SECTION 5: FINANCIAL STATEMENTS

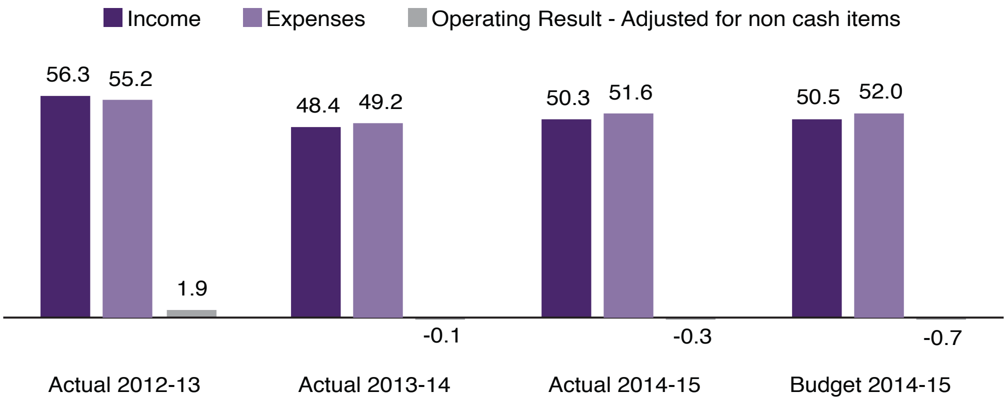
THE DEPARTMENT'S FINANCIAL STATEMENT OVERVIEW

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 2015.

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 2014-15, the department made a net loss of $1.4 million, or a loss of $0.3 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 $0.6 million.

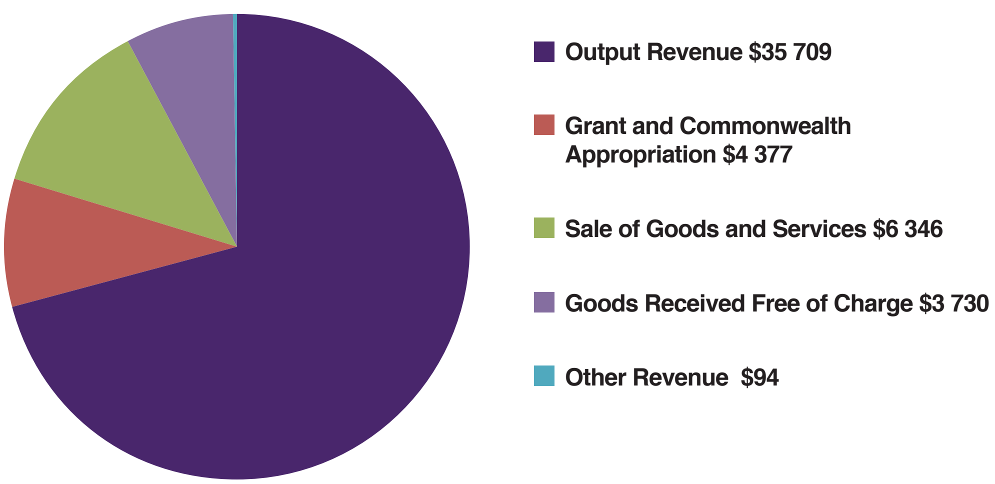
The budget saving of $0.3 million was due an under-spend in externally funded projects.

The unutilised expense funding will be spent in 2015-16.

INCOME

The department received income of $50.3 million in 2014-15, a favourable variance of $0.2 million compared to budget, and an increase of $1.9 million compared to 2013-14.

2014-15 Income by Source $'000



The department is funded primarily through Northern Territory 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 (DCIS).

Output Revenue

In 2014-15, output revenue of $35.7 million was received in accordance with budget. Output revenue increased from 2013-14 by $2.7 million predominantly due to new funding received for land and water assessments.

Grants and Commonwealth Appropriation

The department attracts nine percent of its revenue from external sources. In 2014-15, $4.4 million was received, including $0.9 million from the Australian Government. This external revenue was consistent with the approved budget of $4.3 million and was $1.3 million greater than 2013-14. This increase over the prior year was predominately due to a new national partnership agreement signed for Bushfire mitigation and large INPEX supported aquatic projects.

Some of the key externally funded projects in 2014-15 include:

- National Framework Compliance and Enforcement
- National Bushfire Mitigation Project
- West Arnhem Fire Management
- INPEX Darwin Harbour Indigenous Ranger Marine Program
- INPEX Status of Coastal Dolphins in the Northern Territory
- INPEX Map Habitats in Darwin and Bynoe Harbour
- Bellyache Bush Daly Biodiversity Fund.

Sale of Goods and Services

In 2014-15, income from the sale of goods and services totalled $6.3 million, $0.3 million greater than budget and $1.4 million lower than 2013-14. The most significant income stream is for the provision of corporate services to three other departments and a government business division totalling $4.7 million. The main decrease from the prior year relates to a decrease in drilling revenue of $1.1 million as the team is focusing on land and water assessments to determine new agricultural precincts throughout the Territory. The decrease in sale of goods and services has been funded through additional output appropriation.

