

SECTION TWO

BUDGETED FINANCIAL STATEMENTS

BUDGETED STATEMENT OF REVENUES AND EXPENSES - DEPARTMENTAL

BUDGETED STATEMENT OF REVENUES AND EXPENSES - ADMINISTERED

BUDGETED STATEMENT OF ASSETS AND LIABILITIES - DEPARTMENTAL

BUDGETED STATEMENT OF ASSETS AND LIABILITIES - ADMINISTERED

BUDGETED CASH FLOW STATEMENT - DEPARTMENTAL

BUDGETED CASH FLOW STATEMENT - ADMINISTERED

CAPITAL BUDGET - DEPARTMENTAL

NON-FINANCIAL ASSETS - SUMMARY OF MOVEMENT - DEPARTMENTAL

NOTES TO THE BUDGETED FINANCIAL STATEMENTS

BUDGETED FINANCIAL STATEMENTS

This section provides the Budgeted Financial Statements for the Department of Defence. They have been prepared in accordance with the Finance Minister's Orders. They consist of the following statements and accompanying notes for both Departmental and Administered:

Budgeted Statement of Revenues and Expenses (Budgeted Operating Statement)

This statement provides a picture of the expected financial results for the Department by identifying full accrual expenses and revenues, which highlights whether the Department is operating at a sustainable level in the short run.

Budgeted Statement of Assets and Liabilities (Budgeted Balance Sheet)

This shows the current and projected financial position of the Department over the Forward Estimates. It enables decision-makers to track the management of the Department's assets and liabilities.

Budgeted Cash Flow Statement

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

This shows all proposed capital expenditure funded either through the Budget as appropriation by equity injections or as loans, and/or appropriations for administered capital, or as funds from internal sources or as funds from other sources.

Non-financial Assets - Summary of Movement

This statement shows only the Budget year 1999-2000.

Table 2.1: Budgeted Statement of Revenues and Expenses - Departmental

Departmental Revenues and Expenses	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Expenses					
Employees	4,668,728	4,414,181	4,441,682	4,543,720	4,624,819
Suppliers	3,877,449	4,026,816	4,115,652	4,235,853	4,263,510
Depreciation	1,536,880	1,653,696	1,862,691	2,022,081	2,208,300
Interest	6,779	1,110	-	-	-
Write down of assets	60,000	-	-	-	-
Net losses from sale of property, plant and equipment	-	12,077	4,146	21,286	10,720
Other costs of providing goods and services	15,969	16,863	16,896	16,931	15,966
Total expenses (Note 2)	10,165,805	10,124,743	10,441,067	10,839,871	11,123,315
Revenues from independent sources					
Sale of goods and services	271,592	273,288	285,645	314,865	371,320
Net gains from sale of property, plant and equipment	21,646	-	-	-	-
Interest	-	14,019	-	-	-
Asset revaluation increment	76,274	-	-	-	-
Other revenues from independent sources	24,905	22,550	23,063	23,648	24,233
Total revenues from independent sources (Note 3)	394,417	309,857	308,708	338,513	395,553
Net cost of services	9,771,388	9,814,886	10,132,359	10,501,358	10,727,762
Revenues from government					
Output appropriation revenue	9,771,388	14,277,978	14,711,119	15,165,771	15,466,155
Total revenues from government	9,771,388	14,277,978	14,711,119	15,165,771	15,466,155
Operating result before capital use charge	-	4,463,092	4,578,760	4,664,413	4,738,393
Capital use charge	-	4,463,092	4,578,760	4,664,413	4,738,393
Operating result	-	-	-	-	-
Accumulated results at 1 July	33,404,290	33,404,290	33,404,290	33,404,290	33,404,290
Total accumulated results at 30 June (Note 8)	33,404,290	33,404,290	33,404,290	33,404,290	33,404,290

