FINANCIAL STATEMENTS

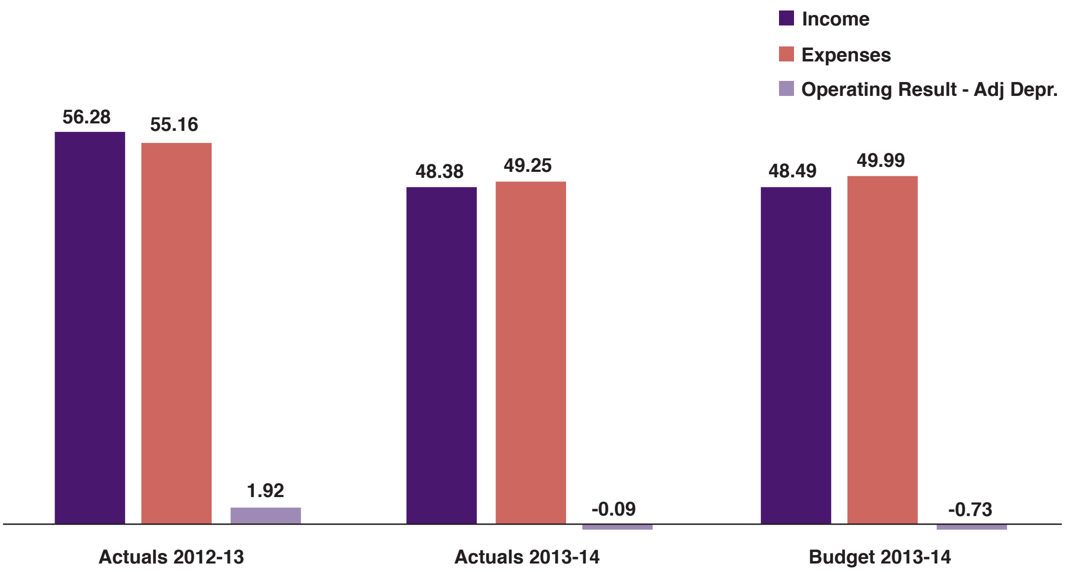
THE DEPARTMENT FINANCIAL STATEMENT OVERVIEW

This section of the report provides an analysis of the financial outcome of the Department of Land Resource Management for the year ended 30 June 2014.

The department includes the following outputs:

- Bushfires
- Fauna and Flora
- Rangelands
- Water Resources
- Corporate and Governance
- Shared Services Provided.

Operating Results ($M)



FINANCIAL PERFORMANCE

In 2013-14, the department made a net loss of $0.9 million or a loss of $0.1 million prior to the charging of non-cash depreciation. This compares to a budgeted loss before depreciation of $0.7 million.

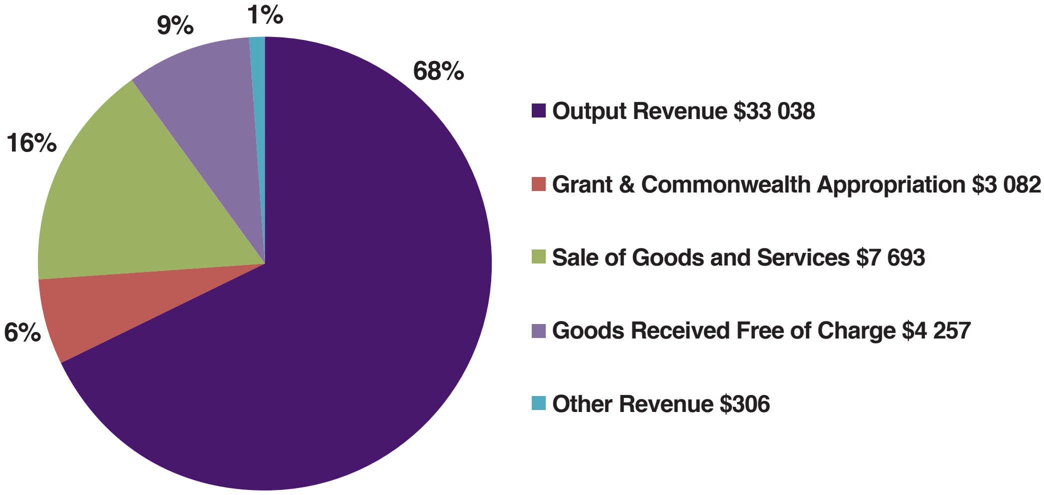
Major factors contributing to the budget savings of $0.6 million include:

- $0.4 million under-spend due to externally funded project delays. The unutilised funding will be spent in 2014-15
- $0.2 million underspend in the grants program predominately due to the cessation of the Waterwise program in Alice Springs.

INCOME

The department received income of $48.4 million in 2013-14, a decrease of $0.1 million compared to budget and a decrease of $0.8 million compared to 2012-13.

2013-14 Income by Source $000's



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 2013-14 output revenue of $33 million was received in accordance to budget. Output revenue decreased from 2012-13 by $2.5 million predominantly due to savings measures introduced in 2013-14 of $2 million and $0.8 million of funding for marketing and legal services that was transferred to other agencies.

Grants and Commonwealth Appropriation

The department attracts six percent of its revenue from external sources. In 2013-14, $3.1 million was received, including $0.5 million from the Australian Government. This external revenue was consistent with the approved budget of $3 million and was $6.2 million less than 2012-13. This decrease over the prior year was due to a change in the Commonwealth operating model for funding the 'Caring for our Country' program of $4.1 million and the finalisation of other projects.