Goods and Services Received Free of Charge

In 2014-15, notional goods and services received free of charge from DCIS totalled $3.7 million, $0.1 million less than budget and $0.6 million less than 2013-14. The decrease relates to the department consolidating accommodation in Alice Springs.

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

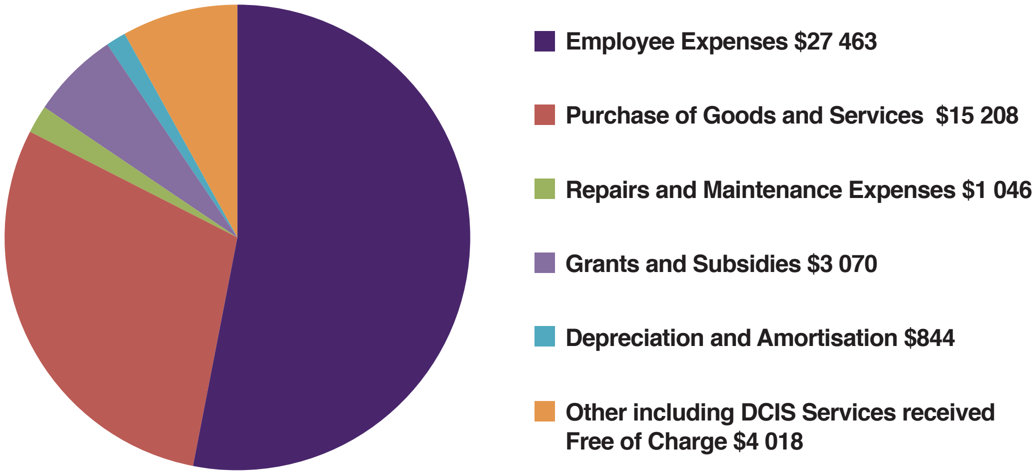
The three year trend in income streams and the 2014-15 budget are as follows:

Income Type	Actual 2012-13 $'000	Actual 2013-14 $'000	Actual 2014-15 $'000	Variance %	Budget 2014-15 $'000	Variance %
Output Revenue	35 540	33 038	35 709	8%	35 709	0%
Grant and Commonwealth Appropriation	9 320	3 082	4 377	42%	4 348	1%
Sale of Goods and Services	6 626	7 693	6 346	-18%	6 616	-4%
Goods Received Free of Charge	4 641	4 257	3 730	-12%	3 820	-2%
Other Revenue	74	306	94	-69%	25	73%
Income Total	**56 201**	**48 376**	**50 256**	**3.9%**	**50 518**	**-0.5%**

EXPENSES

The department incurred $51.6 million in expenses during 2014-15 in the delivery of its programs and services. This was $0.3 million favourable to budget and $2.4 million greater than 2013-14.

2014-15 Expenses by Source $'000



Payments to employees and purchase of goods and services account for 82.6 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 DCIS representing non-cash transactions.

Employee Expenses

Staffing costs represent 53.2 percent of total expenditure or $27.5 million in accordance with budget.

This was a $2.3 million increase from 2013-14.

Goods and Services Expenses

Actual spend on the purchase of goods and services in 2014-15 was $15.2 million, $0.9 million less than budget and $0.7 million more than 2013-14. The saving to budget relates to a $0.3 million under-spend in externally funded projects that will be spent in 2015-16, savings required to fund additional grant payments of $0.4 million, and savings required to fund the decrease in sale of goods and services revenue of $0.3 million.

Grants and Subsidies

In 2014-15 the department distributed $3.1 million in grants and subsidies, consistent with 2013-14, against a $2.7 million budget. Payments were made to the Northern Land Council for the West Arnhem Fire Management Agreement of $1.4 million, and support for rural Bushfire Brigades of $1.2 million. Overspends against budget of $0.4 million were funded from savings within the goods and services budget and relate to contributions for Indigenous traineeships to undertake monitoring of Darwin Harbour and high-priority research of the environmental flows for the Daly River. For a full breakdown of grant payments refer to section 4 Grants Programs.

Repairs and Maintenance Expenses

Actual repairs and maintenance expenditure was $1 million against a budget of $1.1 million. This was $0.4 million less than 2013-14 due to the removal of fees to the Department of Infrastructure for program delivery of $0.2 million, the removal of one off expenditure for urgent repairs of $0.1 million, and a $0.1 million reduction in the write off of non-capitalised assets.

Depreciation

Depreciation is the allocation of an asset's cost over its useful life. In 2014-15 depreciation was $0.8 million in accordance with budget and $0.1 million higher than 2013-14. Depreciation costs represent 1.6 percent of total expenditure.

Goods and Services Received Free of Charge

In 2014-15, notional goods and services received free of charge from DCIS totalled $3.7 million, $0.1 million less than budget and $0.6 million less than 2013-14. The decrease relates to the department consolidating accommodation in Alice Springs.

The three year expenditure trend and the 2014-15 budget are as follows:

Expense Type	Actual 2012-13 $'000	Actual 2013-14 $'000	Actual 2014-15 $'000	Variance %	Budget 2014-15 $'000	Variance %
Employee Expenses	25 483	25 153	27 463	9%	27 464	0%
Purchase of Goods and Services	15 023	14 527	15 208	5%	16 057	6%
Repairs and Maintenance Expenses	1 017	1 425	1 046	-27%	1 124	7%
Grants and Subsidies	8 107	3 088	3 070	-1%	2 684	-13%
Depreciation and Amortisation	795	780	844	8%	779	-8%
Other including DCIS Services received Free of Charge	4 652	4 275	4 018	-6%	3 845	-4%
Expenses Total	**55 077**	**49 248**	**51 649**	**4.9%**	**51 953**	**0.6%**

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.

