



FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT

To the Minister for the Environment and Heritage

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance Officer;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedule of Commitments;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of the Environment and Heritage for the year ended 30 June 2006.

The Department of the Environment and Heritage's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of the Environment and Heritage, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia. The Department of the Environment and Heritage's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

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Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department of the Environment and Heritage's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.



Audit Opinion

In my opinion, the financial statements of the Department of the Environment and Heritage:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department of the Environment and Heritage's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General
Canberra

10 August 2006

**DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed 

David Borthwick
Secretary

10 August 2006

Signed 

Darren Schaeffer
Chief Finance Officer

10 August 2006



**DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
INCOME STATEMENT
for the year ended 30 June 2006**

	Notes	2006 \$'000	2005 \$'000
INCOME			
<i>Revenue</i>			
Revenues from Government	4.1	329,358	294,447
Goods and services	4.2	42,976	36,066
Interest	4.3	-	1
Other revenue	4.6	2,291	915
Total revenue		374,625	331,429
<i>Gains</i>			
Net Gains from disposal of assets	4.4	138	-
Reversals of previous asset write-downs	4.5	25	11
Other gains	4.7	1,210	1,519
Total gains		1,373	1,530
TOTAL INCOME		375,998	332,959
EXPENSES			
Employees	5.1	138,812	120,930
Suppliers	5.2	155,920	127,573
Grants	5.3	24,728	19,595
Transfer funding	5.3	41,962	40,085
Depreciation and amortisation	5.4	25,822	25,898
Finance costs	6.0	9,986	8,031
Write-down and impairment of assets	5.5	7,659	6,243
Net losses from disposal of assets	4.4	-	406
Other expenses	5.6	332	90
TOTAL EXPENSES		405,221	348,851
OPERATING (LOSS)		(29,223)	(15,892)

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

DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
BALANCE SHEET
as at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
ASSETS			
Financial Assets			
Cash	7.1	5,144	3,879
Receivables	7.2	66,784	91,665
Accrued revenue	7.3	466	910
Total Financial Assets		72,394	96,454
Non-Financial Assets			
Land and buildings	8.1/8.4	254,492	200,831
Infrastructure, plant and equipment	8.2/8.4	147,678	137,133
Intangibles	8.3/8.4	11,183	9,937
Inventories	8.5	7,360	10,724
Other non-financial assets	8.6	298	1,747
Total Non-Financial Assets		421,011	360,372
TOTAL ASSETS		493,405	456,826
LIABILITIES			
Payables			
Suppliers	9.1	1,292	7,579
Grants	9.2	842	5,029
Other payables	9.3	14,928	16,926
Total Payables		17,062	29,534
Interest Bearing Liabilities			
Loans	10.1	2,102	3,065
Other interest bearing liabilities	10.2	498	601
Total Interest Bearing Liabilities		2,600	3,666
Provisions			
Employees	11.1	39,534	36,563
Other provisions	11.2	197,993	198,064
Total Provisions		237,527	234,627
TOTAL LIABILITIES		257,189	267,827
NET ASSETS		236,216	188,999
EQUITY			
Contributed equity		37,169	49,901
Reserves		236,903	138,092
Retained surpluses or (accumulated deficits)		(37,856)	1,006
TOTAL EQUITY		236,216	188,999
Current assets		80,052	104,821
Non-current assets		413,353	352,005
Current liabilities		37,376	39,874
Non-current liabilities		219,813	227,953

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



**DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
STATEMENT OF CASH FLOWS
for the year ended 30 June 2006**

	Notes	2006 \$'000	2005 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		331,440	265,641
Goods and services		47,441	40,881
Interest		-	1
Net GST received from the ATO		12,520	10,005
Other cash received from operating activities		2,850	1,138
Total cash received		394,251	317,666
Cash used			
Employees		137,406	122,296
Suppliers		171,467	134,354
Grants		28,915	16,794
Transfer funding		41,962	40,085
Financing costs		260	233
Other cash paid for operating activities		332	-
Total cash used		380,342	313,762
Net cash from operating activities	13	13,909	3,904
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	4.4	312	248
Total cash received		312	248
Cash used			
Purchase of property, plant and equipment	8.4	13,090	7,747
Purchase of intangibles	8.4	3,708	3,030
Total cash used		16,798	10,777
Net cash (used by) investing activities		(16,486)	(10,529)
FINANCING ACTIVITIES			
Cash received			
Capital Injections		4,805	-
Other		-	4,588
Total cash received		4,805	4,588
Cash used			
Repayment of debt		963	1,012
Total cash used		963	1,012
Net cash from financing activities		3,842	3,576
Net increase or (decrease) in cash held		1,265	(3,049)
Cash at the beginning of the reporting period		3,879	6,928
Cash at the end of the reporting period	13	5,144	3,879

