

Australian Fisheries Management Authority

Financial Statements

for the period ended 30 June 2016

Independent Audit Report

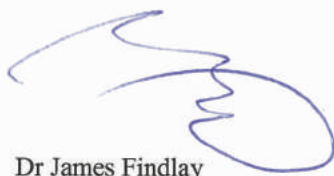
AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

for the period ended 30 June 2016

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCE OFFICER

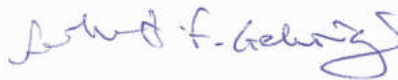
In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsections 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Fisheries Management Authority (AFMA) will be able to pay its debts as and when they fall due.



Dr James Findlay
Chief Executive Officer

6 September 2016



Robert Gehrig
Chief Finance Officer

6 September 2016

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2016

		2016	2015	2016
		\$'000	\$'000	Original Budget \$'000
	Notes			
NET COST OF SERVICES				
Expenses				
Employee benefits	5.1A	20,321	21,715	23,657
Supplier	1.1A	15,831	15,224	14,397
Depreciation and amortisation	2.2A	2,060	2,568	1,798
Write-down and impairment of assets	1.1B	41	456	-
Total expenses		38,253	39,963	39,852
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	3,561	1,872	2,527
Rental income	1.2B	693	693	588
Total own-source revenue		4,254	2,565	3,115
Other Revenue				
Resources received free of charge		43	43	34
Total other revenue		43	43	34
Total own-source income		4,297	2,608	3,149
Net cost of services		(33,956)	(37,355)	(36,703)
Revenue from Government	1.3A	33,383	33,924	34,905
Surplus/(Deficit) attributable to the Australian Government		(573)	(3,431)	(1,798)
OTHER COMPREHENSIVE INCOME				
Changes in asset revaluation surplus		-	(18)	-
Total other comprehensive income		-	(18)	-
Total comprehensive income/(loss) attributable to the Australian Government		(573)	(3,449)	(1,798)

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

Budget Variances Commentary

The financial statements provide a comparison of the original budget as presented in the 2015-16 Portfolio Budget Statements (PBS) to the 2015-16 final outcome as presented in accordance with Australian Accounting Standards for the Authority. The Budget is not audited. Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 2% of total expenses; or
- the variance between budget and actual is below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the Authority.

In some instances, a budget has not been provided for in the PBS, for example non-cash items such as asset revaluations, foreign exchange and sale of asset adjustments. Unless the variance is considered 'major' no explanation has been provided.

Employee benefits were \$3.3 million lower than Original Budget due to:

- increased staff departure rates;
- the later implementation of the Enterprise Agreement which commenced in June 2016; and
- lower superannuation costs due to less defined benefit scheme members than previously estimated.

Supplier expenditure was \$1.4 million higher than Original Budget mainly due to higher contract expenses associated with the roll-out of the electronic monitoring programme and increased temporary contract staff.

Own-source revenue was \$1.1 million higher than Original Budget mainly due to higher Observer fee-for-service revenue and some additional revenue for projects in the Torres Strait and for capacity-building projects.

Revenue from Government was \$1.5 million lower than budget, mainly due to lower levy and licence fee revenues. Industry consultation on cost recovery and final acquittal of budgets occurred after the Original Budget was finalised.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

		2016	2015	2016
	Notes	\$'000	\$'000	Original Budget \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	2.1A	273	1,027	475
Trade and other receivables	2.1B	14,920	14,635	16,509
Total financial assets		15,193	15,662	16,984
Non-Financial Assets				
Land and buildings	2.2A	3,570	4,458	4,449
Property, plant and equipment	2.2A	834	1,085	1,695
Intangibles	2.2A	1,087	1,755	1,347
Other non-financial assets	2.2B	614	458	149
Total non-financial assets		6,105	7,756	7,640
Total assets		21,298	23,418	24,624
LIABILITIES				
Payables				
Suppliers		-	1	519
Other payables	2.3A	4,148	6,308	5,338
Total payables		4,148	6,309	5,857
Provisions				
Employee provisions	5.1B	5,259	5,115	6,377
Total provisions		5,259	5,115	6,377
Total liabilities		9,407	11,424	12,234
Net assets		11,891	11,994	12,390
EQUITY				
Contributed equity		11,122	10,652	11,120
Reserves		4,624	4,624	4,644
Retained surplus/(Accumulated deficit)		(3,855)	(3,282)	(3,374)
Total equity		11,891	11,994	12,390

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

Budget Variances Commentary

Financial assets, comprised primarily of appropriation receivable and cash, were \$1.8 million lower than Original Budget. Much of this variance is explained by the timing of creditor payments.

Non-financial assets were \$1.5 million lower than budget due to the increase in depreciation/amortisation expenditure coupled with lower capital expenditure than budgeted. The reassessment of asset useful lives and depreciation/amortisation rates at the end of 2014-15 was not factored into the 2015-16 budget estimates.

