

1998-99

DEPARTMENT OF JUSTICE *annual report* FINANCIAL STATEMENTS



Statement by the Accountable Officer and Chief Finance and Accounting Officer

We certify that the financial statements of the Department of Justice have been prepared in accordance with the Financial Management Act 1994, Australian Accounting Standards, Statements of Accounting Concepts 1, 2, 3 and other mandatory professional reporting requirements.

In our opinion, the financial statements comprising the Operating Statement, Statement of Financial Position, Statement of Cash Flows and the accompanying notes present fairly the financial position and financial operations of the Department of Justice as at 30 June 1999.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

PETER HARMSWORTH
Secretary
28 October 1999

STAN ODACHOWSKI, CPA
General Manager, Financial Management
28 October 1999

Operating Statement

for the year ended 30 June 1999

	Notes	1999 \$'000	1998 \$'000
Revenues			
Government			
Annual appropriations	3.1		
Provision of outputs		493,601	408,352
Additions to asset base		16,965	28,971
		510,566	437,323
Special appropriations		45,031	84,841
Appropriations from other departments	3.2	11,823	6,916
		567,420	529,080
Operating			
User charges		59,640	40,364
Less amounts paid to consolidated fund		(59,640)	(40,364)
Trust fund revenue		10,360	7,328
Resources received free of charge	4	2,648	899
Interest and other investment earnings		27,732	26,326
Proceeds from sale of assets		0	318
		40,740	34,871
Total revenues		608,160	563,951
Expenses			
Employment costs	5	204,488	192,391
Supplies and services	6	234,601	218,892
Depreciation and amortisation	7	15,926	19,164
Resources provided free of charge	8	95	2,327
Capital assets charge		26,222	10,511
Transfer payments	9	84,501	71,982
Written down value of assets disposed	10	912	15,835
Total expenses		566,745	531,102
Operating result before abnormal items		41,415	32,849
Abnormal items	11	1,233	61,033
Operating result		42,648	93,882

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



Statement of Financial Position

as at 30 June 1999

	Notes	1999 \$'000	1998 \$'000
Current assets			
Cash on hand		50	49
Receivables	12	11,954	4,795
Amounts due from related entities	13	25,496	0
Investments	1(i)	99,972	91,338
Inventories		4,950	5,860
Other assets	14	20,844	1,711
Total current assets		163,266	103,753
Non-current assets			
Land and buildings	15	295,939	305,926
Plant, equipment and vehicles	16	28,134	27,660
Total non-current assets		324,073	333,586
Total assets		487,339	437,339
Current liabilities			
Bank overdraft	17	11,302	0
Creditors and accrued liabilities	18	27,894	35,489
Provision for victims of crime	19	0	32,829
Employee entitlements	20	15,132	14,227
Other liabilities	1(i)	254	2,469
Total current liabilities		54,582	85,014
Non-current liabilities			
Employee entitlements	20	44,940	42,992
Total non-current liabilities		44,940	42,992
Total liabilities		99,522	128,006
Net assets		387,817	309,333
Represented by:			
Equity			
Accumulated funds		382,777	304,293
Asset revaluation reserve		5,040	5,040
Total equity	21	387,817	309,333

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 1999

	Notes	1999 \$'000	1998 \$'000
Cash flows from operating activities			
Payments			
Employment costs		(203,850)	(200,768)
Supplies and services		(242,231)	(234,321)
Transfer payments		(103,457)	(71,982)
Capital assets charge		(26,222)	(10,511)
		(575,760)	(517,582)
Receipts			
From Government			
Annual appropriations		477,911	436,920
Special appropriations		45,031	84,841
Appropriations from other departments		11,823	6,916
Trust fund revenue		10,360	7,328
Interest and other investment earnings		27,732	26,326
User charges		52,481	39,961
Less amounts paid to consolidated fund		(52,481)	(39,961)
		572,857	562,331
Net cash from (used in) operating activities	(i)	(2,903)	44,749
Cash flows from investing activities			
Capital purchases		(38,691)	(40,226)
Proceeds from sale of assets		0	318
Investments – additions		(8,634)	(4,827)
Net cash flows used in investing activities		(47,325)	(44,735)
Net increase/(decrease) in cash held		(50,228)	14
Transitional adjustment	21	38,927	0
Cash at beginning of the financial year		49	35
Cash at end of the financial year		(11,252)	49
Represented by:			
Cash on hand		50	49
Bank overdraft	17	(11,302)	0
Cash at end of the financial year		(11,252)	49



	1999 \$'000	1998 \$'000
(i) Reconciliation of the operating result to net cash used in operating activities		
Operating result	42,648	93,882
Plus/(minus)		
Non-cash items		
Depreciation and amortisation expense	15,926	19,164
Resources received free of charge	(2,648)	(899)
Net (profit)/loss on sale of fixed assets	912	25,786
Provision for doubtful debts	68	0
Abnormal items		
Disposal of Pentridge Prison	28,368	0
Disposal of Prahran Court House	2,487	0
Sale of motor vehicles	0	12,170
Disposal of non-current physical assets	0	8,585
Investments arising from reclassification of Trust		
Funds from administered to controlled assets	0	(81,146)
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(7,159)	(402)
(Increase)/decrease in amounts owed by related entities	(25,496)	0
(Increase)/decrease in prepayments	(19,133)	0
(Increase)/decrease in inventories	910	(803)
Increase/(decrease) in creditors and accruals	(7,595)	554
Increase/(decrease) in provision for crime victims	(32,829)	(23,765)
Increase/(decrease) in employee entitlements	2,853	(7,465)
Increase/(decrease) in other liabilities	(2,215)	(912)
Net cash used in operating activities	(2,903)	44,749

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

Index for Notes

General

- 1 Summary of significant accounting policies
- 2 Outputs of the Department

Revenues

- 3 Appropriations
 - 3.1 Annual Appropriations
 - 3.2 Appropriations from other Departments
- 4 Resources received free of charge

Expenses

- 5 Employment costs
- 6 Supplies and services
- 7 Depreciation and amortisation
- 8 Resources provided free of charge
- 9 Transfer payments
- 10 Written down value of assets sold
 - 10.1 Written down value of assets disposed
 - 10.2 Written down value of assets transferred to Department of Treasury and Finance for no consideration
- 11 Abnormal items

Assets

- 12 Receivables – current
- 13 Amounts due from related entities
- 14 Other assets
- 15 Land and buildings
- 16 Plant, equipment and vehicles

Liabilities

- 17 Bank overdraft
- 18 Creditors and accrued liabilities
- 19 Provision for victims of crime
- 20 Provision for employee entitlements

Equity

- 21 Equity
 - 21.1 Accumulated funds
 - 21.2 Asset revaluation reserve

Additional Information

- 22 Ex-gratia payments
- 23 Expenditure commitments
 - 23.1 Finance lease commitments
 - 23.2 Operating lease commitments
 - 23.3 Capital commitments
 - 23.4 Other commitments



- 24 Summary of compliance
 - 24(a) Summary of compliance with annual Parliamentary appropriations
 - 24(b) Summary of compliance with special appropriations
- 25 Superannuation funds
- 26 Year 2000
- 27 Contingent liabilities
- 28 Transactions with other Victorian Government controlled entities
- 29 Financial instruments
 - 29(a) Terms, conditions and accounting policies
 - 29(b) Interest rate risk
 - 29(c) Net fair values

Departmental Reporting

- 30 Departmental and administered transactions
 - 30(a) Controlled revenues and expenses by output group
 - 30(b) Controlled assets and liabilities by output group
 - 30(c) Administered revenues and expenses by output group
 - 30(d) Administered assets and liabilities by output group

Administered Transactions

- 31 Administered debtors, provision for doubtful debts
- 32 Administered bad debts written off
- 33 Administered assets – advances paid
- 34 Administered trust funds
 - 34.1 Administered trust funds – revenue
 - 34.2 Administered trust funds – expenditure
 - 34.3 Administered trust funds – assets
 - 34.4 Administered trust funds – liabilities
- 35 Administered trust funds held on behalf of third parties

Other

- 36 Post balance date events
- 37 Non-government transactions
- 38 Responsible person – related disclosures

Compliance Index

Compliance Index disclosure requirements

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 1999

1. Summary of significant accounting policies

The following summary explains the significant policies that have been adopted in the preparation of these financial statements. Unless otherwise stated, such policies are consistent with those used in these financial statements.