Some of the key externally funded projects in 2013-14 include:

- National Framework Compliance and Enforcement
- West Arnhem Fire Management
- Management of Feral Camels
- Long Term Ecological Research Network Project
- Bellyache Bush Daly Biodiversity Fund.

Sale of Goods and Services

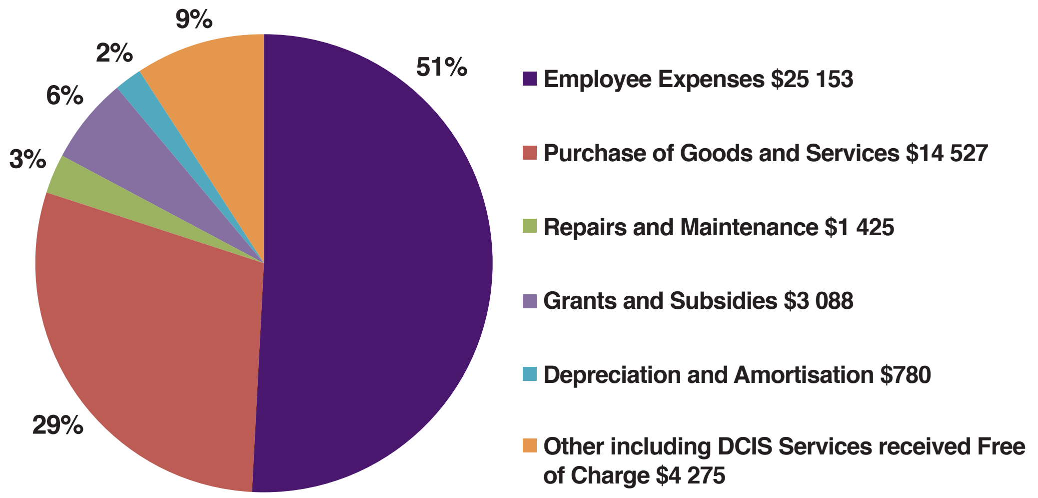
In 2013-14, income from the sale of goods and services totalled $7.7 million in accordance with budget and $1.1 million higher than 2012-13. The most significant income stream is for the provision of corporate services to three other agencies and a Government Business Division totalling $4.8 million, and the provision of various water services valued at $1.8 million.

Goods and Services Received Free of Charge

In 2013-14, notional goods and services received free of charge from Department of Corporate Information Services totalled $4.3 million, $0.4 million less than budget and $0.3 million less than 2012-13. There is a corresponding expense so a nil net effect to the department's operating result.

EXPENSES

The department incurred $49.3 million in expenses during 2013-14 in the delivery of its programs and services. This was $0.7 million less than budget and $5.8 million less than 2012-13.



Payments to employees and purchase of goods and services account for 80.6 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 51.1 percent or $25.2 million of total expenditure (2012-13 $25.5 million).

An underspend of $0.7 million compared to budget is due to recruitment constraints across the department to realise savings required to offset operational expenditure, and externally funded project delays.

Goods and Services Expenses

Actual spend on the purchase of goods and services in 2013-14 was $14.5 million, $0.6 more than budget and $0.5 million less than 2012-13. The overspend to budget was primarily a result of an additional feral animal eradication event in Central Australia.

Grants and Subsidies

In 2013-14 the department distributed $3.1 million in grants and subsidies against a $3.3 million budget. Payments were predominately made to the Northern Land Council for the West Arnhem Fire Management Agreement for $1.4 million, and support for rural Bushfire Brigades of $1.2 million. Savings against budget of $0.2 million were due to the winding back of the Waterwise Program in preparation for its cessation in 2014-15.

The grant payments decreased compared to 2012-13 by $5 million mainly as a result of the change in the Commonwealth operating model for funding the 'Caring for our Country' program.

Repairs and Maintenance

Actual repairs and maintenance expenditure was $1.4 million which was in line with budget.

Depreciation

Depreciation is the allocation of an asset's cost over its useful life. In 2013-14 depreciation came in on budget and consistent with 2012-13 at $0.8 million. Depreciation costs represent 1.6 percent of total expenditure.

Goods and Services Received Free of Charge

In 2013-14, notional goods and services received free of charge from Department of Corporate and Information Services totalled $4.3 million, $0.4 million less than budget and $0.3 million less than 2012-13.

Balance Sheet

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

Assets

The department's assets at 30 June 2014 totalled $16.8 million.

The balance of assets consists of :

- Cash balances of $7.2 million, representing cash held in a financial institution and, petty cash and floats
- Receivables of $0.7 million representing the amount that is owed to the department for goods and services provided and delivered
- Prepaid expenses of $0.2 million representing expenses that have been paid before the good or service was received or provided
- Property, plant and equipment of $8.7 million.

Liabilities

The department's liabilities total $9.8 million as at 30 June 2014.

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 $3.7 million representing the amount owed to creditors for goods and services purchased and received
- Provisions for employee entitlements of $4.7 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
- Unearned revenue of $0.9 million representing the amount received for services not yet provided.