Table 2.2: Budgeted Statement of Revenues and Expenses - Administered

Administered Revenues and Expenses	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Expenses					
Military benefits	1,860,272	1,943,173	1,879,915	1,821,233	1,966,136
Depreciation	439	439	439	439	439
Other	6,223	9,262	10,323	10,530	10,759
Total expenses (Note 4)	1,866,934	1,952,874	1,890,677	1,832,202	1,977,334
Revenues					
Interest	1,083	-	-	-	-
Other	93,126	81,798	83,240	84,787	86,578
Appropriations	1,866,934	1,952,874	1,890,677	1,832,202	1,977,334
Total revenues (Note 4)	1,961,143	2,034,672	1,973,917	1,916,989	2,063,912
Operating result	94,209	81,798	83,240	84,787	86,578
Extraordinary item (Note 4)	95,200	(413,709)	-	-	-
Operating result after extraordinary item	189,409	(331,911)	83,240	84,787	86,578
Transfers					
Cash to Department of Finance and Administration	94,209	81,798	83,240	84,787	86,578
Operating result after transfers	95,200	(413,709)	-	-	-
Accumulated results at 1 July	(22,840,467)	(22,745,267)	(23,158,976)	(23,158,976)	(23,158,976)
Total accumulated results at 30 June (Note 9)	(22,745,267)	(23,158,976)	(23,158,976)	(23,158,976)	(23,158,976)

Table 2.3: Budgeted Statement of Assets and Liabilities - Departmental

Departmental Assets and Liabilities	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Debt					
Leases (Note 5)	12,237	-	-	-	-
Total debt	12,237	-	-	-	-
Provisions and payables					
Employees (Note 6)	2,041,919	2,054,680	2,035,553	2,039,328	2,053,416
Suppliers (Note 7)	585,454	581,759	598,035	588,946	584,994
Total provisions and payables	2,627,373	2,636,439	2,633,588	2,628,274	2,638,410
Equity					
Accumulated results	33,404,290	33,404,290	33,404,290	33,404,290	33,404,290
Accumulated equity injection	1,238,774	2,517,004	3,578,692	4,493,412	5,413,272
Reserves	1,271,138	1,271,138	1,271,138	1,271,138	1,271,138
Total equity (Note 8)	35,914,202	37,192,432	38,254,120	39,168,840	40,088,700
Total liabilities and equity	38,553,812	39,828,871	40,887,708	41,797,114	42,727,110
Financial assets					
Cash	18,514	18,514	18,514	18,514	18,514
Receivables (Note 10)	406,002	307,327	294,219	425,171	273,073
Total financial assets	424,516	325,841	312,733	443,685	291,587
Non-financial assets					
Land and buildings	6,456,502	6,335,870	6,181,604	5,792,805	5,771,482
Infrastructure, plant and equipment	28,316,260	29,953,808	31,282,951	32,450,379	33,624,311
Inventories (Note 11)	2,755,346	2,607,844	2,498,073	2,502,992	2,436,082
Intangibles	66,769	71,755	82,811	81,208	82,817
Other (Note 12)	534,419	533,753	529,536	526,045	520,831
Total-non financial assets	38,129,296	39,503,030	40,574,975	41,353,429	42,435,523
Total assets	38,553,812	39,828,871	40,887,708	41,797,114	42,727,110
Current liabilities	1,220,844	1,219,371	1,219,295	1,215,458	1,227,000
Non-current liabilities	1,418,766	1,417,068	1,414,293	1,412,816	1,411,410
Current assets	1,932,014	2,311,200	2,728,963	3,222,673	3,668,451
Non-current assets	36,621,798	37,517,671	38,158,745	38,574,441	39,058,659

Table 2.4: Budgeted Statement of Assets and Liabilities - Administered

Administered Assets and Liabilities	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Provisions and payables					
Military Benefits	23,522,154	24,327,735	25,031,094	25,634,529	26,338,115
Other	25,128	25,738	26,356	26,979	27,617
Total provisions and payables (Note 13)	23,547,282	24,353,473	25,057,450	25,661,508	26,365,732
Equity					
Accumulated results	(22,745,267)	(23,158,976)	(23,158,976)	(23,158,976)	(23,158,976)
Reserves	2,105,374	2,105,374	2,105,374	2,105,374	2,105,374
Total equity (Note 9)	(20,639,893)	(21,053,602)	(21,053,602)	(21,053,602)	(21,053,602)
Total liabilities and equity	2,907,389	3,299,871	4,003,848	4,607,906	5,312,130
Financial assets					
Receivables	793,752	1,504,985	2,209,202	2,813,502	3,517,960
Investments	2,103,544	1,785,035	1,785,035	1,785,035	1,785,035
Accrued revenues	1,749	1,946	2,146	2,343	2,548
Total financial assets (Note 14)	2,899,045	3,291,966	3,996,383	4,600,880	5,305,543
Non-financial assets					
Infrastructure, plant and equipment	8,344	7,905	7,465	7,026	6,587
Total non-financial assets (Note 15)	8,344	7,905	7,465	7,026	6,587
Total assets	2,907,389	3,299,871	4,003,848	4,607,906	5,312,130
Current liabilities	1,175,548	1,150,327	1,164,885	1,178,517	1,196,308
Non-current liabilities	22,371,734	23,203,146	23,892,565	24,482,991	25,169,424
Current assets	795,501	1,506,931	2,211,347	2,815,845	3,520,508
Non-current assets	2,111,888	1,792,940	1,792,501	1,792,061	1,791,622

