

Outputs and Performance

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Outputs and Performance



Financial Snapshot

Income

In 2015-16, the department received income of \$52.9 million against a budget of \$53 million for:

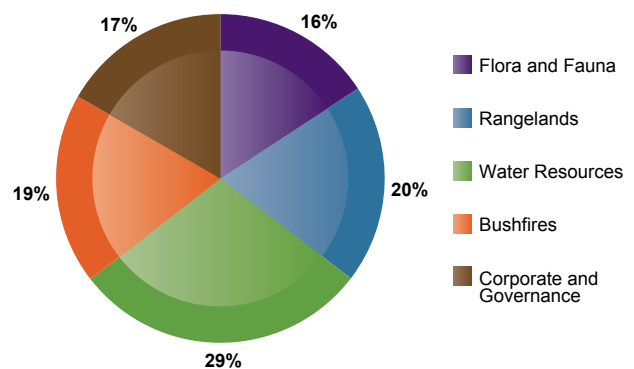
- Northern Territory Parliamentary appropriation of \$35.8 million being the main source of income
- Goods and services income predominately relating to revenue received for service level arrangements in place with three other departments and a Government Business Division for the provision of corporate services of \$5 million
- Other goods and services revenue consisting of works performed by the departments Water Services unit of \$1.4 million and Bushfires NT of \$1.1 million for external parties.
- Grants and subsidies received from the Australian Government and other external parties totalling \$5.8 million
- Notional revenue for corporate services provided by the Department of Corporate Information Services recognised at \$3.7 million.
- Other revenue of \$0.1 million

Expenditure

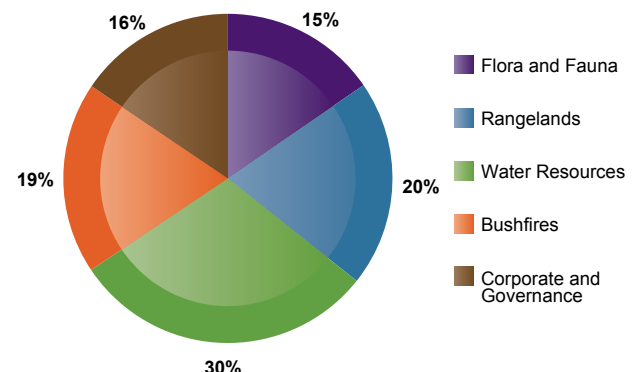
In 2015-16, the department's expenditure totalled \$54.1 million against a budget of \$54.4 million for:

- Employee expenses that represented 54.6 per cent of the total expenditure or \$29.5 million
- Goods and services expenditure of \$15.8 million

Income by Output Group



Expenditure by Output Group



- Repairs and maintenance of assets of \$1.1 million including \$0.6 million spent on the Mary River Saltwater Intrusion Program
- Grants and subsidies payments totalling \$3.2 million including \$1.2 million to support Bushfire Brigades and \$1.7 million for the West Arnhem Fire Management Agreement
- Non-cash expenses totalling \$4.5 million including depreciation charged on the department's asset portfolio and the matching notional expenses charged by the Department of Corporate Information Services.

Output Groups

Under the Northern Territory's Financial Management Framework, each government department is funded by output as stated in the annual Budget Papers.

The department's outputs are detailed below

Output: Flora and Fauna

Provides scientific assessment and monitoring of the Territory's native flora and fauna, and delivery of policy advice and support relating to the conservation and sustainable use of wildlife and management of feral animals.

Significant Achievements

- Reduced green tape by implementing a common assessment method with the Australian Government for listing threatened species
- Continued research programs investigating feral cats and small mammal decline in the Top End and Central Australia
- Completed biodiversity monitoring for Nitmiluk, Kakadu, Litchfield, Watarrka and Finke Gorge National Parks
- Increased crocodile egg harvest quotas following a review of the saltwater crocodile management plan
- Launched Flora NT, an online webservice containing comprehensive information on the Territory's unique plants



- Completed seafloor mapping of Darwin and Bynoe Harbours to inform sustainable development of our coastal waters
- Completed annual systematic monitoring of crocodile and magpie geese populations in major Top End Rivers.

Our Progress

- Commenced development of a Feral Animal Strategy for the Northern Territory
- Published a report on strandings of marine megafauna in Northern Territory coastal waters
- Contributed to the National Wild Dog Management Plan
- Contributed to the reintroduction of the Northern Quoll to mainland Northern Territory from translocated island populations
- Contributed to the development of a Threatened Species Strategy for Groote Eylandt
- Published outcomes of the Australian Feral Camel Management Project in a special edition of the Rangelands Journal
- Continued engagement with Traditional Owners to document Indigenous biocultural knowledge.



Strategies and plans being developed or under review:

- Marine Megafauna Strategic Plan 2016-2020
- Integrated Conservation Strategies for Northern Territory National Parks
- Northern Territory Feral Animal Management Strategy
- Implementation Plan for Northern Territory Biodiversity Spatial Database.
- Develop an integrated monitoring program to understand the recovery of mangrove dieback in the Gulf of Carpentaria
- Continue to promote Indigenous biocultural knowledge by publishing books from the Daly, Gulf of Carpentaria and Barkly regions
- Continue to improve access to flora and fauna information by developing online data portals and web services.

Looking forward (next 12 months)

- Develop best-practice guidelines for wild dog management on pastoral properties
- Implement a landscape-scale management experiment for feral herbivores and fires to inform management of habitat for small mammals

Key Deliverables

| Key Deliverables | 2014-15 Actual | 2015-16 Budget | 2015-16 Actual | 2016-17 Budget |
|--|----------------|----------------|----------------|----------------|
| Number of spatial biodiversity records for the Territory | 1.85M | 1.87M | 1.89M | 2.01M |
| Number of biodiversity information requests met | 2400 | 2500 | 2400 | 2400 |
| Number of active inventory, monitoring and applied research programs | 35 | 34 | 34 | 34 |
| Number of management programs in place for sustainable wildlife use | 6 | 7 | 6 | 7 |

1. Our Department

2. Our People

3. Corporate Governance

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Output: Rangelands

Provides scientific assessment and monitoring of the Territory's land and delivery of extension services, policy advice and regulation of use and threats to the land resource.

Significant Achievements

- Conducted an on-ground rangeland monitoring program on 53 pastoral leases with 288 monitoring sites assessed for the Pastoral Land Board under the *Pastoral Land Act*
- Administered 26 native vegetation clearing proposals to support sustainable development under the *Pastoral Land Act* and *Planning Act*
- Provided written advice to more than 846 development proposals for various Northern Territory Government agencies and authorities
- Facilitated 28 ownership transfers of pastoral leases, under the *Pastoral Land Act*, supporting the economic development of the Northern Territory pastoral estate and Northern Australia. This higher than average number of sales of pastoral leases, indicates continued investment and confidence in the Northern Territory pastoral industry
- Completed the delivery of \$0.6M repairs and maintenance works on engineered designed barrages around the Mary River's Shady Camp area, which will help slow the natural progression of saltwater into the freshwater systems of the river and its floodplains
- Finalised revised land system mapping across pastoral and Indigenous land in the Barkly, Davenport and Elliott pastoral areas
- Finalised and approved the first statutory weed management plan for neem under the *Weeds Management Act* following public consultation in 2014-15
- Finalised and approved statutory weed management plans for chinee apple, mesquite and prickly acacia following public consultation in 2015-16
- Implemented a joint program involving the Department of Correctional Services and Lands,



Planning and the Environment, which resulted in strategic woody weed control being administered in the Katherine River by low security prisoners and community service workers

- Delivered the Gamba Grass Assistance Program in the Top End for the sixth consecutive year with 2 058 individual landholders participating and 26 460 litres of herbicide and spray equipment being provided for gamba grass control across the Top End.

Our Progress

- Finalised *Soil and Land Suitability Assessment for Irrigated Agriculture in the Larrimah Area, Sturt Plateau* including a technical report and mapping. This study identified 22 830 ha of land that is suitable for a range of irrigated agricultural crops; 10 395 ha on Vermelha Pastoral Lease, 10 015 ha on Mangarrayi Aboriginal Land Trust and 2 320 ha on Wubalawun Aboriginal Land Trust. An accompanying water resource assessment identified significant groundwater supplies in the region of up to 40G/L per year also
- Completed agricultural land suitability fieldwork on crown, pastoral and Indigenous land in the Wildman River, Ali Curung, central Barkly and the Tennant Creek regions
- Provided support to the Pastoral Land Board which approved five non-pastoral use applications under the *Pastoral Land Act*. This included permits for irrigated agriculture (hay production) and horticulture in the Northern Alice Springs region, rice cultivation near Adelaide River; and mango and hay production in the Douglas Daly region. These permits allow for greater diversification in using the pastoral estate for

activities such as agriculture, horticulture, forestry, aquaculture and tourism

- Commenced planning for agricultural land suitability fieldwork in the Gunn Point, Ti-Tree and Wadeye areas.

Strategies and plans being developed or under review:

- A draft statutory weed management plan for athel pine in collaboration with the Alice Springs Regional Weed Reference Group for public consultation in 2016-17
- A draft statutory weed management plan for grader grass was developed and released for public consultation.