Payables were \$1.2 million lower than Original Budget due to lower accrued expenditure and unearned revenue balances at 30 June 2016.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2016

	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	10,652	10,182	10,651
Transactions with owners			
Contributions by owners			
Departmental capital budget	470	470	470
Closing balance as at 30 June	11,122	10,652	11,121
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(3,282)	149	(2,255)
Comprehensive income			
Surplus/(Deficit) for the period	(573)	(3,431)	(1,798)
Closing balance as at 30 June	(3,855)	(3,282)	(4,053)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	4,624	4,642	4,644
Comprehensive income			
Other comprehensive income	-	(18)	-
Total comprehensive income	-	(18)	-
Closing balance as at 30 June	4,624	4,624	4,644
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	11,994	14,973	13,040
Comprehensive income			
Surplus/(Deficit) for the period	(573)	(3,431)	(1,798)
Other comprehensive income	-	(18)	678
Transactions with owners			
Contributions by owners			
Departmental capital budget	470	470	470
Closing balance as at 30 June	11,891	11,994	12,390

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

Accounting Policy

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

CASH FLOW STATEMENT

for the period ended 30 June 2016

			2016 Original Budget
	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		32,456	35,870
Sales of goods and rendering of services		4,041	3,308
Net GST received		11	217
Total cash received		36,508	39,395
Cash used			
Employees		20,869	20,962
Suppliers		16,565	17,440
Total cash used		37,434	38,402
Net cash used by operating activities	4.4A	(926)	993
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		298	911
Net cash used by investing activities		(298)	(911)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget		470	470
Net cash from financing activities		470	470
Net increase/(decrease) in cash held		(754)	552
Cash and cash equivalents at the beginning of the reporting period		1,027	475
Cash and cash equivalents at the end of the reporting period	2.1A	273	475

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

Budget Variances Commentary

Net cash used by operating activities was \$1.3 million higher than budget mainly reflecting the lower operating result.
Net cash used by investing activities was \$0.5 million lower than budget due to lower capital expenditure during the year.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2016

		2016	2015	2016
	Notes	\$'000	\$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Suppliers		2,140	1,835	5,392
Depreciation and amortisation		-	34	63
Write-down and impairment of assets		-	421	-
Total expenses		2,140	2,290	5,455
Income				
Revenue				
Non-taxation revenue				
Sale of goods and rendering of services		-	-	742
Fees and fines		23	77	-
Other revenue		41	81	-
Total non-taxation revenue		64	158	742
Total revenue		64	158	742
Net cost of services		2,076	2,132	(4,713)
Deficit		(2,076)	(2,132)	(4,713)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	(138)	-
Total comprehensive loss		(2,076)	(2,270)	-

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

Budget Variances Commentary

The financial statements provide a comparison of the original budget as presented in the 2015-16 Portfolio Budget Statements (PBS) to the 2015-16 final outcome as presented in accordance with Australian Accounting Standards for the Authority. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 2% of total expenses; or
- the variance between budget and actual is below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the Authority.

In some instances, a budget has not been provided for in the PBS, for example non-cash items such as asset revaluations, foreign exchange and sale of asset adjustments. Unless the variance is considered 'major' no explanation has been provided.

Supplier expenditure was \$3.3 million below budget due to lower levels of caretaking and disposal of illegal foreign fishing vessels.

The budget estimate of \$0.7 million for sale of goods and rendering of services revenue relates to the collection of levies on behalf of the Department of Agriculture and Water Resources (FRDC levies) which are not recognised as revenue for AFMA.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

for the period ended 30 June 2016

		2016	2015	2016
	Notes	\$'000	\$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	-	14	-
Trade and other receivables	3.1B	328	264	256
Total financial assets		328	278	256
Non-financial assets				
Land and buildings		-	-	467
Other non-financial assets	3.2B	267	-	-
Total non-financial assets		267	-	467
Total assets administered on behalf of Government		595	278	723
LIABILITIES				
Payables				
Other	3.3A	348	138	487
Total payables		348	138	487
Total liabilities administered on behalf of Government		348	138	487
Net assets		247	140	236

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

Budget Variances Commentary

Non-financial assets are \$0.2 million below budget due to asset write-downs as at 30 June 2015 that were not factored into the Original Budget.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY**ADMINISTERED RECONCILIATION SCHEDULE***for the period ended 30 June 2016*

	2016	2015
	\$'000	\$'000
Opening assets less liabilities as at 1 July	140	380
Net (cost of)/contribution by services		
Income	64	158
Expenses	(2,140)	(2,290)
Other comprehensive income:		
Revaluations taken to/from reserves	-	(138)
Transfers (to)/from the Australian Government:		
Appropriation transfers from Official Public Account		
Annual appropriations	2,242	2,134
Appropriation transfers to Official Public Account		
Transfers to OPA	(59)	(104)
Closing assets less liabilities as at 30 June	247	140