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

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

	Actual 2012-13 $'000	Actual 2013-14 $'000	Actual 2014-15 $'000
Assets	15 939	16 757	20 714
Liabilities	(8 464)	(9 775)	(9 625)
Net Assets/Equity	**7 475**	**6 982**	**11 089**

Assets

The department's assets as at 30 June 2015 totalled $20.7 million.

The balance of assets consists of:

- Cash balances of $7.4 million, representing cash held in a financial institution and petty cash and floats
- Receivables of $0.8 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, equipment and computer software of $12.3 million.

Liabilities

The department's liabilities total $9.6 million as at 30 June 2015.

The balance of liabilities consists of:

- Deposits held of $1.2 million to recognise the liability for Natural Heritage Trust Single Holding Account held on behalf of the Australian Government
- Payables of $2.2 million representing the amount owed to creditors for goods and services purchased and received
- Provisions for employee entitlements of $4.9 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 $1.3 million representing the amount received for services not yet provided.

Equity

Equity as at 30 June 2015 is $11.1 million, an increase in net worth of $4.1 million from the previous year.

This increase relates to:-

- $1.8 million asset revaluation increment following the revaluation of assets in June 2015
- $1 million cash equity injection
- $1.6 million of assets transferred in from other Northern Territory Government agencies
- $0.7 million for the transfer in of completed infrastructure works
- $0.4 million appropriation to purchase capital items, offset by
- $1.4 million operating loss for 2014-15 financial year.

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 $7.4 million as at 30 June 2015.

The cash flows are summarised as follows:

	Actuals 2012-13 $000	Actuals 2013-14 $000	Actuals 2014-15 $000
Cash In			
Operating Receipts	57 038	46 758	48 557
Equity Injections/Capital Appropriation/Deposits	10 956	466	2 175
	67 994	47 224	50 732
Cash Out			
Operating Payments	(63 412)	(44 438)	(49 795)
Purchase of Fixed Assets	(186)	(623)	(687)
Equity Withdrawals/ Deposits Refunded	(1 427)	-	-
	(65 025)	(45 061)	(50 482)
Net Increase in Cash Held	**2 969**	**2 163**	**250**
Cash at Beginning of Financial Year	2 020	4 989	7 152
Cash at End of Financial Year	**4 989**	**7 152**	**7 402**

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 2015 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.

Alastair Shields
Chief Executive Officer
30 September 2015

Joanna Frankenfeld
Chief Financial Officer
30 September 2015

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

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

	Note	2015 $'000	2014 $'000
Income			
Grants and subsidies revenue			
Current		3 528	2 529
Appropriation			
Output		35 709	33 038
Commonwealth		849	553
Sales of goods and services		6 346	7 693
Interest revenue		25	10
Goods and services received free of charge [1]	4	3 730	4 257
Other income		69	296
Total Income	3	**50 256**	**48 376**
Expenses			
Employee expenses		27 463	25 153
Administrative expenses			
Purchases of goods and services	5	15 208	14 527
Repairs and maintenance		1 046	1 425
Depreciation and amortisation	10,11	844	780
Other administrative expenses [1]		3 731	4 262
Grants and subsidies expenses			
Current		3 070	3 088
Interest expenses		25	10
Loss on disposal of assets	6	262	3
Total Expenses	3	**51 649**	**49 248**
Net Deficit		**(1 393)**	**(872)**
Other Comprehensive Income			
Changes in asset revaluation reserve		1 759	-
Total Other Comprehensive Income		**1 759**	**-**
Comprehensive Result		**366**	**(872)**

1. Includes DCIS service charges.

BALANCE SHEET

For the year ended 30 June 2015

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

	Note	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and deposits	7	7 402	7 152
Receivables	8	748	682
Inventories	9	6	21
Prepayments		215	170
Total Current Assets		8 371	8 025
Non-Current Assets			
Property, plant and equipment	10	12 045	8 705
Intangible assets	11	298	27
Total Non-Current Assets		12 343	8 732
Total Assets		**20 714**	**16 757**
Liabilities			
Current Liabilities			
Deposits held	15	1 186	473
Payables	13	2 229	3 703
Provisions	14	4 889	4 744
Other liabilities	16	1 266	772
Total Current Liabilities		9 570	9 692
Non-Current Liabilities			
Other liabilities	16	55	83
Total Non-Current Liabilities		55	83
Total Liabilities		**9 625**	**9 775**
Net Assets		**11 089**	**6 982**
Equity			
Capital		83 052	79 311
Reserves	17	3 609	1 850
Accumulated funds		(75 572)	(74 179)
Total Equity		**11 089**	**6 982**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