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

DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Opening Balance	1,006	16,898	138,092	129,515	49,901	6,021	188,999	152,434
Adjustments for errors	(5,908)	-	-	-	7,927	-	2,019	-
Adjustments for changes in accounting policies	(3,731)	-	-	-	-	-	(3,731)	-
Adjusted Opening Balance	(8,633)	16,898	138,092	129,515	57,828	6,021	187,287	152,434
Income and Expense								
Revaluation adjustment	-	-	82,130	8,519	-	-	82,130	8,519
Revaluation increment - make good provisions	-	-	16,681	-	-	-	16,681	-
Subtotal income and expense recognised directly in equity	-	-	98,811	8,519	-	-	98,811	8,519
Net Operating Result	(29,223)	(15,892)	-	-	-	-	(29,223)	(15,892)
Total Income and Expenses	(29,223)	(15,892)	98,811	8,519	-	-	69,588	(7,373)
Transactions with Owners								
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	4,805	-	4,805	-
Restructuring	-	-	-	58	-	43,880	-	43,938
Other (Refer note 7.2)	-	-	-	-	(25,464)	-	(25,464)	-
Subtotal transactions with Owners	-	-	-	58	(20,659)	43,880	(20,659)	43,938
Closing balance at 30 June	(37,856)	1,006	236,903	138,092	37,169	49,901	236,216	188,999

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



DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
SCHEDULE OF COMMITMENTS
as at 30 June 2006

	2006 \$'000	2005 \$'000
BY TYPE		
Capital commitments		
Land and buildings	76	-
Infrastructure, plant and equipment	1,184	248
Intangibles	279	739
Total capital commitments	1,539	987
Other commitments		
Operating leases	135,702	150,486
Project commitments	16,837	16,862
Other commitments	28,691	17,727
Total other commitments	181,230	185,075
Commitments (receivable)	(17,417)	(16,758)
Net commitments by type	165,352	169,304

BY MATURITY

Capital commitments		
One year or less	1,539	987
Total capital commitments	1,539	987
Operating lease commitments		
One year or less	35,922	23,148
From one to five years	69,861	84,615
Over five years	29,919	42,723
Total operating lease commitments	135,702	150,486
Project commitments		
One year or less	13,814	9,381
From one to five years	3,023	7,481
Total project commitments	16,837	16,862
Other commitments		
One year or less	21,282	12,850
From one to five years	7,409	4,877
Total other commitments	28,691	17,727
Commitments (receivable)	(17,417)	(16,758)
Net commitments by maturity	165,352	169,304

(1) Capital commitments relate to contractual payments for new assets and assets under construction.

(2) Operating leases are effectively non-cancelable and include:

Nature of lease	General description of leasing arrangements
Leases for office accommodation	<ul style="list-style-type: none"> * Lease payments are subject to increases in accordance with terms as negotiated under the lease. * The Department's leases for office accommodation each have options for renewal. Future options not yet exercised are not included as commitments.
Leases for transportation to and within the Antarctic Territory	<ul style="list-style-type: none"> * Lease payments are subject to increases in accordance with terms as negotiated under the lease. * The transportation leases generally have options for renewal. Future options not yet exercised are not included as commitments.
Leases for support facilities for Antarctic operations	<ul style="list-style-type: none"> * Lease payments are subject to increases in accordance with terms as negotiated under the lease. * The facility leases each have options for renewal. Future options not yet exercised are not included as commitments.
Lease of computer equipment	<ul style="list-style-type: none"> * The lessor provides all computer equipment and software designated as necessary in the supply contract for five years plus for two further two year periods at the Department's option. The Department is currently within the first two year extension of the lease. * The equipment has on average a useful life of three years.

(3) Project commitments relate to grant amounts payable under agreements in respect of which the grantee has yet to complete the milestone required under the agreement.

