

# FINANCIALS

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# THE DEPARTMENT FINANCIAL STATEMENT OVERVIEW

This section of the report provides an analysis of the financial outcome of the Department of Environment and Natural Resources for the year ended 30 June 2017. The department's financial performance is reported in four financial statements: the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement.

The department includes the following outputs:

- Bushfires NT
- Fauna and Flora
- Rangelands
- Water Resources
- Environment
- NT EPA
- Corporate and Governance.

## Machinery of Government

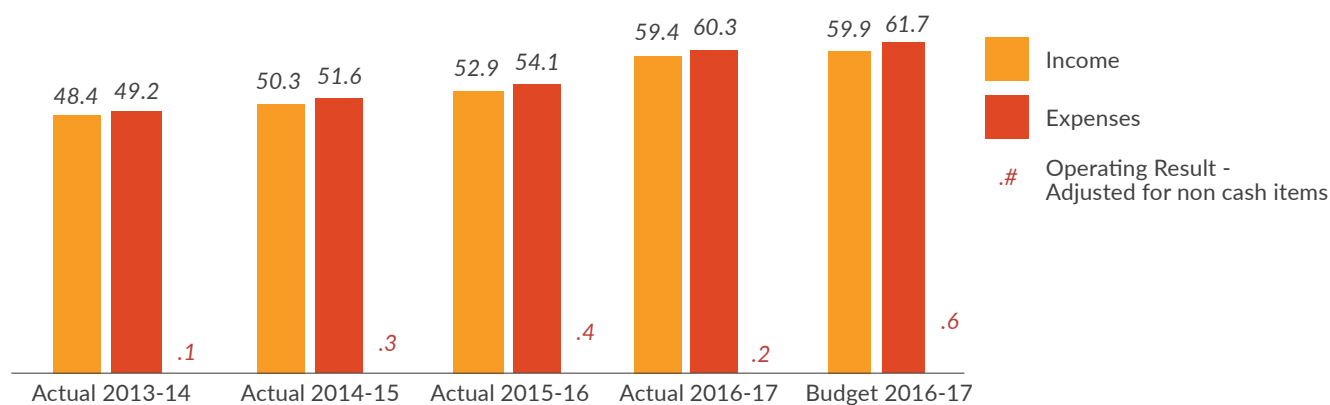
As a result of the Administrative Arrangements Order 12 September 2016 the department underwent a name change from the Department of Land Resource Management to Department of Environment and Natural Resources.

The functions of Environment and NT EPA were transferred from the previous Department of Lands Planning and Environment (who are now part of Department of Infrastructure, Planning and Logistics).

Shared services arrangements with three other departments and a Government business division ceased.

# COMPREHENSIVE OPERATING STATEMENT - Summary

## Operating Result (\$M)



In 2016-17, the department made a net loss of \$0.9 million, or a profit \$0.2 million prior to the charging of non-cash items such as depreciation and non capitalised assets. This compares to a budgeted loss before non-cash items of \$1.8 million.

The budget saving of \$0.8 million was primarily due to an under-spend in externally funded projects.

The four year trend in the operating results and the 2016-17 budget are as follows:

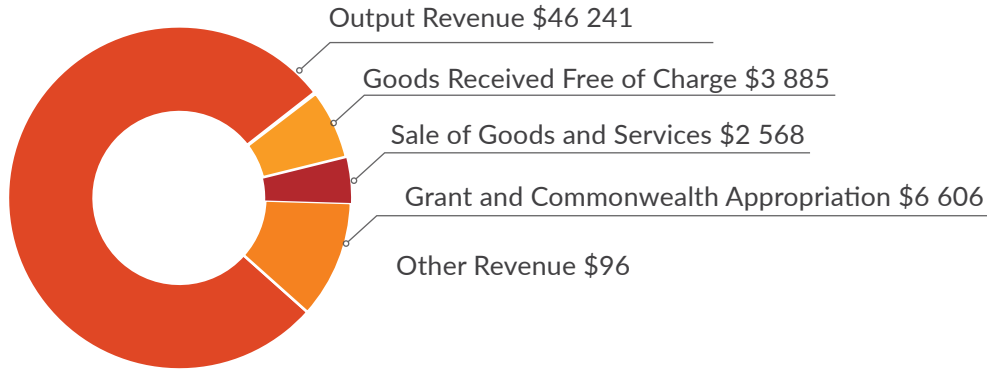
	Actual 2013-14 \$'000	Actual 2014-15 \$'000	Actual 2015-16 \$'000	Actual 2016-17 \$'000	Budget <sup>(1)</sup> 2016-17 \$'000
Income	48 376	50 256	52 929	59 396	59 930
Expenses	49 248	51 649	54 105	60 323	61 737
Operating Result	( 872)	(1 393)	(1 176)	( 927)	(1 807)
Operating Result - Adjusted for non-cash items	( 76)	( 267)	( 380)	202	( 620)

<sup>(1)</sup> Based on 2016-17 Estimate in 2017-18 Budget Paper 3.

## INCOME

The department received income of \$59.4 million in 2016-17, \$0.5 million less than budget, and an increase of \$6.5 million compared to 2015-16.

### 2016-17 Income by Source (\$'000)



The department is funded primarily through NT Parliamentary output appropriation. Revenue is also derived from sales of goods and services, current grants and Commonwealth appropriation and other miscellaneous income including notional revenue for corporate services provided by the Department of Corporate and Information Services.

### Output Revenue

In 2016-17, output revenue of \$46.2 million was received, \$0.6 million more than the published budget in 2017-18 Budget Paper 3. Output revenue increased from 2015-16 by \$10.4 million, predominantly due to the Machinery of Government Changes as well as new funding received for gamba grass mitigation, Mary River saltwater barrages and cabomba.

### Grants and Commonwealth Appropriation

The department attracted 11.1 percent of its revenue from external sources. In 2016-17, \$6.6 million was received, including \$1.6 million from the Australian Government. This external revenue was \$0.3 million less than the approved budget of \$6.9 million and was \$0.8 million greater than 2015-16. This increase over the prior year was predominately due to the Commonwealth National Water Infrastructure Development Funding.

Some of the key externally funded projects in 2016-17 include:

- West Arnhem Fire Monitoring Agreement
- National Bushfire Mitigation Project
- INPEX Map Habitats in Darwin and Bynoe Harbour
- INPEX Dolphin and Dugong Monitoring
- INPEX Darwin Harbour Indigenous Ranger Marine Program
- INPEX Status of Coastal Dolphins in the NT
- Restoring Central Australian Waterholes
- National Environmental Science Program – Northern Australia Environmental Resources Hub
- National Framework Compliance and Enforcement – Water for the Future
- Bellyache Bush - Daly Biodiversity Fund
- Established Pest and Weed Control – Management of Wild Dogs, Mimosa and Prickly Acacia
- Newhaven Wildlife Sanctuary
- National Water Infrastructure Development Fund – Managed Aquifer Recharge
- Stokes Hill Ambient Air Quality Station
- Bonaparte Plains, test drilling and test pumping

## Sale of Goods and Services

In 2016-17, income from the sale of goods and services totaled \$2.6 million, \$0.2 less than the approved budget and \$5 million less than 2015-16. The decrease of \$5 million is due to the cessation of corporate services to three other agencies and a Government business division as a result of machinery of government changes.

## Goods and Services Received Free of Charge

In 2016-17, notional goods and services received free of charge from Department of Corporate Information Services totaled \$3.9 million, \$0.6 million less than the approved budget and \$0.2 million greater than 2015-16.

There is a corresponding expense, resulting in a net nil effect to the department operating result.

## Four Year Trend

The four year trend in income streams and the 2016-17 budget are as follows:

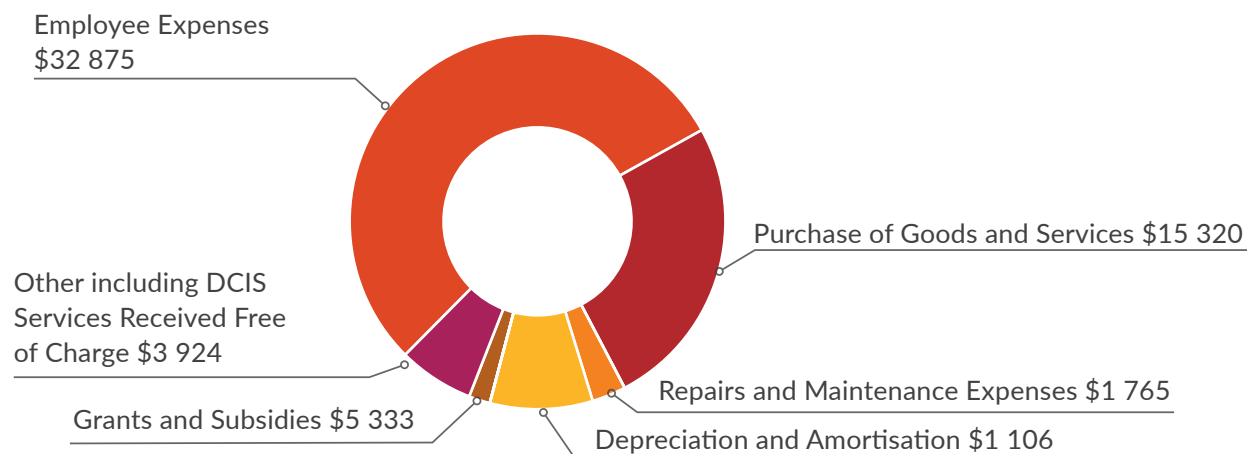
Income Type	Actual 2013-14 \$'000	Actual 2014-15 \$'000	Actual 2015-16 \$'000	Actual 2016-17 \$'000	Variance %	Budget <sup>(1)</sup> 2016-17 \$'000	Variance %
Output Revenue	33 038	35 709	35 826	46 241	29%	45 661	(1%)
Grant & Commonwealth Appropriation	3 082	4 377	5 771	6 606	14%	6 890	4%
Sale of Goods and Services	7 693	6 346	7 571	2 568	(66%)	2 828	10%
Goods Received Free of Charge	4 257	3 730	3 656	3 885	6%	4 536	17%
Other Revenue	306	94	105	96	(9%)	15	(84%)
<b>Income Total</b>	<b>48 376</b>	<b>50 256</b>	<b>52 929</b>	<b>59 396</b>	<b>12.2%</b>	<b>59 930</b>	<b>0.9%</b>

<sup>(1)</sup> Based on 2016-17 Estimate in 2017-18 Budget Paper 3.