2014-15	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		(74 179)	(1 393)	-	(75 572)
Reserves					
Asset Revaluation Reserve	17	1 850	1 759	-	3 609
Capital – Transactions with Owners		79 311	-	-	79 311
Equity Injections					
Capital Appropriation		-	-	450	450
Equity Transfers In		-	-	2 298	2 298
Other Equity Injections		-	-	1 000	1 000
Equity Withdrawals					
Equity Transfers Out		-	-	(7)	(7)
		79 311	-	3 741	83 052
Total Equity at 30 June		**6 982**	**366**	**3 741**	**11 089**

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	17	1 850	-	-	1 850
Capital – Transactions with Owners		78 686	-	-	78 686
Equity Injections					
Capital Appropriation		-	-	450	450
Equity Transfers In		-	-	175	175
		78 686	-	625	79 311
Total Equity at 30 June		**7 229**	**(872)**	**625**	**6 982**

CASH FLOW STATEMENTS

For the year ended 30 June 2015

	Note	2015 $'000 (Outflows)/Inflows	2014 $'000 (Outflow)/Inflows
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and subsidies received			
Current		3 528	2 529
Appropriation			
Output		35 709	33 038
Commonwealth		849	553
Receipts from sales of goods and services		8 447	10 628
Interest received		24	10
Total Operating Receipts		48 557	46 758
Operating Payments			
Payments to employees		(27 128)	(25 013)
Payments for goods and services		(19 573)	(16 327)
Grants and subsidies paid			
Current		(3 070)	(3 088)
Interest paid		(24)	(10)
Total Operating Payments		(49 795)	(44 438)
Net Cash (Used In)/From Operating Activities	18	(1 238)	2 320
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	5	12	-
Total Investing Receipts		12	-
Investing Payments			
Purchases of assets	10,11	(687)	(623)
Total Investing Payments		(687)	(623)
Net Cash (Used In) Investing Activities		(675)	(623)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits received		713	16
Equity injections			
Capital appropriations		450	450
Other equity injections		1 000	-
Total Financing Receipts		2 163	466
Net Cash From Financing Activities		2 163	466
Net Increase in cash held		250	2 163
Cash at beginning of financial year	7	7 152	4 989
Cash at End of Financial Year		**7 402**	**7 152**

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 2015

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 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 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'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.

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 1031 Materiality (2013), AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards (Part C – Materiality).

Revised AASB 1031 is an interim standard that cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements that contain guidance on materiality. The standard does not impact the financial statements.

AASB 1055 Budgetary Reporting.

AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. The required disclosures comprise a separate note accompanying the financial statements.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]

The standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation. The standard does not impact the financial statements.

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

The amendments to AASB 136 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not impact the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles).

Part A of the standard makes amendments to various Australian Accounting Standards (AASB 2, 3, 8, 9, 13, 116, 119, 124, 137, 138, 139, 140 & 1052 and Interpretation 129) arising from the issuance by IASB of IFRSs Annual Improvements to IFRS 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle. 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 2014), AASB 2014-1 Amendments to Australian Accounting Standards (Part E – Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014).

The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 Financial Instruments: Recognition and Measurement. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. Effective for annual reporting periods beginning on or after 1 January 2018.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138].

Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. Effective for annual reporting periods beginning on or after 1 January 2016.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140].

Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle. Effective for annual reporting periods beginning on or after 1 January 2016.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049].

Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose. Effective for annual reporting periods beginning on or after 1 January 2016.

(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 24 – Schedule of Territory Items.

(d) Comparatives

Where necessary, comparative information for the 2013-14 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 2014-15 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: 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
- Contingent Liabilities – Note 21: 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) and Note 8: Receivables
- Depreciation and Amortisation – Note 2(k), Note 10: Property, Plant and Equipment and Note 11: Intangibles.

(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
- 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.

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 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:

	2015 Years	2014 Years
Buildings	10 - 50	10 - 50
Infrastructure Assets	8 - Infinite	8 - Infinite
Plant and Equipment	1 - 20	1 - 20
Leased Plant and Equipment	3 - 5	3 - 5
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.

(l) 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.

(m) 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
- 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.

(n) 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.

(o) 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.

(p) 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 Land Resource Management, and as such no long service leave liability is recognised in these financial statements.

(q) 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.

(r) 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.

(s) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 20.

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

(t) 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 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.

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.

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 19 provides additional information on financial instruments.