Looking forward (next 12 months)

- Finalise agricultural land suitability projects, through the completion of technical reports and mapping, for fieldwork undertaken at Wildman, Ali Curung, central Barkly and Tennant Creek west regions
- Complete agricultural land suitability fieldwork investigations for the Wadeye, Ti Tree, Alice Springs south, Gunn Point and Dunmarra regions
- Commence an enhanced cabomba weed eradication program in the Darwin River
- Develop and implement an enforcement and compliance program to mitigate the risk of gamba grass in the rural area

- Develop a communications approach for the hay industry that will promote best management practice and reduce potential for weed spread
- Conduct public consultation on the statutory weed management plan for athel pine and obtain approval for its implementation
- Approve and initiate implementation of the statutory weed management plan for grader grass
- Review the statutory weed management plans for gamba grass, mimosa and bellyache bush
- Declare all Weeds of National Significance (WoNS) under the *Weeds Management Act*. These include invasive opuntiod cacti, such as prickly pears and rope cacti
- Commence a review of the *Pastoral Land Act* and the *Weeds Management Act* to ensure legislation meets the requirements of contemporary practice and development within the Northern Territory
- Reconstruct two additional saltwater intrusion barrages around the Mary River’s Shady Camp area to slow the natural progression of saltwater into the river’s freshwater systems and floodplains. This \$0.8M program will result in a total of five engineered designed barrages being completed in the area.

Key Deliverables

| Key Deliverables | 2014-15 Actual | 2015-16 Budget | 2015-16 Actual | 2016-17 Budget |
|---|----------------|----------------|------------------|----------------|
| Percentage of pastoral estate monitored in the year | 14% | 16% | 24% | 24% |
| Land clearing applications assessed | 20 | 15 | 26 | 20 |
| Area of land receiving weed extension services (000km ²) | 322 | 380 | 400 | 400 |
| Land development proposals assessed ² | 1001 | 900 | 846 | 900 |
| Soil profile sites described and tested for and suitability assessment and mapping ¹ | 496 | 280 | 953 ¹ | 500 |

1. Soil profile sites have exceeded the expected yearly output. This is due to a move to high intensity agricultural land suitability mapping involving less travel between sites and new 2015-16 Budget funding for an additional project team to map agricultural land suitability on or in the vicinity of Indigenous land. Fieldwork for this project commenced in July 2015.

2. Development assessment proposals under the *Planning Act*, mining extraction licences under the *Minerals Titles Act*, and notices of intent under the *NT Environmental Assessment Act*. The number of development proposals assessed is determined by the number of proposals received.

Output: Water Resources

Provides scientific assessment and monitoring of the Territory's water resources, allocation of these resources for sustainable use and delivery of flood forecasting services.

Significant Achievements

- Hosted the 3rd Northern Territory Water Forum in Katherine in May 2016
- Declared the Alice Springs Water Allocation Plan 2015-2025
- Released the Draft Berry Springs Water Allocation Plan for public comment
- Commissioned an independent review of licence reliability methodology and assessments through the Goyder Institute for Water Research
- Launched the Darwin Rural Groundwater Watch project in response to expected water supply difficulties in the Darwin Rural area
- Published the Darwin Harbour Region Report Card 2015
- Completed the water assessment study as part of the Larrimah Land and Water Suitability Program
- Managed flood reporting for 53 monitoring stations at strategic locations throughout the Northern Territory
- Published flood mapping for the Alice Springs and Darwin areas to inform land use planning and flood mitigation efforts
- Completed the mid-term review of the Katherine Tindall Water Allocation Plan
- Completed and released the findings of the Pesticide Groundwater Quality Survey of the Katherine Tindall Aquifer
- Undertook investigative drilling around Elliott and Barkly stock route
- Successfully bid for Australian Government funding to conduct feasibility studies into managed aquifer recharge in the Northern Territory
- Completed riverine flooding maps for the Elizabeth and Blackmore Rivers.



Our progress

- Commenced a new program of fish movement monitoring in the Roper River
- Commenced water resource assessments in the Ali Curung and Wildman River area as part of the Land and Water Suitability Program
- Continued community education and information strategies as part of the Darwin Rural Groundwater Watch project throughout the 2016 calendar year
- Introduced arrangements to support more effective and agile provisions for permanent and partial trading of water licence entitlements
- Undertake a groundwater pesticide and herbicide study in the Darwin Rural area
- Promote education and compliance with the new declaration of exemptions under the *Water Act* which removes the exemption to a licencing requirement for bores equipped to pump 15L per second or less in the Darwin Water Control District
- In conjunction with Geoscience Australia, undertake a pre-agricultural assessment of the area known as Ord Stage 3 in the Keep River region of the Northern Territory
- Undertake stakeholder consultations on the proposed operating and management arrangements to support the removal of the exemptions to mining and petroleum activities in the *Water Act*
 - Partner with Charles Darwin University to undertake scientific research in the Daly River.

Strategies and plans being developed or under review:

- A four-year land and water suitability program
- Work with the Rapid Creek Water Advisory Committee on the development of a Water Management Plan for the Rapid Creek and Rapid Creek catchment
- Declaration of the Berry Springs Water Allocation Plan
- Declaration of the Western Davenport Water Allocation Plan
- Water Allocation Plans for the Ooloo Aquifer, Howard East and Ti Tree water allocation plan areas.



Looking forward (next 12 months)

- Removal of the exemption for mining and petroleum activities under the *Water Act* and the development of operational procedures and arrangements
- Removal of the exemption applying to bores equipped to pump 15L per second or less in the Darwin Rural Water Control District. The removal of the exemption will require all water users, other than stock and domestic users, to be licensed under the *Water Act*
- Introduction of Water Trade Policy and Procedures to provide for those who have been approved and licenced to extract water to be able to partially or fully trade water with other licence holders. Trade will allow water entitlements to be used to meet regional and economic priorities within a region or area
- Acceleration of Water Allocation Committees and Plans. Water Allocation Committee members were publicly called for in 2015-16 for Rapid Creek and for the Ti Tree, Alice Springs and Ooloo water allocation plan areas; and a new water advisory committee for the Howard East was established. These committees will advise on the development of new and revised water allocation plans in gazetted plan areas and on a water management plan for Rapid Creek
- Complete water investigations and assessments in Wadeye, Wildman River and Blue Bush as part of the Land and Water Suitability Program. Drilling in Wadeye and Blue Bush commenced in 2015-16 and is expected to continue until August 2016. Investigative drilling in the Wildman River area will commence in August/September 2016
- Commence the Managed Aquifer Recharge feasibility study in conjunction with Jacobs Consulting. This project is expected to run for three years
- Commence a pre-agricultural assessment to support the development of Ord Stage 3 in the Keep River region. The assessment will have a particular focus on salinity and flood risk.

Key Deliverables

| Key Deliverables | 2014-15 Actual | 2015-16 Budget | 2015-16 Actual | 2016-17 Budget |
|---|----------------|----------------|----------------|----------------|
| Number of water assessment projects completed ¹ | 3 | 4 | 3* | 4 |
| Proportion of water allocation plans covered by annual water monitoring programs | 80% | 85% | 100% | 85% |
| River, coastal regions and communities covered by flood risk mapping | 26 | 28 | 28 | 39 |
| Proportion of licensed groundwater use covered by current water allocation plans ¹ | 56% | 80% | 40% | 76% |
| Annual report cards on aquatic health of Darwin published | Yes | Yes | Yes | Yes |

1. The variation in 2015-16 is due to unexpected delays

* Targets affected by negotiation delays to access the Tennant Creek investigation areas.

Output: Bushfires NT

Provides support to landholders in the management and mitigation of wildfire and assists volunteer brigades in fire management and suppression outside the Territory's urban centres.

Significant Achievements

- Led the renegotiation of the West Arnhem Fire Management Agreement to better recognise the central role of Indigenous land managers
- Delivered wildfire management-related training to 372 landowners and community members across the Territory and developed a new fire management training program designed for remote area ranger groups
- Supported volunteer bushfire brigades in managing 405 wildfire incidents throughout the Territory
- Completed a review of the *Bushfires Act* and managed the drafting of new legislation which was passed in the Legislative Assembly and is scheduled to commence in late 2016
- Completed a review of operational procedures and finalised a major update of the Bushfires NT Standard Operating Procedures
- Developed new hazard identification and risk assessment tools to support a new mitigation planning process focussed on community engagement. The effectiveness of this approach is already being reflected in better coordinated mitigation and reduced incidence and intensity of destructive fires
- Conducted a series of mitigation planning workshops across the Territory leading to greatly improved regional and local coordination of bushfire mitigation activity
- Established a formal consultation framework with the volunteer brigade network leading to better coordination and recognition of volunteers.



Our progress

- The growing fire risk associated with the continuing spread of invasive high fire risk weeds, is being managed through greater emphasis on community involvement in planning and mitigation, improved resource planning and allocation, in conjunction with volunteer bushfire brigades, and improved fire response protocols
- A strategic regional fire break program is in its second year. This program, which is partly funded through the Commonwealth's National Bushfire Mitigation Program, leverages existing fire mitigation infrastructure by joining property fire breaks to create effective regional fire protection networks. It targets known problem areas and is a highly cost effective approach to regional fire protection
- The incident management and mitigation planning components of a new, advanced level fire management training program will be finalised and delivery of this training to volunteers and other stakeholders will commence during 2016-17. This training will strengthen the capacity of the volunteer brigade network, and it accompanies the improved recognition and authority provided for volunteers in the new *Bushfires Management Act*.

Strategies and plans being developed or under review:

- New training in incident management, leadership and mitigation planning will be developed for senior volunteer fire fighters and fire wardens during 2016-17
- In association with the commencement of the new *Bushfires Management Act*, fire management and mitigation planning arrangements are being reviewed
- A consultative committee that brings together key volunteer and Bushfires NT personnel, will continue to improve support for volunteer brigades and provide a forum for volunteers to contribute to operational and strategic planning.