Table 2.5: Budgeted Statement of Cash Flows - Departmental

Departmental Cash Flows	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-001 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Operating activities					
Cash received					
Operating appropriation	9,771,388	14,277,978	14,711,119	15,165,771	15,466,155
Sale of goods and services	271,592	273,288	285,645	314,866	371,321
Interest	-	14,019	-	-	-
Other	24,905	22,550	23,063	23,648	24,233
Total cash received	10,067,885	14,587,835	15,019,827	15,504,285	15,861,709
Cash used					
Employees	4,658,445	4,404,449	4,440,315	4,545,543	4,609,470
Suppliers	2,842,026	2,977,026	3,055,007	3,164,554	3,225,459
Inventory	600,938	649,534	664,527	639,467	625,203
Other	15,969	16,863	16,896	16,931	15,966
Total cash used	8,117,378	8,047,872	8,176,745	8,366,495	8,476,098
Net cash from operating activities	1,950,507	6,539,963	6,843,082	7,137,790	7,385,611
Investing activities					
Cash received					
Equity appropriation	1,238,774	1,278,230	1,061,688	914,720	919,860
Proceeds from sales of land and buildings	47,740	65,796	82,525	173,476	104,880
Proceeds from sales of specialist military equipment	3,860	3,110	3,052	5,129	11,055
Proceeds from sales of other infrastructure, plant and equipment	61,200	59,654	63,099	62,592	62,060
Loans	74,048	94,975	49,810	32,047	12,098
Total cash received	1,425,622	1,501,765	1,260,174	1,187,964	1,109,953
Cash used					
Purchase of specialist military equipment	2,724,968	3,030,977	2,996,727	3,155,875	3,237,187
Purchase of property, plant and equipment	651,161	547,659	527,769	505,466	519,984
Total cash used	3,376,129	3,578,636	3,524,496	3,661,341	3,757,171
Net cash from investing activities	(1,950,507)	(2,076,871)	(2,264,322)	(2,473,377)	(2,647,218)
Financing activities					
Cash used					
Capital use charge paid	-	4,463,092	4,578,760	4,664,413	4,738,393
Total cash used	-	4,463,092	4,578,760	4,664,413	4,738,393
Net cash from financing activities	-	(4,463,092)	(4,578,760)	(4,664,413)	(4,738,393)
Net increase in cash	-	-	-	-	-
Add cash at 1 July	18,514	18,514	18,514	18,514	18,514
Cash at 30 June	18,514	18,514	18,514	18,514	18,514

Table 2.6: Budgeted Statement of Cash Flows - Administered

Administered Cash Flows	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Operating activities					
Cash received					
Appropriation revenue	1,172,042	1,146,442	1,186,461	1,227,902	1,272,876
Other	94,209	81,798	83,240	84,787	86,578
Total cash received	1,266,251	1,228,240	1,269,701	1,312,689	1,359,454
Cash used					
Military benefits	1,170,224	1,144,092	1,184,244	1,225,680	1,270,627
Cash to Department of Finance and Administration	94,209	81,798	83,240	84,787	86,578
Other	1,818	2,350	2,217	2,222	2,249
Total cash used	1,266,251	1,228,240	1,269,701	1,312,689	1,359,454
Net cash from operating activities	-	-	-	-	-
Net increase in cash	-	-	-	-	-
Add cash at 1 July	-	-	-	-	-
Cash at 30 June	-	-	-	-	-