Our Equity

Equity reflects the department's net less the liabilities that we are accountable for. Equity as at 30 June 2014 was $7 million. The categories of movement in Equity are explained in the Statement of Changes in Equity. The table below illustrates the two year trend for the net assets/equity position.

Balance Sheet Trend Analysis $'000	Actuals 2012-14	Actuals 2013-14
Assets	16 757	15 693
Liabilities	(9 775)	(8 464)
Net Assets/ Equity	**6 982**	**7 229**

Statement of Changes in Equity

This Statement expands on the equity movements in the categories of capital, reserves and accumulated funds.

Capital relates to cash or assets that have been transferred directly into or out of the department by Government.

Movements in capital of $0.6 million relate to:

- $0.4 million appropriation to purchase capital items
- $ 0.2 million for the transfer in of completed infrastructure works.

Reserves reflect any changes in asset values that have occurred over time. Department assets are re-evaluated periodically to ensure their values remain current.

There were no movements in the department's reserves for 2013-14.

Accumulated funds move each year by the profit or loss of the department. In 2013-14 the movement in accumulated funds represents the reported operating loss of $0.9 million.

Cash Flow Statement

The Cash Flow Statement provides information on how cash was received and spent during the year.

The department's cash balances were $7.2 million at 30 June 2014.

The cash flows are summarised as follows:

	2012-13 $'000	2013-14 $'000
Cash received	67 994	47 224
Less Cash spent	(65 025)	(45 061)
Net increase in Cash Held	2 969	2 163
Cash at Beginning of Financial Year	2 020	4 989
Cash at End of Financial Year	4 989	7 152

CERTIFICATE OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Land Resource Management 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 2014 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.

Rod Applegate

Chief Executive Officer

30 September 2014

Joanna Frankenfeld

Chief Financial Officer

30 September 2014

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2014

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

INCOME	Note	2014 $'000	2013 $'000
Grants and subsidies revenue			
Current		2 529	5 184
Appropriation			
Output		33 038	35 540
Commonwealth		553	4 136
Sales of goods and services		7 693	6 626
Interest revenue		10	14
Goods and services received free of charge [1]	4	4 257	4 641
Other income		296	60
TOTAL INCOME	3	48 376	56 201
EXPENSES			
Employee expenses		25 153	25 483
Administrative expenses			
Purchases of goods and services	6	14 527	15 023
Repairs and maintenance		1 425	1 017
Depreciation and amortisation	10,11a,11b	780	795
Other administrative expenses [1]		4 262	4 638
Grants and subsidies expenses			
Current		3 088	8 107
Interest expenses		10	14
Loss on disposal of assets	5	3	-
TOTAL EXPENSES	3	49 248	55 077
NET SURPLUS/(DEFICIT)	16	**(872)**	**1 124**
Other Comprehensive Income			
Changes in asset revaluation reserve		-	(142 561)
TOTAL OTHER COMPREHENSIVE INCOME		-	(142 561)
COMPREHENSIVE RESULT		**(872)**	**(141 437)**

[1] Includes DCIS service charges.

BALANCE SHEET

For the year ended 30 June 2014

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

ASSETS	Note	2014 $'000	2013 $'000
Current Assets			
Cash and deposits	7	7 152	4 989
Receivables	8	682	1 696
Inventories	9	21	109
Prepayments		170	116
Total Current Assets		8 025	6 910
Non-Current Assets			
Property, plant and equipment	10	8 705	8 736
Intangible assets	11a	27	47
Heritage & cultural assets	11b	-	-
Total Non-Current Assets		8 732	8 783
TOTAL ASSETS		16 757	15 693
LIABILITIES			
Current Liabilities			
Deposits held	15	473	457
Payables	13	3 703	2 396
Provisions	14	3 117	3 026
Other liabilities	15	772	948
Total Current Liabilities		8 065	6 827
Non-Current Liabilities			
Provisions	14	1 627	1 637
Other liabilities	15	83	-
Total Non-Current Liabilities		1 710	1 637
TOTAL LIABILITIES		9 775	8 464
NET ASSETS		**6 982**	**7 229**
EQUITY	16		
Capital		79 311	78 686
Reserves		1 850	1 850
Accumulated funds		(74 179)	(73 307)
TOTAL EQUITY		**6 982**	**7 229**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

2013-14	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in their capacity as owners $'000	Equity at 30 June $'000
Accumulated Funds		(73 307)	(872)	-	(74 179)
Reserves					
Asset Revaluation Reserve	16	1 850	-	-	1 850
Capital –Transactions with Owners		335 979	-	-	335 979
Equity Injections					
Capital Appropriation		345	-	450	795
Equity Transfers In - Assets		464	-	175	639
Other equity injections		10 611	-	-	10 611
Equity Withdrawals					
Equity Transfer Out -Assets		(268 713)	-	-	(268 713)
		78 686	-	625	79 311
TOTAL EQUITY AT 30 JUNE		**7 229**	**(872)**	**625**	**6 982**

2012-13	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in their capacity as owners $'000	Equity at 30 June $'000
Accumulated Funds		(74 431)	1 124	-	(73 307)
Reserves					
Asset Revaluation Reserve	16	144 411	(142 561)	-	1 850
Capital –Transactions with Owners		335 979	-	-	335 979
Equity Injections					
Capital Appropriation		-	-	345	345
Equity Transfers In - Assets		-	-	464	464
Other equity injections		-	-	10 611	10 611
Equity Withdrawals					
Equity Transfer Out -Assets		-	-	(268 713)	(268 713)
		335 979	-	(257 293)	78 686
TOTAL EQUITY AT 30 JUNE		**405 959**	**(141 437)**	**(257 293)**	**7 229**