Looking forward (next 12 months)

- The *Bushfires Management Act* is scheduled to commence on 1 November 2016. Transition arrangements include development of new operational procedures and arrangements, and the development and delivery of training for staff, volunteers and fire wardens
- The new Act introduces a requirement for the development of annual regional bushfire management plans. A suite of planning tools and templates will be developed, along with a regional planning framework incorporating stakeholder consultation and endorsement
- A community awareness program will be developed and presented to explain changes to fire management arrangements and responsibilities



- The fire management arrangements in Fire Protection Zones will be reviewed. The new legislation strengthens fire management requirements within Fire Protection Zones, and its commencement provides an opportunity to review fire management activities in these zones
- Increased support will be provided for the development of carbon emission abatement initiatives including support for landowner groups planning to develop projects and support for ongoing research into emission abatement methodology for different Territory landscapes.

Key Deliverables

| Key Deliverables | 2014-15 Actual | 2015-16 Budget | 2015-16 Actual | 2016-17 Budget |
|--|----------------|----------------|----------------|----------------|
| Number of wildfire incidents attended by staff and/or volunteers | 409 | 200 | 405 | 300 |
| Number of extension visits to properties | 176 | 100 | 266 | 150 |
| Number of stakeholders trained | 440 | 400 | 372 | 400 |
| Number of enforcement actions relating to the <i>Bushfires Act</i> and associated regulations, including firebreak compliance inspections ¹ | 4732 | 5000 | 1422 | 5000 |
| Number of trained volunteers | 552 | 540 | 574 | 550 |

1. Majority of compliance inspections in the Top End rescheduled due to late rains

Output: Corporate and Governance and Shared Services Provided

Corporate and Governance

Provides executive leadership and management to the Department of Land Resource Management (DLRM).

Shared Services Provided

Provides shared corporate and governance services to four agencies and a government business division. Undertakes a wide range of functions to serve the agencies' core corporate needs, including financial services, human resource management, information and communication technology, governance and risk, and communications and media.

Significant Achievements

- Delivered quality shared corporate services in line with budget and the agreed service statements
- Finalised and implemented the DLRM Strategic Workforce Plan 2016-2020
- Launched the new eLearning Corporate Induction Program
- Launched the new Simplified Recruitment eLearning training package
- Supported the department to increase Indigenous employment through the development of the DLRM Indigenous Employment Strategy 2016-2020
- Implemented the NTG Digital Strategy within the department including the transition to nt.gov.au for the agency website
- Finalised the development of the DLRM ICT Strategy
- Continued to manage the 'Voice of the People' culture program
- Delivered the 2015-16 internal audit program.



Our Progress

- Provided expert corporate advice and guidance to support the development and delivery of government initiatives and priorities
- Provided strategic financial management analytics to inform business decisions
- Supported the department through targeted strategies and advice to assist in the effective communication of key agency priorities, including changes to the *Bushfires Act*, as well as water allocation plans, weed management plans, land clearing and Darwin Harbour report cards
- Continued to build the risk management capacity across the department
- Continued to build capacity and capability across the department through the delivery of training such as the Combat Bullying Program, change management workshops and cross-cultural training
- Administered key HR systems including the Personnel Evaluation System (PES), MyForms and Learning Management System
- Supported the department in the implementation and introduction of whole-of-government ICT initiatives including Internet Explorer 11, Mobile Device Management, Virtual Private Network and Drop Box; Records Manager and Microsoft Office 2013



- Developed an ICT governance framework for the department
- Delivered key initiatives to address the Northern Territory Public Sector People Matter Survey response plan
- Facilitated the development of emerging leaders through the delivery of two senior leaders' forums
- Managed the recognition of employees through the DLRM Recognition and Reward Scheme
- Developed and launched the Cultivate Program for the department
- Reviewed corporate policies and procedures to support the reduction of red tape and streamlined processes
- Continued to develop online corporate forms
- Advanced the development of the corporate delegations database

Strategies and plans being developed or under review:

- Review the Risk Management Framework
- People Matter Action Plan

- Diversity Policy
- Community Engagement Strategy
- Review the internal audit charter, including the Internal Audit Manual
- Review corporate policies

Looking forward (next 12 months)

- Continue to deliver quality corporate services to effectively support department outcomes
- Continue to support the department in the development and delivery of government initiatives and priorities
- Engage with stakeholders and influence the development of whole-of-government corporate initiatives
- Inspire a professional and innovative corporate team within a positive and safe working environment
- Deliver robust corporate services, systems, policies and reporting
- Provide leadership and coordination across the department.

Financials

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Financials



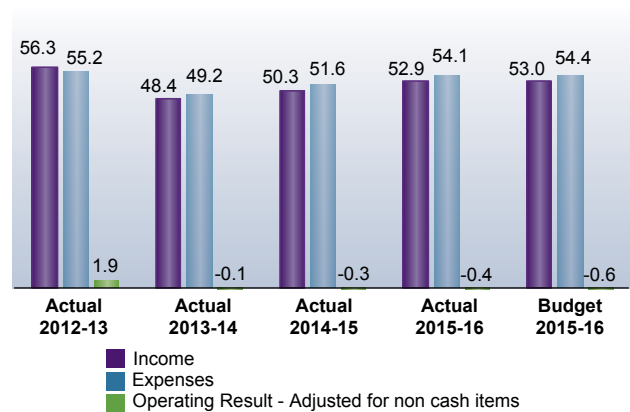
The Department Financial Statement Overview

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 2016.

The department includes the following outputs:

- Bushfires
- Fauna and Flora
- Rangelands
- Water Resources
- Corporate and Governance.

Operating Results (\$M)



Financial Performance

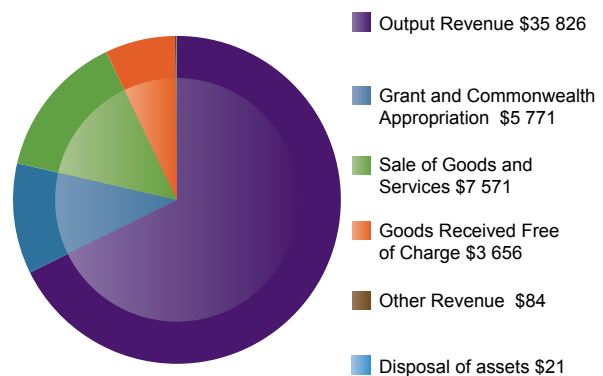
In 2015-16, the department made a net loss of \$1.2 million, or a loss of \$0.4 million prior to the charging of non-cash items such as depreciation and non capitalised assets. This compares to a budgeted loss before non-cash items of \$0.6 million.

The budget saving of \$0.2 million was due to an underspend in externally funded projects of \$0.5 million where the unutilised expense funding will be spent in 2016-17, offset by additional expenditure incurred for Wildfire management and workers compensation.

Income

The department received income of \$52.9 million in 2015-16, \$0.1 million less than budget, and an increase of \$2.6 million compared to 2014-15.

2015-16 Income by Source \$'000



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

Output Revenue

In 2015-16, output revenue of \$35.8 million was received in accordance with budget. Output revenue increased from 2014-15 by \$0.1 million, predominantly due to new funding received for land and water assessments.

Grants and Commonwealth Appropriation

The department attracts 10.9 percent of its revenue from external sources. In 2015-16, \$5.8 million was received, including \$0.5 million from the Australian Government. This external revenue was \$0.1 million higher than the approved budget of \$5.7 million and was \$1.4 million greater than 2014-15. This increase over the prior year was predominately due to large INPEX supported aquatic projects.

Some of the key externally funded projects in 2015-16 include:-

- West Arnhem Fire Monitoring Agreement
- INPEX Map Habitats in Darwin and Bynoe Harbour
- INPEX Dolphin and Dugong Monitoring

- INPEX Darwin Harbour Indigenous Ranger Marine Program
- National Bushfire Mitigation Project
- INPEX Status of Coastal Dolphins in the NT
- Restoring Central Australian Waterhole
- Storm Tide Inundation Project
- Bellyache Bush - Daly Biodiversity Fund

Sale of Goods and Services

In 2015-16, income from the sale of goods and services totalled \$7.6 million, consistent with budget and \$1.3 million higher than 2014-15. The most significant income streams are for the provision of corporate services to three other agencies and a Government Business Division totalling \$5.0 million, Water Services revenue \$1.4 million, and Bushfires projects \$1.1 million.

Goods and Services Received Free of Charge

In 2015-16, notional goods and services received free of charge from Department of Corporate Information Services totalled \$3.7 million, as per the prior year, and \$0.1 million less than budget.