(a) Basis of accounting

This general purpose financial report has been prepared for the Department of Justice in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts 1, 2 and 3, other mandatory professional reporting requirements and Urgent Issues Group Consensus Views.

Except for certain assets which are stated at valuation, the report has been prepared in accordance with the historical cost convention, on an accrual basis.

(b) The Department of Justice reporting entity

Controlled resources

All resources which the Department controls to carry on its functions are included in these financial statements. In the process of reporting on the Department, all intra entity transactions are eliminated.

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

A number of other reporting entities within the Justice portfolio are not included in the financial statements of the Department of Justice. These are:

Country Fire Authority
Equal Opportunity Commission
Legal Ombudsman
Legal Practice Board
Metropolitan Fire and Emergency Services Board
Office of Public Prosecutions
Office of the Chief Commissioner of Police
Office of the Public Advocate
Queen Victoria Women's Trust
Senior Master of the Supreme Court
Victoria Legal Aid
Victorian Electoral Commission
Victorian Institute of Forensic Medicine

Administered resources

The Department administers, but does not control, certain resources on behalf of the Victorian Government. It is accountable for processing the transactions involving these administered resources, but does not have the discretion to deploy these resources for achievement of the Department's objectives.

Transactions and balances relating to these administered resources are not recognised as departmental revenues, expenses, assets or liabilities. Revenues and expenses are separately disclosed by output group (refer note 30(c)). Assets and liabilities are disclosed in total (refer note 30(d)).

The accrual basis of accounting has been applied to administered resources.

Non-current assets

All non-current assets controlled by the Department are reported in the Statement of Financial Position.

Non-current assets which the Department does not control, but administers on behalf of the Victorian Government, are not included in the Statement of Financial Position and are separately disclosed in note 30(d).



Administered trust funds

The Department has received monies in its capacity as trustee for various trusts. As the Department performs only a custodial role in respect of these monies, they are not brought to account in the financial statements and are separately disclosed (refer note 30(d)).

(c) User charges, fines and fees

User charges controlled by the Department are recognised as revenue in the Operating Statement, in accordance with AAS 29 and the Department of Treasury and Finance guidelines.

Fines and fees (collected but not controlled by the Department) are not recognised as revenue in the Operating Statement and are separately disclosed as administered revenue, by output group. (Refer note 30(c)) These amounts are required to be paid to the Consolidated Fund or other funds, none of which are controlled by the Department.

(d) Appropriations, grants, donations and other contributions

Annual appropriations, grants, donations and other contributions are recognised as revenue in the Operating Statement when the Department obtains control over the respective assets. Control over appropriations and granted assets is normally obtained either upon their receipt or with approval from Treasury that outputs have been achieved and appropriations can be applied.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would normally be purchased.

Amounts appropriated to the Department for transfer to eligible beneficiaries in accordance with legislation or other authoritative requirements are recognised in the Operating Statement.

(e) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is determined as the fair value of the assets given as consideration plus costs incidental to their acquisition, including architects' fees, engineering design fees and all other costs incurred in preparing the assets for use.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction. All assets valued at over \$1,000 are capitalised.

(f) Revaluations of non-current assets

The Department has adopted a policy of revaluing all land and buildings every five years. However, if there is a material movement in the value of land and buildings, an adjustment is made in the period in which the movement occurs. Land and buildings were last valued by the Victorian Valuer-General in 1995 on the basis of market value.

Revaluations reflect independent assessments of the written down value of non-current assets.

Where a revaluation results in an increment, this is credited to an asset revaluation reserve, except where the increment reverses a revaluation decrement previously recognised as an expense. In this situation the increment will be recognised as revenue.

To the extent that a revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise, the decrement is recognised as an expense in the Operating Statement.

(g) Depreciation of non-current assets

Items of property, plant and equipment (including buildings but excluding land) are depreciated over their expected useful lives to the Department.

Depreciation is calculated on a straight-line basis. The following depreciation rates are used for each major class of depreciable assets:

	1999	1998
Buildings	2.5%	2.5%
Computer equipment	20–33.3%	20–33.3%
Plant and equipment	10–20%	10–20%
Owned fitout	10%	10%
Motor vehicles	20%	20%

An estimate of the remaining useful life of all assets is made regularly, with annual reassessments for major items.

Assets are depreciated from the date of acquisition or transfer. Where they have been revalued, depreciation is charged on the adjusted value of the asset.

Antiques and works of art are kept under special conditions so that there is minimal physical deterioration. They are anticipated to have indeterminate useful lives. No amount for depreciation has been recognised in respect of antiques and works of art as their service potential has not, in any material sense, been consumed during the reporting period.

(h) Employee entitlements

Salaries, wages and annual leave

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

Annual leave, sick leave and long service leave expenses paid as ordinary pay are recognised separately.

Long service leave

A liability for long service leave is recognised at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. When assessing expected future payments, 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, as at the reporting date, that will attract a similar interest rate as Commonwealth Government guaranteed securities with terms to mature that match, as closely as possible, the estimated future cash outflows.

The estimated long service leave liability is calculated on a pro-rata entitlements basis imputed for all employees from commencement of service. There is a legal requirement to pay long service leave after ten years.

The current liability for long service leave was calculated on the basis of employees' leave patterns and represents the amount expected to be paid over the next twelve months.

Related on-costs have also been included in the liability.

Superannuation

The superannuation expense for the reporting period is determined by the Government Actuary. It reflects the present value of anticipated future payments to be made by the State Superannuation Fund to departmental beneficiaries as calculated by the Government Actuary. No liability is shown for superannuation in the Statement of Financial Position, or the accompanying notes, as the aggregate unfunded liability is assumed by the Department of Treasury and Finance.

(i) Investments

Investments are brought to account at the lower of cost or net realisable value. Investments are in Government guaranteed securities managed by the Treasury Corporation of Victoria (TCV), a statutory finance body. Interest is recognised in the Operating Statement when earned.



Trust fund liabilities

Trust funds for executive performance bonuses are also included in investments and a corresponding liability is recorded as the current liability 'Beneficiaries trust accounts'. This liability is classified as current as these balances will be paid out during the next financial year.

(j) Inventory

The basis of valuation for inventory is at lower of cost or net realisable value. Cost is based on the first in first out (FIFO) principle. Net realisable value is determined on the basis of each item's usage pattern.

(k) Leases

A distinction is made between finance and operating leases. Finance leases effectively transfer from the lessor to the lessee all substantial 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.

(l) Cash

For the purposes of the Statement of Cash Flows, cash includes cash deposits which are readily convertible to cash and which are used in the cash management function on a day to day basis.

(m) Write-off of bad debts and doubtful debts

Court fines and warrant execution fees

Outstanding court fines and warrant execution fees owing to the Government are written off in cases where the warrant held by the Enforcement Management Division:

- (i) has been reported as 'defendant left address' more than 12 months ago and no further address has been ascertained in that time; or
- (ii) concerns a defendant who is not resident in Victoria and the warrant remains unpaid after 12 months. These warrants are directed to the Central Warrants Index of the appropriate State or Territory and are beyond the jurisdiction of the Enforcement Management Division.

While these receivables are written off for accounting purposes, they are still subject to continual assessment with a view to recovery up until the expiry of the five-year execution period prescribed by Section 58 of the *Magistrates' Court Act 1989*. All monies successfully recovered by the Enforcement Management Division are separately disclosed as Bad Debts Recovered (refer note 32).

Doubtful debts

The allowance for doubtful debts for general debtors has been determined on the basis of debts outstanding greater than 12 months which are considered uncollectable. Doubtful debts in respect of court fines and warrant execution costs have been determined on the basis of known collection and/or execution patterns and rates in the court system.

Other General Debts

Other debts, generally relating to the overpayment of salaries and related costs which remain unpaid after 12 months with all efforts to recover the debt exhausted, are written off.

(n) Year 2000 software modification costs

Costs relating to the modification of computer software for the purposes of Year 2000 compatibility are charged as expenses as incurred.

(o) Comparative figures

Comparative figures in the notes have been reclassified in some cases in order to achieve consistency with the presentation adopted in the current financial year.