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

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2016

		2016	2015	2016
	Notes	\$'000	\$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Levies and charges		-	-	742
Fees		41	81	-
Fines		23	7	-
Net GST received		-	226	-
Total cash received		64	314	742
Cash used				
Net GST paid		16	-	-
Suppliers		2,245	2,347	5,392
Total cash used		2,261	2,347	5,392
Net cash flows used by operating activities	4.4B	(2,197)	(2,033)	(4,650)
Cash and cash equivalents at the beginning of the reporting period		14	17	17
Cash from Official Public Account				
Appropriations		2,242	2,134	5,375
		2,242	2,134	5,375
Cash to Official Public Account for:				
Appropriations		(59)	(104)	742
Cash and cash equivalents at the end of the reporting period	4.4B	-	14	-

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

Budget Variances Commentary

Cash used by operating activities are lower than budget as a result of lower supplier expenditure as explained under the Administered Schedule of Comprehensive Income

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

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Note 6.2: Financial Instruments

Note 6.3: Administered – Financial Instruments

Accounting Policies – Financial Instruments

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

OVERVIEW

Objectives of AFMA

The Australian Fisheries Management Authority (AFMA) is an Australian Government controlled entity. It is a not for profit entity. The objectives of AFMA is to pursue the implementation of efficient and cost effective fisheries management consistent with the principles of ecologically sustainable development and maximising the net economic returns for the Australian community from the management of Australian fisheries for which the Commonwealth has legislative responsibilities.

AFMA has a single outcome: Ecologically sustainable and economically efficient Commonwealth fisheries, through understanding and monitoring Australia's marine living resources and regulating and monitoring commercial fishing, including domestic licensing and deterrence of illegal foreign fishing. All of the financial information contained in these financial statements were incurred in pursuit of this outcome. The net cost of outcome delivery for 2015-16 was \$36,032,000 (2014-15: \$39,487,000).

The continued existence of AFMA in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for AFMA's administration and programs.

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

Administered activities for the agency involve the caretaking and disposal of illegal foreign fishing vessels.

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The Financial Statements have been prepared in accordance with:

- (a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2015; and
- (b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

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

For the preparation of the 2015-16 financial statements, accounting policies are consistent with the previous year unless otherwise stated.

OVERVIEW (continued)

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

AFMA has elected to apply *AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* for this financial year, even though the Standard is not required to be applied until annual reporting periods beginning on or after 1 July 2016. This Standard relieves not-for-profit public sector entities from the following disclosures specified in AASB 13 for assets within the scope of AASB 116 *Property Plant and Equipment* that are held primarily for their current service potential rather than to generate future net cash inflows.

Future Australian Accounting Standard Requirements

As a not-for-profit public sector entity, AFMA is currently exempt from the requirements of *AASB 124 Related Party Disclosures*. For reporting periods commencing on or after 1 July 2016, AASB 124 will be extended to apply to all not-for-profit public sector entities. From 1 July 2016, AFMA will be required to disclose any related party transactions for parties including key management personnel and their close family members, cabinet ministers and their close family members and all other Commonwealth-controlled entities.

The final version of *AASB 15 Revenue from Contracts with Customers* was issued in December 2015, to apply in reporting periods beginning on or after 1 January 2018. AFMA will apply AASB 15 from 1 July 2018. Changes which will be introduced by the application of AASB 15 include new principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, with revenue recognised as 'performance obligations' are satisfied.

The Australian Accounting Standards Board issued the final version of *AASB 16 Leases* in February 2016, to apply in reporting periods beginning on or after 1 January 2019. AFMA will apply AASB 16 from 1 July 2019 onwards. Application of AASB 16 will result in bringing all leases onto the balance sheet of lessees, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions.

Taxation

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

Revenues, expenses and assets and liabilities are recognised net of GST except:

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

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

OVERVIEW (continued)

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedules of administered items and related notes.

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

Administered Cash Transfers to and from the Official Public Account

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

Revenue

All administered revenues are revenues relating to ordinary activities performed by AFMA on behalf of the Australian Government. As such, administered appropriations are not revenues of AFMA, but AFMA oversees the distribution or expenditure of the funds as directed.

Events After the Reporting Period

There have been no significant subsequent events after the reporting period that impact on the financial statements for the year ended 30 June 2016.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

FINANCIAL PERFORMANCE

This section analysis AFMA's financial performance for the year ended 30 June 2016. Employee related information is disclosed in the People and Relationships Section.