CASHFLOW STATEMENTS

For the year ended 30 June 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2014 $'000 (Outflows) / Inflows	2013 $'000 (Outflows) /Inflows
Operating Receipts			
Grants and subsidies received			
Current		2 529	5 184
Capital		-	-
Appropriation			
Output		33 038	35 540
Commonwealth		553	4 136
Receipts from sales of goods and services		10 628	12 164
Interest received		10	14
Total Operating Receipts		46 758	57 038
Operating Payments			
Payments to employees		(25 013)	(33 318)
Payments for goods and services		(16 327)	(21 974)
Grants and subsidies paid			
Current		(3 088)	(8 106)
Capital		-	-
Community service obligations		-	-
Interest paid		(10)	(14)
Total Operating Payments		(44 438)	(63 412)
Net Cash From/(Used In) Operating Activities	17	2 320	(6 374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	5	-	-
Total Investing Receipts		-	-
Investing Payments			
Purchases of assets	10,11	(623)	(186)
Total Investing Payments		(623)	(186)
Net Cash (Used In) Investing Activities		(623)	(186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits received		16	-
Equity injections			
Capital appropriations	16	450	345
Other equity injections		-	10 611
Total Financing Receipts		466	10 956
Financing Payments			
Deposits refunded		-	(441)
Equity withdrawals		-	(986)
Total Financing Payments		-	(1 427)
Net Cash From Financing Activities		466	9 529
Net Increase in cash held		2 163	2 969
Cash at beginning of financial year	7	4 989	2 020
CASH AT END OF FINANCIAL YEAR		**7 152**	**4 989**

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. Objectives and Funding
2. Statement of Significant Accounting Policies
3. Operating Statement by Output Group

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4. Goods and Services Received Free of Charge
5. Loss on Disposal of Assets

EXPENSES

6. Purchases of Goods and Services

ASSETS

7. Cash and Deposits
8. Receivables
9. Inventories
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11a. Intangibles

11b. Heritage and Cultural Assets

12. Fair Value Measurement of Non-Financial Assets

LIABILITIES

13. Payables
14. Provisions
15. Other Liabilities

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16. Equity

OTHER DISCLOSURES

17. Notes to the Cash Flow Statement
18. Financial Instruments
19. Commitments
20. Contingent Liabilities and Contingent Assets
21. Events Subsequent to Balance Sheet Date
22. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments
23. Schedule of Territory Items

1. OBJECTIVES AND FUNDING

The Department of Land Resource Management's purpose is to provide advice and support for the sustainable development of the Northern Territory's land and water, and conservation of its unique native flora and fauna. The Department of Land Resource Management's goals are as follows:-

1. The capacity and capability of the Northern Territory's natural resource assets are assessed, and outcomes of use and management, monitored.
2. Enable economic growth through the allocation of natural resource assets for best and sustainable use.
3. Threats to natural resources and regional communities are managed through shared responsibilities and partnerships.
4. An organisation with the capacity and capability to deliver effective services.

Additional information in relation to the Department and its principal activities may be found in Section One of 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 six Output Groups as follows:

- Flora and Fauna
- Rangelands
- Water Resources
- Bushfires
- Corporate and Governance
- Shared Services Provided

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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 Land Resource Management to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The Department 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; and

(vi) applicable explanatory notes to the financial statements.

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 Standards and Interpretations and their impacts are:

AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132].

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It defines the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14].

AASB 119 amends the definition of short-term employee benefits and the accounting for defined superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's Conceptual Framework for Financial Reporting into the AASB Framework for the Preparation and Presentation of Financial Statements. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2].

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 Presentation of Financial Statements clarify requirements for comparative information, and amendments to AASB 116 Property, Plant and Equipment clarify classification of servicing equipment. The standard does not impact the financial statements.

(b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9 Financial Instruments (Dec 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127], AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8], AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). Effective for annual reporting periods beginning on or after 1 January 2017.

AASB 1055 Budgetary Reporting

This standard sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. Effective for annual reporting periods beginning on or after 1 January 2014.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

Addresses disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Effective for annual reporting periods beginning on or after 1 January 2014.

The Standards will not have a financial impact on the financial statements but will require a number of changes in disclosures.

(c) Department and Territory Items

The financial statements of the Department of Land Resource Management 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 23 – Schedule of Territory Items.

(d) Comparatives

Where necessary, comparative information for the 2012-13 financial year has been reclassified to provide consistency with current year disclosures.

(e) 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 $500 or less being rounded down to zero.

(f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2013-14 as a result of management decisions.

(g) Accounting Judgements and Estimates

The preparation of the financial report requires the making of judgements 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 judgements 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.

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

- Employee Benefits – Note 2(t) and Note 14: Non-current liabilities 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.
- Contingent Liabilities – Note 20: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Doubtful Debts – Note 2(o) & Note 8: Receivables; and
- Depreciation and Amortisation – Note 2(k), Note 10: Property, Plant and Equipment and Note 11(a) and 11(b).

(h) 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.

(i) 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 Special 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 onpassed 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; and
- 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; and
- 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.