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

The four year trend in income streams and the 2015-16 budget are as follows:

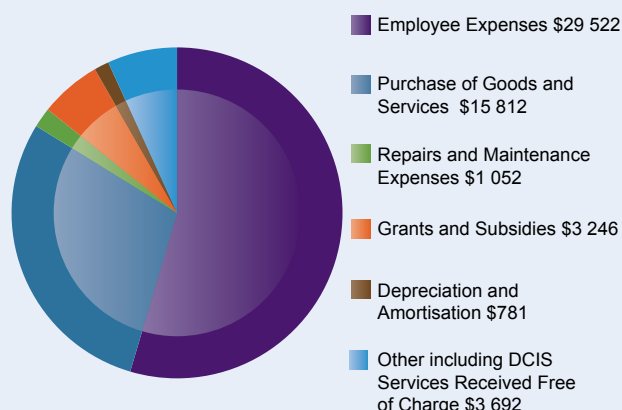
| Income Type | Actual 2012-13 \$'000 | Actual 2013-14 \$'000 | Actual 2014-15 \$'000 | Actual 2015-16 \$'000 | Variance % | Budget 2015-16 \$'000 | Variance % |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|-----------------------------|---------------|
| Output Revenue | 35 540 | 33 038 | 35 709 | 35 826 | 0% | 35 826 | 0% |
| Grant & Commonwealth Appropriation | 9 320 | 3 082 | 4 377 | 5 771 | 32% | 5 718 | -1% |
| Sale of Goods and Services | 6 626 | 7 693 | 6 346 | 7 571 | 19% | 7 552 | 0% |
| Goods Received Free of Charge | 4 641 | 4 257 | 3 730 | 3 656 | -2% | 3 820 | 4% |
| Other Revenue | 74 | 306 | 94 | 105 | 12% | 68 | -35% |
| Income Total | 56 201 | 48 376 | 50 256 | 52 929 | 5.3% | 52 984 | 0.1% |

Expenses

The department incurred \$54.1 million in expenses during 2015-16 in the delivery of its programs and services. This was \$0.3 million less than budget and \$2.5 million greater than 2014-15.

Payments to employees and purchase of goods and services account for 83.8 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.

2015-16 Expenses by Source \$'000



Employee Expenses

Staffing costs represent 54.6 percent of total expenditure or \$29.5 million, \$0.3 million less than budget and a \$2.1 million increase from 2014-15. The increase from the prior year is due to additional Territory funding for Land Suitability Assessment and Wildfire Mitigation, and an increase in externally funded projects expenditure.

Goods and Services Expenses

Actual spend on the purchase of goods and services in 2015-16 was \$15.8 million, \$0.2 million less than budget and \$0.6 million more than 2014-15. The saving to budget relates to a \$0.4 million under-spend in externally funded projects that will be spent in 2016-17 offset by additional wildfire expenditure.

Grants and Subsidies

In 2015-16 the department distributed \$3.2 million in grants and subsidies, \$0.3 million more than budget and \$0.1 million more than 2014-15.

Payments were made to the Northern Land Council for the West Arnhem Fire Management Agreement (WAFMA) of \$1.7 million, support for rural Bushfire Brigades of \$1.2 million, a grant of \$0.2 million to Larrakia Nation Aboriginal Corporation for Indigenous

traineeships to undertake monitoring of Darwin Harbour, and \$0.1 million for a collaborative research project between the Northern Territory Government and the Queensland Department of Science Information Technology Innovation and the Arts to provide an integrated system that will inform both governments and land managers on the condition of territory rangelands.

The \$0.3 million overspend against budget was due to additional grant revenue received for the WAFMA project that was paid to the Northern Land Council.

For a full breakdown of grant payments refer to section 4 Grants Programs.

Repairs and Maintenance Expenses

Actual repairs and maintenance expenditure for 2015-16 was \$1.1 million, consistent with budget and \$6000 higher than 2014-15.

Depreciation

Depreciation is the allocation of an asset's cost over its useful life. In 2015-16 depreciation was \$0.8 million in accordance with budget and the prior year. Depreciation costs represent 1.4 percent of total expenditure.

Goods and Services Received Free of Charge

In 2015-16, notional goods and services received free of charge from Department of Corporate and Information Services totalled \$3.7 million, \$0.1 million less than budget and consistent with 2014-15.

The four year expenditure trend and the 2015-16 budget are as follows:

| Expenditure type | Actual 2012-13 \$'000 | Actual 2013-14 \$'000 | Actual 2014-15 \$'000 | Actual 2015-16 \$'000 | Variance % | Budget 2015-16 \$'000 | Variance % |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|-----------------------------|---------------|
| Employee Expenses | 25 483 | 25 153 | 27 463 | 29 522 | 7% | 29 755 | 1% |
| Purchase of Goods and Services | 15 023 | 14 527 | 15 208 | 15 812 | 4% | 16 057 | 2% |
| Repairs and Maintenance Expenses | 1 017 | 1 425 | 1 046 | 1 052 | 1% | 1 071 | 2% |
| Grants and Subsidies | 8 107 | 3 088 | 3 070 | 3 246 | 6% | 2 890 | -11% |
| Depreciation and Amortisation | 795 | 780 | 844 | 781 | -7% | 774 | -1% |
| Other including DCIS Services received Free of Charge | 4 652 | 4 275 | 4 018 | 3 692 | -8% | 3 820 | 3% |
| Expenses Total | 55 077 | 49 248 | 51 649 | 54 105 | 4.8% | 54 367 | 0.5% |

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 departments' asset holdings (what is owned) against liabilities (what is owed).

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

| | Actual 2012-13 \$'000 | Actual 2013-14 \$'000 | Actual 2014-15 \$'000 | Actual 2015-16 \$'000 |
|-------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets | 15 939 | 16 757 | 20 714 | 21 521 |
| Liabilities | (8 464) | (9 775) | (9 625) | (9 230) |
| Net Assets/Equity | 7 475 | 6 982 | 11 089 | 12 291 |

Assets

The department's assets at 30 June 2016 totalled \$21.5 million. The balance of assets consists of:

- Cash balances of \$6.4 million, representing cash held in a financial institution and, petty cash and floats;
- Receivables of \$1 million representing the amount that is owed to the department for goods and services provided and delivered;
- Prepaid expenses of \$0.1 million representing expenses that have been paid before the good or service was received or provided; and
- Property, plant, equipment and computer software of \$14 million.

Liabilities

The department's liabilities at 30 June 2016 totalled \$9.2 million. The balance of liabilities consists of:

- Deposits held of \$1.5 million to recognise the liability for Natural Heritage Trust Single Holding Account held on behalf of the Australian Government;
- Payables of \$2.1 million representing the amount owed to creditors for goods and services purchased and received;
- Provisions for employee entitlements of \$4.6 million, such as recreation leave, leave loading and leave fares to reflect the cost in present day dollars of employee entitlements that are to be paid in the future; and
- Unearned revenue of \$1 million representing the amount received for services not yet provided.

Equity

Equity as at 30 June 2016 is \$12.3 million, an increase in net worth of \$1.2 million from the previous year.

This increase relates to :

- \$0.2 million for the transfer in of completed infrastructure works of two Bushfires NT transportable buildings and a communications tower;
- \$2.2 million appropriation to purchase capital items; offset by
- \$1.2 million operating loss for 2015-16 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 \$6.4 million at 30 June 2016.

The cash flows are summarised as follows:

| | Actuals 2012-13 \$000 | Actuals 2013-14 \$000 | Actuals 2014-15 \$000 | Actuals 2015-16 \$000 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cash In | | | | |
| Operating Receipts | 57 038 | 46 758 | 48 557 | 50 622 |
| Equity Injections/Capital appropriation/Deposits | 10 956 | 466 | 2 175 | 2 515 |
| | 67 994 | 47 224 | 50 732 | 53 137 |
| Cash Out | | | | |
| Operating Payments | (63 412) | (44 438) | (49 795) | (51 889) |
| Purchase of Fixed Assets | (186) | (623) | (687) | (2 212) |
| Equity withdrawals/ deposits refunded | (1 427) | - | - | - |
| | (65 025) | (45 061) | (50 482) | (54 101) |
| Net Increase/ (Decrease) in Cash Held | 2 969 | 2 163 | 250 | (964) |
| Cash at Beginning of Financial Year | 2 020 | 4 989 | 7 152 | 7 402 |
| CASH AT END OF FINANCIAL YEAR | 4 989 | 7 152 | 7 402 | 6 438 |

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 2016 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 August 2016



Joanna Frankenfeld
Chief Financial Officer
30 August 2016

Comprehensive Operating Statement

For the year ended 30 June 2016

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

| | Note | 2016 \$'000 | 2015 \$'000 |
|---|----------|----------------|----------------|
| Income | | | |
| Grants and subsidies revenue | | | |
| Current | | 5 459 | 3 528 |
| Appropriation | | | |
| Output | | 35 826 | 35 709 |
| Commonwealth | | 312 | 849 |
| Sales of goods and services | | 7 571 | 6 346 |
| Interest revenue | | 34 | 25 |
| Goods and services received free of charge ⁽¹⁾ | 4 | 3 656 | 3 730 |
| Gain on disposal of assets | 5 | 21 | - |
| Other income | | 50 | 69 |
| Total Income | 3 | 52 929 | 50 256 |
| Expenses | | | |
| Employee expenses | | | |
| | | 29 522 | 27 463 |
| Administrative expenses | | | |
| Purchases of goods and services | 6 | 15 812 | 15 208 |
| Repairs and maintenance | | 1 052 | 1 046 |
| Depreciation and amortisation | 10,11 | 781 | 844 |
| Other administrative expenses ⁽¹⁾ | | 3 658 | 3 731 |
| Grants and subsidies expenses | | | |
| Current | | 3 246 | 3 070 |
| Interest expense | | 34 | 25 |
| Loss on disposal of assets | 5 | - | 262 |
| Total Expenses | 3 | 54 105 | 51 649 |
| Net Deficit | | (1 176) | (1 393) |
| Other Comprehensive Income | | | |
| Changes in asset revaluation reserve | | - | 1 759 |
| Total Other Comprehensive Income | | - | 1 759 |
| Comprehensive Result | | (1 176) | 366 |

(1) Includes DCIS service charges.