Note 1.1: Expenses

	2016 \$'000	2015 \$'000
Note 1.1A: Suppliers		
Goods and services		
Research	2,828	3,622
Surveillance and compliance	528	729
Consultants and contractors	4,776	3,192
Travel and meetings	1,886	1,950
Information technology and communications	1,288	1,045
Training and development	455	322
Building repairs and outgoings	473	427
General administrative	1,013	1,127
Total goods and services	13,247	12,414
Goods supplied	230	-
Services rendered	13,017	12,414
Total goods and services supplied or rendered	13,247	12,414
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	2,214	2,228
Workers compensation expenses	370	582
Total other suppliers	2,584	2,810
Total suppliers	15,831	15,224

Leasing commitments

AFMA leases office accommodation in Canberra and Darwin. Lease payments are subject to fixed annual increases. The initial lease term in Canberra is still current and the Darwin lease was entered into for 3.5 years. The Canberra lease may be renewed for up to three years.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	2,529	2,108
Between 1 to 5 years	3,618	5,314
Total operating lease commitments	6,147	7,422

Note 1.1B: Write-Down and Impairment of Assets

Asset write-downs and impairments from:

Bad and doubtful debt expense	(4)	-
Write-down of property, plant and equipment	44	456
Other	1	-
Total write-down and impairment of assets	41	456

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 1.2: Own Source Income and Other Revenue

	2016 \$'000	2015 \$'000
Note 1.2A: Sale of Goods and Rendering of Services		
Rendering of services	3,561	1,872
Total sale of goods and rendering of services	3,561	1,872
Note 1.2B: Rental Income		
Operating lease:		
Sublease - Canberra office	454	471
Sublease - Thursday Island office	127	124
Employee car parking	112	98
Total rental income	693	693

Leasing commitments receivable

AFMA in its capacity as a lessor sub-leases office accommodation on Thursday Island and in Canberra.

Commitments for minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:

Within 1 year	469	453
Between 1 to 5 years	733	1,202
Total sub-lease commitments receivable	1,202	1,655

Note 1.3: Revenue from Government

	2016 \$'000	2015 \$'000
Note 1.3A: Revenue from Government		
Appropriations:		
Departmental appropriation	20,445	20,725
Special Appropriation (Levies and licensing charges) ¹	12,938	13,199
Total revenue from Government	33,383	33,924

¹ Special appropriations comprise amounts deposited to Consolidated Revenue for AFMA's levies and licensing charges that were credited to the AFMA Special Account in accordance with s94C of the *Fisheries Administration Act 1991*.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Accounting Policies – Departmental Financial Performance

Revenue

Revenue from the sale of goods is recognised when:

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

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

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

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

Revenue from Government

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

Other Revenue

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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

Leases

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

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

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

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

FINANCIAL POSITION

This section analyses AFMA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships Section

Note 2.1: Financial Assets

	2016 \$'000	2015 \$'000
Note 2.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	273	1,027
Total cash and cash equivalents	273	1,027
Note 2.1B: Trade and Other Receivables		
Good and services receivables		
Good and Services	805	1,447
Total goods and services receivables	805	1,447
Appropriations receivables		
Departmental Capital Budget	172	-
Existing programs - AFMA Special Account	13,590	12,835
Total appropriations receivables	13,762	12,835
Other receivables		
GST receivable from the Australian Taxation Office	353	364
Total other receivables	353	364
Total trade and other receivables (gross)	14,920	14,646
Less impairment allowance		
Goods and services	-	(11)
Total impairment allowance	-	(11)
Total trade and other receivables (net)	14,920	14,635
Trade and other receivables (net) expected to be recovered		
No more than 12 months	1,330	1,800
More than 12 months	13,590	12,835
Total trade and other receivables (net)	14,920	14,635
Trade and other receivables (gross) aged as follows		
Not overdue	14,701	13,199
Overdue by:		
0 to 30 days	32	810
31 to 60 days	10	358
More than 90 days	177	279
Total trade and other receivables (gross)	14,920	14,646
Impairment allowance aged as follows		
Overdue by:		
More than 90 days	-	(11)
Total impairment allowance	-	(11)

Credit terms for Goods and Services were within 30 days for 2016 (2015: 30 days)

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 2.1: Financial Assets (continued)

Reconciliation of the Impairment Allowance:	2016	2015
	Goods and services \$'000	Goods and services \$'000
Opening balance	11	11
Increase/decrease recognised in net surplus	(11)	-
Closing balance	-	11

Note 2.1C Assets Held in Trust

Monetary assets

Financial assets held in trust are also disclosed in Note 4.2: Special Accounts in the table titled AFMA Service for Other Entities and Trust Monies.

	2016 \$'000	2015 \$'000
Cash at bank - monetary asset		
As at 1 July	113	135
Receipts	1	1
Payments	(78)	(23)
As at 30 June	36	113

The values above were estimated fair values at the time when acquired.

Note 2.1D Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements			Valuation technique(s) and Inputs used
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3 ²)	
Non-financial assets¹				
Land	1,075	1,075	Level 2	Market valuation. Non-specialised assets
Buildings	887	916	Level 2	assessed by observable market evidence.
Leasehold improvements	1,608	2,467	Level 3	Cost valuation. Not traded in the market and,
Property, plant and equipment	834	1,085	Level 3	in some instances, specialised assets.
				Depreciated replacement cost assessment.
Total non-financial assets	4,404	5,543		

1. The highest and best use of all non-financial assets are the same as their current use. No change in valuation technique occurred during the period.