(u) 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Income														
Grants and subsidies revenue														
Current	743	742	170	180	860	236	1 755	1 371	-	-	-	-	3 528	2 529
Appropriation														
Output	4 861	5 362	8 749	7 962	11 355	10 256	6 519	5 779	1 781	1 674	2 444	2 005	35 709	33 038
Commonwealth	34	-	-	-	510	553	305	-	-	-	-	-	849	553
Sales of goods and services	87	540	104	1	831	1 900	621	431	-	-	4 703	4 821	6 346	7 693
Interest Revenue	-	-	25	10	-	-	-	-	-	-	-	-	25	10
Goods and services received free of charge [(1)]	589	673	772	881	1 209	1 379	377	430	134	153	649	741	3 730	4 257
Other income	1	-	15	229	42	62	2	-	1	1	8	4	69	296
Total Income	6 315	7 317	9 835	9 263	14 807	14 386	9 579	8 011	1 916	1 828	7 804	7 571	50 256	48 376
Expenses														
Employee expenses	3 925	3 876	5 914	5 377	8 656	8 068	3 080	2 387	1 093	974	4 795	4 471	27 463	25 153
Administrative expenses														
Purchases of goods and services	1 824	3 293	2 256	2 450	5 376	4 213	3 631	2 807	575	277	1 546	1 487	15 208	14 527
Repairs and maintenance	88	188	705	556	43	126	173	331	37	224	-	-	1 046	1 425
Depreciation and amortisation	62	38	107	34	475	427	162	187	4	35	34	59	844	780
Other administrative expenses [(1)]	589	673	772	883	1 209	1 379	378	433	134	153	649	741	3 731	4 262
Grants and subsidies expenses														
Current	70	80	112	140	270	299	2 618	2 569	-	-	-	-	3 070	3 088
Interest Expense	-	-	25	10	-	-	-	-	-	-	-	-	25	10
Loss on disposal of assets	-	-	2	2	3	1	257	-	-	-	-	-	262	3
Total Expenses	6 558	8 148	9 893	9 452	16 032	14 513	10 299	8 714	1 843	1 663	7 024	6 758	51 649	49 248
Net Surplus/(Deficit)	**(243)**	**(831)**	**(58)**	**(189)**	**(1 225)**	**(127)**	**(720)**	**(703)**	**73**	**165**	**780**	**813**	**(1 393)**	**(872)**

1. Includes DCIS service charges.

4. GOODS AND SERVICES RECEIVED FREE OF CHARGE

	2015 $'000	2014 $'000
Corporate and information services	3 730	4 257
Total Goods and Services Received Free of Charge	**3 730**	**4 257**

5. PURCHASES OF GOODS AND SERVICES

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

Goods and services expenses		
Consultants (1)	947	338
Advertising (2)	160	143
Marketing and promotion (3)	195	161
Document production	60	63
Legal expenses (4)	195	22
Recruitment (5)	77	65
Training and study	424	351
Official duty fares	1 194	1 921
Travelling allowance	534	403

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.

6. LOSS ON DISPOSAL OF ASSETS

Net proceeds from the disposal of non-current assets	12	-
Less: Carrying value of non-current assets disposed	(274)	(3)
(Loss) on the Disposal of Non-Current Assets	**(262)**	**(3)**

7. CASH AND DEPOSITS

Cash on hand	3	3
Cash at bank	7 399	7 149
Total Cash and Deposits	**7 402**	**7 152**

8. RECEIVABLES

Current		
Accounts receivable	410	229
Less: Allowance for impairment losses	(7)	(6)
	403	223
Interest receivables	2	1
GST receivables	235	382
Other receivables	108	76
Total Receivables	**748**	**682**

9. INVENTORIES

General Inventories		
At cost	6	21
Total Inventories	**6**	**21**

10. PROPERTY, PLANT AND EQUIPMENT

	2015 $'000	2014 $'000
Land		
At Fair Value	4 932	2 045
	4 932	2 045
Buildings		
At Fair Value	8 752	8 097
Less: Accumulated Depreciation	(4 251)	(3 891)
	4 501	4 206
Infrastructure		
At Fair Value	489	169
Less: Accumulated Depreciation	(119)	(24)
	370	145
Plant and Equipment		
At Cost	10 150	9 820
Less: Accumulated Depreciation	(8 367)	(8 047)
	1 783	1 773
Transport Equipment		
At Cost	1 440	1 459
Less: Accumulated Depreciation	(1 010)	(974)
	430	485
Computer Hardware		
At Cost	216	281
Less: Accumulated Depreciation	(187)	(230)
	29	51
Total Property, Plant and Equipment	**12 045**	**8 705**

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 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 2015. 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 2014-15 and 2013-14 is set out below:

2014-15	Land $'000	Buildings $'000	Infrastructure $'000	Plant and Equipment $'000	Transport Equipment $'000	Computer Hardware $'000	Total $'000
Carrying Amount as at 1 July 2014	**2 045**	**4 206**	**145**	**1 773**	**485**	**51**	**8 705**
Additions	-	-	-	277	48	-	325
Disposals	-	(257)	-	(8)	(9)	-	(274)
Revaluation Increments	1 467	217	75	-	-	-	1 759
Additions/ (Disposals) from asset transfers	1 420	585	167	111	-	-	2 283
Depreciation and amortisation	-	(250)	(17)	(370)	(94)	(22)	(753)
Carrying Amount as at 30 June 2015	**4 932**	**4 501**	**370**	**1 783**	**430**	**29**	**12 045**

2013-14	Land $'000	Buildings $'000	Infrastructure $'000	Plant and Equipment $'000	Transport Equipment $'000	Computer Hardware $'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**

11. INTANGIBLES

	2015 $'000	2014 $'000
Carrying Amounts		
Intangibles with a finite useful life		
Intangibles – Computer Software		
At Cost	498	136
Less: Accumulated Amortisation	(200)	(109)
Written Down Value – 30 June	**298**	**27**

Impairment of Intangibles

Department intangible assets were assessed for impairment as at 30 June 2015. No impairment adjustments were required as a result of this review.