## EXPENSES

The department incurred \$60.3 million in expenses during 2016-17 in the delivery of its programs and services. This was \$1.4 million less than budget and \$6.2 million greater than 2015-16.

### 2016-17 Expenses by Source (\$'000)



Payments to employees and purchase of goods and services account for 79.9 percent of the department's outlays. Payments of grants and subsidies and repairs and maintenance are the other major departmental expenses, with depreciation and corporate charges levied by Department of Corporate and Information Services representing non-cash transactions.

## Employee Expenses

Staffing costs represent 54.5 percent of total expenditure or \$32.9 million, \$0.8 million greater than budget and a \$3.3 million increase from 2015-16. The increase from the prior year is predominately due to the machinery of government changes and an increase in externally funded projects expenditure.

## Goods and Services Expenses

Actual spend on the purchase of goods and services in 2016-17 was \$15.3 million, \$1 million less than budget and \$0.5 million less than 2015-16. The saving to budget predominately relates to an under-spend in externally funded projects, that will be spent in 2017-18, offset by additional workers compensation and wildfire expenditure.

## Grants and Subsidies

In 2016-17 the department distributed \$5.3 million in grants and subsidies, \$0.6 million less than budget and \$2.1 million more than 2015-16.

Payments were made to the Arnhem Land Fire Abatement Ltd, Northern Land Council and Charles Darwin University for the West Arnhem Fire Management Agreement (WAFMA) of \$1.3 million; support for rural Bushfire Brigades of \$1.2 million; Australian Wildlife Conservancy for the Newhaven Wildlife Sanctuary of \$0.7 million; Charles Darwin University for the Mangrove Dieback Program of \$0.2 million; and \$0.3 million to Jacobs Group Australia for the Managed Aquifer Recharge Program.

The \$0.6 million underspend against budget was predominantly due to National Water Infrastructure Development Fund projects and will be spent in 2017-18.

For a full breakdown of grant payments refer to Appendix 3.

## Repairs and Maintenance Expenses

Actual repairs and maintenance expenditure for 2016-17 was \$1.8 million, \$0.1 million less than budget and \$0.7 million higher than 2015-16. This increase was predominately due to the Mary River saltwater barrages.

## Depreciation

Depreciation is the allocation of an asset's cost over its useful life. In 2016-17 depreciation was \$1.1 million in accordance with budget and \$0.3 million greater than 2015-16. The increase in depreciation is a result of increase in asset base. Depreciation costs represent 1.8 percent of total expenditure.

## Goods and Services Received Free of Charge

In 2016-17, notional goods and services received free of charge from Department of Corporate and Information Services totaled \$3.9 million, \$0.6 million less than budget and \$0.2 million greater than 2016-17.

### Four Year Trend

The four year expenditure trend and the 2016-17 budget are as follows:

Expenditure type	Actual 2013-14 \$'000	Actual 2014-15 \$'000	Actual 2015-16 \$'000	Actual 2016-17 \$'000	Variance %	Budget <sup>(1)</sup> 2016-17 \$'000	Variance %
Employee Expenses	25 153	27 463	29 522	32 875	11%	32 124	(2%)
Purchase of Goods and Services	14 527	15 208	15 812	15 320	(3%)	16 063	5%
Repairs and Maintenance Expenses	1 425	1 046	1 052	1 765	68%	1 874	6%
Grants and Subsidies	3 088	3 070	3 246	5 333	64%	5 938	11%
Depreciation and Amortisation	780	844	781	1 106	42%	1 187	7%
Other including DCIS Services received Free of Charge	4 275	4 018	3 692	3 924	6%	4 551	16%
<b>Expenses Total</b>	<b>49 248</b>	<b>51 649</b>	<b>54 105</b>	<b>60 323</b>	<b>11.5%</b>	<b>61 737</b>	<b>2.3%</b>

<sup>(1)</sup> Based on 2016-17 Estimate in 2017-18 Budget Paper 3.

## BALANCE SHEET - Summary

The Balance Sheet provides a summary of the department's balances at the end of the financial year for assets, liabilities and equity.

The balances reported are the net worth to Government of the departments' asset holdings (what is owned) against liabilities (what is owed).

The four year trend for net assets/equity is as follows:

	Actual 2013-14 \$'000	Actual 2014-15 \$'000	Actual 2015-16 \$'000	Actual 2016-17 \$'000
Assets	16 757	20 714	21 521	21 855
Liabilities	( 9 775)	( 9 625)	( 9 230)	( 8 352)
<b>Net Assets/Equity</b>	<b>6 982</b>	<b>11 089</b>	<b>12 291</b>	<b>13 503</b>

### Assets

The department's assets at 30 June 2017 totaled \$21.9 million. The balance of assets consists of:

- Cash balances of \$5.7 million, representing cash held in a financial institution and, petty cash and floats;
- Receivables of \$1 million representing the amount that is owed to the department for goods and services provided and delivered;
- Prepaid expenses of \$0.3 million representing expenses that have been paid before the good or service was received or provided; and
- Property, plant, equipment and computer software of \$15 million.

## Liabilities

The department's liabilities at 30 June 2017 totaled \$8.3 million. The balance of liabilities consists of:

- Deposits held of \$0.5 million to recognise the liability for Natural Heritage Trust Single Holding Account held on behalf of the Australian Government;
- Payables of \$1.8 million representing the amount owed to creditors for goods and services purchased and received;
- Provisions for employee entitlements of \$5 million, such as recreation leave, leave loading and leave fares to reflect the cost in present day dollars of employee entitlements that are to be paid in the future; and
- Unearned revenue of \$1 million representing the amount received for services not yet provided.

## STATEMENT OF CHANGES IN EQUITY - Summary

The Statement of Changes in Equity reflects movements in equity balances during the year.

Equity as at 30 June 2017 is \$13.5 million, an increase in net worth of \$1.2 million from the previous year.

This increase relates to :-

- \$0.2 million transfer in of completed minor new works;
- \$0.7 million net assets transferred in from other Northern Territory Government Agencies;
- \$0.8 million equity injection;
- \$1 million appropriation to purchase capital items; offset by
- \$0.6 million net transfer as a result of Machinery of Government;
- \$0.9 million operating loss for 2016-17 financial year.

	Actual 2013-14 \$'000	Actual 2014-15 \$'000	Actual 2015-16 \$'000	Actual 2016-17 \$'000
Balance of Equity at 1 July	7 229	6 982	11 089	12 291
Net Equity Injections	625	3 741	2 378	2 209
Movement in Reserves	-	1 759	-	( 70)
Accumulated Funds	( 872)	( 1 393)	( 1 176)	( 927)
<b>Balance of Equity at 30 June</b>	<b>6 982</b>	<b>11 089</b>	<b>12 291</b>	<b>13 503</b>



## CASH FLOW STATEMENT - Summary

The Cash Flow Statement provides information on how cash was received and spent during the year. The figures in the Cash Flow Statement vary to those in the Comprehensive Operating Statement as the Cash Flow Statement only includes cash transactions, whereas the Comprehensive Operating Statement includes non-cash items such as depreciation, non cash adjustments for employee entitlements and notional charges for services received free of charge from Department of Corporate and Information Services.

The department's cash balances were \$5.7 million at 30 June 2017.

The cash flows are summarised as follows:

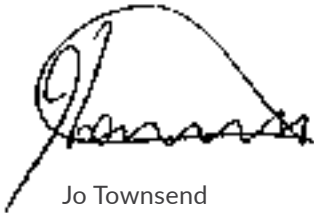
	Actual 2013-14 \$'000	Actual 2014-15 \$'000	Actual 2015-16 \$'000	Actual 2016-17 \$'000
<b>Cash In</b>				
Operating Receipts	46 758	48 557	50 622	57 389
Equity Injections/Capital appropriation/Deposits	466	2 175	2 515	1 809
	47 224	50 732	53 137	59 198
<b>Cash Out</b>				
Operating Payments	(44 438)	(49 795)	( 51 889)	( 57 219)
Purchase of Fixed Assets	( 623)	( 687)	( 2 212)	( 1 160)
Equity withdrawals/ deposits refunded	-	-	-	( 1 594)
	(45 061)	(50 482)	( 54 101)	( 59 973)
<b>Net Increase/ ( Decrease) in Cash Held</b>	<b>2 163</b>	<b>250</b>	<b>( 964)</b>	<b>( 775)</b>
Cash at Beginning of Financial Year	4 989	7 152	7 402	6 438
<b>Cash at End of Financial Year</b>	<b>7 152</b>	<b>7 402</b>	<b>6 438</b>	<b>5 663</b>

## CERTIFICATE OF THE FINANCIAL STATEMENTS

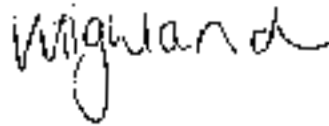
We certify that the attached financial statements for the Department of Environment and Natural Resources have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2017 and the financial position on that date.