In the current year, appropriation revenues and some trust fund balances have no comparatives due to changes in accounting practice.

2. Outputs of the Department

The identity and purpose of each output group during the year is summarised below.

Legal and Court Services

The Legal and Court Services output group is responsible for ensuring people's rights and freedoms are protected and community expectations are met through a fair and just criminal justice system and an accessible, equitable and responsive system of civil procedures.

The outputs of this group maintain and further develop criminal and civil justice policy and procedures by providing:

- policy advice on law reform and executive support to the Attorney-General;
- legal advice, solicitor and prosecutorial services to and on behalf of Government;
- administrative support for case processing in the jurisdictions of the various State courts, statutory boards and tribunals, including support for the provision of legal aid services and alternative processes for the resolution of civil disputes; and
- enforcement services that give effect to judicial fines, orders and warrants, and assist in the collection of other State and local government penalty payments, as well as the confiscation of the assets derived from criminal activity and held by accused persons in certain types of criminal cases.

Equity and Information Services

The Equity and Information Services output group aims to ensure an ethical business and trading environment is maintained with the minimum levels of government regulation and enforcement activity necessary to meet both consumer and business needs. In addition, the status of women in Victorian society is advanced, unlawful human rights discrimination is eliminated, and assistance is provided to victims of serious crime. Statutory obligations concerning the maintenance of registry information are principally met by the Registry of Births, Deaths and Marriages.

The outputs of this group maintain and develop equity and information services by providing:

- information to people concerning their rights and responsibilities and community education to prevent discrimination and unethical behaviour;
- fair trading compliance enhancement through the development and administration of an effective legislative and regulatory framework for fair trading and business affairs, dispute avoidance, complaint resolution, compliance enforcement and product safety services to meet the needs of both business and consumers;
- services as required by the Minister for Women's Affairs including research, consultation, development and coordination of policy advice on the impact of government policy initiatives on women;
- support agencies for victims of crime to administer the Victims Counselling Scheme and community program funding of victim support networks and specialist statewide services, as well as making assistance payments to victims of crime;
- database of Victorian births, deaths and marriages, changes of names and adoptions, as well as documents on those events to applicants; and
- State electoral services including the maintenance of the electoral roll, the implementation of State Parliamentary elections, as well as the conduct of municipal elections and non-government elections on a fee for service basis.



Correctional Services

The Correctional Services output group aims to protect the community by containing prisoners in a manner that meets community expectations of safety, reparation and encouragement to adopt a law-abiding lifestyle.

The outputs of this group maintain correctional services by:

- ensuring 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, as well as the community-based supervision of offenders;
- providing policy and strategic program development advice and information to the Minister for Corrections; and
- developing and monitoring contractual arrangements with the private sector and ensuring service delivery compliance against agreed performance standards.

Community Safety

The Community Safety output group aims to ensure people feel safe in their day to day lives and that the readiness of fire and other emergency services is maintained and effectively coordinated.

The outputs of this group maintain community safety by:

- increasing public safety and protection for individuals and property;
- delivering the portfolio commitments of the Minister and associated legislative reform and program implementation initiatives; and
- providing operational funding support to the State's fire and emergency services agencies and the purchase of community safety and crime prevention services.

Other information

In addition to, and incorporated in, the above output groups are a number of other entities within the Justice Portfolio which report separately and are not included in the Financial Statements of the Department of Justice.

Legal and Court Services

Office of Public Prosecutions
 Senior Master of the Supreme Court
 Victorian Institute of Forensic Medicine
 Victoria Legal Aid
 Victorian Electoral Commission

Equity and Information Services

Equal Opportunity Commission
 Office of the Public Advocate

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:

Office of the Chief Commissioner of Police
 Legal Ombudsman
 Legal Practice Board
 Queen Victoria Women's Trust

Contributions towards the expenditure of these organisations, excluding the Office of the Chief Commissioner of Police, are recorded as transfer payments.

1999	1998
\$'000	\$'000

3. Appropriations

3.1 Annual appropriations

Parliament appropriates funds either annually pursuant to annual Appropriation Acts and the *Financial Management Act 1994*, or as a standing authority through Special Appropriations provided for under a range of Acts. For 1999, as part of the State's Management Reform Program, the State has linked the resources provided to departments with the delivery of outputs by those departments, plus additional resources to fund additions to the asset base. In comparison, in the 1998 financial year, annual appropriations funded current and capital expenditure incurred by the Department. Appropriations are recognised as revenue when the Treasurer determines that the appropriation has been applied.

3.2 Appropriations from other Departments

Department of Treasury and Finance

Departure packages	3,313	4,967
Salary awards	0	833
Project costs	400	1,116
Year 2000 costs	8,110	0
Total	11,823	6,916

4. Resources received free of charge

Resources received free of charge during the year from the department listed below have been added to the appropriate expenditure categories.

Department of Treasury and Finance

Lease payments	68	631
Land	371	0
Buildings	675	0
Fitouts	1,505	0
Building works	29	268
Total	2,648	899



	1999 \$'000	1998 \$'000
5. Employment costs		
Direct costs		
Salaries, wages and overtime	168,046	155,226
Superannuation expense	13,745	12,767
Total direct costs	181,791	167,993
Related on costs		
Payroll tax	10,584	11,204
WorkCover premiums	4,326	3,986
Fringe benefits tax	1,389	1,321
Staff training	3,085	2,718
Departure packages	3,313	5,169
Total related on costs	22,697	24,398
Total	204,488	192,391
6. Supplies and services		
Operating expenses including outsourced services	195,606	152,114
Assistance to victims of crime (refer note 19)	0	27,253
Rental expense relating to operating leases	18,553	13,078
Minor works	1,818	6,969
Consultants and special projects	8,213	10,395
Allowances to working prisoners	4,659	3,298
Appeal Costs Fund	4,095	2,683
Community safety and awareness grants	1,264	2,679
Bad and doubtful debts	68	5
Auditor-General's remuneration – for audit of the financial statements	263	263
Auditor-General's remuneration – for other services	62	155
Total	234,601	218,892

	1999 \$'000	1998 \$'000
7. Depreciation and amortisation		
Buildings	6,259	6,297
Owned fitout in leased buildings	1,933	3,294
Plant, machinery and other equipment	1,407	2,187
Computer equipment and communication systems	6,327	7,386
Total	15,926	19,164

The cost of computer software which is not an integral part of installed hardware is recorded as expenditure in the Operating Statement, as it is incurred.

8. Resources provided free of charge

Resources provided free of charge comprise:

Victorian Institute of Forensic Medicine	0	875
Office of Public Prosecutions	0	343
Office of the Public Advocate	80	290
Equal Opportunity Commission	0	235
Office of the Chief Commissioner of Police	15	584
Total	95	2,327

9. Transfer payments

Transfer payments, by portfolio agency and appropriation type, comprise:

Victoria Legal Aid		
Annual appropriations	24,017	24,257
Country Fire Authority		
Annual appropriations	24,120	23,920
Metropolitan Fire and Emergency Services Board		
Annual appropriations	15,682	15,666
Victorian Electoral Commission		
Annual appropriations	1,081	1,102
Special appropriations	19,601	7,037
Total	84,501	71,982



	1999 \$'000	1998 \$'000
--	----------------	----------------

10. Written down value of assets disposed

10.1 Written down value of assets sold

Motor vehicles	45	0
Equipment	755	6,118
Fitout	112	4,372

10.2 Written down value of assets transferred to Department of Treasury and Finance for no consideration

Buildings	0	4,287
Land	0	1,058

Total	912	15,835
--------------	------------	---------------

11. Abnormal items

Provision for victims of crime reclassified to administered transactions (refer note 19)	32,829	0
Disposal of Pentridge Prison	(28,368)	0
Inventory adjustment – Births, Deaths and Marriages	(741)	0
Assets provided free of charge to the Office of the Chief Commissioner of Police:		
Buildings: Prahran Court House	(1,632)	0
Land: Prahran Court House	(855)	0
Administered trust funds reclassified to controlled	0	81,146
Net effect of motor vehicle sale and lease back	0	(12,323)
Adjustments resulting from the transfer in/out of the following reporting entities, with effect from the beginning of the financial year:		
Office of the Public Advocate equity	0	(320)
Equal Opportunity Commission equity	0	(422)
Value of assets incorrectly reclassified	0	(3,428)
Disposal of Fairlea Prison	0	(3,620)

Total	1,233	61,033
--------------	--------------	---------------

12. Receivables – current

General debtors (*)	8,368	2,298
Provision for doubtful debts	(30)	(63)
	8,338	2,235
Sundry debtors	3,616	2,560
Total	11,954	4,795

(*) This increase in general debtors reflects the increased activity of the Asset Confiscation Office.