Table 2.7: Capital Budget - Departmental

Departmental Capital	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000
Capital payments budget					
Purchase of specialist military equipment	2,724,968	3,030,977	2,996,727	3,155,875	3,237,187
Purchase of property, plant and equipment	651,161	547,659	527,769	505,466	519,984
Total capital payments budget	3,376,129	3,578,636	3,524,496	3,661,341	3,757,171
Funded from:					
Equity injection	1,238,774	1,278,230	1,061,688	914,720	919,860
Self funding - Output appropriation	1,950,507	2,076,871	2,264,322	2,473,377	2,647,218
Capital receipts	186,848	223,535	198,486	273,244	190,093
Total capital funding	3,376,129	3,578,636	3,524,496	3,661,341	3,757,171
Self funding consists of:					
Depreciation and amortisation	1,536,880	1,653,696	1,862,691	2,022,081	2,208,300
Other accrual items	413,627	423,175	401,631	451,296	438,918
Total self funding	1,950,507	2,076,871	2,264,322	2,473,377	2,647,218
Capital receipts budget					
Proceeds from sale of property, plant and equipment	112,800	128,560	148,676	241,197	177,995
Other capital receipts	74,048	94,975	49,810	32,047	12,098
Total capital receipts budget	186,848	223,535	198,486	273,244	190,093

Table 2.8: Non-financial Assets - Summary of Movement - Departmental

Budget Year 1999-2000	Land	Buildings	Commercial Vehicles, Other Equipment and Infrastructure	Specialist Military Equipment	Software	Other Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value							
Gross value as at 30 June 1999	1,733,651	7,401,420	6,162,137	40,945,667	56,527	43,109	56,342,511
Gross value – additions	6,032	371,654	159,433	3,030,977	6,162	4,378	3,578,636
Gross value – disposals	(46,611)	(39,804)	(93,231)	(287,451)	-	-	(467,097)
Gross value - other movements	-	(66,504)	535,736	(367,952)	3,776	1,638	106,694
Gross value as at 30 June 2000	1,693,072	7,666,766	6,764,075	43,321,241	66,465	49,125	59,560,744
Accumulated depreciation/amortisation							
Accumulated depreciation - balance 30 June 1999	(60,175)	(2,618,394)	(2,648,233)	(16,143,310)	(12,937)	(19,930)	(21,502,979)
Depreciation on assets at the beginning of the year	-	(247,497)	(187,091)	(891,308)	(1,639)	(766)	(1,328,301)
Acc depn/amt – disposals this year	-	15,225	27,556	287,378	-	-	330,159
Acc depn/amt – charge on additions	-	(22,440)	(61,543)	(232,849)	(7,752)	(811)	(325,395)
Acc depn/amt – other movements	21,959	(112,646)	(285,297)	3,189	-	-	(372,795)
Accumulated depreciation/amortisation as at 30 June 2000	(38,216)	(2,985,752)	(3,154,608)	(16,976,900)	(22,328)	(21,507)	(23,199,312)
Written down value as at 30 June 2000	1,654,856	4,681,014	3,609,467	26,344,341	44,137	27,618	36,361,433

NOTES TO THE BUDGETED FINANCIAL STATEMENTS

CONTENTS

NOTE:

1. Summary of Key Accounting Policies
2. Expenses
3. Revenues from Independent Sources
4. Administered Revenues and Expenses
5. Finance Lease Liability
6. Employee Provisions and Payables
7. Supplier Provisions and Payables
8. Analysis of Equity
9. Administered Analysis of Equity
10. Receivables
11. Inventories
12. Other Non Financial Assets
13. Administered Provisions and Payables
14. Administered Financial Assets
15. Administered Property, Plant and Equipment

NOTE 1 - SUMMARY OF KEY ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements presented in these budget papers have been prepared on an accrual basis.

Consistent with the budgetary arrangements applying in Defence, revenues from independent sources include all receipts from the sale of goods or provision of services (user charges) and sale of assets.

Cash flows for the forward estimate years are expressed in out-turned price estimates. That is, they are presented in the price basis for the period to which they relate. The indices used to calculate the relevant out-turned prices are based on Treasury estimates of various economic parameters.

1.2 Departmental and Administered Items

The Department administers, but does not control, certain resources on behalf of the Commonwealth. The basis of accounting described in Note 1.1 has been used in accounting for both *Departmental* and *Administered* items which are disclosed separately in the financial statements and related notes.

Departmental items are assets, liabilities, revenues and expenses which are controlled by the Department, including military equipment and costs associated with the Australian Defence Force. *Administered* items are assets, liabilities, revenues and expenses which are controlled by the Government and managed by the Department on behalf of the Government.

The purpose of distinguishing between *Departmental* and *Administered* items is to facilitate an assessment of Defence's efficiency in the provision of services, through use of the financial statements.