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



Jo Townsend  
Acting Chief Executive Officer  
30 August 2017



Vicki Highland  
Executive Director Corporate Services  
30 August 2017

## COMPREHENSIVE OPERATING STATEMENT

### For the year ended 30 June 2017

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

	Note	2017 \$'000	2016 \$'000
<b>Income</b>			
Grants and subsidies revenue			
Current		4 731	5 459
Capital		250	-
Appropriation			
Output		46 241	35 826
Commonwealth		1 625	312
Sales of goods and services		2 568	7 571
Interest revenue		14	34
Goods and services received free of charge	4	3 885	3 656
Gain on disposal of assets	5	-	21
Other income		82	50
<b>Total Income</b>	3	<b>59 396</b>	<b>52 929</b>
<b>Expenses</b>			
Employee expenses		32 875	29 522
Administrative expenses			
Purchases of goods and services	6	15 320	15 812
Repairs and maintenance		1 765	1 052
Depreciation and amortisation	11,12	1 106	781
Other administrative expenses		3 887	3 658
Grants and subsidies expenses			
Current		5 333	3 246
Interest expense		14	34
Loss on disposal of assets	5	23	-
<b>Total Expenses</b>	3	<b>60 323</b>	<b>54 105</b>
<b>Net Deficit</b>		<b>(927)</b>	<b>(1 176)</b>
<b>Comprehensive Result</b>		<b>(927)</b>	<b>(1 176)</b>

The comprehensive operating statement is to be read in conjunction with the notes to the financial statements.

## BALANCE SHEET

As at 30 June 2017

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	8	5 663	6 438
Receivables	9	979	965
Inventories	10	11	2
Prepayments		260	151
<b>Total Current Assets</b>		<b>6 913</b>	<b>7 556</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	13 868	13 107
Intangible assets	12	1 074	858
<b>Total Non-Current Assets</b>	13	<b>14 942</b>	<b>13 965</b>
<b>Total Assets</b>		<b>21 855</b>	<b>21 521</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Deposits held	14	512	1 508
Payables	15	1 814	2 096
Provisions	16	5 048	4 626
Other liabilities	17	948	972
<b>Total Current Liabilities</b>		<b>8 322</b>	<b>9 202</b>
<b>Non-Current Liabilities</b>			
Other liabilities	17	30	28
<b>Total Non-Current Liabilities</b>		<b>30</b>	<b>28</b>
<b>Total Liabilities</b>		<b>8 352</b>	<b>9 230</b>
<b>Net Assets</b>		<b>13 503</b>	<b>12 291</b>
<b>Equity</b>			
Capital		87 639	85 430
Reserves	19	3 539	3 609
Accumulated funds		(77 675)	(76 748)
<b>Total Equity</b>		<b>13 503</b>	<b>12 291</b>

The balance sheet is to be read in conjunction with the notes to the financial statements.

## STATEMENT OF CHANGES IN EQUITY

### For the year ended 30 June 2017

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements

2016-17	Note	Equity at 1 July \$'000	Comprehensive Result \$'000	Transactions with owners in their capacity as owners \$'000	Transactions with owners in their capacity as owners \$'000
<b>Accumulated Funds</b>		(76 748)	(927)	-	(77 675)
<b>Reserves</b>					
Asset revaluation reserve appropriation	19	3 609	-	(70)	3 539
<b>Capital - Transactions with owners</b>		85 430	-	-	85 430
Equity injections					
Capital appropriation		-	-	974	974
Equity transfers in		-	-	1 044	1 044
Other equity injections		-	-	835	835
Equity withdrawals					
Capital withdrawal		-	-	(598)	(598)
Equity transfers out		-	-	(46)	(46)
		85 430	-	2 209	87 639
<b>Total Equity at 30 June</b>		<b>12 291</b>	<b>(927)</b>	<b>2 139</b>	<b>13 503</b>

2015-16	Note	Equity at 1 July \$'000	Comprehensive Result \$'000	Transactions with owners in their capacity as owners \$'000-	Equity at 30 June \$'000
<b>Accumulated Funds</b>		(75 572)	(1 176)	-	(76 748)
<b>Reserves</b>					
Asset revaluation reserve appropriation	19	3 609	-	-	3 609
<b>Capital - Transactions with owners</b>		83 052	-	-	83 052
Equity injections					
Capital appropriation		-	-	2 172	2 172
Equity transfers in		-	-	206	206
Other equity injections		-	-	-	-
Equity withdrawals					
Equity transfers out		-	-	-	-
		83 052	-	2 378	85 430
<b>Total Equity at 30 June</b>		<b>11 089</b>	<b>(1 176)</b>	<b>2 378</b>	<b>12 291</b>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

## CASH FLOW STATEMENT

For the year ended 30 June 2017

	Note	2017 \$'000 (Outflows) / Inflows	2016 \$'000 (Outflows) / Inflows
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating Receipts</b>			
Grants and subsidies received			
Current		4 731	5 459
Capital		250	-
Appropriation			
Output		46 241	35 826
Commonwealth		1 625	312
Receipts from sales of goods and services		4 526	8 991
Interest received		16	34
<b>Total Operating Receipts</b>		<b>57 389</b>	<b>50 622</b>
<b>Operating Payments</b>			
Payments to employees		(32 387)	(30 445)
Payments for goods and services		(19 483)	(18 164)
Grants and subsidies paid			
Current		(5 333)	(3 246)
Interest paid		(16)	(34)
<b>Total Operating Payments</b>		<b>(57 219)</b>	<b>(51 889)</b>
<b>Net Cash From/(Used In) Operating Activities</b>	20	<b>170</b>	<b>(1 267)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing Receipts</b>			
Proceeds from asset sales	5	-	21
<b>Total Investing Receipts</b>		<b>-</b>	<b>21</b>
<b>Investing Payments</b>			
Purchases of assets	11,12	(1 160)	(2 212)
<b>Total Investing Payments</b>		<b>(1 160)</b>	<b>(2 212)</b>
<b>Net Cash (Used In) Investing Activities</b>		<b>(1 160)</b>	<b>(2 191)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing Receipts</b>			
Deposits received		-	322
Equity injections			
Capital appropriations		974	2 172
Other equity injections		835	-
<b>Total Financing Receipts</b>		<b>1 809</b>	<b>2 494</b>
<b>Financing Payments</b>			
Deposits paid		(996)	-
Equity Withdrawals		(598)	-
<b>Total Financing Payments</b>		<b>(1 594)</b>	<b>-</b>
<b>Net Cash From Financing Activities</b>		<b>215</b>	<b>2 494</b>
Net (decrease)/increase in cash held		(775)	(964)
Cash at beginning of financial year	8	6 438	7 402
<b>Cash at End of Financial Year</b>		<b>5 663</b>	<b>6 438</b>

The cash flow statement is to be read in conjunction with the notes to the financial statements.

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## 1. OBJECTIVES AND FUNDING

The Department of Environment and Natural Resources' purpose is to provide natural resource management extension services and advice including the scientific assessment of flora, fauna, land and water assets, and the allocation, management and monitoring of these resources to enable their sustainable and responsible use. The department goals are as follows:

1. Strategically improve scientific and community knowledge and understanding of water, soils, landscapes and biodiversity to better inform adaptive and responsive management.
2. Advise on the effective planning, allocation, conservation and use of the Northern Territory's natural resources.
3. Develop and deliver robust and transparent assessment and regulation that balance the development of the Northern Territory with effective protection of the Northern Territory's unique environmental assets.
4. Foster and sustain community participation from all regions of the Territory in sustainable natural resource use and management.
5. Manage and mitigate threats to regional communities and our natural ecosystems and native flora and fauna through shared responsibilities and partnerships.
6. Maintain an organisation with the capacity and capability to deliver effective services and that nurtures its human resources.

Additional information in relation to the department and its principal activities can be found in the annual report.

The department is predominantly funded by, and dependent on, the receipt of Parliamentary appropriation. The financial statements encompass all funds through which the department controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the department are summarised into the following Outputs:

- Flora and Fauna
- Rangelands
- Water Resources
- Bushfires
- Environment
- Statutory Body – NT EPA
- Corporate and Governance.

Note 3 provides summary financial information in the form of an Operating Statement by Output.

### (a) Machinery of Government Changes

#### Transfers In

*Details of Transfer:* Environment unit transferred from the Department of Infrastructure Planning and Logistics

*Basis of Transfer:* Administrative Arrangements Order 12 September 2016

*Date of Transfer:* Effective from 1 July 2016

The assets and liabilities transferred as a result of this change were as follows:

<b>Assets</b>	<b>\$000</b>
Cash	-
Receivables	17
Property, Plant and Equipment	764
	<u>781</u>
<b>Liabilities</b>	
Payables	88
Provisions	488
Other liabilities	-
	<u>576</u>
<b>Net Assets</b>	<b><u>205</u></b>

#### Transfers In

*Details of Transfer:* NT EPA unit transferred from the Department of Infrastructure Planning and Logistics

*Basis of Transfer:* Administrative Arrangements Order 12 September 2016

*Date of Transfer:* Effective from 1 July 2016

The assets and liabilities transferred as a result of this change were as follows:

<b>Assets</b>	<b>\$000</b>
Cash	-
Receivables	-
Property, Plant and Equipment	-
	<u>-</u>
<b>Liabilities</b>	
Payables	2
Provisions	34
Other liabilities	-
	<u>36</u>
<b>Net Assets</b>	<b><u>(36)</u></b>



## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the Department of Environment and Natural Resources to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The department's financial statements are to include:

- (i) a Certification of the Financial Statements
- (ii) a Comprehensive Operating Statement
- (iii) a Balance Sheet
- (iv) a Statement of Changes in Equity
- (v) a Cash Flow Statement
- (vi) applicable explanatory notes to the financial statements.