	1999	1998
	\$'000	\$'000

13. Amounts due from related entities

Department of Treasury and Finance	25,496	0
Total	25,496	0

This receivable arose from a change in accounting practice whereby annual appropriations revenue is now recognised by the Department as it delivers its services, and that the Treasurer determines that the Appropriations has been applied.

The receivable created by the recognition of this revenue is used to fund expenses incurred in the delivery of these services.

14. Other assets

Prepayment of grants to portfolio agencies	18,956	0
Other prepayments	1,888	1,711
Total	20,844	1,711

15. Land and buildings

Land – at cost	12,566	13,057
– at independent valuation*	36,954	42,244
Total	49,520	55,301
Buildings – at cost	6,132	5,673
– at independent valuation*	219,214	244,917
Less accumulated depreciation – at cost	(454)	(215)
– at independent valuation*	(21,366)	(18,132)
Written down value	203,526	232,243
Building work in progress	34,435	10,442
Building leasehold improvements – at cost	6,018	5,090
– at independent valuation*	23,869	31,757
Less accumulated depreciation – at cost	(2,361)	(233)
– at independent valuation*	(19,068)	(28,674)
Written down value	8,458	7,940
Total land and buildings	339,188	353,180
Total accumulated depreciation	(43,249)	(47,254)
Total written down value	295,939	305,926

* Land and buildings were last valued by the Victorian Valuer-General in 1995 on the basis of market value.



	1999 \$'000	1998 \$'000
16. Plant, equipment and vehicles		
Plant and equipment – at cost	19,895	22,585
Less accumulated depreciation	(12,989)	(11,624)
Written down value	6,906	10,961
Computer equipment and communications systems – at cost	43,055	36,431
Less accumulated depreciation	(29,198)	(26,745)
Written down value	13,857	9,686
Motor vehicles – at cost	4,819	4,516
Less accumulated depreciation	(451)	(388)
Written down value	4,368	4,128
Antiques	3,003	2,885
Total plant, equipment and vehicles	70,772	66,417
Total accumulated depreciation	(42,638)	(38,757)
Total written down value	28,134	27,660

	1999	1998
	\$'000	\$'000

17. Bank overdraft

Bank overdraft	11,302	0
Total	11,302	0

The bank overdraft primarily comprises monies prepaid by the Department of Justice to various agencies within the Justice Portfolio.

18. Creditors and accrued liabilities

Trade creditors	21,464	22,702
Fringe benefits tax	325	287
Salaries and wages	3,361	6,103
Amounts owing to related entities	2,744	6,397
Total	27,894	35,489

19. Provision for victims of crime

Assistance to victims of crime	0	32,829
Total	0	32,829

In the prior year a provision was made to set aside monies for assisting victims of crime. The provision was determined by reference to the average claim awarded less an allowance for claims lodged and subsequently withdrawn over the previous 12 months.

As part of the budget process, transactions associated with victims of crime were reclassified to administered transactions from 1 July 1998.



	1999 \$'000	1998 \$'000
--	----------------	----------------

20. Provision for employee entitlements

Provision for annual leave	10,139	9,450
Provision for long service leave	49,933	47,769
Total	60,072	57,219

The provision for employee entitlements in the Statement of Financial Position is split between current and non-current liabilities.

Current liabilities

Annual leave	10,139	9,450
Long service leave	4,993	4,777
	15,132	14,227

Non-current liabilities

Long service leave	44,940	42,992
Total	60,072	57,219

The aggregate employee entitlement liability includes an amount for long service leave, as explained in note 1(h), which represents the present value of expected future payments to be made in respect of services provided by employees. The following assumptions were adopted in measuring present value:

Weighted average terms to settlement of the liabilities	13 years	13 years
Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	4.40%	4.90%
Weighted average discount rates	5.23%	5.52%

	1999 \$'000	1998 \$'000
21. Equity		
21.1 Accumulated funds		
Balance at the beginning of the financial year	304,293	210,411
Increase in assets resulting from operations	42,648	93,882
Transitional adjustments*	35,836	0
	382,777	304,293
21.2 Asset revaluation reserve		
Balance at the beginning of the financial year	5,040	5,040
	5,040	5,040
Total at the end of the financial year	387,817	309,333

*The transitional adjustment represents the recognition of assets and liabilities incorrectly reported in previous years.

22. Ex-gratia payments

Ex-gratia payments	43	20
Total	43	20

Number of payments: 75 (29 in 1998)



	1999 \$'000	1998 \$'000
--	----------------	----------------

23. Expenditure commitments

23.1 Finance lease commitments

The Department of Justice has no finance lease commitments.

23.2 Operating lease commitments

Commitments under non-cancellable operating leases as at 30 June 1999 are payable as follows:

Not later than one year	32,771	34,693
Later than one year and not later than five years	120,107	127,511
Later than five years	236,951	284,806
Total	389,829	447,010

Operating lease commitments include buildings, private prisons (accommodation service charge) and motor vehicles.

23.3 Capital commitments

Building and civil engineering	8,968	17,563
--------------------------------	-------	--------

Commitments for capital expenditure as at 30 June 1999 are payable as follows:

Not later than one year	8,968	17,563
Total	8,968	17,563

Commitments for capital expenditure comprises contracts for the acquisition of property, plant and equipment at reporting date, not recognised as liabilities payable in the Statement of Financial Position.

23.4 Other commitments

Total	276,749	184,505
--------------	----------------	----------------

Commitments for outsourcing services

Other commitments includes private prisons (correctional services fee, performance link fee, health service fee and payment for transport services). In addition there is the ongoing future commitment by Lockheed Martin Tenix (LMT) for the outsourcing of the Enforcement Management Division's Debtors collection role.

24(a). Summary of compliance with annual Parliamentary Appropriations for the year ended 30 June 1999

Appropriation Act

	Annual appropriation	Payments from Advance to Treasurer	Section 3(2)
	\$'000	\$'000	\$'000
Provision of outputs	395,768	24,705	7,726
Additions to net assets	25,456	0	0
Total	421,224	24,705	7,726

Financial Management Act 1994

	Section 29	Section 32	Section 35
	\$'000	\$'000	\$'000
Provision of outputs	59,640	7,662	0
Additions to net assets	0	962	0
Total	59,640	8,624	0

	Total Parliamentary authority #	Appropriations applied*	Variance
	\$'000	\$'000	\$'000
Provision of outputs	495,501	493,601	1,900
Additions to net assets	26,418	16,965	9,453
Total	521,919	510,566	11,353

Total Parliamentary Authority includes appropriations noted above in respect of the Appropriation Act and the Financial Management Act 1994.