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

Balance Sheet

For the year ended 30 June 2016

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

| | Note | 2016 \$'000 | 2015 \$'000 |
|--------------------------------------|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and deposits | 7 | 6 438 | 7 402 |
| Receivables | 8 | 965 | 748 |
| Inventories | 9 | 2 | 6 |
| Prepayments | | 151 | 215 |
| Total Current Assets | | 7 556 | 8 371 |
| Non-Current Assets | | | |
| Property, plant and equipment | 10 | 13 107 | 12 045 |
| Intangible assets | 11 | 858 | 298 |
| Total Non-Current Assets | | 13 965 | 12 343 |
| Total Assets | | 21 521 | 20 714 |
| Liabilities | | | |
| Current Liabilities | | | |
| Deposits held | 13 | 1 508 | 1 186 |
| Payables | 14 | 2 096 | 2 229 |
| Provisions | 15 | 4 626 | 4 889 |
| Other liabilities | 16 | 972 | 1 266 |
| Total Current Liabilities | | 9 202 | 9 570 |
| Non-Current Liabilities | | | |
| Other liabilities | 16 | 28 | 55 |
| Total Non-Current Liabilities | | 28 | 55 |
| Total Liabilities | | 9 230 | 9 625 |
| Net Assets | | 12 291 | 11 089 |
| Equity | | | |
| Capital | | 85 430 | 83 052 |
| Reserves | 17 | 3 609 | 3 609 |
| Accumulated funds | | (76 748) | (75 572) |
| Total Equity | | 12 291 | 11 089 |

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

Statement Of Changes In Equity

For the year ended 30 June 2016

| 2015-16 | Note | Equity at 1 July \$'000 | Comprehensive result \$'000 | Transactions with owners in their capacity as owners \$'000 | Equity at 30 June \$'000 |
|---|------|-------------------------------|-----------------------------------|--|--------------------------------|
| Accumulated Funds | | (75 572) | (1 176) | - | (76 748) |
| Reserves | | | | | |
| Asset revaluation reserve | 17 | 3 609 | - | - | 3 609 |
| Capital - Transactions with owners | | | | | |
| Equity injections | | | | | |
| Capital appropriation | | - | - | 2 172 | 2 172 |
| Equity transfers in | | - | - | 206 | 206 |
| Other equity injections | | - | - | - | - |
| Equity withdrawals | | | | | |
| Equity transfers out | | - | - | - | - |
| | | 83 052 | - | 2 378 | 85 430 |
| Total Equity at 30 June | | 11 089 | (1 176) | 2 378 | 12 291 |

| 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 | | | | | |
| 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 |

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

Cash Flow Statement

For the year ended 30 June 2016

| | Note | 2016 \$'000 (Outflows) / Inflows | 2015 \$'000 (Outflows) / Inflows |
|--|-------|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Receipts | | | |
| Grants and subsidies received | | | |
| Current | 528 | 5 459 | 3 528 |
| Appropriation | | | |
| Output | | 35 826 | 35 709 |
| Commonwealth | | 312 | 849 |
| Receipts from sales of goods and services | | | |
| Interest received | | 34 | 24 |
| Total Operating Receipts | | 50 622 | 48 557 |
| Operating Payments | | | |
| Payments to employees | | | |
| | | (30 445) | (27 128) |
| Payments for goods and services | | | |
| | | (18 164) | (19 573) |
| Grants and subsidies paid | | | |
| Current | | (3 246) | (3 070) |
| Interest paid | | (34) | (24) |
| Total Operating Payments | | (51 889) | (49 795) |
| Net Cash (Used In) Operating Activities | 18 | (1 267) | (1 238) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investing Receipts | | | |
| Proceeds from asset sales | 5 | 21 | 12 |
| Total Investing Receipts | | 21 | 12 |
| Investing Payments | | | |
| Purchases of assets | 10,11 | (2 212) | (687) |
| Total Investing Payments | | (2 212) | (687) |
| Net Cash (Used In) Investing Activities | | (2 191) | (675) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Financing Receipts | | | |
| Deposits received | | | |
| | | 322 | 713 |
| Equity injections | | | |
| Capital appropriations | | 2 172 | 450 |
| Other equity injections | | 0 | 1 000 |
| Total Financing Receipts | | 2 494 | 2 163 |
| Net Cash From Financing Activities | | 2 494 | 2 163 |
| Net (decrease)/increase in cash held | | | |
| | | (964) | 250 |
| Cash at beginning of financial year | 7 | 7 402 | 7 152 |
| Cash at End of Financial Year | | 6 438 | 7 402 |

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 2016

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

Income

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

Expenses

6. Purchases of Goods and Services

Assets

7. Cash and Deposits
8. Receivables
9. Inventories
10. Property, Plant and Equipment
11. Intangibles
12. Fair Value Measurement of Non-Financial Assets

Liabilities

13. Deposits Held
14. Payables
15. Provisions
16. Other Liabilities

Equity

17. Reserves

Other Disclosures

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

1. OBJECTIVES AND FUNDING

The Department of Land Resource Management's purpose is to provide natural resource management extension services and advice including the scientific assessment of flora, fauna, land and water assets, and the allocation, management and monitoring of these resources to enable their sustainable and responsible use. The Department 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 the following Outputs:

- Flora and Fauna
- Rangelands
- Water Resources
- Bushfires
- Corporate and Governance.

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the Department of 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.

(b) Basis of Accounting

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

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

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

The following new and revised accounting standards and interpretations were effective for the first time in 2015-16:

AASB 1048 Interpretation of Standards

This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

AASB 2013-9 Amendments to Australian Accounting Standards [Part C Financial Instruments]

Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9 and numerous other Standards. The standard does not impact the financial statements.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9

This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

Amendments are made to AASB 128 Investments in Associates and Joint ventures to require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities. The standard does not impact the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E - Financial Instruments)

Part E of this Standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

The following standards and interpretations are likely to have an insignificant impact on the financial statements for future reporting periods, but the exact impact is yet to be determined:

| Standard/Interpretation | Effective for annual reporting periods beginning on or after |
|---|--|
| AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) | 1 January 2018 |
| AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | 1 January 2018 |
| AASB 1056 Superannuation Entities | 1 July 2016 |
| AASB 14 Regulatory Deferral Accounts | 1 January 2016 |
| AASB 1057 Application of Accounting Standards | 1 January 2016 |
| AASB 2014-1 Amendments to Australian Accounting Standards [Part D Consequential arising from AASB 14 Regulatory Deferral Accounts] | 1 January 2016 |
| AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] | 1 January 2016 |
| AASB 2014-16 Amendments to Australian Accounting Standards - Agriculture: Bearer Plants [AASB 101,116, 117, 123, 136, 140 and 141] | 1 January 2016 |
| AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception [AASB 10, 12 and 128] | 1 January 2016 |
| AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, 133 and 1057] | 1 January 2016 |
| AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 | 1 January 2016 |
| AASB 2016-1 Amendments to Australian Accounting Standards-Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] | 1 January 2017 |

The following standards and interpretations are expected to have a potential impact on the financial statements for future reporting periods:

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Impact |
|---|--|---|
| AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049] | 1 July 2016 | New note disclosure to include remuneration of Key Management Personnel (KMP) and related party transactions. |
| 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 | 1 January 2017 | New disclosure on the reconciliation of the changes in liabilities arising from financing activities |
| AASB 16 Leases | 1 January 2019 | Reclassification of operating leases greater than 12 months to finance lease reporting requirements |
| AASB 9 Financial Instruments | 1 January 2018 | Simplified requirements for classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier as opposed to only when incurred |
| AASB 15 Revenue from Contracts with Customers | 1 January 2018 | Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. |
| AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments] | 1 January 2018 | Amends various AAS's to reflect the deferral of the mandatory application date of AASB 9 |
| AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and AASB 138] | 1 January 2016 | Provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated and clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. |
| AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | 1 January 2017 | Amends the measurement of trade receivables and the recognition of dividends. |
| AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 | 1 January 2018 | Amends various AAS's to reflect the changes as a result of AASB 9 |
| AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 and 128] | 1 January 2016 | Allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement at cost or using the equity method. |
| AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-14 Cycle [AASB 1, 2, 3,5, 7, 11, 110, 119, 121, 133, 134,137 and 140] | 1 January 2016 | The amendments include AASB 5 change in methods of disposal; AASB 7 Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; AASB 119 Discount rate: regional market issue and AASB 134 Disclosure of information 'elsewhere in the interim financial report. |

(c) Reporting Entity

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

The Department of Land Resource Management (“the Department”) is a Northern Territory department established under the Interpretation Act Administrative Arrangements Order.

The principal place of business of the Department is:

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

(d) 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 Administered Territory Items.

(e) Comparatives

Where necessary, comparative information for the 2014-15 financial year has been reclassified to provide consistency with current year disclosures.

(f) Presentation and Rounding of Amounts

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

(g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2015-16 as a result of management decisions.

(h) Accounting Judgments and Estimates

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

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

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant

notes to the financial statements. Notes that include significant judgments and estimates are:

- **Employee Benefits - Note 2(v) and Note 15:** Provisions in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service
- **Property, Plant and Equipment – Note 2(r):** The fair value of land, building, infrastructure and property, plant and equipment are determined on significant assumptions of the exit price and risks in the perspective market participant, using the best information available.
- **Contingent Liabilities - Note 21:** The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- **Allowance for Impairment Losses – Note 2(p), Note 8: Receivables and Note 19: Financial Instruments.** The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- **Depreciation and Amortisation - Note 2(l), Note 10: Property, Plant and Equipment and Note 11: Intangibles.**

(i) Goods and Services Tax

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

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

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows

arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

(j) 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 on passed to the relevant agencies as Commonwealth appropriation.