2. Recurring and non-recurring Level 3 fair value measurements - valuation processes

AFMA used valuers and relies on valuation models provided. AFMA tests the assumptions of the valuation model at least once every 12 months. The valuers provided written assurance to AFMA that valuation techniques used are compliant with AASB 13.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2016

Note 2.2: Non-Financial Assets

Note 2.2A: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment and Intangibles for 2016

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Total land and buildings \$'000	Property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2015								
Gross book value	1,075	974	4,175	6,224	1,817	4,331	1,648	14,020
Accumulated depreciation and impairment	-	(58)	(1,708)	(1,766)	(732)	(3,195)	(1,029)	(6,722)
Net book value 1 July 2015	1,075	916	2,467	4,458	1,085	1,136	619	7,298
Additions:								
By purchase	-	-	22	22	180	-	96	298
Depreciation and amortisation expense	-	(29)	(876)	(905)	(392)	(361)	(402)	(2,060)
Disposals	-	-	(633)	(633)	(98)	-	(37)	(768)
Accumulated amortisation of disposed assets			628	628	59		36	723
Net book value 30 June 2016	1,075	887	1,608	3,570	834	775	312	5,491
Net book value as of 30 June 2016 represented by:								
Gross book value	1,075	974	3,564	5,613	1,899	4,331	1,707	13,550
Accumulated depreciation and impairment	-	(87)	(1,956)	(2,043)	(1,065)	(3,556)	(1,395)	(8,059)
Total as at 30 June 2016	1,075	887	1,608	3,570	834	775	312	5,491

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2016

Note 2.2: Non-Financial Assets (continued)

Note 2.2A: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment and Intangibles for 2015

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Total land and buildings \$'000	Property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2014								
Gross book value	1,075	1,266	3,883	6,224	1,513	4,756	1,093	13,586
Accumulated depreciation and impairment	-	(29)	(311)	(340)	(314)	(2,803)	(699)	(4,156)
Net book value 1 July 2014	1,075	1,237	3,572	5,884	1,199	1,953	394	9,430
Additions:								
By purchase	-	-	-	-	778	-	133	911
Reclassification of assets	-	(292)	292	-	-	-	-	-
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	(18)	-	-	(18)
Impairments recognised in the operating result	-	-	-	-	(44)	-	-	(44)
Depreciation and amortisation expense	-	(29)	(1,397)	(1,426)	(418)	(392)	(332)	(2,568)
Other movements	-	-	-	-	-	(425)	425	-
Disposals	-	-	-	-	(412)	-	(3)	(415)
Accumulated amortisation of disposed assets	-	-	-	-	-	-	2	2
Net book value 30 June 2015	1,075	916	2,467	4,458	1,085	1,136	619	7,298
Net book value as of 30 June 2015 represented by:								
Gross book value	1,075	974	4,175	6,224	1,817	4,331	1,648	14,020
Accumulated depreciation and impairment	-	(58)	(1,708)	(1,766)	(732)	(3,195)	(1,029)	(6,722)
Total as at 30 June 2015	1,075	916	2,467	4,458	1,085	1,136	619	7,298

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 2.2: Non-Financial Assets (continued)

	2016 \$'000	2015 \$'000
Note 2.2B Other Non-Financial Assets		
Prepayments	262	285
Accrued revenue	352	173
Total other non-financial assets	614	458

No indicators of impairment were found for other non-financial assets.

Note 2.3: Payables

	2016 \$'000	2015 \$'000
Note 2.3A: Other Payables		
Accrued expenses	2,288	2,926
Lease incentives	52	73
Operating lease rentals	640	784
Wages and salaries	92	784
Unearned revenue	1,076	1,741
Total other payables	4,148	6,308

Total other payables are expected to be settled in:

No more than 12 months	3,498	6,148
More than 12 months	650	940
Total other payables	4,148	6,308

Accounting Policies – Departmental Financial Position

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- (a) cash on hand;
- (b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- (c) cash held by outsiders; and
- (d) cash in special accounts.

Financial Assets

Please refer to Note 6 Managing Uncertainty for accounting policies for financial assets.

Receivables

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

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Accounting Policies – Departmental Financial Position (continued)

Acquisition of Assets

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

Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions. AFMA does not have any material make good requirements.

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

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

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

All AFMA land, buildings, software and leasehold improvement assets including property, plant and equipment were assessed as at 31 April 2014 at fair value.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

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

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

	2016	2015
Buildings on freehold land	40 to 45	40 to 45
Leasehold improvements	Lease term	Lease term
Plant and Equipment	4 to 13 years	4 to 13

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Accounting Policies – Departmental Financial Position (continued)

Property, Plant and Equipment (continued)

Impairment

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of AFMA's software assets are 3 to 10 years (2015: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2016.