24(b). Summary of compliance with Special Appropriations for the year ended 30 June 1999

Special Appropriations

Authority	Purpose	Appropriations applied
		\$'000
1 <i>Constitution (Supreme Court) Act 1989</i>	Remuneration to judges of the Supreme Court of Victoria and to the President of the Court of Appeal	5,357
2 <i>Constitution (Supreme Court) Act 1989</i>	Expenses incurred by the Supreme Court	2,291
3 <i>Juries Act 1967</i>	Payments to jurors for jury service	22
4 <i>County Court Act 1958</i>	Remuneration to judges of the County Court of Victoria	8,385
5 <i>Victims of Crime Assistance Act 1996</i>	Operating costs of the Victims of Crime Assistance Tribunal	1,170
6 <i>Crown Proceedings Act 1958</i>	Payments due for Crown Proceedings in the Supreme Court of Victoria	543
7 <i>Defence Reserves Re-Employment Act 1995</i>	Operating expenses of the Defence Reserves Re-Employment Board	24
8 <i>The Constitution Act Amendment Act 1958</i>	Expenses incurred by the Victorian Electoral Commission	13,991
9 <i>Magistrates' Court Act 1989</i>	Remuneration to magistrates of the Magistrates' Court of Victoria	12,955
10 <i>Patriotic Funds Act 1958</i>	Expenses incurred on behalf of the Patriotic Funds Council	101
11 <i>Victoria State Emergency Service Act 1987</i>	Payments to SES volunteers for work-related injuries	192
		45,031
Administered Special Appropriations		
12 <i>Victims of Crime Assistance Act 1996</i>	Payments to victims of crime	29,370
Total		74,401

	1999 \$'000	1998 \$'000
--	----------------	----------------

25. Superannuation funds

The Department contributes superannuation payments on behalf of its employees to the following superannuation funds:

State Superannuation Fund (Defined benefit scheme)	11,776	11,671
Victorian Superannuation Fund (Accumulation scheme)	1,969	1,096
Total	13,745	12,767

Advice has been received from the Victorian Superannuation Board regarding the employees of the Estate Agents Board:

Accrued Benefit	0	162
Vested Benefit	0	202

Unfunded liabilities associated with the State Superannuation 'Revised' and 'New' Schemes are assumed by the Department of Treasury and Finance. There are no unfunded liabilities associated with the Victorian Superannuation Fund as this is an accumulation scheme.

At 30 June 1999 no outstanding amounts were owed to any of the above funds and no loans existed between the funds and the Department.

The Department of Justice has staff who are members of the following superannuation funds administered by the Victorian Superannuation Board:

- State Superannuation Fund
- Victorian Superannuation Fund

Employer contributions to the Revised and New Schemes are determined actuarially at the rate appropriate to fund the future benefit accrual rates. Any historical shortfall is met from consolidated revenue. Employer contributions to the Victorian Superannuation Fund satisfy the requirements of the Superannuation Guarantee legislation.



Benefits and contributions

State Superannuation Fund

Any person completing 30 years service and aged 55 is eligible for approximately 53% of their final average salary as a pension. They have the option of commuting up to half the pension to a lump sum. In June 1995 the Fund changed its status to a taxed fund and commenced to pay rebateable pensions. The illustration above is based on untaxed values which would be reduced to a taxed value on payment.

Employer contributions for State Superannuation Fund members were set at 14% of salary in 1998–99.

New Scheme

Retirement benefits vary in accordance with employee contributions and are supported by different employer rates.

Contributions

<i>Employee</i>	<i>Employer</i>	<i>Benefits</i>
0%	7.3%	10% (8.5%) of final average salary for each year at the rate
3%	8.8%	16% (14%) of final average salary for each year at the rate
5%	9.8%	20% (17.5%) of final average salary for each year at the rate
7%	10.8%	24% (21%) of final average salary for each year at the rate (for prescribed class members and catch-up purposes only)

The benefit accrual rates in brackets are the accrual rates applying after the change in tax status of the Fund in June 1995.

Victorian Superannuation Fund

From 1 January 1994, new employees' superannuation contributions have been made into the VicSuper accumulation scheme at the rates determined under the Commonwealth Superannuation Guarantee Legislation. The employer contribution rate for 1998–99 was 7% and will be the same for 1999–2000. The Victorian Superannuation Fund benefit consists of contributions and interest earned less any administration charges.

26. Year 2000

The Department's Year 2000 Project has been guided by a steering committee comprising senior departmental representatives and supported by a Portfolio Steering Committee comprising all statutory agencies and bodies. The Year 2000 Project adopted the reporting methodology of central government and has managed the project in accordance with the Australian/New Zealand standard.

The tasks undertaken as part of the Year 2000 Project were:

- development of a portfolio-wide strategy;
- identification of Year 2000 risks across systems, buildings, processes and suppliers;
- identification and resolution of remediation strategies and activities;
- identification and evaluation of compliance options for major systems and resolution of resourcing;
- completion of remediation and testing activities for all critical business systems (IT and embedded chip systems); and
- development of contingency plans for all business processes.

A total of \$10,770,000 was spent on the Year 2000 Project during the year ended 30 June 1999.

27. Contingent liabilities

	1999 \$'000	1998 \$'000
Contingent liabilities at balance date not provided for in the Statement of Financial Position are:		
Private prisons contract #	688,724	661,956
Liabilities pending the outcome of legal action	3,718	6,521
Total	692,442	668,477

The Minister, on behalf of 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. The increase in 1999 represents the addition of specific correctional services contracted and a change in the underlying index for wage-related costs.



28. Transactions with other Victorian government controlled entities

During the 1998–99 financial year transactions were undertaken with other Victorian government-controlled entities.

'Inter' transactions are with entities outside the portfolio controlled by the Victorian Government.

'Intra' transactions are between entities within the Department of Justice portfolio.

These transactions are summarised below.

	1999 \$'000	1998 \$'000
Inter-government transactions		
Revenues		
Sale of number plates – Vic Roads	4,196	4,670
Appropriations – Department of Treasury and Finance	567,420	529,080
Resources received free of charge:		
Department of Treasury and Finance	2,648	899
	574,264	534,649
Expenses		
Payroll tax – State Revenue Office	10,584	11,204
Superannuation – Victorian Superannuation Board	13,694	12,767
Vehicle registration – Vic Roads	16	141
Audit fees – Office of the Auditor-General	325	418
Accommodation leases – Department of Treasury and Finance	6,051	11,700
Transfer payments:		
Victorian Legal Aid	24,017	24,257
Country Fire Authority	24,120	23,920
Metropolitan Fire and Emergency Services Board	15,682	15,666
Victorian Electoral Commission	20,682	8,139
Resources provided free of charge:		
Victorian Institute of Forensic Medicine	0	875
Office of Public Prosecutions	0	343
Office of the Public Advocate	80	290
Equal Opportunity Commission	0	235
Office of the Chief Commissioner of Police	15	584
Capital assets charge – Department of Treasury and Finance	26,222	10,511
	141,488	121,050
Abnormal Items		
Assets provided free of charge to Victoria Police:		
buildings: Prahran Court House	1,632	0
land: Prahran Court House	855	0
Proceeds from disposal of motor vehicle fleet	0	12,170
Transfer of Fairlea Prison	0	3,620
	2,488	15,790
Assets		
Prepayments – grants within Portfolio	18,956	0
Investments – Treasury Corporation of Victoria	46,724	43,994
Amounts owed by related entities	25,496	0
	91,176	43,994
Liabilities		
Amounts owing to related entities	2,744	6,397
Intra-government transactions	0	0

29. Financial instruments

(a) Terms, conditions and accounting policies

These are the terms, conditions and accounting policies of the Department of Justice for each class of financial assets, financial liabilities and equity instruments as at the balance date.

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
(i) Financial assets			
<i>Current assets</i>			
Cash and term deposits	1(l)	Cash and term deposits are carried at the principal amount	Cash is invested as funds permit at varying interest rates at an average of 4.14%
Receivables	12, 14	Receivables are carried at nominal amounts due	Credit sales are on 30 day terms. The debts are long-term debts owed to the Department and could be in excess of 90 days before payment is forthcoming, based on past experience
Fines (administered)	31	Fines owing are carried at the amounts due to be paid	Fines can take up to two years to collect, based on past experience
Trust fund cash	34.3	Cash held in trust	Monies are held at a floating interest rate
Other administered assets		Assets are held in accordance with government legislation	Advances are at a non-interest bearing rate
Investments	1(i)	Investments are carried at their principal amount	These are invested as funds permit at varying interest rates between 4.35% and 5.02%
(ii) Financial liabilities			
Bank overdraft		Monies paid on 30 June are not reimbursed until required in July	Monies are held at a floating interest rate
Creditors and accrued liabilities	18	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the Department of Justice	Trade liabilities are settled at normal government terms; that is, 30 days
Trust fund liabilities	34.4, 35	Monies are held in trust for various State trust funds and departmental clients	Monies are held at a floating interest rate



29. Financial instruments

(b) Interest rate risk – 1999

This is the Department of Justice exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities (both recognised and unrecognised) as at the balance date.