Goods and Services Received Free of Charge

Goods and services received 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.

Disposal of Assets

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. Refer also to Note 5.

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.

(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) 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 estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

	2014	2013
Buildings	50 Years	50 Years
Infrastructure Assets	8-50 Years	8-50 Years
Plant and Equipment	10 Years	10 Years
Leased Plant and Equipment	3-5 Years	3-5 Years
Transport Equipment	10 Years	10 Years
Computer Hardware	3-6 Years	3-6 Years
Heritage and Cultural Assets	100 Years	100 Years
Intangibles – Computer Software	3-6 Years	3-6 Years

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

(l) Interest Expense

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

(m) Cash and Deposits

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 that are ultimately payable to the beneficial owner.

(n) Inventories

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 include 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.

(o) Receivables

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 ageing schedule under credit risk in Note 18 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

(p) Property, Plant and Equipment

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 as outlined below. 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 labour, 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 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 and the cost of construction work in progress is recognised as an asset of that Department. Once completed, capital works assets are transferred to this Department.

(q) Revaluations and Impairment 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; and
- 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. 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 16 provides additional information in relation to the asset revaluation reserve.

(r) 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.

(s) Payables

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.

(t) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long term bond rate.

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:

1. wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements; and
2. 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 Land Resource Management, and as such no long service leave liability is recognised in the Department financial statements.

(u) 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.

(v) 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 provide additional information in relation to contributions by, and distributions to, Government.

(w) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 19.

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

(x) 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 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

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 NTTC and TIO adopting strategies to minimise 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.

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; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

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

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

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; or

- 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; or
- 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.

Loans and Receivables

For details refer to Note 2(o).

Financial Liabilities at Amortised Cost

Amortised cost is calculated using the effective interest method.

Note 18 provides additional information on financial instruments.

(y) 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.

3. OPERATING STATEMENT BY OUTPUT

	Flora and Fauna		Rangelands		Water Resources		Bushfires		Corporate and Governance		Shared Services Provided		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
INCOME														
Grants and subsidies revenue														
Current	742	1 044	180	765	236	1 282	1 371	2 093	-	-	-	-	2 529	5 184
Appropriation														
Output	5 362	6 588	7 962	7 927	10 256	10 709	5 779	5 879	1 674	1 734	2 005	2 703	33 038	35 540
Commonwealth	-	-	-	-	553	4 136	-	-	-	-	-	-	553	4 136
Sales of goods and services	540	144	1	105	1 900	1 212	431	1 102	-	-	4 821	4 063	7 693	6 626
Interest Revenue	-	-	10	14	-	-	-	-	-	-	-	-	10	14
Goods and services received free of charge [1]	673	733	881	961	1 379	1 504	430	469	153	167	741	807	4 257	4 641
Other income	-	-	229	1	62	1	-	-	1	-	4	58	296	60
TOTAL INCOME	7 317	8 509	9 263	9 773	14 386	18 844	8 011	9 543	1 828	1 901	7 571	7 631	48 376	56 201
EXPENSES														
Employee expenses	3 876	3 775	5 377	6 371	8 068	6 317	2 387	2 823	974	1 408	4 471	4 789	25 153	25 483
Administrative expenses														
Purchases of goods and services	3 293	3 676	2 450	833	4 213	5 569	2 807	3 387	277	271	1 487	1 287	14 527	15 023
Repairs and maintenance	188	51	556	359	126	255	331	352	224	-	-	-	1 425	1 017
Depreciation and amortisation	38	24	34	32	427	468	187	160	35	51	59	60	780	795
Other administrative expenses [1]	673	733	883	961	1 379	1 503	433	469	153	167	741	805	4 262	4 638
Grants and subsidies expenses														
Current	80	80	140	4 522	299	934	2 569	2 571	-	-	-	-	3 088	8 107
Interest Expense	-	-	10	14	-	-	-	-	-	-	-	-	10	14
Loss on disposal of assets	-	-	2	-	1	-	-	-	-	-	-	-	3	-
TOTAL EXPENSES	8 148	8 339	9 452	13 092	14 513	15 046	8 714	9 762	1 663	1 897	6 758	6 941	49 248	55 077
NET SURPLUS/(DEFICIT)	**(831)**	**170**	**(189)**	**(3 319)**	**(127)**	**3 798**	**(703)**	**(219)**	**165**	**4**	**813**	**690**	**(872)**	**1 124**

[1] Includes DCIS service charges.

	2014 $'000	2013 $'000

4. GOODS AND SERVICES RECEIVED FREE OF CHARGE

Corporate and information services	4 257	4 641
Total Goods and Services Received Free of Charge	**4 257**	**4 641**

5. LOSS ON DISPOSAL OF ASSETS

Net proceeds from the disposal of non-current assets	-	-
Less: Carrying value of non-current assets disposed	(3)	-
(Loss) on the disposal of non-current assets	**(3)**	**-**

6. PURCHASES OF GOODS AND SERVICES

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

Goods and services expenses:

Consultants (1)	338	261
Advertising (2)	143	128
Marketing and promotion (3)	161	99
Document Production	63	45
Legal expenses (4)	22	96
Recruitment (5)	65	64
Training and study	351	297
Official duty fares	1 921	1 913
Travelling allowance	403	375

1. Includes marketing, promotion and IT consultants.
2. Does not include recruitment advertising.
3. Excludes advertising for marketing and promotion and marketing and promotion consultants' expenses, which are incorporated in the consultants' category.
4. Includes legal fees, claim and settlement costs.
5. Includes recruitment related advertising costs.