### (b) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra department transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of the department financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

The following new and revised accounting standards and interpretations were effective for the first time in 2016-17:

#### AASB 124 Related Party Disclosures

This standard applies to not-for-profit sector for the first time in 2016-17. The accounting standard requires disclosures about the remuneration of key management personnel, transactions with related parties, and relationships between parent and controlled entities. For any such transactions, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

#### AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in these financial statements for the first time in 2019-20. When the standard is effective it will supersede AASB 117 Leases and requires the majority of leases to be recognised on the balance sheet.

For lessees with operating leases, a right-of-use asset will now come onto the balance sheet together with a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. The Comprehensive Operating Statement will no longer report operating lease rental payments, instead a depreciation expense will be recognised relating to the right-to-use asset and interest expense relating to the lease liability.

While for lessors, the finance and operating lease distinction remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

Consequently, it is expected that approximately \$4 million in operating lease commitments will be required to be recognised in the balance sheet through a lease liability and corresponding right to use asset from 2019-20 in accordance with AASB 16 Leases. In the comprehensive income statement the operating lease expense will be replaced with a depreciation expense relating to the right to use asset and interest expense relating to the lease liability. These cannot be quantified at this time.

### **AASB 1058 Income for not-for-profit entities and AASB 15 Revenue from contracts with customers**

AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue with Contracts with Customers are effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in these financial statements for the first time in 2019-20.

Under the new AASB 1058 Income for Not-for-Profit Entities, revenue from grants and donations will be recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

AASB 1058 clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15 Revenue from Contracts with Customers.

While the full impacts are yet to be determined, potential impacts identified include:

Grants received to construct or acquire a non-financial asset will be recognised as a liability, and subsequently recognised as revenue as the performance obligations under the grant are satisfied. At present, such grants are recognised as revenue on receipt.

Grants with an enforceable agreement and sufficiently specific performance obligations will be recognised as revenue progressively as the associated performance obligations are satisfied. At present, such grants are recognised as revenue on receipt.

Grants that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will also continue to be recognised on receipt as time restriction on the use of funds is not sufficiently specific to create a performance obligation.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on future financial reporting.

At the date of authorisation of the financial statements, the following standards and interpretations were in issue but are not yet effective and are expected to have a potential impact on future reporting periods:

### **(c) Reporting Entity**

The financial statements cover the department as an individual reporting entity.

The Department of Environment and Natural Resources ("the department") is a Northern Territory department established under the *Interpretation Act Administrative Arrangements Order*.

The principal place of business of the department is:

1st Floor, Goyder Centre  
25 Chung Wah Terrace  
PALMERSTON NT 0832

### **(d) Agency and Territory Items**

The financial statements of the department include income, expenses, assets, liabilities and equity over which the department has control (department items). Certain items, while managed by the department, are controlled and recorded by the Territory rather than the department (Territory items). Territory items are recognised and recorded by the Central Holding Authority as discussed below.

#### **Central Holding Authority**

The Central Holding Authority is the 'parent body' that represents the Government's ownership interest in Government-controlled entities.

The Central Holding Authority also records all Territory items, such as income, expenses, assets and liabilities controlled by the Government and managed by agencies on behalf of the Government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

The Central Holding Authority also holds certain Territory assets not assigned to agencies as well as certain Territory liabilities that are not practical or effective to assign to individual agencies such as unfunded superannuation and long service leave.

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the department's financial statements. However, as the department is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 25: Schedule of Administered Territory Items.

## (e) Comparatives

Where necessary, comparative information for the 2015-16 financial year has been reclassified to provide consistency with current year disclosures.

No comparative restatements were made as a result of the Administrative Arrangements Order 12 September 2016.

## (f) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of less than \$500 being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

## (g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2016-17 as a result of management decisions.

## (h) Accounting Judgments and Estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgments and estimates are:

- Employee Benefits - Note 16: Provisions in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service

- Property, Plant and Equipment – Note 11: The fair value of land, building, infrastructure and property, plant and equipment are determined on significant assumptions of the exit price and risks in the perspective market participant, using the best information available.
- Contingent Liabilities - Note 23: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Allowance for Impairment Losses – Note 9: Receivables and Note 21: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation - Note 11: Property, Plant and Equipment and Note 12: Intangibles.

## (i) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

## (j) Repairs and Maintenance expense

Funding is received for repairs and maintenance works associated with department assets as part of output revenue. Costs associated with repairs and maintenance works on department assets are expensed as incurred.

**(k) Interest Expense**

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

**(l) Prepayments**

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**(m) Leased Assets**

Leases under which the department assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

**Finance Leases**

Finance leases are capitalised. A leased asset and a lease liability equal to the present value of the minimum lease payments are recognised at the inception of the lease.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

**Operating Leases**

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

**(l) Contributions by and Distributions to Government**

The department may receive contributions from Government where the Government is acting as owner of the department. Conversely, the department may make distributions to Government.

In accordance with the *Financial Management Act* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, Government. These designated contributions and distributions are treated by the department as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, Government.

### 3. OPERATING STATEMENT BY OUTPUT

	Flora and Fauna		Rangelands		Water Resources		Bushfires		Environment <sup>(2)</sup>		NT EPA <sup>(2)</sup>		Corporate and Governance		Total		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000
<b>Income</b>																	
Grants and subsidies revenue																	
Current	2 598	2 610	162	161	627	900	1 326	1 788	18	-	-	-	-	-	4 731	5 459	
Capital	-	-	-	-	-	-	-	-	250	-	-	-	-	-	250	-	-
Appropriation																	
Output	4 871	4 902	11 401	9 229	11 459	11 899	6 697	6 736	6 666	-	557	-	4 590	3 060	46 241	35 826	
Commonwealth	162	12	129	-	1 035	-	299	300	-	-	-	-	-	-	1 625	312	
Sales of goods and services <sup>(3)</sup>	126	335	441	48	1 111	1 438	853	789	-	-	-	-	37	4 961	2 568	7 571	
Interest Revenue	-	-	14	34	-	-	-	-	-	-	-	-	-	-	14	34	
Goods and services received free of charge <sup>(1)</sup>	474	477	890	898	1 193	1 132	357	346	517	-	22	-	432	803	3 885	3 656	
Other income	44	23	1	3	1	18	1	-	1	-	-	-	34	6	82	50	
Gain on disposal of assets	-	-	-	-	-	18	-	3	-	-	-	-	-	-	-	21	
<b>Total Income</b>	8 275	8 359	13 038	10 373	15 426	15 405	9 533	9 962	7 452	-	579	-	5 093	8 830	59 396	52 929	
<b>Expenses</b>																	
Employee expenses	4 568	4 392	7 244	6 654	9 508	9 382	3 220	2 904	4 451	-	299	-	3 585	6 190	32 875	29 522	
Administrative expenses																	
Purchases of goods and services	2 279	3 288	3 092	2 467	4 659	4 974	3 338	3 776	850	-	330	-	772	1 307	15 320	15 812	
Repairs and maintenance	40	55	1 435	607	29	106	178	200	-	-	-	-	83	84	1 765	1 052	
Depreciation and amortisation	129	118	226	120	454	406	122	116	156	-	-	-	19	21	1 106	781	
Other administrative expenses <sup>(1)</sup>	474	477	890	898	1 195	1 137	354	343	517	-	22	-	435	803	3 887	3 658	
Grants and subsidies expenses																	
Current	1 034	10	206	192	602	185	2 499	2 859	992	-	-	-	-	-	5 333	3 246	
Interest Expense	-	-	14	34	-	-	-	-	-	-	-	-	-	-	14	34	
Loss on disposal of assets	-	-	23	-	-	-	-	-	-	-	-	-	-	-	23	-	
<b>Total Expenses</b>	8 524	8 340	13 130	10 972	16 447	16 190	9 711	10 198	6 966	-	651	-	4 894	8 405	60 323	54 105	
<b>Net Surplus/(Deficit)</b>	<b>(249)</b>	<b>19</b>	<b>(92)</b>	<b>(599)</b>	<b>(1 021)</b>	<b>(785)</b>	<b>(178)</b>	<b>(236)</b>	<b>486</b>	<b>-</b>	<b>(72)</b>	<b>-</b>	<b>199</b>	<b>425</b>	<b>(927)</b>	<b>(1 176)</b>	

<sup>(1)</sup> Includes DCIS service charges.

<sup>(2)</sup> New outputs in 2016-17 as functions transferred in as part of Administrative Arrangements Order 12 September 2016.

<sup>(3)</sup> Reduction in Corporate and Governance output due to shared services arrangement with 3 other Government Agencies and 1 Government Business Division that ceased as a result of Administrative Arrangements Order 12 September 2016.

## Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

### Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the department obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

### Appropriation

Output Appropriation is the operating payment to each agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in Specific Purpose Payments (SPPs) and National Partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by Treasury on behalf of the Central Holding Authority and then on passed to the relevant agencies as Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the department gains control of the funds.

## Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- the department retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the department
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the entity.

## Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

## Contributions of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when the department obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

## Administered Income

The department collects taxes, fines and regulatory fees on behalf of the Territory. The department does not gain control over assets arising from these collections, consequently no income is recognised in the departments financial statements. Accordingly, these amounts are disclosed as income in Note 25: Schedule of Administered Territory Items.



#### 4. GOODS AND SERVICES RECEIVED FREE OF CHARGE

	2017 \$'000	2016 \$'000
Corporate and information services	3 885	3 656
<b>Total Goods and Services Received Free of Charge</b>	<b>3 885</b>	<b>3 656</b>

Goods and services free of charge are recognised as revenue when a fair value can be reliably determined and the resource would have been purchased if it had not been donated. Use of the resource is recognised as an expense.