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

Sale of Goods

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

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

Rendering of Services

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

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

Interest Revenue

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

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.

Administered Income

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

(k) 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.

(l) 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:

| | 2016 Years | 2015 Years |
|---------------------------------|---------------|---------------|
| Buildings | 10 - 50 | 10 - 50 |
| Infrastructure Assets | 8 - Infinite | 8 - Infinite |
| Plant and Equipment | 1 - 20 | 1 - 20 |
| Transport Equipment | 10 | 10 |
| Computer Hardware | 3 - 6 | 3 - 6 |
| Heritage and Cultural Assets | 100 | 100 |
| Intangibles - Computer Software | 2 - 10 | 2 - 10 |

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

(m) Interest Expense

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

(n) 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 (AOTA) that are ultimately payable to the beneficial owner.

(o) 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 includes all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

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

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

(p) 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 aging schedule under credit risk in Note 19: Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

(q) Prepayments

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

(r) 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 in Note 2(l). Items of property, plant and equipment below the \$10,000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labor, and an

appropriate proportion of fixed and variable overheads.

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

As part of the financial management framework, the Department of Infrastructure 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.

(s) 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 17 provides additional information in relation to the asset revaluation reserve.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) Contributions by and Distributions to Government

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

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

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

(y) 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.

(z) 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.

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

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

Classification of Financial Instruments

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

Financial assets are classified into the following categories:

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

Financial liabilities are classified into the following categories:

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

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

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

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

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit;

- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.
- Financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

Loans and Receivables

For details refer to Note 2(p), but exclude statutory receivables.

Financial Liabilities at Amortised Cost

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

Note 19 provides additional information on financial instruments.

(aa) 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 | | Total | |
|---|-----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Income | | | | | | | | | | | | |
| Grants and subsidies revenue | | | | | | | | | | | | |
| Current | 2 610 | 743 | 161 | 170 | 900 | 860 | 1 788 | 1 755 | - | - | 5 459 | 3 528 |
| Appropriation | | | | | | | | | | | | |
| Output | 4 902 | 4 861 | 9 229 | 8 749 | 11 899 | 11 355 | 6 736 | 6 519 | 3 060 | 4 225 | 35 826 | 35 709 |
| Commonwealth | 12 | 34 | - | - | - | 510 | 300 | 305 | - | - | 312 | 849 |
| Sales of goods and services | 335 | 87 | 48 | 104 | 1 438 | 831 | 789 | 621 | 4 961 | 4 703 | 7 571 | 6 346 |
| Interest Revenue | - | - | 34 | 25 | - | - | - | - | - | - | 34 | 25 |
| Goods and services received free of charge ⁽¹⁾ | 477 | 589 | 898 | 772 | 1 132 | 1 209 | 346 | 377 | 803 | 783 | 3 656 | 3 730 |
| Other income | 23 | 1 | 3 | 15 | 18 | 42 | - | 2 | 6 | 9 | 50 | 69 |
| Gain on disposal of assets | - | - | - | - | 18 | - | 3 | - | - | - | 21 | - |
| Total Income | 8 359 | 6 315 | 10 373 | 9 835 | 15 405 | 14 807 | 9 962 | 9 579 | 8 830 | 9 720 | 52 929 | 50 256 |
| Expenses | | | | | | | | | | | | |
| Employee expenses | 4 392 | 3 925 | 6 654 | 5 914 | 9 382 | 8 656 | 2 904 | 3 080 | 6 190 | 5 888 | 29 522 | 27 463 |
| Administrative expenses | | | | | | | | | | | | |
| Purchases of goods and services | 3 288 | 1 824 | 2 467 | 2 256 | 4 974 | 5 376 | 3 776 | 3 631 | 1 307 | 2 121 | 15 812 | 15 208 |
| Repairs and maintenance | 55 | 88 | 607 | 705 | 106 | 43 | 200 | 173 | 84 | 37 | 1 052 | 1 046 |
| Depreciation and amortisation | 118 | 62 | 120 | 107 | 406 | 475 | 116 | 162 | 21 | 38 | 781 | 844 |
| Other administrative expenses ⁽¹⁾ | 477 | 589 | 898 | 772 | 1 137 | 1 209 | 343 | 378 | 803 | 783 | 3 658 | 3 731 |
| Grants and subsidies expenses | | | | | | | | | | | | |
| Current | 10 | 70 | 192 | 112 | 185 | 270 | 2 859 | 2 618 | - | - | 3 246 | 3 070 |
| Interest Expense | - | - | 34 | 25 | - | - | - | - | - | - | 34 | 25 |
| Loss on disposal of assets | - | - | - | 2 | - | 3 | - | 257 | - | - | - | 262 |
| Total Expenses | 8 340 | 6 558 | 10 972 | 9 893 | 16 190 | 16 032 | 10 198 | 10 299 | 8 405 | 8 867 | 54 105 | 51 649 |
| Net Surplus/(Deficit) | 19 | (243) | (599) | (58) | (785) | (1 225) | (236) | (720) | 425 | 853 | (1 176) | (1 393) |

(1) Includes DCIS service charges.

4. GOODS AND SERVICES RECEIVED FREE OF CHARGE

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Corporate and information services | 3 656 | 3 730 |
| Total Goods and Services Received Free of Charge | 3 656 | 3 730 |

5. GAIN/LOSS ON DISPOSAL OF ASSETS

| | | |
|--|-----------|--------------|
| Net proceeds from the disposal of non-current assets | 21 | 12 |
| Less: Carrying value of non-current assets disposed | - | (274) |
| Gain/(Loss) on the Disposal of Non-Current Assets | 21 | (262) |

6. PURCHASES OF GOODS AND SERVICES

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

| Goods and services expenses | | |
|--|-------|-------|
| Consultants ⁽¹⁾ | 695 | 947 |
| Advertising ⁽²⁾ | 183 | 160 |
| Marketing and promotion ⁽³⁾ | 95 | 195 |
| Document production | 30 | 60 |
| Legal expenses ⁽⁴⁾ | 248 | 195 |
| Recruitment ⁽⁵⁾ | 46 | 77 |
| Training and study | 400 | 424 |
| Official duty fares | 1 356 | 1 194 |
| Travelling allowance | 583 | 534 |

(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 | 1 | 3 |
| Cash at bank | 6 437 | 7 399 |
| Total Cash and Deposits | 6 438 | 7 402 |

8. RECEIVABLES

| | 2016 \$'000 | 2015 \$'000 |
|---------------------------------------|----------------|----------------|
| Current | | |
| Accounts receivable | 529 | 410 |
| Less: Allowance for impairment losses | (8) | (7) |
| | 521 | 403 |
| Interest receivables | 2 | 2 |
| GST receivables | 372 | 235 |
| Other receivables | 70 | 108 |
| Total Receivables | 965 | 748 |

9. INVENTORIES

General Inventories

| | | |
|--------------------------|----------|----------|
| At cost | 2 | 6 |
| Total Inventories | 2 | 6 |

10. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--|---------------|---------------|
| Land | | |
| At Fair Value | 4 932 | 4 932 |
| | 4 932 | 4 932 |
| Buildings | | |
| At Fair Value | 9 236 | 8 752 |
| Less: Accumulated Depreciation | (4 784) | (4 251) |
| | 4 452 | 4 501 |
| Infrastructure | | |
| At Fair Value | 489 | 489 |
| Less: Accumulated Depreciation | (130) | (119) |
| | 359 | 370 |
| Plant and Equipment | | |
| At Cost | 11 645 | 10 150 |
| Less: Accumulated Depreciation | (8 644) | (8 367) |
| | 3 001 | 1 783 |
| Transport Equipment | | |
| At Cost | 1 440 | 1 440 |
| Less: Accumulated Depreciation | (1 092) | (1 010) |
| | 348 | 430 |
| Computer Hardware | | |
| At Cost | 211 | 216 |
| Less: Accumulated Depreciation | (196) | (187) |
| | 15 | 29 |
| Total Property, Plant and Equipment | 13 107 | 12 045 |

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.

Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2015-16 and 2014-15 is set out below:

Impairment of Property, Plant and Equipment

Department property, plant and equipment assets were assessed for impairment as at 30 June 2016. No impairment adjustments were required as a result of this review.

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

| 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 | 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 | 4 932 | 4 501 | 370 | 1 783 | 430 | 29 | 12 045 |

11. INTANGIBLES

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Carrying Amounts | | |
| Intangibles with a Finite Useful Life | | |
| Intangibles - Computer Software | | |
| At Cost | 1 153 | 498 |
| Less: Accumulated Amortisation | (295) | (200) |
| Written Down Value - 30 June | 858 | 298 |

Impairment of Intangibles

Department intangible assets were assessed for impairment as at 30 June 2016. No impairment adjustments were required as a result of this review.

| | | |
|--|------------|------------|
| Reconciliation of Movements | | |
| Intangibles with a Finite Useful Life | | |
| Carrying Amount at 1 July | 298 | 27 |
| Additions | 655 | 362 |
| Depreciation and Amortisation | (95) | (91) |
| Carrying Amount as at 30 June | 858 | 298 |

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:

| 2015-16 | 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) | - | - | 4 452 | 4 452 |
| Infrastructure (Note 10) | - | - | 359 | 359 |
| Plant and Equipment (Note 10) | - | - | 3 001 | 3 001 |
| Transport Equipment (Note 10) | - | - | 348 | 348 |
| Computer Hardware (Note 10) | - | - | 15 | 15 |
| Intangibles (Note 11) | - | - | 858 | 858 |
| Total Fair Value | - | 4 932 | 9 033 | 13 965 |

There were no transfers between Level 1 and Levels 2 or 3 during 2015-16.

| 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 |

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

There were no changes in valuation techniques from 2014-15 to 2015-16.