(4) Other commitments relate to contracts for goods and services in respect of which the contracted party has yet to provide the goods and services required under the contract.

Note: All commitments are GST inclusive where relevant.

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



**DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
SCHEDULE OF ADMINISTERED ITEMS**

	Notes	2006 \$'000	2005 \$'000
Income Administered on Behalf of Government <i>for the year ended 30 June 2006</i>			
Revenue			
Taxation			
Other taxes, fees and fines	19A	1,270	1,480
Non-taxation			
Goods and services	19B	4,666	1,987
Interest	19C	108	9
Industry contributions	19D	7,500	7,400
Grant repayments	19E	3,761	1,406
Assets recognised for the first time	19F	1,411	2,113
Other sources of non-taxation revenue	19G	2,237	424
Total Non-Taxation		19,683	13,339
Gains			
Resources received free of charge	19H	73	65
Total Gains Administered on Behalf of Government		73	65
Total Income Administered on Behalf of Government		21,026	14,884
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2006</i>			
Grants	20A	441,784	337,418
Suppliers	20B	56,342	54,147
Write-down and impairment of assets	20C	2,978	32,840
Other	20D	-	581
Total Expenses Administered on Behalf of Government		501,104	424,986

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

DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2006 \$'000	2005 \$'000
Assets Administered on Behalf of Government <i>as at 30 June 2006</i>			
Financial Assets			
Cash and cash equivalents	21A	115	435
Receivables	21B	14,356	6,289
Investments	21C	277,597	134,801
Accrued revenues	21D	38	1,562
Total Financial Assets		292,106	143,087
Non-Financial Assets			
Land and buildings	21E	4,750	4,750
Infrastructure, plant and equipment	21F	1,271	1,271
Other	21G	27,129	2,899
Total Non-Financial Assets		33,150	8,920
Total Assets Administered on Behalf of Government		325,256	152,007
Liabilities Administered on Behalf of Government <i>as at 30 June 2006</i>			
Payables			
Suppliers	22A	987	4,035
Grants	22B	17,666	53,391
Other payables	22C	1,448	1,022
Total Payables		20,101	58,448
Total Liabilities Administered on Behalf of the Government		20,101	58,448
Net Assets Administered on behalf of Government	23	305,155	93,559
Current assets		3,818	9,988
Non-current assets		321,438	142,019
Current liabilities		20,101	58,448

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



DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
SCHEDULE OF ADMINISTERED ITEMS (continued)
for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2006</i>			
OPERATING ACTIVITIES			
Cash Received			
Rendering of services		4,761	2,352
Interest		108	10
Net GST received from ATO		23,208	16,368
Other cash received from operating activities		15,273	9,172
Total Cash Received		43,350	27,902
Cash Used			
Suppliers		90,278	59,383
Grant Payments		500,670	339,793
Other cash used by operating activities		-	581
Total Cash Used		590,948	399,757
Net Cash (used by) Operating Activities		(547,598)	(371,855)
INVESTING ACTIVITIES			
Cash Received			
Repayment of advances		1,065	3,020
Total Cash Received		1,065	3,020
Cash Used			
Issue of advances		2,665	32,238
Total Cash Used		2,665	32,238
Net Cash (used by) Investing Activities		(1,600)	(29,218)
Net (decrease) in Cash Held		(549,198)	(401,073)
Cash at beginning of reporting period		435	(340)
Cash from Official Public Account for			
Appropriations (including GST appropriation)	23	256,079	129,964
Special Accounts	23	334,555	309,859
		590,634	439,823
Cash to the Official Public Account			
Appropriations (including return of GST appropriation)	23	(33,872)	(32,733)
Special Accounts	23	(7,884)	(5,242)
		(41,756)	(37,975)
Cash at End of Reporting Period	21A	115	435

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

DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
SCHEDULE OF ADMINISTERED COMMITMENTS (continued)
as at 30 June 2006

	2006 \$'000	2005 \$'000
BY TYPE		
Other commitments		
Project commitments ¹	226,693	302,310
Other commitments ²	59,426	15,150
Total other commitments	<u>286,119</u>	<u>317,460</u>
Commitments (receivable)	(11,673)	(16,713)
Net commitments by type	<u>274,446</u>	<u>300,747</u>
BY MATURITY		
Other commitments		
One year or less	177,329	218,160
From one to five years	108,790	99,300
Total other commitments by maturity	<u>286,119</u>	<u>317,460</u>
Commitments (receivable)	(11,673)	(16,713)
Net commitments by maturity	<u>274,446</u>	<u>300,747</u>

NB: Commitments are GST inclusive where relevant.