1.3 Employee Provisions and Payables

Liabilities for employees include salaries, allowances, recreation leave, long service leave, superannuation, military workers compensation and redundancies.

The provision for employee entitlements has been measured on the basis of past experience.

All recreation leave entitlements are recognised as a current liability on the basis of the pattern of recreation leave taken in previous years.

The provision for military workers' compensation reflects the actuarial assessment of the liability for outstanding claims for injuries incurred up to the reporting date.

1.4 Receivables

The New Zealand Government makes progress payments under treaty arrangements towards the construction of ANZAC class frigates for the Royal New Zealand Navy. The receipts and expenditure on this project and associated asset under construction are not regarded as constituting expenses, revenues or assets of the Department of Defence in accordance with Statement of Accounting Concepts 4 – *Definition and Recognition of the Elements of Financial Statements*. Therefore they are excluded from the Statement of Revenues and Expenses and Statement of Assets and Liabilities. A receivable arises because of timing differences between receipts from New Zealand and expenses incurred by Defence on New Zealand's behalf and is disclosed as a receivable in the budgeted financial report.

1.5 Bad and doubtful debts

A provision is raised for doubtful debts where the debt is anticipated to be doubtful.

1.6 Property, Plant and Equipment

Due to the difficulty in accurately predicting future revaluations for property, plant and equipment, the budgeted statements do not include any predicted revaluations.

Assets under construction are not depreciated until they are brought into service.

Capitalisation Policy

A capitalisation threshold of \$25,000 has been adopted for all classes of property, plant and equipment

Items of property, plant and equipment are depreciated over their useful lives using the straight-line method from the time they are first held ready for use.

The useful lives of asset classes are:

- | | |
|---|----------------|
| • Buildings | 5 to 100 years |
| • Infrastructure | 5 to 100 years |
| • Specialist military equipment | 2 to 54 years |
| • Other plant and equipment | 2 to 10 years |
| • Other plant and equipment under finance lease | lease term |
| • Other plant and equipment - Administered | 30 years. |

The gain or loss on disposal of property, plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the operating result.

1.7 Intangibles

Intangible assets of Defence include software (purchased, enhanced and internally developed), patents, licences, computer models, copyright and other intellectual property.

Acquired intellectual property usually forms part of the acquisition of particular tangible assets and is reflected in the value reported for property, plant and equipment in the Statement of Departmental Assets and Liabilities.

Under paragraph 15.1 of AAS 29 – Financial Reporting by Government Departments, Defence has not recognised in the Departmental Assets and Liabilities Statement certain types of intangible assets that are difficult to measure. Those assets that are not recognised include internally developed software and certain items of intellectual property of a Defence-specific nature.

1.8 Inventories

As historic cost information is not available in all instances, inventories not held for sale are brought to account at average cost or replacement cost. Costs are assigned to issued inventory on the same basis.

1.9 Leases

Assets held under Finance leases are brought to account at fair value at lease inception. Operating lease payments are treated as expenses when incurred.

1.10 Taxation

The Department's activities are exempt from all forms of taxation except fringe benefits tax.

1.11 Asset Transfers

The capitalisation of amounts for assets under construction are accumulated in the Acquisition and Support Command Groups and once assets are completed they are transferred to the relevant operating Group.

1.12 Superannuation

The Defence Force Retirement and Death Benefits (DFRDB) Scheme, the Defence Forces Retirement Benefits (DFRB) Scheme and the Military Superannuation and Benefits Scheme (MSBS) are defined benefit superannuation plans for ADF members.

Revenues including members' contributions and expenses and associated Receivables, Payables and Provisions in respect of military superannuation administered by the Department, are recognised as Administered items in the Statement of Administered Revenues and Expenses and Statement of Administered Assets and Liabilities.

The provision for unfunded military superannuation was based on an actuarial review by the Commonwealth Actuary as at 30 June 1996, updated by the effect of subsequent pay rises.

Civilian employees of the Department contribute to the Commonwealth Superannuation Scheme (CSS) or Public Sector Superannuation (PSS) scheme. No liability is shown for civilian superannuation in the Statement of Assets and Liabilities as the liability is extinguished on a "pay as you go" basis.

Employer superannuation contributions (accrual based superannuation) for current military and civilian staff are recognised as departmental expenses and liabilities.

A liability is included to cover the unfunded superannuation liability, annual leave and long service leave for certain University of New South Wales staff employed at the Australian Defence Force Academy.