	Floating interest rate	Fixed interest rate maturing in			Non- interest bearing	Total carrying amounts as per balance sheet 1999
		1 year or less	Over 1 year to 5 years	More than 5 years		
	1999	1999	1999	1999	1999	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Controlled						
(i) Financial assets						
<i>Current</i>						
Cash and term deposits	50	0	0	0	0	50
Receivables	0	0	0	0	37,450	37,450
Investments	1,174	98,798	0	0	0	99,972
Total	1,224	98,798	0	0	37,450	137,472
(ii) Financial liabilities						
<i>Current</i>						
Bank overdraft	11,302	0	0	0	0	11,302
Creditors and accrued liabilities	0	0	0	0	27,894	27,894
Total	11,302	0	0	0	27,894	39,196
Administered						
(i) Financial assets						
<i>Current</i>						
Cash and term deposits	0	0	0	0	0	0
Receivables	0	0	0	0	48,983	48,983
Investments	117	0	0	0	0	117
Trust fund cash	94,184	0	0	0	0	94,184
Total	94,301	0	0	0	48,983	143,284
(ii) Financial liabilities						
<i>Current</i>						
Trust fund liabilities	90,179	0	0	0	0	90,179
Creditors and accrued liabilities	0	0	0	0	303	303
Total	90,179	0	0	0	303	90,482

29. Financial instruments (continued)

(b) Interest rate risk – 1998

This is the Department of Justice exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities (both recognised and unrecognised) as at the balance date.

	Floating interest rate	Fixed interest rate maturing in			Non- interest bearing	Total carrying amounts as per balance sheet 1998
		1 year or less	Over 1 year to 5 years	More than 5 years		
	1998	1998	1998	1998	1998	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Controlled						
(i) Financial assets						
<i>Current</i>						
Cash and term deposits	49	0	0	0	0	49
Receivables	0	0	0	0	4,795	4,795
Investments	13,059	78,279	0	0	0	91,338
Total	13,108	78,279	0	0	4,795	96,182
(ii) Financial liabilities						
<i>Current</i>						
Bank overdraft	0	0	0	0	0	0
Creditors and accrued liabilities	35,489	0	0	0	0	35,489
Total	35,489	0	0	0	0	35,489
Administered						
(i) Financial assets						
<i>Current</i>						
Cash and term deposits	52	0	0	0	0	52
Receivables	0	0	0	0	50,867	50,867
Investments	87,718	0	0	0	0	87,718
Total	87,770	0	0	0	50,867	138,637
(ii) Financial liabilities						
<i>Current</i>						
Trust fund liabilities	74,369	0	0	0	0	74,369
Creditors and accrued liabilities	0	0	0	0	14,701	14,701
Total	74,369	0	0	0	14,701	89,070



(c) Net fair values

This is the Department of Justice aggregate net fair values of financial assets and financial liabilities (both recognised and unrecognised) as at the balance date.

	Total carrying amount as per the balance sheet 1999	Aggregate net fair value 1999	Total carrying amount as per the balance sheet 1998	Aggregate net fair value 1998
	\$'000	\$'000	\$'000	\$'000
Controlled				
(i) Financial assets				
<i>Current</i>				
Cash and term deposits	50	50	49	49
Receivables	37,450	37,450	4,795	4,795
Investments	99,972	99,972	91,338	91,338
Total	137,472	137,472	96,182	96,182
(ii) Financial liabilities				
<i>Current</i>				
Bank overdraft	11,302	11,302	0	0
Creditors and accrued liabilities	27,894	27,894	35,489	35,489
Total	39,196	39,196	35,489	35,489
Administered				
(i) Financial assets				
<i>Current</i>				
Cash and term deposits	0	0	52	52
Receivables	48,983	48,983	50,867	50,867
Investments	117	117	0	0
Trust fund cash	94,184	94,184	87,718	87,718
Total	143,284	143,284	138,637	138,637
(ii) Financial liabilities				
<i>Current</i>				
Trust fund liabilities	90,179	90,179	74,369	74,369
Creditors and accrued liabilities	303	303	14,701	14,701
Total	90,482	90,482	89,070	89,070

30. Departmental and administered transactions

In addition to departmental (controlled) operations which are included in the Statement of Financial Position, Operating Statement and Statement of Cash Flows, the Department administers (or manages) certain other activities on behalf of the Government.

These administered transactions are determined on an accrual basis and give rise to revenues, expenses, assets and liabilities.

Administered revenues include taxes, fees and fines. Administered liabilities include government expenses incurred but not yet paid. Administered assets include government revenues earned but not yet collected.

These administered transactions are not recognised as revenues, expenses, assets or liabilities in either the Operating Statement or the Statement of Financial Position. They are separately disclosed in the notes to the financial statements.



30. Departmental and administered transactions (continued)

	Legal Services	Equity and Information Services	Correctional Services	Community Safety	Total	Total
	1999	1999	1999	1999	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Controlled revenues and expenses by output group						
Revenues						
<i>Government</i>						
Output revenue	160,678	33,268	182,756	57,259	433,961	
Additions to net asset base	16,304	0	661	0	16,965	
Special appropriations	25,112	19,727	0	192	45,031	
Grants received						
Appropriations from other departments	3,635	2,183	4,789	1,216	11,823	
	205,729	55,178	188,206	58,667	507,780	488,716
<i>Operating</i>						
User charges	43,103	4,036	11,449	1,052	59,640	40,682
Trust fund revenue	1,207	8,244	10	899	10,360	7,328
Resources received free of charge	2,648	0	0	0	2,648	899
Interest and other investment earnings	46	27,659	18	9	27,732	26,326
	47,004	39,939	11,477	1,960	100,380	75,235
Total	252,733	95,117	199,683	60,627	608,160	563,951
<i>Expenses</i>						
Employee costs	107,166	21,830	66,706	8,786	204,488	192,391
Supplies and services	82,685	33,748	109,200	8,968	234,601	229,403
Depreciation and amortisation	7,426	1,792	5,787	921	15,926	19,164
Resources provided free of charge	95	0	0	0	95	2,327
Capital assets charge	14,245	494	10,841	642	26,222	0
Transfer payments	24,017	20,682	0	39,802	84,501	71,982
Written down value of assets sold	470	91	298	53	912	15,835
Total	236,104	78,637	192,832	59,172	566,745	531,102
<i>Operating result before abnormal items</i>	16,629	16,480	6,851	1,455	41,415	32,849
Abnormal items	53,262	7,170	28,968	2,432	91,833	61,033
Operating result	69,891	23,650	35,819	3,887	133,248	93,882

30. Departmental and administered transactions (continued)

	Legal Services	Equity and Information Services	Correctional Services	Community Safety	Total	Total
	1999	1999	1999	1999	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(b) Controlled assets and liabilities by output group						
<i>Assets</i>						
Current assets	23,801	108,735	29,469	1,261	163,266	103,753
Non-current assets	220,056	10,071	174,875	9,670	414,673	333,586
Total assets	243,857	118,806	204,344	10,931	577,939	437,339
<i>Liabilities</i>						
Current liabilities	27,366	4,800	21,023	1,393	54,582	85,014
Non-current liabilities	28,973	3,890	10,798	1,279	44,940	42,992
Total liabilities	56,339	8,690	31,821	2,672	99,522	128,006
Total equity	238,807	118,027	201,492	10,692	478,417	309,333



30. Departmental and administered transactions (continued)

	Notes	Legal Services Services 1999	Equity and Information 1999	Correctional Services 1999	Community Safety 1999	Total 1999	Total 1998
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(c) Administered revenues and expenses by output group							
Revenues							
<i>Government revenues</i>							
Taxation		0	0	0	0	0	65
Regulatory fees and fines		1	1,041	9	0	1,051	993
Fees, charges and reimbursements		0	0	0	0	0	86,900
Court fees and fines		85,077	7,325	87	0	92,489	0
Warrant execution costs		2,049	0	0	0	2,049	0
Rents, royalties and miscellaneous receipts		4,072	4,504	364	2,030	10,970	81
Commonwealth payments		54	38,776	0	0	38,830	38,506
Special appropriations		29,370	0	0	0	29,370	0
Interest		44	0	0	0	44	0
Grants		30	0	0	0	30	0
Net proceeds – disposal/ reevaluation assets		57	15	0	0	72	0
Total government revenue		120,754	51,661	460	2,030	174,905	126,545
Trust funds							
Trust Fund receipts	34.1	8,531	233	4,792	2,444	16,000	291,772
Total Trust Fund revenue		8,531	233	4,792	2,444	16,000	291,772
Total revenue		129,285	51,894	5,252	4,474	190,905	418,317
<i>Bad and doubtful debts</i>							
Regulatory fees and fines							
Court fines and fees		37,059	0	0	0	37,059	0
Rent, royalties and miscellaneous receipts							
doubtful debts		464	0	0	0	464	52,301
<i>Other expenses</i>							
Assistance to victims of crime		12,316	0	0	0	12,316	0
Trust Fund payments	34.2	7,101	194	3,989	2,034	13,318	293,257
Transfers to consolidated fund		61,183	24,581	2,488	2,119	90,371	0
Total expenses		118,123	24,775	6,477	4,153	153,528	345,558
<i>Operating result before abnormal items</i>		11,162	27,119	(1,225)	321	37,377	72,759
Abnormal items (reclassifications between administered and controlled entities)		(32,829)	0	0	0	(32,829)	(81,146)
Operating result		(21,667)	27,119	(1,225)	321	4,548	(8,387)

