was in the range:

\$260,000–\$269,000 (\$240,000–\$249,000 in 2000)

Amounts relating to Ministers reported in the financial statements of the Department of Premier and Cabinet.

### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 15. Remuneration of executives

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and renegotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an annual bonus payment whereas other contracts only include the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

A number of executive officers retired or resigned in the past year. This has had a significant impact on total remuneration figures due to the inclusion of annual leave, long-service leave and retrenchment payments.

Income band	Total remuneration		Base remuneration	
	2001 No.	2000 No.	2001 No.	2000 No.
Less than \$100,000	12	9	17	16
\$100,000–109,999	8	4	9	9
\$110,000–119,999	4	5	11	5
\$120,000–129,999	8	7	7	15
\$130,000–139,999	9	14	2	4
\$140,000–149,999	3	2	6	3
\$150,000–159,999	3	7	1	5
\$160,000–169,999	2	7	0	1
\$170,000–179,999	2	0	0	1
\$180,000–189,999	1	0	1	0
\$190,000–199,999	0	1	0	0
\$200,000–209,999	1	0	0	0
\$210,000–219,999	0	1	0	0
\$240,000–249,999	1	1	0	0
\$350,000–359,999	0	1	0	0
<b>Total numbers</b>	<b>54**</b>	<b>59*</b>	<b>54**</b>	<b>59*</b>
<b>Total amount</b>	<b>\$6,208,619</b>	<b>\$8,039,126*</b>	<b>\$5,366,848</b>	<b>\$6,412,988*</b>

\* Figures adjusted to exclude Accountable Officer previously included in 1999/00 annual report. Figures adjusted to exclude the role of Director Victoria State Emergency Service (now included separately as a Declared Authority for the purposes of reporting Executive Officer numbers) in the Department of Justice's Report of Operations. As the Victoria State Emergency Service does not produce separate Annual Financial Statements, the following information is provided. For the role of Director Victoria State Emergency Service, base remuneration in 2001 was in the range of \$110,000–119,999 and total remuneration was \$120,000–129,999. In 2000, base remuneration was in the range of \$120,000–129,999 and total remuneration was \$130,000–\$139,999.

The figures also include the Victorian Government Solicitor (now included as a Victorian Public Service executive under the Department of Justice).

\*\* Actual number of executive officers employed as at 30 June 2001 was 44 (2000:47) (See page 124 for a reconciliation of Executive Officer numbers).

# NOTES TO THE FINANCIAL STATEMENTS

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## Note 16. Remuneration of auditors

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Department's financial report:

	2001	2000
	\$	\$
Paid as at 30 June 2001	88,000	263,000
Balance outstanding but not accrued as at 30 June 2001	233,000	0

## Note 17. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	2001	2000
	\$'000	\$'000
Private prisons contract*	704,985	778,007
Liabilities pending the outcome of legal action	13,804	5,118

The State of Victoria has entered into a commercial arrangement for the provision of prison facilities for 20 years and the provision of correctional services for an initial five years. The Minister has the option to re-tender for the provision of correctional services every three years, after an initial five-year period of each contract.

\* *This amount relates to the option period of 5–20 years.*

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 18. Commitments for expenditure

	2001 \$'000	2000 \$'000
<b>Capital commitments</b>		
Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	17,198	8,631
	<b>17,198</b>	<b>8,631</b>
<b>Lease commitments</b>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	78,502	34,534
Later than one year but not later than 5 years	108,025	118,880
Later than 5 years	173,054	214,733
	<b>359,581</b>	<b>368,147</b>
Representing: Non-cancellable operating leases	359,581	368,147
	<b>359,581</b>	<b>368,147</b>
<b>Operating leases</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	78,502	34,534
Later than one year but not later than 5 years	108,025	118,880
Later than 5 years	173,054	214,733
<b>Commitments not recognised in the financial statements</b>	<b>359,581</b>	<b>368,147</b>

### *Finance leases*

The Department of Justice has no finance lease commitments (2000:\$nil)

### **Outsourcing commitments**

Includes the ongoing future commitment to Lockheed Martin Tenix for the outsourcing of the Enforcement Management Division's debtors collection role, and commitments for the outsourcing of the receipt, and contract payments in respect to, the County Court project over the 20-year term of the contract. Outsourcing commitments also include an amount relating to prisons. These amounts have not been recognised as liabilities and are payable:

	2001 \$'000	2000 \$'000
Within one year	43,813	87,413
Later than one year but not later than 5 years	142,651	183,500
Later than 5 years	446,640	440,083
	<b>633,104</b>	<b>710,996</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 19. Employee entitlements

	2001 \$'000	2000 \$'000
<b>Employee entitlement liabilities</b>		
Provision for employee entitlements		
Current (note 11)	16,914	17,599
Non-current (note 11)	54,799	48,573
Aggregate employee entitlement liability	71,713	66,172
<b>Employee numbers</b>		
Average number of employees during the financial year	3,467.7	3,302.7

As explained in note 1(p)(ii), the amounts for long service leave is measured at their present value. The following assumptions were adopted in measuring present values:

	2001	2000
<b>Long service leave</b>		
Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	5.70%	4.60%
Weighted average discount rates	5.77%	6.07%
Weighted average terms to settlement of the liabilities	13 years	13 years

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 19. Employee entitlements (continued)

No liability is recognised in the statement of financial position for the Department's share of the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

However, superannuation contributions for the reporting period are included as part of salaries and associated costs in the statement of financial performance of the Department.

The name and details of the major employee superannuation funds and contributions made by the Department are as follows:

Fund	Contribution for the Year	Contribution for the Year	Contribution Outstanding at Year End 2001	Contribution Outstanding at Year End 2000
	2001 \$	2000 \$	2001 \$	2000 \$
State Superannuation Fund – revised and new	8,868,745	11,078,377	0	0
VicSuper	4,173,115	2,346,080	0	0
Various other	115,219	202,543	0	0
<b>Total</b>	<b>13,157,079</b>	<b>13,627,000</b>	<b>0</b>	<b>0</b>

The bases for contributions are determined by the various schemes.

The requirements of the *Superannuation Industry (Supervision) Act 1993* are fully complied with.

All employees of the Department are entitled to benefits on retirement, disability or death from the Government Employees' Superannuation Fund. This Fund provides defined lump sum benefits based on years of service and final average salary.

The above amounts were measured as at 30 June of each year, or in the case of employer contributions, they relate to the years ended 30 June.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 20. Administered items

In addition to the specific Departmental operations which are included in the statement of financial position, statement of financial performance and statement of cash flows, the Department administers or manages activities on behalf of the State. The transactions relating to these State activities are reported as administered in this note. Administered transactions give rise to revenues, expenses, assets and liabilities and are determined on an administered basis. Administered revenues include taxes, fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered liabilities include government expenses incurred but yet to be paid. Administered assets include government revenues earned but yet to be collected.

	Legal Services		Court & Tribunal Services		Equity and Information Services		Correctional Services		Community Safety		Departmental Total	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Administered Revenue</b>												
Special Appropriations applied	4,537	2	14,492	20,509	0	0	0	0	0	0	19,029	20,511
Sale of Goods and Services	64,541	50,502	33,640	3,797	4,285	416	14,143	0	6,816	0	123,425	54,715
Commonwealth grants	30,414	57	0	0	10,103	39,202	0	0	838	0	41,355	39,259
Fines	180,742	167,644	13,745	11,313	16	16	103	82	0	0	194,606	179,055
Fees	40,668	25,318	169	252	12,572	13,580	0	3,278	0	4,931	53,409	47,359
<b>Total</b>	<b>320,902</b>	<b>243,523</b>	<b>62,046</b>	<b>35,871</b>	<b>26,976</b>	<b>53,214</b>	<b>14,246</b>	<b>3,360</b>	<b>7,654</b>	<b>4,931</b>	<b>431,824</b>	<b>340,899</b>
<b>Administered expenses</b>												
Payments made on behalf of the State	92,117	59,980	25,781	23,443	826	29	3,078	2,998	1,646	1,990	123,448	88,440
Write off debts – Refer note 20 (a)	41,200	0	0	0	0	0	0	0	0	0	41,200	0
Payments into the Consolidated Fund	218,301	140,879	18,710	12,647	24,911	52,960	8,747	86	4,458	2,629	275,127	209,201
<b>Total</b>	<b>351,618</b>	<b>200,859</b>	<b>44,491</b>	<b>36,090</b>	<b>25,737</b>	<b>52,989</b>	<b>11,825</b>	<b>3,084</b>	<b>6,104</b>	<b>4,619</b>	<b>439,775</b>	<b>297,641</b>
<b>Revenue less expense</b>	<b>(30,716)</b>	<b>42,664</b>	<b>17,555</b>	<b>(219)</b>	<b>1,239</b>	<b>225</b>	<b>2,421</b>	<b>276</b>	<b>1,550</b>	<b>312</b>	<b>(7,951)</b>	<b>43,258</b>
<b>Administered assets</b>												
Cash	646	11,470	65,487	77,454	0	0	1,129	4,917	0	0	67,262	93,841
Receivables	122,643	89,098	1,091	814	7	460	0	0	453	856	124,194	91,228
Non-current assets	0	0	974	1,855	0	0	0	0	62	193	1,036	2,048
<b>Total</b>	<b>123,289</b>	<b>100,568</b>	<b>67,552</b>	<b>80,123</b>	<b>7</b>	<b>460</b>	<b>1,129</b>	<b>4,917</b>	<b>515</b>	<b>1,049</b>	<b>192,492</b>	<b>187,117</b>
<b>Administered liabilities</b>												
Creditors and accruals	15,566	8,196	74,306	77,937	841	123	1,973	1,328	582	0	93,268	87,584
Provisions	0	0	24,695	17,618	0	0	7	0	47	0	24,749	17,618
Other	0	0	0	0	273	0	0	0	0	0	273	0
Non-current liabilities	0	0	0	0	0	0	12	0	150	0	162	0
<b>Total</b>	<b>15,566</b>	<b>8,196</b>	<b>99,001</b>	<b>95,555</b>	<b>1,114</b>	<b>123</b>	<b>1,992</b>	<b>1,328</b>	<b>779</b>	<b>0</b>	<b>118,452</b>	<b>105,202</b>