Fair Value Measurement

AFMA deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. No transfers between levels occurred during 2015-16.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, AFMA has made judgements that have the most significant impact on the amounts recorded in the financial statements with respect to the fair value of land and buildings. The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, entity buildings are purpose-built and may in fact realise more or less in the market.

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

Financial Liabilities

Please refer to Note 6 Managing Uncertainty for accounting policies for financial liabilities.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO THE SCHEDULE OF ADMINISTERED ITEMS

for the period ended 30 June 2016

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE GOVERNMENT

This section analyses assets used to conduct operations and the operating liabilities incurred as a result AFMA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

Note 3.1: Administered – Financial Assets

	2016 \$'000	2015 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	-	14
Total cash and cash equivalents	-	14
Note 3.1B: Trade and Other Receivables		
Fees and charges		
Fees and charges receivable - external parties	677	677
Total fees and charges receivable	677	677
Other receivables		
GST receivable from Australian Taxation Office	81	17
Total other receivables	81	17
Total trade and other receivables (gross)	758	694
Less impairment allowance		
Fees and charges	(430)	(430)
Total impairment allowance account	(430)	(430)
Total trade and other receivables (net)	328	264
Receivables are expected to be recovered within 12 months.		
Receivables were aged as follows		
Not overdue	81	5
Overdue by :		
0 to 30 days	-	15
31 to 60 days	-	5
More than 90 days	677	669
Total receivables (gross)	758	694
Impairment allowance aged as follows		
Overdue by :		
More than 90 days	(430)	(430)
Total impairment allowance	(430)	(430)
Credit terms for goods and services were within 30 days (2015: 30 days).		
Reconciliation of the Impairment Allowance	2016	2015
	Fees and charges	Fees and charges
	\$'000	\$'000
Opening balance	(430)	(418)
Amounts written off	-	409
Movement recognised in net surplus	-	(421)
Closing balance	(430)	(430)

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO THE SCHEDULE OF ADMINISTERED ITEMS

for the period ended 30 June 2016

Note 3.2: Administered – Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

Reconciliation of the opening and closing balances of property, plant and equipment for 2016

AFMA held no administered property, plant and equipment for 2016.

Reconciliation of the opening and closing balances of property, plant and equipment for 2015

	Leasehold Improvements \$'000	Total \$'000
As at 1 July 2014		
Gross book value	630	630
Accumulated depreciation/amortisation and impairment	(37)	(37)
Total as at 1 July 2014	593	593
Revaluations recognised in the operating result	(138)	(138)
Impairments recognised in the operating result	(421)	(421)
Depreciation	(34)	(34)
Total as at 30 June 2015	-	-

Note 3.2B: Other Non-Financial Assets

Accrued Revenue	267	-
Total other non-financial assets	267	-

Note 3.3: Administered – Liabilities

	2016 \$'000	2015 \$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	294	132
GST payable	54	6
Total suppliers	348	138
Suppliers expected to be settled		
No more than 12 months	348	138
Total suppliers	348	138

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2016

FUNDING

This section identifies AFMA's funding structure.

Note 4.1: Appropriations

Note 4.1A: Annual Appropriations ('Recoverable GS T exclusive')

Annual Appropriations for 2016

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Appropriation applied in 2016 (current and prior years) \$'000	Variance ¹ \$'000
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 appropriation \$'000		
Departmental						
Ordinary annual services	20,485	-	-	-	20,485	40
Departmental Capital Budget ²	470	-	-	-	470	172
Total departmental	20,955	-	-	-	20,955	212
Administered						
Ordinary annual services						
Administered items ¹	5,375	-	-	-	5,375	3,522
Total administered	5,375	-	-	-	5,375	3,522

Notes:

1. The variance of \$40,000 relates to the section 51 withholding of 2015-16 Appropriation. For Administered funds \$3,522,101 remained as unspent and will be returned to consolidated revenue.
2. Departmental Capital Budgets are appropriated through Appropriation Acts (No 1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2016

Note 4.1: Appropriations (continued)

Annual Appropriations for 2015

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Appropriation applied in 2015 (current and prior years) \$'000	Variance ¹ \$'000
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Total appropriation \$'000	
Departmental						
Ordinary annual services	21,199	-	-	-	21,199	4
Departmental capital budget	470	-	-	-	470	-
Total departmental	21,669	-	-	-	21,669	4
Administered						
Ordinary annual services						
Administered items	5,309	-	-	-	5,309	3,594
Total administered	5,309	-	-	-	5,309	3,594

Notes:

1. The variance of \$4,000 relates to an amount that has been temporarily quarantined by the Department of Finance. Whilst AFM A maintains control of these funds, AFM A does not have the ability to spend the funds. For Administered funds \$3,594 million remained as unspent.