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.

(b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

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

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

| 2015-16 | Land \$'000 | Buildings \$'000 | Infrastructure \$'000 | Plant and Equipment \$'000 | Transport Equipment \$'000 | Computer Hardware | Intangibles \$'000 |
|---|----------------|---------------------|--------------------------|----------------------------------|----------------------------------|----------------------|-----------------------|
| Fair value as at 1 July | - | 4 501 | 370 | 1 783 | 430 | 29 | 298 |
| Additions | - | - | - | 1 545 | 12 | - | 655 |
| Disposals | - | - | - | - | - | - | - |
| Transfers to Level 2 | - | - | - | - | - | - | - |
| Additions/ (Disposals) from asset transfers | - | 191 | - | - | - | - | - |
| Depreciation and amortisation | - | (240) | (11) | (327) | (94) | (14) | (95) |
| Gains/(losses) recognised in other comprehensive income | - | - | - | - | - | - | - |
| Fair Value as at 30 June | - | 4 452 | 359 | 3 001 | 348 | 15 | 858 |

| 2014-15 | Land \$'000 | Buildings \$'000 | Infrastructure \$'000 | Plant and Equipment \$'000 | Transport Equipment \$'000 | Computer Hardware | Intangibles \$'000 |
|---|----------------|---------------------|--------------------------|----------------------------------|----------------------------------|----------------------|-----------------------|
| Fair value as at 1 July | 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 | - | 4 501 | 370 | 1 783 | 430 | 29 | 298 |

(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. DEPOSITS HELD

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Current | | |
| Deposits held – Natural Heritage Trust and clearing accounts | 1 508 | 1 186 |
| Total Deposits Held | 1 508 | 1 186 |

14. PAYABLES

| | | |
|-----------------------|--------------|--------------|
| Accounts payable | 1 744 | 796 |
| Accrued expenses | 352 | 1 433 |
| Total Payables | 2 096 | 2 229 |

15. PROVISIONS

| | | |
|---|--------------|--------------|
| Current | | |
| Employee Benefits | | |
| Recreation leave | 3 604 | 3 436 |
| Leave loading | 447 | 405 |
| Other employee benefits | 46 | 68 |
| Other Current Provisions | | |
| Other provisions (fringe benefits, payroll tax, superannuation and other) | 529 | 980 |
| Total Provisions | 4 626 | 4 889 |
| Balance as at 1 July | 4 889 | 4 744 |
| Additional provisions recognised | 2 753 | 3 140 |
| Reductions arising from payments | (3 016) | (2 995) |
| Balance as at 30 June | 4 626 | 4 889 |

The Department had 319 employees as at 30 June 2016 (282 employees as at 30 June 2015).

16. OTHER LIABILITIES

| | | |
|--------------------------------|--------------|--------------|
| Current | | |
| Unearned revenue | 972 | 1 266 |
| Non-Current | | |
| Unearned revenue | 28 | 55 |
| Total Other Liabilities | 1 000 | 1 321 |

17. RESERVES

Asset Revaluation Reserve

(i) Sensitivity Nature and purpose of the 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.

(ii) Movements in the asset revaluation reserve

| | | |
|------------------------------|--------------|--------------|
| Balance as at 1 July | 3 609 | 1 850 |
| Increment - Land | - | 1 467 |
| Increment - Buildings | - | 217 |
| Increment - Infrastructure | - | 75 |
| Balance as at 30 June | 3 609 | 3 609 |

18. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of department Cash and Deposits of \$6.4 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) | (1 176) | (1 393) |
| Non-Cash Items: | | |
| Depreciation and amortisation | 781 | 844 |
| Repairs & maintenance non cash | 15 | 8 |
| (Gain)/Loss on disposal of assets | (21) | 262 |
| Changes in assets and liabilities: | | |
| (Increase) in receivables | (217) | (66) |
| Decrease in inventories | 4 | 15 |
| Decrease/(Increase) in prepayments | 64 | (45) |
| (Decrease) in payables | (133) | (1 474) |
| Increase/(Decrease) in employment benefits | 188 | (249) |
| (Decrease)/Increase in other provisions | (451) | 394 |
| (Decrease)/Increase in other liabilities | (321) | 466 |
| Net Cash (Used In)/From Operating Activities | (1 267) | 1 238 |

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 deposits held. The department has limited exposure to financial risks as discussed below.

(a) Categorisation of Financial Instruments

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

2015-16 Categorisation of Financial Instruments

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

(1) The amount of loans and receivables excludes amounts recoverable from the ATO (statutory receivables).

2014-15 Categorisation of Financial Instruments

| | Designated at Fair Value Through Profit or Loss \$'000 | Finance Assets - Loans and Receivables \$'000 | Total \$'000 |
|------------------------------------|---|--|-----------------|
| Cash and deposits | 7 402 | - | 7 402 |
| Receivables (1) | - | 491 | 491 |
| Total Financial Assets | 7 402 | 491 | 7 893 |
| Deposits held | 1 186 | - | 1 186 |
| Payables | 1 431 | - | 1 431 |
| Total Financial Liabilities | 2 617 | - | 2 617 |

(1) The amount of loans and receivables excludes amounts recoverable from the ATO (statutory receivables).

(b) Credit Risk

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

Additionally, the nature of the department's revenue is such that if the debtor was to default on the debt it would cause them to suffer a business impact through the department's ability to discontinue licenses etc. until financial obligations are met. Primarily the department's credit risk comes from the regulatory work performed on behalf of landholders (i.e. fire breaks under section 47

of the *Bushfires Act*). In these instances if a debt is not settled the department has the ability, and does, take a lien over the property whereby the debt will be settled on sale of the property.

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

Receivables

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

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Internal Receivables | | |
| Aging of Receivables | | |
| Not overdue | 90 | 370 |
| Overdue for less than 30 days | - | - |
| Overdue for 30 to 60 days | - | - |
| Overdue for more than 60 days (includes S47 Firebreaks) | - | - |
| Total Gross Receivables | 90 | 370 |
| 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 | | |
| Aging of Receivables | | |
| Not overdue | 410 | 46 |
| Overdue for less than 30 days | - | 22 |
| Overdue for 30 to 60 days | 1 | 1 |
| Overdue for more than 60 days (includes S47 Firebreaks) | 65 | 59 |
| Total Gross Receivables | 476 | 128 |
| Reconciliation of the Allowance for Impairment Losses | | |
| Allowance for impairment losses at the beginning of the reporting period | 7 | 6 |
| Increase in allowance recognised in profit or loss | 1 | 1 |
| Allowance for Impairment Losses at the End of the Reporting Period | 8 | 7 |

(c) Liquidity Risk

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

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

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

Maturity Analysis for Financial Assets and Liabilities

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

| 2014-15 | Variable Interest Rate Less than a year \$'000 | Non - Interest Bearing \$'000 | Carrying Amount \$'000 |
|------------------------------------|--|-------------------------------------|------------------------------|
| Assets | | | |
| Cash and deposits | 1 184 | 6 218 | 7 402 |
| Receivables | - | 491 | 491 |
| Total Financial Assets | 1 184 | 6 709 | 7 893 |
| Liabilities | | | |
| Deposits held | 1 184 | 2 | 1 186 |
| Payables | - | 1 431 | 1 431 |
| Total Financial Liabilities | 1 184 | 1 433 | 2 617 |

(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

| | 2016 | | 2015 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 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 | - | 3 864 | - | 3 223 |
| Later than one year and not later than five years | - | 4 840 | - | 3 897 |
| | - | 8 704 | - | 7 120 |
| (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 | - | 1 378 | - | 1 391 |
| Later than one year and not later than five years | - | 2 729 | - | 3 378 |
| | - | 4 107 | - | 4 769 |

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent Liabilities

The department has no contingent liabilities as at 30 June 2016. The department was involved in one claim as at 30 June 2015.

(b) Contingent Assets

The department had no contingent assets as at 30 June 2016 or 30 June 2015.