	2015	2014
Reconciliation of Movements		
Intangibles with a finite useful life		
Carrying Amount at 1 July	27	47
Additions	362	-
Asset Transfer	-	-
Depreciation and Amortisation	(91)	(20)
Carrying Amount as at 30 June	**298**	**27**

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:

2014-15	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000
Asset Classes				
Land (Note 10)	-	4 932	-	4 932
Buildings (Note 10)	-	-	4 501	4 501
Infrastructure (Note 10)	-	-	370	370
Plant and equipment (Note 10)	-	-	1 783	1 783
Transport equipment (Note 10)	-	-	430	430
Computer hardware (Note 10)	-	-	29	29
Intangibles (Note 11)	-	-	298	298
Total Fair Value	**-**	**4 932**	**7 411**	**12 343**

2014-15	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
Plant and equipment (Note 10)	-	-	1 773	1 773
Transport equipment (Note 10)	-	-	485	485
Computer hardware (Note 10)	-	-	51	51
Intangibles (Note 11)	-	-	27	27
Total Fair Value	**-**	**-**	**8 732**	**8 732**

Land was transferred from Level 3 to Level 2 during 2014-15 as result of the revaluation as shown in table (c) (i) below.

(b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

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

There were no changes in valuation techniques from 2013-14 to 2014-15.

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

2014-15	Land $'000	Buildings $'000	Infrastructure $'000	Plant and equipment $'000	Transport equipment $'000	Computer hardware $'000	Intangibles $'000
Fair value as at 1 July 2014	2 045	4 206	145	1 773	485	51	27
Additions	-	-	-	277	48	-	362
Disposals	-	(257)	-	(8)	(9)	-	-
Transfers to Level 2	(2 045)	-	-	-	-	-	-
Additions/ (Disposals) from asset transfers	-	585	167	111	-	-	-
Depreciation and amortisation	-	(250)	(17)	(370)	(94)	(22)	(91)
Gains/(losses) recognised in other comprehensive income	-	217	75	-	-	-	-
Fair value as at 30 June 2015	-	**4 501**	**370**	**1 783**	**430**	**29**	**298**

2013-14	Land $'000	Buildings $'000	Infrastructure $'000	Plant and equipment $'000	Transport equipment $'000	Computer hardware $'000	Intangibles $'000
Fair value as at 1 July 2013	2 045	4 353	149	1 534	588	67	47
Additions	-	-	-	609	-	14	-
Disposals	-	-	-	(3)	-	-	-
Additions/ (Disposals) from asset transfers	-	88	-	21	-	-	-
Depreciation and amortisation	-	(235)	(4)	(388)	(103)	(30)	(20)
Fair value as at 30 June 2014	**2 045**	**4 206**	**145**	**1 773**	**485**	**51**	**27**

(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.

13. PAYABLES

	2015 $'000	2014 $'000
Accounts payable	796	2 113
Accrued expenses	1 433	1 590
Total Payables	**2 229**	**3 703**

14. PROVISIONS

Current		
Employee benefits		
Recreation leave	3 436	3 737
Leave loading	405	374
Other employee benefits	68	47
Other Current Provisions		
Other provisions (fringe benefits, payroll tax , superannuation and other)	980	586
Total Provisions	**4 889**	**4 744**
Balance as at 1 July	4 744	4 663
Additional provisions recognised	3 140	3 086
Reductions arising from payments	(2 995)	(3 005)
Balance as at 30 June	**4 889**	**4 744**

The Department had 282 employees as at 30 June 2015 (279 employees as at 30 June 2014).

15. DEPOSITS HELD

	2015 $'000	2014 $'000
Current		
Deposits held - natural heritage trust, accountable officers trust account and clearing accounts	1 186	473
Total Deposits Held	**1 186**	**473**

16. OTHER LIABILITIES

Current		
Unearned revenue	1 266	772
	1 266	**772**
Non-Current		
Unearned revenue	55	83
Total Other Liabilities	**1 321**	**855**

17. 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	1 850
Increment – Land	1 467	-
Increment – Buildings	217	-
Increment – Infrastructure	75	-
Balance as at 30 June	**3 609**	**1 850**

18. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of department Cash and Deposits of $7.4 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

Net (Deficit)/Surplus	(1 393)	(872)
Non-Cash Items:		
Depreciation and amortisation	844	780
Repairs & maintenance non cash	8	66
Loss on disposal of assets	262	3
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(66)	1 014
Decrease in inventories	15	88
(Increase) in prepayments	(45)	(54)
(Decrease)/Increase in payables	(1 474)	1 307
Increase in other provisions	394	28
(Decrease)/Increase in employment benefits	(249)	53
Increase/(Decrease) in other liabilities	466	(93)
Net Cash From Operating Activities	**1 238**	**2 320**

19. 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

	2015 $'000	2014 $'000
Financial Assets		
Cash and deposits	7 402	7 152
Loans and receivables [(1)]	490	235
	7 892	7 387
Financial Liabilities		
Amortised cost	2 616	3 533

1. The amount of loans and receivables excludes GST and FBT recoverable from ATO (statutory receivable).

(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.