7. CASH AND DEPOSITS

Cash on hand	3	4
Cash at bank	7 149	4 985
Total Cash and Deposits	**7 152**	**4 989**

8. RECEIVABLES

Current

Accounts receivable	229	839
Less: Allowance for impairment losses	(6)	(3)
	223	836
Interest receivables	1	1
GST receivables	382	298
Other receivables	76	561
Total Receivables	**682**	**1 696**

	2014 $'000	2013 $'000

9. INVENTORIES

General Inventories		
At cost	21	109
Total Inventories	**21**	**109**

10. PROPERTY, PLANT AND EQUIPMENT

Land		
At Fair Value	2 045	2 045
Buildings		
At Fair Value	8 097	8 009
Less: Accumulated Depreciation	(3 891)	(3 656)
	4,206	4 353
Infrastructure		
At Fair Value	169	169
Less: Accumulated Depreciation	(24)	(20)
	145	149
Plant and Equipment		
At Fair Value	9 820	9 727
Less: Accumulated Depreciation	(8 047)	(8 193)
	1 773	1 534
Leased Plant and Equipment		
At capitalised cost	-	8
Less: Accumulated Depreciation	-	(8)
	-	-
Computer Equipment		
At Fair Value	281	548
Less: Accumulated Depreciation	(230)	(481)
	51	67
Transport Equipment Assets		
At Fair Value	1 459	1 769
Less: Accumulated Depreciation	(974)	(1 181)
	485	588
Total Property, Plant and Equipment	**8 705**	**8 736**

Property, Plant and Equipment Valuations

The latest revaluation was undertaken by the Australian Valuation Office in June 2011. The revaluation was performed as part of the Northern Territory Government five year rolling revaluation program. Refer to Note 12 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 2014. No impairment adjustments were required as a result of this review.

11. Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2013-14 and 2012-13 is set out below:

2013-14	Land $'000	Buildings $'000	Infrastructure $'000	Plant & Equipment $'000	Transport Equipment $'000	Computer Equipment $'000	Total $'000
Carrying Amount as at 1 July 2013	**2 045**	**4 353**	**149**	**1 534**	**588**	**67**	**8 736**
Additions	-	-	-	609	-	14	623
Disposals	-	-	-	(3)	-	-	(3)
Additions/(Disposals) from asset transfers	-	88	-	21	-	-	109
Depreciation and amortisation	-	(235)	(4)	(388)	(103)	(30)	(760)
Carrying Amount as at 30 June 2014	**2 045**	**4 206**	**145**	**1 773**	**485**	**51**	**8 705**

2012-13	Land $'000	Buildings $'000	Infrastructure $'000	Plant & Equipment $'000	Transport Equipment $'000	Computer Equipment $'000	Total $'000
Carrying Amount as at 1 July 2012	**44 097**	**293 863**	**14 484**	**3 358**	**1 224**	**82**	**357 108**
Additions	-	-	-	143	15	28	186
Additions/(Disposals) from asset transfers	(42 052)	(289 283)	(14 331)	(1 562)	(543)	(11)	(347 782)
Depreciation and amortisation	-	(227)	(4)	(405)	(108)	(32)	(776)
Carrying Amount as at 30 June 2013	**2 045**	**4 353**	**149**	**1 534**	**588**	**67**	**8 736**

11a. INTANGIBLES

Carrying Amounts	2014 $'000	2013 $'000
Intangibles with a finite useful life		
Intangibles – Computer Software		
At Valuation	136	150
Less: Accumulated Amortisation	(109)	(103)
Written down value – 30 June	**27**	**47**

Impairment of Intangibles

Department intangible assets were assessed for impairment as at 30 June 2014. No impairment adjustments were required as a result of this review

Reconciliation of Movements	2014 $'000	2013 $'000
Intangibles with a finite useful life		
Carrying Amount at 1 July	47	88
Asset Transfer	-	(22)
Depreciation and Amortisation	(20)	(19)
Carrying Amount as at 30 June	27	47

	2014 $'000	2013 $'000

11b. HERITAGE AND CULTURAL ASSETS

Carrying Amounts		
At Valuation	-	-
Less: Accumulated Amortisation	-	-
Written down value – 30 June	-	-

Impairment of Heritage and Cultural Assets

Department heritage and cultural assets were assessed for impairment as at 30 June 2014. No impairment adjustments were required as a result of this review

Reconciliation of Movements		
Heritage and cultural assets with a finite useful life		
Carrying Amount at 1 July	-	28
Asset Transfer	-	(28)
Depreciation and Amortisation	-	-
Carrying Amount as at 30 June	**-**	**-**

Heritage and cultural assets with an infinite useful life		
Carrying Amount at 1 July	-	61 608
Asset Transfer	-	(61 608)
Depreciation and Amortisation	-	-
Carrying Amount as at 30 June	**-**	**-**

12. 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:

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000
Asset Classes				
Land (Note 10)	-	-	2 045	2 045
Buildings (Note 10)	-	-	4 206	4 206
Infrastructure (Note 10)	-	-	145	145
Total	**-**	**-**	**6 396**	**6 396**

There were no transfers between Level 1 and Levels 2 or 3 during the period.