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 | |
|--|--------------------|--------------|--------------------|--------------|-----------------|--------------|-----------------|--------------|
| | 2016 \$'000 | no. of Trans | 2015 \$'000 | no. of Trans | 2016 \$'000 | no. of Trans | 2015 \$'000 | no. of Trans |
| Write-offs, Postponements and Waivers under the <i>Financial Management Act</i> | | | | | | | | |
| Represented by: | | | | | | | | |
| <i>Amounts written off, postponed and waived by Delegates</i> | | | | | | | | |
| Irrecoverable amounts payable to the Territory or an Agency written off | - | 1 | - | - | - | - | - | - |
| Losses or deficiencies of money written off | - | 1 | - | - | - | - | - | - |
| Public property written off | - | 3 | 12 | 16 | - | - | - | - |
| Total Written Off, Postponed and Waived by Delegates | - | 5 | 12 | 16 | - | - | - | - |

24. SCHEDULE OF ADMINISTERED TERRITORY ITEMS

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

Territory Income and Expenses

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Income | | |
| Royalties and rents | 5 002 | 3 123 |
| Total Income | 5 002 | 3 123 |
| Expenses | | |
| Central Holding Authority income transferred | 5 002 | 3 123 |
| Total Expenses | 5 002 | 3 123 |
| Territory Income Less Expenses | - | - |

Territory Assets and Liabilities

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Assets | | |
| Royalties and rent receivable | 24 | 190 |
| Total Assets | 24 | 190 |
| Liabilities | | |
| Central Holding Authority income payable | 24 | 190 |
| Total Liabilities | 24 | 190 |
| Net Assets | - | - |

25. BUDGETARY INFORMATION

Comprehensive Operating Statement

| | 2015-16 Actual \$'000 | 2015-16 Original Budget | Variance \$'000 | Note |
|--|-----------------------------|-------------------------------|--------------------|------|
| Income | | | | |
| Grants and subsidies revenue | | | | |
| Current | 5 459 | 3 367 | 2 092 | 1 |
| Appropriation | | | | |
| Output | 35 826 | 35 496 | 330 | |
| Commonwealth | 312 | 240 | 72 | |
| Sales of goods and services | 7 571 | 6 052 | 1 519 | 1 |
| Interest revenue | 34 | - | 34 | |
| Goods and services received free of charge | 3 656 | 3 820 | (164) | |
| Gain on disposal of assets | 21 | - | 21 | |
| Other income | 50 | - | 50 | |
| Total Income | 52 929 | 48 975 | 3 954 | |
| Expenses | | | | |
| Employee expenses | 29 522 | 28 293 | 1 229 | 2 |
| Administrative expenses | | | | |
| Purchase of goods and services | 15 812 | 14 085 | 1 727 | 3 |
| Repairs and maintenance | 1 052 | 1 071 | (19) | |
| Depreciation and amortisation | 781 | 614 | 167 | |
| Other administrative expenses | 3 658 | 3 820 | (162) | |
| Grants and subsidies expenses | | | | |
| Current | 3 246 | 2 475 | 771 | 4 |
| Interest expenses | 34 | - | 34 | |
| Loss on disposal of assets | - | - | - | |
| Total Expenses | 54 105 | 50 358 | 3 747 | |
| Net Deficit | (1 176) | (1 383) | 207 | |
| Other Comprehensive Income | | | | |
| Changes in asset revaluation reserve | - | - | - | |
| Total Other Comprehensive Income | - | - | - | |
| Comprehensive Result | (1 176) | (1 383) | 207 | |

Notes

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

- The increase in current grants and subsidies received is due to new externally funded programs being sourced since the publication of the 2015-16 budget papers.
- The increase in employee expenses is due to additional Territory funding for Land Suitability Assessment and Wildfire Mitigation, and an increase in externally funded projects expenditure.
- The increase in purchases of goods and services is due to additional Territory funding for Land Suitability Assessment and Wildfire Mitigation, and an increase in externally funded projects expenditure.
- The increase in current grants and subsidies expenses relates to additional external funding sourced since the publication of the 2015-16 budget papers relating to West Arnhem Fire Management Agreement (WAFMA) that was paid to the Northern Land Council and a contribution to Larrakia Nation Aboriginal Corporation for Indigenous traineeships to undertake monitoring of Darwin Harbour.

Balance Sheet

| | 2015-16 Actual \$'000 | 2015-16 Original Budget | Variance \$'000 | Note |
|--------------------------------------|-----------------------------|-------------------------------|--------------------|------|
| Assets | | | | |
| Current Assets | | | | |
| Cash | 6 438 | 6 693 | (255) | |
| Receivables | 965 | 684 | 281 | |
| Inventories | 2 | 21 | (19) | |
| Prepayments | 151 | 170 | (19) | |
| Total Current Assets | 7 556 | 7 568 | (12) | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 13 107 | 13 145 | (38) | |
| Intangible assets | 858 | - | 858 | 1 |
| Total Non-Current Assets | 13 965 | 13 145 | 820 | |
| Total Assets | 21 521 | 20 713 | 808 | |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Deposits held | 1 508 | 474 | 1 034 | 2 |
| Payables | 2 096 | 3 704 | (1 608) | 3 |
| Provisions | 4 626 | 4 745 | (119) | |
| Other liabilities | 972 | 855 | 117 | |
| Total Current Liabilities | 9 202 | 9 778 | (576) | |
| Non-Current Liabilities | | | | |
| Other liabilities | 28 | - | 28 | |
| Total Non-Current Liabilities | 28 | - | 28 | |
| Total Liabilities | 9 230 | 9 778 | (548) | |
| Net Assets | 12 291 | 10 935 | 1 356 | |
| Equity | | | | |
| Capital | 85 430 | 86 116 | (686) | 4 |
| Reserve | 3 609 | 1 850 | 1 759 | 5 |
| Accumulated funds | (76 748) | (77 031) | 283 | |
| Total Equity | 12 291 | 10 935 | 1 356 | |

Notes

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

1. The increase in intangible assets is due to software purchased in 2015-16 from the capital items appropriation.
2. The increase in the balance of the Single Holding Account reflecting unspent project funds being returned from previously approved projects.
3. The decrease in payables is due to the original budget not reflecting the improvement in the payables opening balance occurring after the publication of the budget papers.
4. The decrease in capital equity is due to a reduced value of completed assets transferred from the Department of Infrastructure of \$0.4 million and the transfer of \$0.3 million of capital appropriation to 2016-17 for the final payments for the purchase of the drill rig.
5. The increase in 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.

Cash Flow Statement

| | 2015-16 Actual \$'000 | 2015-16 Original Budget | Variance \$'000 | Note |
|--|-----------------------------|-------------------------------|--------------------|------|
| Cash Flows from Operating Activities | | | | |
| Operating Receipts | | | | |
| Grants and subsidies received | | | | |
| Current | 5 459 | 3 367 | 2 092 | 1 |
| Appropriation | | | | |
| Output | 35 826 | 35 496 | 330 | |
| Commonwealth | 312 | 240 | 72 | |
| Receipts from sales of goods and services | 8 991 | 6 052 | 2 939 | 2 |
| Interest received | 34 | - | 34 | |
| Total Operating Receipts | 50 622 | 45 155 | 5 467 | |
| Operating Payments | | | | |
| Payments to employees | (30 445) | (28 293) | (2 152) | 3 |
| Payments for goods and services | (18 164) | (15 156) | (3 008) | 4 |
| Grants and subsidies paid | | | | |
| Current | (3 246) | (2 475) | (771) | 5 |
| Interest paid | (34) | - | (34) | |
| Total Operating Payments | (51 889) | (45 924) | (5 965) | |
| Net Cash (Used In) Operating Activities | (1 267) | (769) | (498) | |
| Cash Flows From Investing Activities | | | | |
| Investing Receipts | | | | |
| Proceeds from asset sales | 21 | - | 21 | |
| Total Investing Receipts | 21 | - | 21 | |
| Investing Payments | | | | |
| Purchases of assets | (2 212) | (2 450) | 238 | |
| Total Investing Payments | (2 212) | (2 450) | 238 | |
| Net Cash (Used In) Investing Activities | (2 191) | (2 450) | 259 | |
| Cash Flows From Financing Activities | | | | |
| Financing Receipts | | | | |
| Deposits received | 322 | - | 322 | |
| Equity injections | | | | |
| Capital appropriations | 2 172 | 2 450 | (278) | |
| Other equity injections | - | - | - | |
| Total Financing Receipts | 2 494 | 2 450 | 44 | |
| Net Cash From Financing Activities | 2 494 | 2 450 | 44 | |
| Net decrease in cash held | (964) | (769) | (195) | |
| Cash at beginning of financial year | 7 402 | 7 462 | (60) | |
| Cash at End of Financial Year | 6 438 | 6 693 | (255) | |

Notes

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

1. The increase in current grants and subsidies received is due to new externally funded programs being sourced since the publication of the 2015-16 budget papers.
2. The increase in receipts from sales of goods and services is due to new externally funded programs being sourced since the publication of the 2015-16 budget papers and GST refunded which is not included in the budget
3. The increase in employee payments is due to additional Territory funding for Land Suitability Assessment, Wildfire Mitigation, and workers compensation payments.
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.
5. The increase in current grants and subsidies paid relates to additional external funding sourced since the publication of the 2015-16 budget papers relating to West Arnhem Fire Management Agreement (WAFMA) that was paid to the Northern Land Council and a contribution to Larrakia Nation Aboriginal Corporation for Indigenous traineeships to undertake monitoring of Darwin Harbour

26. ADMINISTERED TERRITORY ITEMS

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

Administered Territory Items

| | 2015-16 Actual \$'000 | 2015-16 Original Budget | Variance \$'000 | Note |
|---|-----------------------------|-------------------------------|--------------------|------|
| TERRITORY INCOME AND EXPENSES | | | | |
| Income | | | | |
| Royalties and rents | 5 002 | 5 063 | (61) | |
| Total Income | 5 002 | 5 063 | (61) | |
| TERRITORY ASSETS AND LIABILITIES | | | | |
| Assets | | | | |
| Royalties and rent receivable | 24 | 661 | (637) | 1 |
| Total Assets | 24 | 661 | (637) | |
| Liabilities | | | | |
| Central Authority income payable | 24 | 661 | (637) | 1 |
| Total Liabilities | 24 | 661 | (637) | |
| NET ASSETS | - | - | - | |

Notes

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

1. The decrease is due to the debt collection effort during 2015-16 to collect outstanding monies.

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