	2015 $'000	2014 $'000
Internal Receivables		
Ageing of Receivables		
Not Overdue	370	146
Overdue for less than 30 Days	-	-
Overdue for 30 to 60 Days	-	-
Overdue for more than 60 Days (includes S47 Firebreaks)	-	-
Total Gross Receivables	**370**	**146**
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	-	-
Allowance for Impairment Losses at the End of the Reporting Period	**-**	**-**
External Receivables		
Ageing of Receivables		
Not Overdue	45	6
Overdue for less than 30 Days	22	30
Overdue for 30 to 60 Days	1	-
Overdue for more than 60 Days (includes S47 Firebreaks)	59	59
Total Gross Receivables	**127**	**95**
Reconciliation of the Allowance for Impairment Losses		
Allowance for impairment losses at the beginning of the reporting period	6	3
Increase in allowance recognised in profit or loss	1	3
Allowance for Impairment Losses at the End of the Reporting Period	**7**	**6**

(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

2015	Variable interest $'000	Non Interest Bearing 1 year $'000	Non Interest Bearing 2 year $'000	Carrying Amount $'000
Assets				
Cash and deposits	1 184	6 218	-	7 402
Receivables	-	490	-	490
Total Financial Assets	**1 184**	**6 708**	**-**	**7 892**
Liabilities				
Deposits held	1 184	2	-	1 186
Payables	-	1 430	-	1 430
Total Financial Liabilities	**1 184**	**1 432**	-	**2 616**

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	-	235	-	235
Total Financial Assets	**466**	**6 921**	**-**	**7 387**
Liabilities				
Deposits held	466	7	-	473
Payables	-	3 060	-	3 060
Total Financial Liabilities	**466**	**3 067**	**-**	**3 533**

(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.

20. COMMITMENTS

	2015		2014	
	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	-	3 223	-	1 121
Later than one year and not later than five years	-	3 897	-	822
	-	**7 120**	**-**	**1 943**
(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	-	1 391	-	1 282
Later than one year and not later than five years	-	3 378	-	3 542
	-	**4 769**	**-**	**4 824**

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent Liabilities

The department is currently involved in a claim but due to the uncertainty of any potential liability no value can be attributed to this claim.

(b) Contingent Assets

The department had no contingent assets as at 30 June 2015 or 30 June 2014.

22. 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.

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

	Department / group		Department / group		Territory Items		Territory Items	
	2015 $'000	no. of Trans	2014 $'000	no. of Trans	2015 $'000	no. of Trans	2014 $'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	12	16	3	77	-	-	-	-
Total written off, waived and postponed by Delegates	**12**	**16**	**3**	**77**	**-**	**-**	**-**	**-**
Ex Gratia Payments under the *Financial Management Act*	**-**	**-**	-	1	-	-	-	-

24. 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	2015 $'000	2014 $'000
Income		
Grants and subsidies revenue		
Capital	-	-
Fees from regulatory services	-	2
Royalties and rents	3 123	3 239
Fines	-	1
Total Income	**3 123**	**3 242**
Expenses		
Central Holding Authority income transferred	3 123	3 242
Total Expenses	**3 123**	**3 242**
Territory Income less Expenses	**-**	**-**

TERRITORY ASSETS AND LIABILITIES		
Assets		
Royalties and rent receivable	190	661
Total Assets	**190**	**661**
Liabilities		
Central Holding Authority income payable	190	661
Total Liabilities	**190**	**661**
Net Assets	-	-

25. BUDGETARY INFORMATION

Comprehensive Operating Statement	2014-15 Actual $'000	2014-15 Original Budget $'000	Variance $'000	Note
Income				
Grants and subsidies revenue				
Current	3 528	1 540	1 988	1
Appropriation				
Output	35 709	34 599	1 110	2
Commonwealth	849	510	339	
Sales of goods and services	6 346	6 400	(54)	
Interest revenue	25	-	25	
Goods and services received free of charge	3 730	4 655	(925)	
Other income	69	-	69	
Total Income	**50 256**	**47 704**	**2 552**	
Expenses				
Employee expenses	27 463	26 806	657	
Administrative expenses				
Purchases of goods and services	15 208	13 585	1 623	3
Repairs and maintenance	1 046	1 124	(78)	
Depreciation and amortisation	844	739	105	
Other administrative expenses	3 731	4 655	(924)	
Grants and subsidies expenses				
Current	3 070	2 580	490	
Interest expenses	25	-	25	
Loss on disposal of assets	262	-	262	
Total Expenses	**51 649**	**49 489**	**2 160**	
Net Deficit	**(1 393)**	**(1 785)**	**392**	
Other Comprehensive Income				
Changes in asset revaluation reserve	1 759	-	1 759	4
Total Other Comprehensive Income	**1 759**	**-**	**1 759**	
Comprehensive Result	**366**	**(1 785)**	**2 151**	

Notes

The following note descriptions relate to variances greater than 10 per cent or $1 million, or where multiple significant variances have occurred.

1. The increase in current grants and subsidies revenue is due to new externally funded programs being sourced since the publication of the 2014-15 budget papers
2. The increase in output appropriation is due to increased funding for wildfires, workers compensation and new staffing arrangements
3. The increase in goods and services expenditure is due to wildfire expenses and expenditure on externally funded projects
4. The increase in changes in asset revaluation reserve is due to the increment recorded in fair values of land, buildings and infrastructure assets as a result of the revaluation conducted by Territory Property Consultants during 2014-15.