#### 5. GAIN/LOSS ON DISPOSAL OF ASSETS

Net proceeds from the disposal of non-current assets	-	21
Less: Carrying value of non-current assets disposed	23	-
<b>Gain/(Loss) on the Disposal of Non-Current Assets</b>	<b>(23)</b>	<b>21</b>

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

#### 6. PURCHASES OF GOODS AND SERVICES

The net (deficit) has been arrived at after charging the following expenses:

<b>Goods and services expenses</b>		
Consultants <sup>(1)</sup>	567	695
Advertising <sup>(2)</sup>	206	183
Marketing and promotion <sup>(3)</sup>	173	95
Document production	55	30
Legal expenses <sup>(4)</sup>	80	248
Recruitment <sup>(5)</sup>	56	46
Training and study	412	400
Official duty fares	1 117	1 356
Travelling allowance	597	583

<sup>(1)</sup> Includes marketing, promotion and IT consultants.

<sup>(2)</sup> Does not include recruitment advertising.

<sup>(3)</sup> Excludes advertising for marketing and promotion and marketing and promotion consultants' expenses, which are incorporated in the advertising and consultants' categories.

<sup>(4)</sup> Includes legal fees, claim and settlement costs.

<sup>(5)</sup> Includes recruitment related advertising costs.

## 7. WRITE-OFFS, POSTPONEMENT, WAIVERS, GIFTS AND EX GRATIA PAYMENTS

	Department / group		Department / group		Territory Items		Territory Items	
	2017 \$'000	no. of Trans	2016 \$'000	no. of Trans	2017 \$'000	no. of Trans	2016 \$'000	no. of Trans
<b>Write-offs, Postponements and Waivers under the Financial Management Act</b>								
<i>Represented by:</i>								
<i>Amounts written off, postponed and waived by Delegates</i>								
Irrecoverable amounts payable to the Territory or an Agency written off payable to the Territory or an Agency written off	2	6	-	1	-	-	-	-
Losses or deficiencies of money written off	-	-	-	1	-	-	-	-
Public property written off	23	1	-	3	-	-	-	-
<b>Total Written Off, Postponed and Waived by Delegates</b>	<b>25</b>	<b>7</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Amounts written off, postponed and Waived by the Treasurer</i>								
Irrecoverable amounts payable to the Territory or an Agency written off <sup>(1)</sup>	10	1	-	-	-	-	-	-
Losses or deficiencies of money written off	-	-	-	-	-	-	-	-
Public property written off	-	-	-	-	-	-	-	-
<b>Total Written Off, Postponed and Waived by Delegates</b>	<b>10</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Debt was approved for write off prior to raising of debt within the accounts

## 8. CASH AND DEPOSITS

	2017 \$'000	2016 \$'000
Cash on hand	1	1
Cash at bank	5 662	6 437
<b>Total Cash and Deposits</b>	<b>5 663</b>	<b>6 438</b>

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account (AOTA) that are ultimately payable to the beneficial owner.

## 9. RECEIVABLES

Accounts receivable	575	529
Less: Allowance for impairment losses	(9)	(8)
	566	521
Interest receivables	1	2
GST receivables	376	372
Other receivables	36	70
<b>Total Receivables</b>	<b>979</b>	<b>965</b>

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the department estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 21: Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.



## 10. INVENTORIES

	2017 \$'000	2016 \$'000
<b>General Inventories</b>		
At cost	11	2
<b>Total Receivables</b>	<b>11</b>	<b>2</b>

Inventories include assets held either for sale (general inventories) or for distribution at no or nominal consideration in the ordinary course of business operations.

General inventories are valued at the lower of cost and net realisable value, while those held for distribution are carried at the lower of cost and current replacement cost. Cost of inventories includes all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

The cost of inventories are assigned using a mixture of first-in, first out or weighted average cost formula or using specific identification of their individual costs.

Inventory held for distribution are regularly assessed for obsolescence and loss.

## 11. PROPERTY, PLANT AND EQUIPMENT

<b>Land</b>		
At Fair Value	4 842	4 932
	<b>4 842</b>	<b>4 932</b>
<b>Buildings</b>		
At Fair Value	8 764	9 236
Less: Accumulated Depreciation	(4 487)	(4 784)
	<b>4 277</b>	<b>4 452</b>
<b>Infrastructure</b>		
At Fair Value	489	489
Less: Accumulated Depreciation	(140)	(130)
	<b>349</b>	<b>359</b>
<b>Plant and Equipment</b>		
At Cost	11 544	11 645
Less: Accumulated Depreciation	(9 450)	(8 644)
	<b>2 094</b>	<b>3 001</b>
<b>Transport Equipment</b>		
At Cost	3 676	1 440
Less: Accumulated Depreciation	(1 375)	(1 092)
	<b>2 301</b>	<b>348</b>
<b>Computer Hardware</b>		
At Cost	206	211
Less: Accumulated Depreciation	(201)	(196)
	<b>5</b>	<b>15</b>
<b>Total Property, Plant and Equipment</b>	<b>13 868</b>	<b>13 107</b>

## Property, Plant and Equipment Valuations

An independent valuation of land, buildings and infrastructure assets was undertaken by Territory Property Consultants as at 30 June 2015. Refer to Note 13: Fair Value Measurement of Non-Financial Assets for additional disclosures.

## Impairment of Property, Plant and Equipment

Department property, plant and equipment assets were assessed for impairment as at 30 June 2017. No impairment adjustments were required as a result of this review.

## Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2016-17 and 2015-16 is set out below:

2016-17	Land \$'000	Buildings \$'000	Infrastructure \$'000	Plant and Equipment \$'000	Transport Equipment \$'000	Computer Hardware \$'000	Total \$'000
<b>Carrying Amount as at 1 July</b>	<b>4 932</b>	<b>4 452</b>	<b>359</b>	<b>3 001</b>	<b>348</b>	<b>15</b>	<b>13 107</b>
Additions	-	-	-	(1 004)	2 136	-	1 132
Impairment Loss	-	(23)	-	-	-	-	(23)
Additions/(Disposals) from Asset Transfers	(90)	84	-	455	-	-	449
Depreciation and Amortisation	-	(236)	(10)	(358)	(183)	(10)	(797)
<b>Carrying Amount as at 30 June</b>	<b>4 842</b>	<b>4 277</b>	<b>349</b>	<b>2 094</b>	<b>2 301</b>	<b>5</b>	<b>13 868</b>

2015-16	Land \$'000	Buildings \$'000	Infrastructure \$'000	Plant and Equipment \$'000	Transport Equipment \$'000	Computer Hardware \$'000	Total \$'000
<b>Carrying Amount as at 1 July</b>	<b>4 932</b>	<b>4 501</b>	<b>370</b>	<b>1 783</b>	<b>430</b>	<b>29</b>	<b>12 045</b>
Additions	-	-	-	1 545	12	-	1 557
Additions from Asset Transfers	-	191	-	-	-	-	191
Depreciation and Amortisation	-	(240)	(11)	(327)	(94)	(14)	(686)
<b>Carrying Amount as at 30 June</b>	<b>4 932</b>	<b>4 452</b>	<b>359</b>	<b>3 001</b>	<b>348</b>	<b>15</b>	<b>13 107</b>

## Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than \$10 000 are recognised in the year of acquisition and depreciated. Items of property, plant and equipment below the \$10 000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labor, and an appropriate proportion of fixed and variable overheads.

## Complex Assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

## Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the department in future years. Where these costs represent separate components of a complex asset they are accounted for as separate assets and are separately depreciated over their expected useful lives.

## Construction (Work in Progress)

As part of the financial management framework, the Department of Infrastructure Planning and Logistics is responsible for managing general government capital works projects on a whole of government basis.

Therefore appropriation for the department's capital works is provided directly to the Department of Infrastructure, Planning and Logistics and the cost of construction work in progress is recognised as an asset in the Department of Infrastructure, Planning and Logistics. Once completed, capital work assets are then transferred to this department.

## Revaluation of Assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land
- buildings
- Infrastructure assets.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

The unique nature of some of the heritage and cultural assets may preclude reliable measurement. Such assets have not been recognised in the financial statements. Heritage and cultural assets recognised in the financial statements are stated at historical cost less depreciation, which is deemed to equate fair value. Where differences exist, these are not material.

## Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible department assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the department determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the Asset Revaluation Reserve for that class of asset to the extent that an available balance exists in the Asset Revaluation Reserve.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the Asset Revaluation Reserve. Note 19 provides additional information in relation to the asset revaluation reserve.

## Depreciation and Amortisation Expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

Amortisation applies in relation to intangible non-current assets with limited useful lives and is calculated and accounted for in a similar manner to depreciation.

The Treasurer's Directions provide guidance for the estimated useful lives for each class of assets as follows, and allow the department to make other estimates as necessary:

	<b>2017 Years</b>	<b>2016 Years</b>
Buildings	10 - 50	10 - 50
Infrastructure Assets	8 - Infinite	8 - Infinite
Plant and Equipment	1 - 20	1 - 20
Transport Equipment	10	10
Computer Hardware	3 - 6	3 - 6
Heritage and Cultural Assets	100	100
Intangibles - Computer Software	2 - 10	2 - 10

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

## 12. INTANGIBLES

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>Carrying Amounts</b>		
<b>Intangibles with a Finite Useful Life</b>		
<b>Intangibles - Computer Software</b>		
At Cost	1 761	1 153
Less: Accumulated Amortisation	(687)	(295)
<b>Written Down Value - 30 June</b>	<b>1 074</b>	<b>858</b>

### Impairment of Intangibles

Department intangible assets were assessed for impairment as at 30 June 2017. No impairment adjustments were required as a result of this review.