1.13 Principles of Consolidation

These statements comprise financial information for all operations controlled by the Department. In the process of reporting the Department as a single unit, all intra and inter-Group transactions and balances have been eliminated.

1.14 Comparatives

The capital use charge is not included for 1998-99 comparative purposes as it does not apply until the 1999-2000 financial year. Had it been applicable, it would have amounted to approximately \$4.5b. 1998-99 appropriations from Government have been recorded on an accrual basis for comparison purposes only. The actual appropriations for 1998-99 will be calculated on a cash basis. Also, for comparative purposes, an equity injection is shown as applying in 1998-99 even though appropriations from Government are not treated on this basis until the 1999-2000 financial year.

NOTE 2 – EXPENSES

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Employee expenses		
Salaries, wages and leave – military	2,659,934	2,540,850
Salaries, wages and leave – civilian	767,439	722,783
Employer superannuation contributions – military	555,525	502,565
Employer superannuation contributions – civilian	107,129	113,459
Housing – military	269,200	282,618
Fringe benefits tax	225,183	213,054
Other conditions of service	84,318	38,852
Total employee expenses	4,668,728	4,414,181
Suppliers expenses		
Supply of goods and services	2,941,943	3,101,224
Inventory usage	892,626	879,233
Operating lease rentals	42,880	46,359
Total suppliers expenses	3,877,449	4,026,816
Depreciation and amortisation		
Depreciation property, plant and equipment	1,519,582	1,638,800
Amortisation leased assets	12,447	3,927
Amortisation intangible assets	4,851	10,969
Total depreciation and amortisation	1,536,880	1,653,696
Interest		
Finance lease charges	6,779	1,110
Total interest	6,779	1,110
Write down of assets	60,000	-
Net losses from sale of property, plant and equipment	-	12,077
Other goods and services expenses		
Compensation	1,000	2,030
Other	14,969	14,833
Total other goods and services expenses	15,969	16,863
Total expenses	10,165,805	10,124,743

NOTE 3 – REVENUES FROM INDEPENDENT SOURCES

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Sales of goods and services		
Rations and quarters rental	133,399	163,912
Other	138,193	109,376
Total sales of goods and services	271,592	273,288
Net gains from sales of property, plant and equipment	21,646	-
Interest	-	14,019
Asset revaluation increment	76,274	-
Other revenues from independent sources	24,905	22,550
Total revenues from independent sources	394,417	309,857

NOTE 4 – ADMINISTERED REVENUES AND EXPENSES

Administered	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Administered Revenues – Non-Taxation		
Interest		
Commonwealth companies	1,083	-
Total interest	1,083	-
Other revenues		
Superannuation contributions	90,552	78,963
Other	2,574	2,835
Total other revenues	93,126	81,798
Total administered revenues	94,209	81,798
Administered Expenses		
Military benefits	1,860,272	1,943,173
Depreciation and amortisation		
Property, plant and equipment	439	439
Total depreciation and amortisation	439	439
Other expenses		
ADFA superannuation and leave	405	412
Other	5,818	8,850
Total other expenses	6,223	9,262
Total administered expenses	1,866,934	1,952,874
Extraordinary item ⁽¹⁾	95,200	(413,709)

Note:

- The Extraordinary item in 1999-2000 relates to the transfer of the Commonwealth's investment in ADI Ltd and the outstanding loan receivable from ADI to the Office of Asset Sales and Information Technology Outsourcing, pending sale of ADI Ltd.

NOTE 5 - FINANCE LEASE LIABILITY

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Lease liability		
Current	12,237	-
Total lease liability	12,237	-
Finance lease commitments at balance date are due for payment:		
Not later than one year	13,347	-
Minimum lease payments	13,347	-
Less future finance charges	(1,110)	-
Lease liabilities	12,237	-

NOTE 6 - EMPLOYEE PROVISIONS AND PAYABLES

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Current		
Accrued salaries and wages		
Military	54,850	73,202
Civilian	15,155	21,548
Provision for annual leave		
Military	246,111	229,978
Civilian	85,127	86,988
Provision for long service leave		
Military	61,510	61,183
Civilian	18,376	18,211
Accrued employer contribution for superannuation		
Military	10,751	14,376
Civilian	2,014	2,867
Provision for military workers' compensation	129,260	129,260
Total current employee provisions and payables	623,154	637,613
Non-current		
Provision for long service leave		
Military	483,764	482,434
Civilian	212,242	211,873
Provision for military workers' compensation	722,760	722,760
Total non-current employee provisions and payables	1,418,766	1,417,067
Total employee provisions and payables	2,041,919	2,054,680