(b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

Asset Classes	Level 3 Techniques
Land	Cost
Buildings	Cost
Infrastructure	Cost

The Department's land, buildings and infrastructure are subject to the Department of Treasury's revaluation model, which requires these classes of assets to be 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 the Australian Valuation Office as at 30 June 2011 which complies with the Department of Treasury's revaluation model.

Level 3 fair values of land, buildings and infrastructure 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. The valuation technique will be reviewed when the assets are revalued in accordance with the Department of Treasury's next revaluation rotation.

(c) Additional information for Level 3 Fair Value Measurements

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Land $'000	Buildings $'000	Infrastructure $'000
Fair value as at 1 July 2013	2 045	4 353	149
Additions	-	-	-
Depreciation and amortisation	-	(235)	(4)
Additions from asset transfers	-	88	-
Fair value as at 30 June 2014	**2 045**	**4 206**	**145**
Unrealised gains/losses recognised in net surplus/ deficit for assets held at the end of the reporting period	-	-	-

(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.

	2014 $'000	2013 $'000

13. PAYABLES

Accounts payable	2 113	1 166
Accrued expenses	1 590	1 230
Total Payables	**3 703**	**2 396**

14. PROVISIONS

Current		
Employee benefits		
Recreation leave	2 110	2 052
Leave loading	374	360
Other employee benefits	47	56
Other Current Provisions		
Other provisions (fringe benefits, payroll tax and superannuation)	586	558
	3 117	**3 026**
Non-Current		
Employee Benefits		
Recreation leave	1 627	1 637
Total Provisions	**4 744**	**4 663**
Balance as at 1 July	4 663	11 705
Additional provisions recognised	3 086	416
Reductions arising from payments	(3 005)	(1 050)
Transfer of employee provision (restructure)	-	(6 408)
Balance as at 30 June	**4 744**	**4 663**

The Department had 279 employees as at 30 June 2014 (271 employees as at 30 June 2013).

15. OTHER LIABILITIES

Current		
Deposits held - natural heritage trust, accountable officers trust account and clearing accounts	473	457
Unearned revenue	772	948
	1 245	**1 405**
Non-Current		
Unearned Revenue	83	-
Total Other Liabilities	**1 328**	**1 405**

	2014 $'000	2013 $'000

16. EQUITY

Equity represents the residual interest in the net assets of the Department. The Government's ownership interest in Department is held in the Central Holding Authority as described in note 2(c).

Capital		
Balance as at 1 July	78 686	335 979
Capital Appropriation	450	345
Equity Transfer In –assets	175	464
Equity Injection	-	1 025
Equity Withdrawal	-	(150)
Equity Transfer out – Agency Restructure	-	(258 977)
Balance as at 30 June	**79 311**	**78 686**

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.		
Balance as at 1 July	1 850	144 411
Decrement – land asset transfer	-	(58 169)
Decrement - buildings asset transfer	-	(22 784)
Decrement - heritage and cultural assets asset transfer	-	(61 608)
Balance as at 30 June	**1 850**	**1 850**

Accumulated Funds		
Balance as at 1 July	(73 307)	(74 431)
(Deficit)/Surplus for the period	(872)	1 124
Balance as at 30 June	**(74 179)**	**(73 307)**

	2014 $'000	2013 $'000

17. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of Department Cash and Deposits of $7.15 million recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.

Reconciliation of Net (Deficit)/Surplus to Net Cash From Operating Activities

Net (Deficit)/Surplus	(872)	1 124
Non-Cash Items:		
Depreciation and amortisation	780	795
Repairs & maintenance non cash	66	8
Loss on disposal of assets	3	-
Changes in assets and liabilities:		
Decrease in receivables	1 014	98
Decrease/(Increase) in Inventories	88	(86)
(Increase)/Decrease in prepayments	(54)	569
Increase/(Decrease) in payables	1 307	(2 609)
Increase/(Decrease) in other provisions	28	(736)
Increase/(Decrease) in employment benefits	53	(6 305)
(Increase)/Decrease in other liabilities	(93)	768
Net Cash From/(Used In) Operating Activities	**2 320**	**(6 374)**

18. 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 finance leases. The Department has limited exposure to financial risks as discussed below.

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

(a) Categorisation of Financial Instruments

Financial Assets		
Cash and deposits	7 152	4 989
Loans and receivables	234	1 397
	7 386	6 386
Liabilities		
Amortised cost	3 532	2 322

(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 licences 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 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 ageing analysis of receivables is presented below.

	2014 $'000	2013 $'000
Internal Receivables		
Ageing of Receivables		
Not Overdue	146	1 089
Overdue for less than 30 Days	-	-
Overdue for 30 to 60 Days	-	-
Overdue for more than 60 Days (includes S47 Firebreaks)	-	-
Total Gross Receivables	**146**	**1 089**
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	-	-
Transfer due to Agency Restructure	-	-
Increase/(Decrease) in allowance recognised in profit or loss	-	-
Allowance for Impairment Losses at the End of the Reporting Period	**-**	**-**
External Receivables		
Ageing of Receivables		
Not Overdue	5	240
Overdue for less than 30 Days	30	7
Overdue for 30 to 60 Days	-	-
Overdue for more than 60 Days (includes S47 Firebreaks)	59	63
Total Gross Receivables	94	310
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	3	37
Transfer due to Agency Restructure	-	(31)
Increase/(Decrease) in allowance recognised in profit or loss	3	(3)
Allowance for Impairment Losses at the End of the Reporting Period	6	3

(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 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 undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted and totals may not reconcile to carrying amounts presented in the Balance Sheet.