# NOTES TO THE FINANCIAL STATEMENTS

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30 JUNE 2001

## **Note 20. Administered Items (continued)**

(a) During 2000/2001, the Department wrote-off \$41.20 million from the Enforcement Management Division's administered debt. This write-off occurred as the result of a reconciliation of the debtors balances held in the new Victorian Infringement Management System to Oracle Financials. The overstatement in the general ledger was due to the recognition of expired warrants (\$11.80 million), double counting of warrant issue fees (\$22 million) and erroneous inclusion of non-government debt (\$7.40 million). As a result of this write-off the related provisions were also decreased.

## **Note 21. Ex-gratia payments**

**The Department made the following ex-gratia payments:**

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Ex-gratia payments	26	79

These ex-gratia payments were mainly to members of the Department's various advisory boards and committees.

# NOTES TO THE FINANCIAL STATEMENTS

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## Note 22. Reconciliation of results from ordinary activities to net cash inflow from operating activities

	2001 \$'000	2000 \$'000
Results from ordinary activities	47,075	36,967
Depreciation and amortisation expense	16,727	13,900
Provision for doubtful debts	1,504	0
Other expenses from ordinary activities	1,021	1,172
Net transfers free of charge	(304)	(7,885)
Lease payments	0	226
Change in operating assets and liabilities:		
Decrease (increase) in receivables	(90,095)	(15,448)
Decrease (increase) in inventories	(342)	611
Decrease (increase) in prepayments	260	19,472
Increase (decrease) in creditors and accruals	90,991	5,590
(Decrease) in other operating liabilities	(27)	(227)
Increase (decrease) in other provisions	5,541	6,108
<b>Net cash inflow from operating activities</b>	<b>72,351</b>	<b>60,486</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

## Note 23. Administered funds

	2001 \$'000	2000 \$'000
<b>Courts</b>		
<b>Cash</b>		
Courts Infant Investment Accounts	35,072	35,603
Crimes Compensation Infant Investment Accounts	28,294	30,631
	<b>63,366</b>	<b>66,234</b>
<b>Liabilities</b>		
Courts Infant Investment Accounts	35,072	35,603
Crimes Compensation Infant Investment Accounts	28,294	30,631
	<b>63,366</b>	<b>66,234</b>
<b>Non-Government transactions</b>		
<b>Prisoner Private Monies Account</b>		
Cash	1,128	434
Creditors	(1,128)	(434)
	<b>0</b>	<b>0</b>
<b>Non-Government fines</b>		
Debtors	178,065	144,418
Less provision for doubtful debts	160,049	120,427
	18,016	23,991
Creditors	(18,016)	(23,991)
	<b>0</b>	<b>0</b>