1. Project commitments relate to grant amounts payable under agreements in respect of which the grantee has yet to complete the milestone required under the agreement.
2. Other commitments relate to contracts for goods and services in respect of which the contracted party has yet to provide the goods and services required under the contract.

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



**DEPARTMENT OF THE ENVIRONMENT AND HERITAGE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note	Description
1	Summary of Significant Accounting Policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006
3	Events Occurring after Reporting Date
4	Operating Revenues
5	Operating Expenses
6	Borrowing Cost Expenses
7	Financial Assets
8	Non-financial Assets
9	Payables
10	Interest Bearing Liabilities
11	Provisions
12	Restructuring
13	Cash Flow Reconciliation
14	Contingent Liabilities and Assets
15	Executive Remuneration
16	Remuneration of Auditors
17	Average Staffing Levels
18	Financial Instruments
19	Revenues Administered on Behalf of Government
20	Expenses Administered on Behalf of Government
21	Assets Administered on Behalf of Government
22	Liabilities Administered on Behalf of Government
23	Administered Reconciliation Table
24	Administered Contingent Liabilities and Assets
25	Administered Investments
26	Administered Restructuring
27	Administered Financial Instruments
28	Appropriations
29	Specific Payment Disclosures
30	Reporting of Outcomes

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of The Department of the Environment and Heritage

The Department of the Environment and Heritage (the Department) is an Australian Public Service organisation.

The objectives of the Department are to:

- advise on and implement policies and programs for the protection and conservation of the environment while ensuring its use is ecologically sustainable; and
- administer the Australian Antarctic Territory and the Territory of Heard and McDonald Islands, enhance Australia's role in the Antarctic Treaty System, conduct and support strategic research, and protect the Antarctic environment.

The Department is structured to meet two outcomes:

Outcome 1

The environment, especially those aspects that are matters of national environmental significance, is protected and conserved.

Outcome 2

Australia's interests in Antarctica are advanced.

Department activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The following provides a representation of the individual outputs under each of the two outcomes.

Outcome 1

- 1.1 Response to Climate Change
- 1.2 Conservation of the land and inland waters
- 1.3 Conservation of the coasts and oceans
- 1.4 Conservation of natural, indigenous and historic heritage
- 1.5 Response to the impact of human settlements

Outcome 2

- 2.1 Antarctic Policy
- 2.2 Antarctic Science

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



1.2 Basis of Preparation of the Financial Statements

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group (UIG) that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

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

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments; Contingent Liabilities and Assets are noted at Note 14.

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

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Department items, except where otherwise stated at Note 1.27.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, buildings are purpose built and may in fact realise more or less in the market.
- In the case of buildings held for specialised purposes, such as buildings located in the Antarctic, and where there is no readily available market price, the value is the 'depreciated replacement cost' in accordance with AASB 116 Property Plant and Equipment.
- The estimated values for make good provisions and related assets have been arrived at on a reasonableness basis.

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

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Department to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Department in the future. The nature of the impending change within the table has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Department's initial assessment at this date, but may change. The Department intends to adopt all of standards upon their application date.



Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown

1.5 Principles of Consolidation (Natural Heritage Trust of Australia Account)

Subsection 43(1) of the *Natural Heritage Trust of Australia Act 1997* requires financial statements to be prepared for the Natural Heritage Trust of Australia Account (NHT). Reporting by the NHT reflects the NHT as a separate reporting entity, with all transactions between the NHT and parties outside the NHT being reported.

Reporting of the NHT as part of the Department's administered disclosure in these financial statements takes account of the treatment of administered items as a whole and the administered presentation rules as prescribed in the Finance Ministers Orders. The financial statements of the NHT are consolidated into the Department's administered financial statements. Where accounting policies and disclosure requirements differ between the NHT and the Department adjustments are made on consolidation to bring any dissimilar accounting policies and disclosures into alignment.

1.6 Revenue

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

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

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

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is no longer probable.



Interest revenue is recognised using the effective interest method as set out in AASB 139, “Financial Instruments: Recognition and Measurement”.