#### Reconciliation of Movements

<b>Intangibles with a Finite Useful Life</b>		
Carrying Amount at 1 July	858	298
Additions	28	655
Additions from Asset Transfers	497	-
Depreciation and Amortisation	(309)	(95)
<b>Carrying Amount as at 30 June</b>	<b>1 074</b>	<b>858</b>

### 13. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

#### (a) Fair Value Hierarchy

Fair values of non-financial assets categorised by level of inputs used to compute fair value are:

2016-17	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
<b>Asset Classes</b>				
Land (Note 11)		4 842		4 842
Buildings (Note 11)			4 277	4 277
Infrastructure (Note 11)			349	349
Plant and Equipment (Note 11)			2 094	2 094
Transport Equipment (Note 11)			2 301	2 301
Computer Hardware (Note 11)			5	5
Intangibles (Note 12)			1 074	1 074
<b>Total Fair Value</b>	<b>-</b>	<b>4 842</b>	<b>10 100</b>	<b>14 942</b>

#### (b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

Asset Classes	Level 2 Technique	Level 3 Technique
Land	Market	-
Buildings	-	Cost
Infrastructure	-	Cost
Plant and Equipment	-	Cost
Transport Equipment	-	Cost
Computer Hardware	-	Cost
Intangibles	-	Cost

There were no changes in valuation techniques from 2015-16 to 2016-17.

The department's land, buildings and infrastructure are revalued at least once every five years.

The department's land, building and infrastructure are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, including any additions or modifications. The latest revaluation of these assets was performed by Territory Property Consultants as at 30 June 2015.

Level 2 fair values of land were determined based on market evidence of sales price per square metre of comparable land.

Level 3 fair values are predominantly related to buildings and infrastructure and were determined by computing their depreciated replacement costs because an active market does not exist for such assets due to their unique nature and potential inherent restrictions upon use. The depreciated replacement cost was based on a combination of internal records of the historical cost of the assets, adjusted for contemporary pricing and construction approaches, the remaining useful life of the assets, and current condition of the assets.

**(c) Additional information for Level 3 Fair value Measurements****(i) Reconciliation of Recurring Level 3 Fair Value Measurements**

<b>2016-17</b>	<b>Buildings \$'000</b>	<b>Infrastructure \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Transport Equipment \$'000</b>	<b>Computer Hardware \$'000</b>	<b>Intangibles \$'000</b>
Fair value as at 1 July	4 452	359	3 001	348	15	858
Additions	-	-	-	1 132	-	28
Disposals	-	-	-	-	-	-
Transfers between asset classes	-	-	(1 004)	1 004	-	-
Additions/ (Disposals) from asset transfers	84	-	455	-	-	497
Depreciation and amortisation	(236)	(10)	(358)	(183)	(10)	(309)
Gains/(losses) recognised in net surplus/deficit	(23)	-	-	-	-	-
<b>Fair Value as at 30 June</b>	<b>4 277</b>	<b>349</b>	<b>2 094</b>	<b>2 301</b>	<b>5</b>	<b>1 074</b>

<b>2015-16</b>	<b>Buildings \$'000</b>	<b>Infrastructure \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Transport Equipment \$'000</b>	<b>Computer Hardware \$'000</b>	<b>Intangibles \$'000</b>
Fair value as at 1 July	4 501	370	1 783	430	29	298
Additions	-	-	1 545	12	-	655
Disposals	-	-	-	-	-	-
Transfers between asset classes	-	-	-	-	-	-
Additions/ (Disposals) from asset transfers	191	-	-	-	-	-
Depreciation and amortisation	(240)	(11)	(327)	(94)	(14)	(95)
Gains/(losses) recognised in net surplus/deficit	-	-	-	-	-	-
<b>Fair Value as at 30 June</b>	<b>4 452</b>	<b>359</b>	<b>3 001</b>	<b>348</b>	<b>15</b>	<b>858</b>

**(ii) Sensitivity analysis**

Unobservable inputs used in computing the fair value of land, buildings and infrastructure include the historical cost and the consumed economic benefit for each asset. Given the large number of assets, it is not practical to compute a relevant summary measure for the unobservable inputs. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

## Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/ liabilities being valued. Observable inputs used by the agency include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/ liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/ liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

- Level 1 - inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable.

## 14. DEPOSITS HELD

	2017 \$'000	2016 \$'000
<b>Current</b>		
Deposits held - Natural Heritage Trust and clearing accounts	512	1 508
<b>Total Deposits Held</b>	<b>512</b>	<b>1 508</b>

## 15. PAYABLES

<b>Current</b>		
Accounts payable	788	1 744
Accrued expenses	1 026	352
<b>Total Payables</b>	<b>1 814</b>	<b>2 096</b>

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the department. Accounts payable are normally settled within 30 days.

## 16. PROVISIONS

<b>Current</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Employee Benefits		
Recreation leave	3 855	3 604
Leave loading	554	447
Other employee benefits	40	46
Other Current Provisions		
Other provisions (fringe benefits, payroll tax, superannuation and other)	599	529
<b>Total Provisions</b>	<b>5 048</b>	<b>4 626</b>
<b>Balance as at 1 July</b>	<b>4 626</b>	<b>4 889</b>
Additional provisions recognised	3 454	2 753
Reductions arising from payments	(3 275)	(3 016)
Transfer of provisions <sup>(1)</sup>	243	-
<b>Balance as at 30 June</b>	<b>5 048</b>	<b>4 626</b>

The department had 328 employees as at 30 June 2017 (319 employees as at 30 June 2016).

<sup>(1)</sup> Net effect due to Administrative Arrangements Order 12 September 2016

### Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits that are expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits that are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave liabilities are classified as current liabilities as the department does not have an unconditional right to defer settlement for at least 12 months after the reporting period. No provision is made for sick leave, which is non vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including the Department of Environment and Natural Resources, and as such no long service leave liability is recognised in these financial statements.



## 17. OTHER LIABILITIES

	2017 \$'000	2016 \$'000
<b>Current</b>		
Unearned revenue	948	972
<b>Non-Current</b>		
Unearned revenue	30	28
<b>Total Other Liabilities</b>	<b>978</b>	<b>1 000</b>

### Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The department makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and as such are not recognised in department financial statements.

## 18. COMMITMENTS

	2017		2016	
	Internal \$'000	External \$'000	Internal \$'000	External \$'000
<b>i. Other Expenditure Commitments</b>				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	-	5 222	-	3 864
Later than one year and not later than five years	-	6 146	-	4 840
Later than five years	-	2 166	-	-
	<b>-</b>	<b>13 534</b>	<b>-</b>	<b>8 704</b>

### ii. Operating Lease Commitments

The department leases property under non-cancellable operating leases expiring from 1 to 5 years. Leases generally provide the department with a right of renewal at which time all lease terms are renegotiated. The department also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:

Within one year	-	1 515	-	1 378
Later than one year and not later than five years	-	2 418	-	2 729
	<b>-</b>	<b>3 933</b>	<b>-</b>	<b>4 107</b>

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

## 19. RESERVES

### Asset Revaluation Reserve

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the Asset Revaluation Reserve.

	2017 \$'000	2016 \$'000
Balance as at 1 July	3 609	3 609
Transfer to Other Government Agency	(70)	-
<b>Balance as at 30 June</b>	<b>3 539</b>	<b>3 609</b>

## 20. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Cash

The total of department Cash and Deposits of \$5.7 million recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.

### Reconciliation of Net (Deficit) to Net Cash From Operating Activities

<b>Net (Deficit)</b>	(927)	(1 176)
Non-Cash Items:		
Depreciation and amortisation	1 106	781
Repairs & maintenance non cash	25	15
(Gain)/Loss on disposal of assets	-	(21)
Asset write-offs/write-downs	23	-
Assets acquired for nil consideration	(42)	-
Changes in assets and liabilities:		
(Increase) in receivables	(14)	(217)
Decrease/(Increase) in inventories	(9)	4
Decrease/(Increase) in prepayments	(109)	64
(Decrease) in payables	(282)	(133)
Increase/(Decrease) in employment benefits	351	188
(Decrease)/Increase in other provisions	70	(451)
(Decrease) in other liabilities	(22)	(321)
<b>Net Cash (Used In)/From Operating Activities</b>	<b>170</b>	<b>(1 267)</b>

## 21. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the department include cash and deposits, receivables, payables and deposits held. The department has limited exposure to financial risks as discussed below.

Financial assets and liabilities are recognised on the Balance Sheet when the entity becomes a party to the contractual provisions of the financial instrument. The entity's financial instruments include cash and deposits; receivables; payables; advances received; and deposits held.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation. These include statutory receivables arising from taxes including GST and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The entity's investments, loans and placements, and borrowings are predominantly managed through the Northern Territory Treasury Corporation adopting strategies to minimize the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

### (a) Categorisation of Financial Instruments

The carrying amounts of the department's financial assets and liabilities by category are disclosed in the table below:

#### 2016-17 Categorisation of Financial Instruments

	Designated at Fair Value Through Profit or Loss \$'000	Finance Assets – Loans and Receivables \$'000	Total \$'000
Cash and deposits	5 663	-	5 663
Receivables <sup>(1)</sup>	-	581	581
<b>Total Financial Assets</b>	<b>5 663</b>	<b>581</b>	<b>6 224</b>
Deposits held	512	-	512
Payables <sup>(1)</sup>	1 607	-	1 607
<b>Total Financial Liabilities</b>	<b>2 119</b>	<b>-</b>	<b>2 119</b>

<sup>(1)</sup> Total amounts disclosed exclude statutory amounts (e.g. ATO)

#### 2015-16 Categorisation of Financial Instruments

	Designated at Fair Value Through Profit or Loss \$'000	Finance Assets – Loans and Receivables \$'000	Total \$'000
Cash and deposits	6 438	-	6 438
Receivables <sup>(1)</sup>	-	558	558
<b>Total Financial Assets</b>	<b>6 438</b>	<b>568</b>	<b>6 996</b>
Deposits held	1 508	-	1 508
Payables <sup>(1)</sup>	1 965	-	1 965
<b>Total Financial Liabilities</b>	<b>3 473</b>	<b>-</b>	<b>3 473</b>

<sup>(1)</sup> Total amounts disclosed exclude statutory amounts (e.g. ATO)

## Classification of Financial Instruments

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss
- held-to-maturity investments
- loans and receivables
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL)
- financial liabilities at amortised cost.

### Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.

- financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

## Loans and Receivables

For details refer to Note 9, but exclude statutory receivables.

## Financial Liabilities at Amortised Cost

Financial instrument liabilities measured at amortised cost include all advances received, finance lease liabilities and borrowings. Amortised cost is calculated using the effective interest method.

### (b) Credit Risk

The department has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the department has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Additionally, the nature of the department's revenue is such that if the debtor was to default on the debt it would cause them to suffer a business impact through the department's ability to discontinue licenses etc. until financial obligations are met. Primarily the department's credit risk comes from the regulatory work performed on behalf of landholders (i.e. fire breaks under section 47 of the *Bushfires Management Act*). In these instances if a debt is not settled the department has the ability, and does, take a lien over the property whereby the debt will be settled on sale of the property.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the department's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

## Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and aging analysis of receivables is presented below.

	2017 \$'000	2016 \$'000
<b>Internal Receivables</b>		
<b>Aging of Receivables</b>		
Not overdue	510	90
Overdue for less than 30 days	-	-
Overdue for 30 to 60 days	-	-
Overdue for more than 60 days (includes S47 Firebreaks)	-	-
<b>Total Gross Receivables</b>	<b>510</b>	<b>90</b>

### Reconciliation of the Allowance for Impairment Losses

Allowance for impairment losses at the beginning of the reporting period	-	-
Increase/(Decrease) in allowance recognised in profit or loss	-	-
<b>Allowance for Impairment Losses at the End of the Reporting Period</b>	<b>-</b>	<b>-</b>

### External Receivables

<b>Aging of Receivables</b>		
Not overdue	16	410
Overdue for less than 30 days	8	-
Overdue for 30 to 60 days	-	1
Overdue for more than 60 days (includes S47 Firebreaks)	56	65
<b>Total Gross Receivables</b>	<b>80</b>	<b>476</b>

### Reconciliation of the Allowance for Impairment Losses

Allowance for impairment losses at the beginning of the reporting period	8	7
Increase/(Decrease) in allowance recognised in profit or loss	1	1
<b>Allowance for Impairment Losses at the End of the Reporting Period</b>	<b>9</b>	<b>8</b>

## (c) Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The department's liquidity risk includes credit cards which are managed with tight controls and low limits. Credit card use and limits are reviewed regularly.

The following tables detail the department's remaining contractual maturity for its financial assets and liabilities.

## Maturity Analysis for Financial Assets and Liabilities

2016-17	Variable Interest Rate Less than a year \$'000	Non – Interest Bearing \$'000	Carrying Amount \$'000
<b>Assets</b>			
Cash and deposits	509	5 154	5 663
Receivables	-	581	581
<b>Total Financial Assets</b>	<b>509</b>	<b>5 735</b>	<b>6 244</b>
<b>Liabilities</b>			
Deposits held	509	3	512
Payables	-	1 607	1 607
<b>Total Financial Liabilities</b>	<b>509</b>	<b>1 610</b>	<b>2 119</b>

2015-16	Variable Interest Rate Less than a year \$'000	Non – Interest Bearing \$'000	Carrying Amount \$'000
<b>Assets</b>			
Cash and deposits	1 503	4 935	6 438
Receivables	-	558	558
<b>Total Financial Assets</b>	<b>1 503</b>	<b>5 493</b>	<b>6 996</b>
<b>Liabilities</b>			
Deposits held	1 503	5	1 508
Payables	-	1 965	1 965
<b>Total Financial Liabilities</b>	<b>1 503</b>	<b>1 970</b>	<b>3 473</b>

### (d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that the department is exposed to is interest rate risk.

#### (i) Interest Rate Risk

The department has limited exposure to interest rate risk as all financial assets and financial liabilities, with the exception of the Single Holding Account deposits held, are non-interest bearing. Changes to the variable rates of 100 basis points (1%) at reporting date would have had no effect on the department's profit or loss and equity as interest earned on the Single Holding Account is accounted for as both an asset and a liability.

#### (ii) Price Risk

The department is not exposed to price risk as the department does not hold units in unit trusts.

#### (iii) Currency Risk

The department is not exposed to currency risk as the department does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

**(e) Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates to their respective net fair values. Where differences exist, these are not material.

**22. RELATED PARTIES****(i) Related Parties**

The Department of Environment and Natural Resources is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of the department include:

- the Portfolio Minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the department directly; and
- spouses, children and dependents who are close family members of the Portfolio Minister or KMP; and
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by the Portfolio Minister or the KMP's or controlled or jointly controlled by their close family members.

**(ii) Key Management Personnel**

Key management personnel of the department are those persons having authority and responsibility for planning, directing and controlling the activities of Department Environment and Natural Resources. These include the Minister for Environment and Natural Resources, the Chief Executive Officer and the 11 members of the executive team of Department Environment and Natural Resources as listed on page 132 .

**(iii) Remuneration of Key Management Personnel**

The details below excludes the salaries and other benefits of Minister for Environment and Natural Resources as the Minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements.

The aggregate compensation of key management personnel of Department of Environment and Natural Resources is set out below:

	<b>2017 \$'000</b>
Short-term Benefits	1 706
Post-employment Benefits	206
<b>Total</b>	<b>1 912</b>

**(iv) Related party transactions**

Transactions with Northern Territory Government controlled entities

The departments' primary ongoing source of funding is received from the Central Holding Authority in the form of output and capital appropriation and on-passed Commonwealth national partnership payments.

Related party transactions of the former Minister have not been assessed as the period served during the 2016-17 financial year is considered minor.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory controlled entities.

Related Party	Revenue from related parties 2017 \$'000	Payments to related parties 2017 \$'000	Amounts owed by related parties 2017 \$'000	Amounts owed to related parties 2017 \$'000
All NTG Government departments	5 382	9 776	510	-

The departments' transactions with other government entities are not individually significant.

#### **Other related party transactions are as follows:**

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory Public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed. There have been no other related party transactions in excess of \$10 000.

### **23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

#### **(a) Contingent Liabilities**

The department had no contingent liabilities as at 30 June 2017 or 30 June 2016.

#### **(b) Contingent Assets**

The department had no contingent assets as at 30 June 2017 or 30 June 2016.

### **24. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.



## 25. SCHEDULE OF ADMINISTERED TERRITORY ITEMS

The following Territory items are managed by the Department on behalf of the Government and are recorded in the Central Holding Authority (refer note 2(d)).

	2017 \$'000	2016 \$'000
<b>TERRITORY INCOME AND EXPENSES</b>		
<b>Income</b>		
Fees from regulatory services	69	-
Royalties and rents	4 992	5 002
Other income	25	-
<b>Total Income</b>	<b>5 086</b>	<b>5 002</b>
<b>Expenses</b>		
Central Holding Authority income transferred	5 086	5 002
<b>Total Expenses</b>	<b>5 086</b>	<b>5 002</b>
<b>Territory Income Less Expenses</b>	<b>-</b>	<b>-</b>
<b>TERRITORY ASSETS AND LIABILITIES</b>		
<b>Assets</b>		
Royalties and rent receivable	6	24
Other receivables	4	-
<b>Total Assets</b>	<b>10</b>	<b>24</b>
<b>Liabilities</b>		
Central Holding Authority income payable	10	24
<b>Total Liabilities</b>	<b>10</b>	<b>24</b>
<b>Net Assets</b>	<b>-</b>	<b>-</b>

## 26. BUDGETARY INFORMATION

COMPREHENSIVE OPERATING STATEMENT	2016-17 Actual \$'000	2016-17 Original Budget \$'000	Variance \$'000	Note
<b>Income</b>				
Grants and subsidies revenue				
Current	4 731	3 473	1 258	1
Capital	250	-	250	
Appropriation				
Output	46 241	37 559	8 682	2
Commonwealth	1 625	2 831	(1 206)	3
Sales of goods and services	2 568	6 775	(4 207)	4
Interest revenue	14	-	14	
Goods and services received free of charge	3 885	3 820	65	
Other income	82	-	82	
<b>Total Income</b>	<b>59 396</b>	<b>54 458</b>	<b>4 938</b>	
<b>Expenses</b>				
Employee expenses	32 875	29 921	2 954	5
Administrative expenses				
Purchase of goods and services	15 320	15 098	222	
Repairs and maintenance	1 765	1 871	(106)	
Depreciation and amortisation	1 106	726	380	
Other administrative expenses	3 887	3 820	67	
Grants and subsidies expenses				
Current	5 333	4 194	1 139	6
Interest expenses	14	-	14	
Loss on disposal of asset	23	-	23	
<b>Total Expenses</b>	<b>60 323</b>	<b>55 630</b>	<b>4 693</b>	
<b>Net Deficit</b>	<b>(927)</b>	<b>(1 172)</b>	<b>245</b>	
<b>Comprehensive Result</b>	<b>(927)</b>	<b>(1 172)</b>	<b>245</b>	

## Notes

The following note descriptions relate to variances greater than \$0.5 million.