NOTE 7 - SUPPLIER PROVISIONS AND PAYABLES

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Suppliers provisions and payables		
Trade creditors	585,454	581,759
Total suppliers provisions and payables	585,454	581,759

NOTE 8 - ANALYSIS OF EQUITY

Departmental	Accumulated results		Accumulated equity injection		Asset revaluation reserve		Total	
	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
As at 1 July	33,404,290	33,404,290	-	1,238,774	1,271,138	1,271,138	34,675,428	35,914,202
Operating results	-	-	-	-	-	-	-	-
Equity Injection (Note 1.14)	-	-	1,238,774	1,278,230	-	-	1,238,774	1,278,230
As at 30 June	33,404,290	33,404,290	1,238,774	2,517,004	1,271,138	1,271,138	35,914,202	37,192,432

NOTE 9 - ADMINISTERED ANALYSIS OF EQUITY

Administered	Accumulated results		Administered investments reserve		Asset revaluation reserve		Total	
	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
As at 1 July	(22,840,467)	(22,745,267)	1,830	1,830	2,103,544	2,103,544	(20,735,093)	(20,639,893)
Operating result after extraordinary item	189,409	(331,911)	-	-	-	-	189,409	(331,911)
Cash to Department of Finance and Administration	(94,209)	(81,798)	-	-	-	-	(94,209)	(81,798)
Accumulated results after transfers	95,200	(413,709)	-	-	-	-	95,200	(413,709)
As at 30 June	(22,745,267)	(23,158,976)	1,830	1,830	2,103,544	2,103,544	(20,639,893)	(21,053,602)

NOTE 10 – RECEIVABLES

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Current		
Goods and services	20,753	20,753
Sale of property, plant and equipment	192,643	130,668
Loan to Commonwealth authorities and companies	21,000	-
Other loans	318	318
Total current receivables	234,714	151,739
Non-current		
Goods and services	82,795	82,795
Sale of property, plant and equipment	77,085	73,385
Loans to Commonwealth authorities and companies	12,000	-
Total non-current receivables	171,880	156,180
Total receivables	406,594	307,919
Less provision for doubtful debts	(592)	(592)
Total net receivables	406,002	307,327

NOTE 11 - INVENTORIES

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Inventories		
Not held for resale		
Consumables	3,364,741	3,217,239
Total inventories	3,364,741	3,217,239
Less provision for obsolescence	(609,395)	(609,395)
Total net inventories	2,755,346	2,607,844

NOTE 12 - OTHER NON FINANCIAL ASSETS

Departmental	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Current other non financial assets		
Prepayments	534,419	533,753
Total current other non financial assets	534,419	533,753

NOTE 13 – ADMINISTERED PROVISIONS AND PAYABLES

Administered	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Military benefits		
Accrued DFRDB and MSBS payments	22,154	27,735
Unfunded military superannuation	23,500,000	24,300,000
Total military benefits	23,522,154	24,327,735
Other provisions and payables		
ADFA superannuation and leave	24,400	24,812
Other	728	926
Total other provisions and payables	25,128	25,738

NOTE 14 – ADMINISTERED FINANCIAL ASSETS

Administered	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Receivables		
Appropriation receivable	790,096	1,501,328
Other	3,656	3,657
Total receivables	793,752	1,504,985
Investments		
The Commonwealth has a 100% shareholding/ control in the following:		
Commonwealth companies		
ADI Ltd	318,509	-
Defence Technologies Australia Pty Ltd	6	6
Commonwealth authorities		
Defence Housing Authority	1,785,029	1,785,029
Total investments	2,103,544	1,785,035
Accrued revenue		
Current		
Military superannuation contributions	1,749	1,946
Total accrued revenues	1,749	1,946

NOTE 15 – ADMINISTERED PROPERTY, PLANT AND EQUIPMENT

Administered	Estimated Actual 1998-99 \$'000	Budget Estimate 1999-2000 \$'000
Other infrastructure, plant and equipment		
Item		
Gross value at 1 July	13,174	13174
Gross value as at 30 June	13,174	13,174
Accumulated depreciation as at 1 July	4,391	4830
Depreciation expense	439	439
Accumulated depreciation as at 30 June	4,830	5,269
Net value at 30 June	8,344	7,904