1.7 Gains

Resources Received Free of Charge

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government Department as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

Other Gains

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.8 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Commonwealth Department or authority under a restructuring of administrative arrangements are adjusted at their book value directly against Contributed Equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to Contributed Equity unless in the nature of a dividend. There was no distribution to owners during 2005-06 (2004-05 nil).

1.9 Employee Benefits

As required by the FMOs, the Department has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

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

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

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

The liability for long service leave has been determined by reference to the work of an actuary. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy payments in circumstances where the Department has invited an excess employee to accept voluntary redundancy, the employee has accepted the offer, and a reliable estimate of the amount of the payments can be determined.

Superannuation

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

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.



The Department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Department's employees.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.10 Leases

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

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

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

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

1.11 Grants

The Department administers a number of diverse grant schemes.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Department enters into an agreement to make grants but services have not been performed or criteria satisfied.

1.12 Borrowing Costs

All borrowing costs are expensed as incurred.

1.13 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.14 Financial Risk Management

The Department's activities expose it to normal commercial financial risk. As a result of the nature of the Department's business and internal and Australian Government policies dealing with the management of financial risk, the Department's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.15 Derecognition of Financial Assets and Liabilities

As prescribed in the Finance Minister's Orders, the Department has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.16 Impairment of Financial Assets

As prescribed in the Finance Minister's Orders, the Department has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

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



Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the profit and loss.

Comparative Year

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.17 Interest Bearing Loans and Borrowings

Government loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

1.18 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.19 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.20 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Department's accounts immediately prior to the restructuring.

1.21 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than the following asset thresholds which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Buildings	\$10,000
Leasehold improvements	\$50,000
Plant and equipment	\$5,000

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Department and restitution obligations in the Antarctic where there exists an international obligation to clean-up abandoned work sites, buildings and infrastructure. These costs are included in the value of the Department's leasehold improvements and Antarctic assets with a corresponding provision for the 'make good' taken up.



Revaluations

Land, buildings, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset is not materially different, at reporting date, from its fair value. Valuations undertaken in each year are as at 30 June.

Fair values for each class of asset are determined as shown below:

Land	Market selling price
Buildings	Market selling price or, in the case of specialised assets, depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price or, in the case of specialised assets, depreciated replacement cost

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through profit and loss. Revaluation decrements for a class of assets are recognised directly through profit and loss except to the extent that they reverse a previous revaluation increment for that class.

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

All valuations are conducted by an independent qualified valuer.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department of the Environment and Heritage using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

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

	2006	2005
Buildings on freehold land	3 to 50 years	3 to 50 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	2 to 50 years	2 to 50 years

Heritage and cultural assets are assessed as having an infinite useful life and are not depreciated. The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5.4.

Impairment

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

No indicators of impairment were found for assets at fair value.

1.22 Intangibles

The Department of the Environment and Heritage's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Department's software is 3 to 17 years (2004-05 3 to 17 years).

All software assets were assessed for indications of impairment as at 30 June 2006.

1.23 Inventories

A voluntary change to the accounting policy for inventory has been made to record as inventory only those new items held at the distribution warehouses or, in the case of fuel held at Antarctic stations, fuel held in bulk storage. The inventory threshold level was also changed to only record inventory with class values above \$50,000. In accordance with AASB 108 an adjustment reducing the opening equity balance at 1 July 2005 of \$3.7m was made.

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are measured at the lower of cost and current replacement cost.



Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first-in-first-out basis
- fuel –weighted average cost; and
- finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

1.24 National Halon Bank

The Commonwealth operates the National Halon Bank which maintains sufficient stock of halon to meet Australia's essential use needs to 2030 and also collects, decants, recycles and destroys surplus halon. The stock of halon (an asset) and the future costs to destroy surplus halon (a liability) are not recognised as they can not be reliably measured and/or valued.

1.25 Make Good Provisions

Provision for Antarctic Base Restitution

Australia is required by the Madrid Protocol to remove all accumulated waste from the Antarctic Territories. A process of gradual removal is in effect. The provision for Antarctic Base restitution is for the estimated future costs of this obligation and is derived from an expert valuation which provides a “best estimate” in accordance with AASB 137.