30. Departmental and administered transactions (continued)

	Notes	Legal Services Services	Equity and Information	Correctional Services	Community Safety	Total	Total
		1999	1999	1999	1999	1999	1998
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(d) Administered assets and liabilities							
<i>Assets</i>							
Cash						0	52
Receivables	31					224,837	283,672
less doubtful debts	31					(175,854)	(233,339)
Advances paid	33					612	534
Trust Fund cash	34.3					19,326	13,349
Trust Fund investments	34.3					117	0
Third party trust fund assets	35					74,858	74,369
Other assets						1,029	2
Total assets						144,925	138,639
<i>Liabilities</i>							
Creditors and accrued liabilities						303	14,701
Provision for victims of crime						15,776	0
Trust fund liabilities	34.4					15,321	0
Third party trust fund liabilities	35					74,858	74,369
Total liabilities						106,258	89,070
Net assets						38,667	49,569



	1999 \$'000	1998 \$'000
--	----------------	----------------

31. Administered debtors, provision for doubtful debts

Debtors (i)

General debtors (iii)	5,742	5,142
Court fines and non-government fines	219,095	178,064
	224,837	183,206

Provision for doubtful debts (ii)

General debtors (iii)	5,174	4,710
Fines and regulatory fees	170,680	142,827
	175,854	147,537

Total	48,983	35,669
--------------	---------------	---------------

(i) Debtors outstanding represents the monetary value recorded on the Courtlink and PERIN systems. A large number of defendants will exercise the options to discharge their debt by seeking extended time for payment or conversion of the fine to unpaid community work. In other instances, the penalty may be revoked on appeal, or served out as imprisonment on default of payment.

(ii) Section 58 of the *Magistrates' Court Act 1989* provides that warrants are valid for a period of five years, but can be re-issued if new information is found for an offender. The level of doubtful debts represents outstanding fines on warrants issued by the Courtlink and PERIN systems.

(iii) The amount of general debtors primarily relates to the operations of the Asset Confiscation Office, which commenced operations in March 1998. It is an estimate of the value of assets confiscated.

32. Administered bad debts written off

The administered bad debts written off by the Department as at 30 June 1999 were:

Court fines and warrant execution fees	13,799	12,121
Total	13,799	12,121

Bad debts recovered	739	1,415
----------------------------	------------	--------------

33. Administered assets – advances paid

Residential Tenancy Bond Relocation Scheme	467	330
Residential Tenancy Bond Assistance Scheme	895	913
less doubtful debts	(750)	(709)
Total	612	534

	1999 \$'000	1998 \$'000
34. Administered trust funds		
34.1 Administered trust funds – revenue		
Departmental Suspense	13,597	0
Drug Rehabilitation and Research Fund	1,557	1,668
Revenue Suspense	177	0
Courtlink Trust Account *	0	38,883
FBT Trust Account	552	0
Asset Confiscation Office	117	0
Treasury Trust Fund **	0	7,155
Sheriff's Office Clearing Account *	0	24,795
Corporate Affairs Trust Account *	0	46,775
Revenue Clearing Account *	0	161,256
Victorian Government Solicitors Trust *	0	11,240
Total	16,000	291,772
34.2 Administered trust funds – expenditure		
Departmental Suspense	12,726	0
Drug Rehabilitation and Research Fund	52	14
Courtlink Trust Account *	0	38,869
FBT Trust Account	542	0
County Court Trust	0	220
Public Service Commuter Club	(2)	0
Treasury Trust Fund **	0	6,677
Sheriff's Office Clearing Account *	0	24,750
Corporate Affairs Trust Account *	0	46,400
Revenue Clearing Account *	0	162,001
Victorian Government Solicitors Trust *	0	14,326
Total	13,318	293,257

* In 1998, trust fund revenue and expenditure represented cash flow movements. For 1999, these movements reflect Operating Statement revenue and expenditure.

** Reclassified to administered transactions



	1999 \$'000	1998 \$'000
34.3 Administered trust funds – assets		
Cash		
Departmental Suspense	4,177	0
Drug Rehabilitation and Research Fund	3,160	1,654
Revenue Suspense	3,081	0
Courtlink Trust Account	877	877
CMC Melbourne Trust	300	300
FBT Trust Account	140	0
County Court Trust	100	100
Treasury Trust Fund	7,470	6,392
Public Service Commuter Club	19	0
Security Account	2	0
Sheriff's Office Clearing Account *	0	2,904
Corporate Affairs Trust Account *	0	1,497
Prisoner Welfare Amenities *	0	33
Public Support Accounts *	0	30
Revenue Clearing Account *	0	(438)
Total	19,326	13,349
Investments		
Asset Confiscation Office	117	0
Total	117	0
Other assets		
Departmental Suspense	889	0
Total	889	0
Total assets	20,332	13,349
34.4 Administered trust funds – liabilities		
Departmental Suspense	4,845	0
Revenue Suspense	2,904	0
FBT Trust Account	125	0
Treasury Trust Fund	7,470	0
Public Service Commuter Club	24	0
Security Account	2	0
Public Support Accounts	(29)	0
Prisoner Welfare Amenities	(20)	0
Total	15,321	0

For 1999, the accounts marked * have been closed and replaced by the Departmental Suspense and Revenue Suspense accounts.

	1999	1998
	\$'000	\$'000

35. Administered trust funds held on behalf of third parties

Cash

Courts Infant Investment Accounts	35,030	35,474
Crimes Compensation Infant Investment Accounts	31,222	31,299
Victorian Government Solicitors Trust	8,606	7,596
Total	74,858	74,369

Liabilities

Courts Infant Investment Accounts	35,030	35,474
Crimes Compensation Infant Investment Accounts	31,222	31,299
Victorian Government Solicitors Trust	8,606	7,596
Total liabilities	74,858	74,369

Other court funds related to the Supreme Court Master's Funds are not disclosed as they are separately reported by the Master of the Supreme Court.

36. Post-balance date events

On the 1 July the Department's Enforcement Management Division took over the functions of the Office of the Chief Commissioner of Police debtors recovery program and outsourced the operations of this activity to Lockheed Martin Tenix (LMT).

37. Non-government transactions

In addition to departmental (controlled) operations and administered transactions undertaken on behalf of the Government, the Department also administers trust fund monies on behalf of third parties. These transactions are not disclosed in the Department's Statement of Financial Position.

Non-government fines

Debtors	121,306	100,467
less provision for doubtful debts	104,166	85,802
	17,140	14,665
Creditors	(17,140)	(14,665)
Total	0	0

Residential Tenancies Bond money

Investments	175,758	0
Creditors	(175,758)	0
Total	0	0

Prisoner Private Monies Account

Cash	172	214
Creditors	(172)	(214)
Total	0	0



38. Responsible person – related disclosures

Responsible persons

These are the responsible persons in the Department of Justice for the financial year:

The Hon. J. Wade MLA	Attorney-General Minister for Fair Trading Minister for Women's Affairs
The Hon. W. McGrath MLA	Acting Attorney-General Acting Minister for Fair Trading Acting Minister for Women's Affairs
The Hon. W. McGrath MLA	Minister for Police and Emergency Services Minister for Corrections
The Hon. P. McNamara MLA	Acting Minister for Police and Emergency Services Acting Minister for Corrections
Mr P. Harmsworth	Secretary to the Department of Justice
Mr T. Daly	Acting Secretary to the Department of Justice

Remuneration of responsible persons

Remuneration received, or due and receivable, by the Secretary for:	1999	1998
Management of the Department of Justice	\$300,000–\$310,000	\$320,000–\$330,000
Management of related parties	Nil	Nil

Ministerial remuneration is disclosed in the financial statements of the Department of the Premier and Cabinet.