Maturity analysis for financial assets and liabilities

2014	Variable Interest $'000	Non Interest Bearing 1 Year $'000	Non Interest Bearing 2 Year $'000	Carrying Amount $'000
Assets				
Cash and deposits	466	6 686	-	7 152
Receivables	-	234	-	234
Total Financial Assets	***466***	***6 920***	**-**	***7 386***
Liabilities				
Deposits Held	466	7	-	473
Payables	-	3 059	-	3 059
Total Financial Liabilities:	***466***	***3 066***	**-**	***3 532***

2013	Variable Interest $'000	Non Interest Bearing 1 Year $'000	Non Interest Bearing 2 Year $'000	Carrying Amount $'000
Assets				
Cash and deposits	456	4 533	-	4 989
Receivables	-	1 397	-	1 397
Total Financial Assets	***456***	***5 930***	**-**	***6 386***
Liabilities				
Deposits Held	456	1	-	457
Payables	-	1 865	-	1 865
Total Financial Liabilities:	***456***	***1 866***	**-**	***2 322***

(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 as 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.

19. COMMITMENTS

	2014		2013	
	Internal $'000	External $'000	Internal $'000	External $'000
(i) **Other Expenditure Commitments**				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	-	1 121	-	785
Later than one year and not later than five years	-	822	-	1 134
	-	**1 943**	**-**	**1 919**
(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	-	1 282	-	1 489
Later than one year and not later than five years	-	3 542	-	3 821
	-	**4 824**	**-**	**5 310**
(iii) **Finance Lease Commitments**				
Within one year	-	-	-	-
Total Finance Lease liabilities	**-**	**-**	**-**	**-**

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

The Department is currently involved in two claims but due to the uncertainty of any potential liability no value can be attributed to these claims.

(b) Contingent assets

The Department had no contingent assets as at 30 June 2014 or 30 June 2013.

21. 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.

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

	Department / Group		Department / Group		Territory Items		Territory Items	
	2014 $'000	No. of Trans	2013 $'000	No. of Trans	2014 $'000	No. of Trans	2013 $'000	No. of Trans
Write-offs, Postponements and Waivers Under the *Financial Management Act*								
Represented by:								
Amounts written off, waived and postponed by Delegates								
Irrecoverable amounts payable to the Territory or an Agency written off	-	-	-	-	-	-	-	-
Losses or deficiencies of money written off	-	-	-	-	-	-	-	-
Public property written off	3	77	-	3	-	-	-	-
Total written off, waived and postponed by Delegates	**3**	**77**	**-**	**3**	**-**	**-**	**-**	**-**
Amounts written off, waived and postponed by Treasurer								
Irrecoverable amounts payable to the Territory or an Agency written off	-	-	-	-	-	-	-	-
Wavier or postponement of right to receive or recover money or property	-	-	-	-	-	-	-	-
Total written off, waived and postponed by Treasurer	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Gifts Under the *Financial Management Act*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Ex Gratia Payments Under the *Financial Management Act*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

23. SCHEDULE OF 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(c)).

TERRITORY INCOME AND EXPENSES	2014 $'000	2013 $'000
Income		
Grants and subsidies revenue		
Capital	-	-
Fees from regulatory services	2	30
Royalties and rents	3 239	3 702
Fines	1	-
Total Income	3 242	3 732
Expenses		
Central Holding Authority income transferred	3 242	3 732
Total Expenses	3 242	3 732
Territory Income less Expenses	-	-

TERRITORY ASSETS AND LIABILITIES	2014 $'000	2013 $'000
Assets		
Royalties and rent receivable	661	1 260
Total Assets	661	1 260
Liabilities		
Central Holding Authority income payable	661	1 260
Total Liabilities	661	1 260
Net Assets	-	-

FEEDBACK

In order to continue to meet the needs of our stakeholders, we welcome your comments on our latest annual report.

Please copy this form, complete it and email webadmin.dlrm@nt.gov.au

1. Does the information in the report meet your requirements as an interested party or stakeholder?
   - ☐ Yes
   - ☐ No
2. Are there areas/issues that you believe have not been addressed in sufficient detail? If yes, please list them here.
3. Please rate the report using the following criteria
   - ☐ Unsatisfactory
   - ☐ Good Excellent
   - ☐ Content
   - ☐ Readability
4. Do you have any comments or suggestions on how our future annual reports could be improved?

   ____

   ____

   ____
5. Which of the following best describes your primary role in reading this annual report?
   - ☐ Business interests
   - ☐ Local resident
   - ☐ Contractor/supplier
   - ☐ Member of community group
   - ☐ Member of environmental group
   - ☐ Government stakeholder
   - ☐ Customer
   - ☐ Student
   - ☐ Employee
6. Please include me on your mailing list for future annual reports.

   Name ______________________________

   Company/organisation ______________________________

   Position held ______________________________

   Address ______________________________

   ____________________ Postcode ________

   Phone Fax ______________________________

   Email ______________________________

Thank you for your feedback.

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