

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Additional Estimates Hearings 2002-2003 – 11 February 2003

Question: F7

Outcome 1 - Sustainable Government Finances, Output 1.1.2 - Financial Reporting

Topic: Types of Investments

Hansard Page: F&PA 140

Senator Conroy asked:

For a breakdown of items disclosed in the Consolidated Financial Statements as 'Investments – accounted for using the equity method' and 'Investments – other' for both the year ended 30 June 1996 and 30 June 2002. Also indicate where the investment in Telstra is reported.

Answer:

The information sought by the question is set out in the following tables – Table 1: "Investments – accounted for using the equity method", and Table 2: "Investments – other". Telstra is reported as 'Investments – other' in the General Government Sector.

It should be noted that the 1995-96 Consolidated Commonwealth Financial Statements were an unaudited trial undertaken in preparation of the first fully audited accrual based Consolidated Commonwealth Financial Statements in 1997. Prior to this, the Statements had been prepared and audited only on a cash basis.

As detailed in the 'Invitation to Comment' in the preface of the 1995-96 Consolidated Financial Statements, the purpose of the 1996 trial was "to examine in detail the technical and interpretive issues associated with the preparation and use of accrual based whole of government financial reports of the Commonwealth. A number of matters have been identified which should help streamline the preparation process in future".

As a result of this trial, a number of initiatives were implemented in preparation for the first audited Consolidated Financial Statements in 1996-97. These initiatives, which included changes to agencies' administered reporting, enabled the refinement of the 1995-96 comparative data during the preparation of the 1996-97 audited Consolidated Financial Statements.

Accordingly, all references to 1996 balances in the tables below are based on the comparative data contained in the audited 1996-97 Consolidated Financial Statements.

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Table 1: Investments - accounted for using the equity method

	30 June 2002 \$m	30 June 1996 ¹ \$m
General government		
SBS - PAN TV Limited	3	4
Total General Government	3	4
Public non-financial corporations		
Australia Post - Australian Air Express	15	1
Australia Post - Decipha Pty Ltd	1	0
Australia Post - Austrapay Ltd	0	10
Australia Post - Geospend	0	1
Telstra - Foxtel	42	0
Telstra - Reach Ltd (International connectivity services)	945	0
Telstra - Stellar Call Centres Pty Ltd	9	0
Telstra - Xantic BV (Satellite Communications)	114	0
Telstra - Australia Japan Cable Holding Ltd	34	0
Telstra - Solution 6	14	0
Telstra - E-Card Pty Ltd	12	0
Telstra - PT Mitra Global Telekomunikisa Indonesia	27	51
Telstra – Telecom Services Kiribati	0	1
Total public non financial corporations	1,214	64
Public financial corporations		
RBA - Securrency Pty Ltd	5	0
Total public financial corporations	5	0

1. Investments accounted for using the equity method were not separately identified from other investments in 1995-96 in accordance with the then accounting standards (the requirement to separately disclose these investments was part of revisions made to AAS 36 'Statement of Financial Position' which came into operation from 1 July 2000). The 1995-96 balances were included under "Shares in associated entities" shown in Note 28 to the 1996-97 statements and are shown separately here for comparative purposes.

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Table 2: Investments – other

	30 June 2002 \$m	30 June 1996 \$m
General government		
Shares	729	1,308
Deposits	11,736	850
International Monetary Fund Quota	7,567	4,250
Associated Entities (not equity accounted)	1,048	4,120
Administered Investment in Portfolio Entities - Related entities ¹	15,885	27,074
Administered Investments in External Portfolio Entities	36	0
Investments Other - External	140	269
Total general government	37,141	37,871
Public non-financial corporations		
Shares ²	105	1,581
Deposits	0	645
Other investments	0	0
Total public non financial corporations	105	2226
Public financial corporations		
Shares - Investments Schedule	311	247
Investments - Gold	1,459	3,825
Investments - Deposits	5,017	3,087
Investments - Government Securities - Related entities	13,120	15,317
Investments - Government Securities - External	40,849	14,379
Investments - Debentures - External	20	0
International Monetary Fund Quota	216	57
Investments Other - External	0	9
Total public financial corporations	60,992	36,921

1. Includes the Commonwealth's holdings in Telstra, Australia Post and other public non-financial and financial corporations.

2. Investments accounted for using the equity method were not separately identified from other investments in 1995-96 in accordance with the then accounting standards (the requirement to separately disclose these investments was part of revisions made to AAS 36 'Statement of Financial Position' which came into operation from 1 July 2000). The 1995-96 balances were included under "Shares in associated entities" shown in Note 28 to the 1996-97 statements and are shown separately here for comparative purposes.