Retirement benefits of responsible persons

No responsible persons retired or were paid any retirement benefits during the financial year (1998 – Nil).

Other transactions and receivables of responsible persons and responsible person related parties and entities

There were no significant transactions between the Department of Justice and any of the responsible persons and responsible person related entities, nor are there other receivables from, and payables to, directors and responsible person-related parties.

Executive remuneration

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period is shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Several factors have affected the 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.

Remuneration of executive officers

Income band	Total remuneration		Base remuneration	
	1999 No.	1998 No.	1999 No.	1998 No.
Less than \$100,000	15	23	22	30
\$100,000-109,999	11	6	13	13
\$110,000-119,999	11	2	13	8
\$120,000-129,999	8	3	3	4
\$130,000-139,999	2	6	7	4
\$140,000-149,999	4	4	3	2
\$150,000-159,999	7	6	0	0
\$160,000-169,999	1	2	1	1
\$170,000-179,999	0	3	0	0
\$180,000-189,999	1	0	0	0
\$190,000-199,999	1	3	0	0
\$200,000-209,999	0	2	0	0
\$210,000-219,999	0	1	0	0
\$220,000-229,999	1	1	0	0
Total number	62	62	62	62
Total amount	\$6,892,432	7,130,857	6,137,443	5,669,163



Compliance Index disclosure requirements

The annual report of the entity is prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure and other requirements.

Clause	Disclosure	Page
Report of operations		
<i>Charter & purpose</i>		
9.1.3 (i) (a)	Manner of establishment and relevant Minister	2
9.1.3 (i) (b)	Objectives, functions, powers and duties	2–37
9.1.3 (i) (c)	Services provided and persons or sections of community served	2–37, 94–108
<i>Management & structure</i>		
9.1.3 (i) (d) (i)	Names of governing board members, audit committee and chief executive officer	121
9.1.3 (i) (d) (ii)	Names of senior office holders and brief description of each office	121
9.1.3 (i) (d) (iii)	Chart setting out organisational structure	88–89
9.1.3 (i) (e)	Workforce data and application of merit and equity principles	114–117
9.1.3 (i) (f)	Application and operation of <i>Freedom Of Information Act 1982</i>	125–126
<i>Financial and other information</i>		
9.1.3 (ii) (a)	Summary of financial results with previous four-year comparatives	118
9.1.3 (ii) (b)	Summary of significant changes in financial position	118
9.1.3 (ii) (c)	Operational & budgetary objectives for the year and performance against those objectives	2–37, 94–108
9.1.3 (ii) (d)	Major changes or factors affecting achievement of objectives	118
9.1.3 (ii) (e)	Events subsequent to balance date	118
9.1.3 (ii) (f)	Consultancies > \$100,000 – Full details of each consultancy	122–124
9.1.3 (ii) (g)	Consultancies < \$100,000 – Number and total cost of consulting engagements	122
9.1.3 (ii) (h)	Extent of compliance with <i>Building Act 1993</i>	110–112
9.1.3 (ii) (i)	Statement that information listed in Part 9.1.3 (iv) is available on request	118
9.1.3 (ii) (k)	Statement on implementation and compliance with National Competition Policy	120
Financial statements		
<i>Preparation</i>		
9.2.2 (ii) (a)	Statement of preparation on an accrual basis	47
9.2.2 (ii) (b)	Statement of compliance with Australian Accounting Standards and associated pronouncements	47–51
9.2.2 (ii) (c)	Statement of compliance with accounting policies issued by the Minister for Finance	47
<i>Statement of financial operations</i>		
9.2.2 (i) (a)	A statement of financial operations for the year	41
9.2.3 (ii) (a)	Operating revenue by class	41
9.2.3 (ii) (b)	Investment income by class	42–43
9.2.3 (ii) (c)	Other material revenue by class including sale of non-goods assets and contributions of assets	43
9.2.3 (ii) (d)	Material revenues arising from exchanges of goods or services	41, 43
9.2.3 (ii) (e)	Depreciation, amortisation or diminution in value	55
9.2.3 (ii) (f)	Bad and doubtful debts	56, 78
9.2.3 (ii) (g)	Financing costs	69–72

Clause	Disclosure	Page
9.2.3 (ii) (h)	Net increment or decrement on the revaluation of each category of assets	57–58
9.2.3 (ii) (i)	Auditor-General's fees	54
<i>Statement of financial position</i>		
9.2.2 (i) (b)	A statement of financial position for the year	42
<i>Assets</i>		
9.2.3 (iii) (a) (i)	Cash at bank or in hand	42
9.2.3 (iii) (a) (ii)	Inventories by class	42
9.2.3 (iii) (a) (iii)	Receivables, including trade debtors, loans and other debtors	42, 56
9.2.3 (iii) (a) (iv)	Other assets, including prepayments	42
9.2.3 (iii) (a) (v)	Investments by class	42, 69–72
9.2.3 (iii) (a) (vi)	Property, plant & equipment	42, 58
9.2.3 (iii) (a) (vii)	Intangible assets	N/A
<i>Liabilities</i>		
9.2.3 (iii) (b) (i)	Overdrafts	42, 59, 69–72
9.2.3 (iii) (b) (ii)	Bank loans, bills payable, promissory notes, debentures and other loans	N/A
9.2.3 (iii) (b) (iii)	Trade and other creditors	42, 59
9.2.3 (iii) (b) (iv)	Finance lease liabilities	62
9.2.3 (iii) (b) (v)	Provisions, including employee entitlements	42, 59, 60
<i>Equity</i>		
9.2.3 (iii) (c) (i)	Authorised capital	N/A
9.2.3 (iii) (c) (ii)	Issued capital	N/A
9.2.3 (iii) (d)	Reserves, including transfers to and from reserves (shown separately)	42, 61
<i>Statement of cash flows</i>		
9.2.2 (i) (c)	A statement of cash flows for the year	43, 44
<i>Notes to the financial statements</i>		
9.2.2 (i) (d)	Ex-gratia payments	61
9.2.2 (i) (d)	Amounts written off	56, 78
9.2.3 (iv) (a)	Charges against assets	N/A
9.2.3 (iv) (b)	Contingent liabilities	67
9.2.3 (iv) (c)	Commitments for expenditure	62
9.2.3 (iv) (d)	Government grants received or receivable and source	63–64
9.2.3 (iv) (e)	Employee superannuation funds	65–66
9.2.3 (iv) (f)	Assets received without adequate consideration	53
9.4.2	Transactions with responsible persons and their related parties	82
9.6.2	Progress towards Year 2000 compliance	67
9.7.2	Motor vehicle lease commitments	62



**VICTORIAN
AUDITOR-
GENERAL'S
OFFICE**

*Auditing in the
Public Interest*

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Secretary of the Department of Justice.

Audit Scope

The accompanying financial report of the Department of Justice for the financial year ended 30 June 1999, comprising operating statement, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Secretary of the Department is responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Secretary of the Department as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Department's financial position, the results of its operations and its cash flows.

The audit does not provide any assurances that the Department's systems, or any other systems that the Department relies on in the conduct of its activities such as those of suppliers and service providers are year 2000 compliant, or whether plans and associated actions are adequate to address the year 2000 issue. The year 2000 issue has been addressed only in the context of existing audit responsibilities under Australian Auditing Standards to express an opinion on the financial report.

Note 1(b) to the financial statements outlines the basis used by the Department for the categorisation of its transactions and balances between controlled and administered for the relevant year, as required by Australian Accounting Standards, notwithstanding that the Department legally administers all its activities on behalf of the Crown.

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

Audit Opinion

In my opinion, the financial report presents fairly the financial position of the Department of Justice as at 30 June 1999 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act 1994*.

MELBOURNE
29 /10/ 1999

J. W. CAMERON
Auditor-General