Balance Sheet	2014-15 Actual $'000	2014-15 Original Budget $'000	Variance $'000	Note
Assets				
Current Assets				
Cash	7 402	5 279	2 123	1
Receivables	748	1 698	(950)	
Inventories	6	110	(104)	
Prepayments	215	115	100	
Total Current Assets	**8 371**	**7 202**	**1 169**	
Non-Current Assets				
Property, plant and equipment	12 045	8 708	3 337	2
Intangible assets	298	-	298	
Total Non-Current Assets	**12 343**	**8 708**	**3 635**	
Total Assets	**20 714**	**15 910**	**4 804**	
Liabilities				
Current Liabilities				
Deposits held	1 186	457	729	
Payables	2 229	2 398	(169)	
Provisions	4 889	4 663	226	
Other liabilities	1 266	947	319	
Total Current Liabilities	**9 570**	**8 465**	**1 105**	
Non-Current Liabilities				
Other liabilities	55	-	55	
Total Non-Current Liabilities	**55**	**-**	**55**	
Total Liabilities	**9 625**	**8 465**	**1 160**	
Net Assets	**11 089**	**7 445**	**3 644**	
Equity				
Capital	83 052	82 188	864	
Reserves	3 609	1 850	1 759	3
Accumulated funds	(75 572)	(76 593)	1 021	4
Total Equity	**11 089**	**7 445**	**3 644**	

Notes

The following note descriptions relate to variances greater than 10 per cent or $1 million, or where multiple significant variances have occurred.

1. The increase in cash is due to unearned revenue and externally funded projects which will be completed in 2015-16
2. The increase in property, plant and equipment is due to the increment recorded in fair values of land, buildings and infrastructure assets as a result of the revaluation conducted by Territory Property Consultants during 2014-15
3. The increase in the reserves is due to the increment recorded in fair values of land, buildings and infrastructure assets as a result of the revaluation conducted by Territory Property Consultants during 2014-15
4. The variance in accumulated funds is due to a better than budgeted operating result.

Cash Flow Statement	2014-15 Actual $'000	2014-15 Original Budget $'000	Variance $'000	Note
Cash Flows From Operating Activities				
Operating Receipts				
Grants and subsidies received				
Current	3 528	1 540	1 988	1
Appropriation				
Output	35 709	34 599	1 110	2
Commonwealth	849	510	339	
Receipts from sales of goods and services	8 447	6 400	2 047	3
Interest received	24	-	24	
Total Operating Receipts	**48 557**	**43 049**	**5 508**	
Operating Payments				
Payment to employees	(27 128)	(26 806)	(322)	
Payments for goods and services	(19 573)	(14 709)	(4 864)	4
Grants and subsidies paid				
Current	(3 070)	(2 580)	(490)	
Interest paid	(24)	-	(24)	
Total Operating Receipts	**(49 795)**	**(44 095)**	**(5 700)**	
Net Cash (Used In) Operating Activities	**(1 238)**	**(1 046)**	**(192)**	
Cash Flows From Investing Activities				
Investing Receipts				
Proceeds from asset sales	12	-	12	
Total Investing Receipts	**12**	**-**	**12**	
Investing Payments				
Purchase of assets	(687)	(450)	(237)	
Total Investing Payments	**(687)**	**(450)**	**(237)**	
Net Cash (Used in) Investing Activities	**(675)**	**(450)**	**(225)**	
Cash Flows From Financing Activities				
Financing Receipts				
Deposits received	713	-	713	
Equity injections				
Capital appropriations	450	450	-	
Other equity injections	1 000	1 000	-	
Total Financing Receipts	**2 163**	**1 450**	**713**	
Net Cash From Financing Activities	**2 163**	**1 450**	**713**	
Net Increase/(Decrease) in Cash Held	250	(46)	296	
Cash at Beginning of Financial Year	7 152	5 325	1 827	
Cash at End of Financial Year	**7 402**	**5 279**	**2 123**	

Notes

The following note descriptions relate to variances greater than 10 per cent or $1 million, or where multiple significant variances have occurred.

1. The increase in current grants and subsidies revenue is due to new externally funded programs being sourced since the publication of the 2014-15 budget papers
2. The increase in output appropriation is due to increased funding for wildfires, workers compensation and new staffing arrangements
3. The increase in receipts from sales of goods and services is due to GST refunded which is not included in the budget
4. The increase in payments for goods and services is due to GST paid during the year which is not included in the budget and externally funded projects.

Administered Territory Items	2014-15 Actual $'000	2014-15 Original Budget $'000	Variance $'000	Note
TERRITORY INCOME AND EXPENSES				
Income				
Fees from regulatory services	-	28	(28)	
Royalties and rents	3 123	3 884	(761)	
Total Income	**3 123**	**3 912**	**(789)**	
TERRITORY ASSETS AND LIABILITIES				
Assets				
Royalties and rent receivable	190	1 260	(1 070)	
Total Assets	**190**	**1 260**	**(1 070)**	
Liabilities				
Central Holding Authority income payable	190	1 260	(1 070)	
Total Liabilities	**190**	**1 260**	**(1 070)**	
NET ASSETS	**-**	**-**	**-**	

Notes

Variances greater than 10 per cent or $1 million are recognised as significant and as such require explanation. There were no significant variances between actual and budget amounts in 2014-15.

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