Note 4.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2016	2015
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2015-16	-	-
Appropriation Act (No. 1) 2014-15	-	4
Total departmental	-	4
Administered		
Appropriation Act (No. 1) 2015-16	3,522	-
Appropriation Act (No. 1) 2014-15	-	3,594
Total administered	3,522	3,594

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2016

Note 4.1: Appropriations

Note 4.1C: Special Appropriations ('Recoverable GST exclusive')

			Appropriation applied	
Authority	Type	Purpose	2016 \$'000	2015 \$'000
<i>Fisheries Administration Act 1991; Section 94C, Departmental</i>	Unlimited Amount	To provide an appropriation for adjusted levy amounts and other receipts specified by s94C of the <i>Fisheries Administration Act 1991</i>	12,938	13,199
Total			12,938	13,199

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2016

Note 4.2: Special Accounts

	AFMA Special Account (Departmental) ¹		Entities and Trust Moneys Special Account (Special Public Money) ²	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance brought forward from previous period	13,862	15,256	113	135
Increases:				
Appropriation for reporting period	20,743	21,195	-	-
Special appropriation (<i>Fisheries Administration Act 1991</i> - Section 94C)	12,938	15,145	-	-
Other receipts	4,052	3,525	1	1
Total increases	51,595	55,121	114	136
Decreases:				
Employee payments	(20,869)	(20,962)	-	-
Supplier payments	(16,565)	(19,386)	-	-
Purchase of property, plant and equipment	(298)	(911)	-	-
Repayments debited from the special account	-	-	(78)	(23)
Total decrease	(37,732)	(41,259)	(78)	(23)
Total balance carried to the next period:	13,863	13,862	36	113

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 80.

Establishing Instrument: *Fisheries Administration Act 1991* ; section 94B.

Purpose: Payment or discharge of the costs, expenses or other obligations incurred in the performance or exercise of the functions and powers of the Authority .

2. Appropriation: *AFMA Services for Other Entities and Trust Moneys Special Account (Special Public Money)*

Establishing Instrument: *Public Governance, Performance and Accountability Act 2013* ; section 78.

Purpose: For amounts that are held on trust or otherwise for the benefit of a person other than the Commonwealth.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 4.3: Regulatory Charging Summary

	2016	2015
	\$'000	\$'000
Amounts applied		
Departmental		
Special appropriations (including special accounts)	14,399	13,552
Total amounts applied	14,399	13,552
Expenses		
Departmental	14,109	13,827
Total expenses	14,109	13,827
Revenue		
Departmental	14,399	13,552
Total revenue	14,399	13,552

Cost recovered activities:

AFMA undertakes cost recovered activities for the provision of Fisheries Management functions within the Commonwealth fisheries sector, including the following activities:

- * Management of Domestic Commercial Fisheries
- * Data collection and management
- * Research – industry funded
- * Licensing/Registration and Revenue Collection

AFMA's Cost Recovery Impact Statement (CRIS) describes how AFMA will charge fishing concession holders for the management of Commonwealth fisheries. The AFMA CRIS 2010 can be found at www.afma.gov.au

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 4.4: Cash Flow Reconciliation

Note 4.4A Departmental Cash Flow Reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	273	1,027
Statement of financial position	273	1,027
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:		
Net cost of services	(33,956)	(37,355)
Revenue from Government	33,383	33,924
Adjustments for non-cash items		
Depreciation / amortisation	2,060	2,568
Net write down of non-financial assets	44	456
Movements in assets / liabilities		
Assets		
(Increase) / decrease in net receivables	(464)	1,699
(Increase) / decrease in prepayments	23	(134)
Liabilities		
Increase / (decrease) in unearned revenue	(665)	1,207
Increase / (decrease) in employee provisions	144	613
Increase / (decrease) in supplier payables	(638)	(2,021)
Increase / (decrease) in other payables	(857)	36
Net cash from operating activities	(926)	993

Note 4.4B Administered Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Schedule of administered cash flows	-	14
Schedule of administered assets and liabilities	-	14
Discrepancy	-	-
Reconciliation of net cost of services to net cash from / (used by) operating activities:		
Net (cost of)/ contribution by services	(2,076)	(2,132)
Adjustments for non-cash items		
Depreciation / amortisation	-	34
Net write down of non-financial assets	-	421
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	(64)	(8)
Liabilities		
Increase / (decrease) in supplier payables	(105)	-
Increase / (decrease) in other payables	48	(348)
Net cash flows from operating activities	(2,197)	(2,033)

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

PEOPLE AND RELATIONSHIPS

This section provides a range of employment and post employment benefits provided to our people and our relationships with other key people.