1. The increase in current grants and subsidies received is due to new externally funded programs being sourced since the publication of the 2016-17 budget papers.
2. The increase in output appropriation is due to the transfer in of Environment and NT EPA from Department of Infrastructure, Planning and Logistics as a result of Administrative Arrangements Order 12 September 2016.
3. The decrease in Commonwealth appropriation is due to the funding for National Water Infrastructure Development Fund not being received until 2017-18 which is offset by new Commonwealth funded programs sourced since the publication of the 2016-17 budget papers.
4. The decrease in Sales for Goods and Services is due to the cessation of shared services arrangement under which Department of Land Resource Management provided services to the previous Department of Arts & Museums, Department of Sport and Recreation, Parks & Wildlife Commission of the Northern Territory.
5. The increase in employee expenses is a net increase due to the transfer in of the Environment and NT EPA functions from Department of Infrastructure, Planning and Logistics as part of the Administrative Arrangements Order 12 September 2016, and a decrease in externally funded projects expenditure that requires to be carried forward to 2017-18.
6. The increase in grants and subsidies expenditure is due to the transfer in of Environment and NT EPA from Department of Infrastructure, Planning and Logistics as a result of Administrative Arrangements Order 12 September 2016.

BALANCE SHEET	2016-17 Actual \$'000	2016-17 Original Budget \$'000	Variance \$'000	Note
<b>Assets</b>				
<b>Current Assets</b>				
Cash	5 663	6 317	(654)	1
Receivables	979	747	232	
Inventories	11	6	5	
Prepayments	260	216	44	
<b>Total Current Assets</b>	<b>6 913</b>	<b>7 286</b>	<b>(373)</b>	
<b>Non-Current Assets</b>				
Property, plant and equipment	13 868	16 000	(2 132)	2
Intangible assets	1 074	858	216	2
<b>Total Expenses</b>	<b>14 942</b>	<b>16 858</b>	<b>(1 916)</b>	
<b>Total Assets</b>	<b>21 855</b>	<b>24 144</b>	<b>(2 289)</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Deposits held	512	1 186	(674)	3
Payables	1 814	2 229	(415)	
Provisions	5 048	4 889	159	
Other liabilities	948	1 322	(374)	
<b>Total Current Liabilities</b>	<b>8 322</b>	<b>9 626</b>	<b>(1 304)</b>	
<b>Non-Current Liabilities</b>				
Other liabilities	30	-	30	3
<b>Total Non-Current Liabilities</b>	<b>30</b>	<b>-</b>	<b>30</b>	
<b>Total Liabilities</b>	<b>8 352</b>	<b>9 626</b>	<b>(1 274)</b>	
<b>Net Assets</b>	<b>13 503</b>	<b>14 518</b>	<b>(1 015)</b>	
<b>Equity</b>				
Capital	87 639	89 066	(1 427)	4
Reserve	3 539	3 609	(70)	
Accumulated funds	(77 675)	(78 157)	482	
<b>Total Equity</b>	<b>13 503</b>	<b>14 518</b>	<b>(1 015)</b>	

- Notes
- The following note descriptions relate to variances greater than \$0.5 million.
1. The decrease in cash held relates to the decrease in liabilities.
  2. The decrease in property, plant and equipment is due to the Mary River Saltwater Barrages infrastructure expected to be completed and transferred however this will not occur until 2017-18.
  3. The decrease in the deposits held is a result of funds approved to be utilised from the Single Holding Account for projects in 2016-17.
  4. The increase in capital is due to the transfer in of the Environment and NT EPA functions from Department of Infrastructure, Planning and Logistics as a part of the Administrative Arrangements Order 12 September 2016.

<b>CASH FLOW STATEMENT</b>	<b>2016-17 Actual \$'000</b>	<b>2016-17 Original Budget \$'000</b>	<b>Variance \$'000</b>	<b>Note</b>
<b>Cash Flows from Operating Activities</b>				
<b>Operating Receipts</b>				
Grants and subsidies received				
Current	4 731	3 473	1 258	1
Capital	250	-	250	
Appropriation				
Output	46 241	37 559	8 682	2
Commonwealth	1 625	2 831	(1 206)	3
Receipts from sales of goods and services	4 526	6 775	(2 249)	4
Interest received	16	-	16	
<b>Total Operating Receipts</b>	<b>57 389</b>	<b>50 638</b>	<b>6 751</b>	
<b>Operating Payments</b>				
Payments to employees	(32 387)	(29 921)	(2 466)	5
Payments for goods and services	(19 483)	(16 969)	(2 514)	6
Grants and subsidies paid				
Current	(5 333)	(4 194)	(1 139)	7
Interest paid	(16)	-	(16)	
<b>Total Operating Payments</b>	<b>(57 219)</b>	<b>(51 084)</b>	<b>(6 135)</b>	
<b>Net Cash (Used In) Operating Activities</b>	<b>170</b>	<b>(446)</b>	<b>616</b>	
<b>Cash Flows from Investing Activities</b>				
<b>Investing Payments</b>				
Purchases of assets	(1 160)	(974)	(186)	
<b>Total Investing Payments</b>	<b>(1 160)</b>	<b>(974)</b>	<b>(186)</b>	
<b>Net Cash (Used In) Investing Activities</b>	<b>(1 160)</b>	<b>(974)</b>	<b>(186)</b>	
<b>Cash Flows from Financing Activities</b>				
<b>Financing Receipts</b>				
Equity injections				
Capital appropriations	974	974	-	
Other equity injections	835	-	835	8
<b>Total Financing Receipts</b>	<b>1 809</b>	<b>974</b>	<b>835</b>	
<b>Financing Payments</b>				
Deposits paid	(996)	-	(996)	9
Equity withdrawals				
Capital withdrawals	(598)	-	(598)	10
<b>Total Financing Payments</b>	<b>(1 594)</b>	<b>-</b>	<b>(1 594)</b>	
<b>Net Cash From Financing Activities</b>	<b>215</b>	<b>974</b>	<b>(759)</b>	
Net decrease in cash held	(775)	(446)	(329)	
Cash at beginning of financial year	6 438	6 438	-	
<b>Cash at End of Financial Year</b>	<b>5 663</b>	<b>5 992</b>	<b>(329)</b>	

## Notes

The following note descriptions relate to variances greater than \$0.5 million.

1. The increase in current grants and subsidies received is due to new externally funded programs being sourced since the publication of the 2016-17 budget papers.
2. The increase in output appropriation is due to the transfer in of Environment and NT EPA from Department of Infrastructure, Planning and Logistics as a result of Administrative Arrangements Order 12 September 2016.

3. The decrease in Commonwealth appropriation is due to the funding for National Water Infrastructure Development Fund not being received until 2017-18 which is offset by new Commonwealth funded programs sourced since the publication of the 2016-17 budget papers.
4. The decrease in Sales for Goods and Services is due to the cessation of shared services arrangement under which Department of Land Resource Management provided services to the previous Department of Arts & Museums, Department of Sport and Recreation, Parks & Wildlife Commission of the Northern Territory, and Government Business Division of Territory Wildlife Parks.
5. The increase in employee expenses is a net increase due to the transfer in of the Environment and NT EPA functions from Department of Infrastructure, Planning and Logistics as part of the Administrative Arrangements Order 12 September 2016, and a decrease in externally funded projects expenditure that requires to be carried forward to 2017-18 .
6. The increase in payments to goods and services is a result of the increase in cash expenditure as a result of the transfer in of Environment and NT EPA from Department of Infrastructure, Planning and Logistics as a result of Administrative Arrangements Order 12 September 2016 as well as the GST paid during the year which is not included in the budget.
7. The increase in grants and subsidies expenditure is due to the transfer in of Environment and NT EPA from Department of Infrastructure, Planning and Logistics as a result of Administrative Arrangements Order 12 September 2016.
8. The Other Equity Injection is a combination of corporate functions transferring to the Department of Tourism and Culture as part of the Administration Arrangements Order 12 September 2016 and Commonwealth funding received via transfers from other Government Agencies.
9. Funds held in the Single Holding Account were disbursed.
10. The Equity Withdrawal is due to the transfer in of opening balances due to the functions of the Environment and NT EPA from the Department of Infrastructure, Planning and Logistics as a result of the Administration Arrangements Order 12 September 2016.

## 27. BUDGETARY INFORMATION: ADMINISTERED TERRITORY ITEMS

In addition to the specific departmental operations which are included in the financial statements, the department administers or manages other activities and resources on behalf of the Territory such as rent. The transactions relating to these activities are reported as administered items in this note.

	2016-17 Actual \$'000	2016-2017 Original Budget \$'000	Variance \$'000	Note
<b>TERRITORY INCOME AND EXPENSES</b>				
<b>Income</b>				
Fees from regulatory services	69	-	69	1
Royalties and rents	4 992	5 063	(71)	
Other income	25	-	25	1
<b>Total Income</b>	<b>5 086</b>	<b>5 063</b>	<b>23</b>	
<b>Expenses</b>				
Central Holding Authority income transferred	5 086	5 063	23	
<b>Total Expenses</b>	<b>5 086</b>	<b>5 063</b>	<b>23</b>	
<b>Territory Income Less Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	

	2016-17 Actual \$'000	2016-2017 Original Budget \$'000	Variance \$'000	Note
<b>TERRITORY ASSETS AND LIABILITIES</b>				
<b>Assets</b>				
Royalties and rent receivable	6	-	6	
Other receivables	4	-	4	
<b>Total Assets</b>	<b>10</b>	<b>-</b>	<b>10</b>	
<b>Liabilities</b>				
Central Holding Authority income payable	10	-	10	
<b>Total Liabilities</b>	<b>10</b>	<b>-</b>	<b>10</b>	
<b>Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	

### Notes

Additional revenue relating to income from Environment and NT EPA whose functions were transferred to DENR as a result of Administrative Arrangement Orders 12 September 2016.