Note 5.1: Employees

	2016 \$'000	2015 \$'000
Note 5.1A Employee benefits		
Wages and salaries	15,839	16,550
Superannuation:		
Defined contribution plans	1,656	1,660
Defined benefit plans	1,234	1,352
Leave and other entitlements	1,592	2,153
Total employee benefits	20,321	21,715

Note 5.1B: Employee Provisions

Leave	5,259	5,115
Total employee provisions	5,259	5,115

Employee provisions are expected to be settled in:

No more than 12 months	3,556	1,576
More than 12 months	1,703	3,539
Total employee provisions	5,259	5,115

Note 5.2 Senior Management Personnel Remuneration

	2016 \$	2015 \$
Short-term employee benefits:		
Salary and other allowances	990,318	1,025,561
Total short-term employee benefits	990,318	1,025,561
Post-employment benefits:		
Superannuation	170,975	164,335
Total post-employment benefits	170,975	164,335
Other long-term benefits:		
Annual leave accrued	75,626	64,138
Long-service leave	34,032	28,862
Total other long-term benefits	109,658	93,000
Total senior executive remuneration expenses	1,270,951	1,282,896

The total number of senior management personnel that are included in the above table are 4 (2015: 4).

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Accounting Policies – People and Relationships

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

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

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including AFMA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

Superannuation

Staff of AFMA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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

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

AFMA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions as at year end.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, AFMA has made the judgements that have the most significant impact on the amounts recorded in the financial statements with respect to the liability for employee provisions. The liability for long service leave has been estimated using present value techniques in accordance with the shorthand method as per FRR 24.1 (a). This takes into account expected salary growth, attrition and future discounting using Commonwealth bond rates.

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

MANAGING UNCERTAINTY

This section analyses how AFMA manages financial risks within its operating environment.

Note 6.1: Contingent Liabilities and Contingent Assets

AFMA has no quantifiable contingent liabilities or contingent assets for departmental or administered.

Note 6.2: Financial Instruments

	2016 \$'000	2015 \$'000
Note 6.2A Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	273	1,027
Receivables for goods and services	805	1,436
Total financial assets	1,078	2,463

Note 6.2B Fair Value of Financial Instruments

The fair value of financial instruments approximates their carrying amounts.

Note 6.2C Credit Risk

AFMA is exposed to minimal credit risk as the majority of financial assets are cash and appropriations made under law (which guarantees fixed amounts of funding that AFMA can drawdown on as required). The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables in 2016, reported at Note 2.1A. AFMA has assessed the risk of default, reported as impairment of receivables in Note 2.1A.

AFMA manages its credit risk through policies and procedures that guide employees on the debt recovery techniques that are to be applied.

AFMA holds no collateral to mitigate against credit risk.

Trade receivables were neither past due nor impaired. Please refer to Note 2.1A for ageing of receivables for goods and services.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 6.2: Financial Instruments

Note 6.2D Liquidity Risk

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

AFMA is appropriated funding from the Australian Government. AFMA manages its budgeted funds through the AFMA Special Account to ensure it has adequate funds to meet payments as they fall due. In addition, AFMA has policies in place to ensure timely payments are made when due and has no past experience of default.

AFMA has no derivative financial liabilities in both the current and prior year.

Note 6.2E Market Risk

AFMA does not have the authority to invest surplus funds or hold financial instruments

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Note 6.3: Administered – Financial Instruments

	2016 \$'000	2015 \$'000
Note 6.3A Categories of Financial Instruments		
Financial Assets		
Loans and Receivables:		
Cash and cash equivalents	-	14
Carrying amount of financial assets	-	14
Financial Liabilities		
At amortised cost:		
Trade creditors	294	-
Carrying amount of financial liabilities	294	-

The fair value of financial instruments approximates their carrying amounts.

Note 6.3B Credit Risk

The administered activities of AFMA are not exposed to a high level of credit risk as the majority of financial assets are statutory receivables. AFMA manages its credit risk through its power to suspend fishing concessions under s38(1) of the *Fisheries Management Act 1991* if any fee, levy, charge or other money relating to the concession is not paid as it becomes due. In addition, AFMA has policies and procedures that guide employees on debt recovery techniques that are to be applied.

AFMA did not hold any non-statutory administered receivables at 30 June 2016.

Note 6.3C Liquidity Risk

AFMA's financial liabilities are limited to the value of accounts payable. The exposure to liquidity risk is based on the notion that AFMA will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to AFMA (e.g. Advance to the Finance Minister (AFM)) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Maturity of non-derivative financial liabilities for 2016 are all within one year.

Note 6.3D Market Risk

AFMA does not have the authority to invest surplus funds or hold financial instruments that expose it to market risk. AFMA is not exposed to 'currency risk', 'interest rate risk' or 'other price risk'.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Accounting Policies – Financial Instruments

Financial Assets

AFMA classifies its financial assets as loans and receivables:

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

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

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

Receivables

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

Impairment of Financial Assets

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

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

Financial assets held at cost - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2016

Accounting Policies – Financial Instruments (continued)

Financial Liabilities

Financial liabilities are classified as either financial liabilities or other financial liabilities.

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

Other Financial Liabilities

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

Contingent Liabilities and Contingent Assets

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