Provision for Make Good - Antarctic Regions

This provision represents the estimated future costs of making good Australian Antarctic Territories upon which premises occupied by the Australian Antarctic Division are located. The obligation to make good arises from the requirements of the Madrid Protocol. The estimated future costs represent the cost of decommissioning, dismantling, and expatriation to Australia of all building and associated materials and the cost of site rehabilitation. Buildings and buildings support infrastructure are decommissioned and replaced on an ongoing basis, infrequently, and the majority of costs will be incurred during any major Antarctic Base rebuilding program. The provision is derived from an expert valuation and a costing model which provides a “best estimate” in accordance with AASB 137.

Provision for Make Good - Other Localities

This provision represents the estimated costs of making good leasehold premises occupied by the Department at the John Gorton Building, Barton ACT and at the office of the Supervising Scientist Division in Darwin, NT. The provision is derived from an expert valuation which provides a “best estimate” in accordance with AASB 137.

1.26 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

1.27 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

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

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 23. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

Fees are charged for access to reserves holding protected Australian fauna and flora. Administered fee revenue is recognised when access occurs. It is recognised at its nominal amount due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit and loss. Loans and receivables subject to concessional treatment are carried at cost.



Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are measured at their fair value as at 30 June 2006. Fair value has been taken to be the net assets of the entities as at balance date. For the comparative period administered investments were measured on the cost basis, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Administered investments were assessed for impairment at 30 June 2006. No indicators of impairment were noted.

Land and Buildings

The Department received appropriation of \$4.750 million in 2002-2003 for the purchase of the Macquarie Light station and Snapper Island from the Department of Finance and Administration. The assets were acquired in 2002-2003 and will remain with the Department until such time as they are vested to the Sydney Harbour Federation Trust. As the assets are heritage assets they are not depreciated as there is no foreseeable limit to the period over which they will be held and used by the Australian Government.

Grants and Subsidies

The Department of the Environment and Heritage administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

2 The impact of the transition to AEIFRS from previous AGAAP

	2005 \$'000	2004 \$'000
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Total Equity under previous AGAAP 1 July	296,667	258,018
Adjustments to Retained Earnings		
Deferred asset expense ¹	45,959	48,559
Makegood Provisions ²	(146,217)	(154,091)
Insurance Receivable ³	(9,286)	-
Other ⁴	1,876	(52)
Total equity translated to AEIFRS 1 July	<u>188,999</u>	<u>152,434</u>

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

¹ The AEIFRS treatment where a provision for makegood exists is to create a deferred asset and amortise it over the time remaining until, the makegood event.

² The second part of the AEIFRS treatment where make good requirement exists is to create a makegood provision and 'unwind' it to the present value of the estimated cost of the makegood.

³ Under AEIFRS the treatment of insurance receivables changed from an accrued revenue to a contingent asset.

⁴ Sundry AEIFRS adjustments.

Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS

2004-05 Profit as previously reported	3,958
AEIFRS Adjustments	
Assets Carrying Value	(147)
Provisions carrying value	137
Interest Expense	(80)
Amortisation of deferred assets for make good	(2,600)
Unwinding of make good provision 2004-05	(7,874)
Adjustments for errors	
AAD Insurance receivable - reversal	(9,286)
2004-05 profit translated into AEIFRS	<u>(15,892)</u>

The impact of the transition to AEIFRS from previous AGAAP (Administered)

There has been no impact on the administered financial statements from the transition to AEIFRS from AGAAP.

3 Events Occurring after Reporting Date

There are no known events occurring after balance date that could impact on the financial statements.



	2006 \$'000	2005 \$'000
4 Revenue		
<u>4.1 Revenue from Government</u>		
Appropriations for outputs	329,358	294,447
<i>Total revenues from government</i>	329,358	294,447
<u>4.2 Goods and Services</u>		
Provision of goods	104	146
Provision of services	42,872	35,920
<i>Total sales of goods and services</i>	42,976	36,066
Provision of goods to:		
- Related entities	-	22
- External entities	104	124
<i>Total sales of goods</i>	104	146
Rendering of services to:		
- Related entities	34,646	29,867
- External entities	8,226	6,053
<i>Total rendering of services</i>	42,872	35,920
<u>4.3 Interest</u>		
Interest on deposits	-	1

	2006 \$'000	2005 \$'000
<u>4.4 Net Gains/(Losses) from Disposals of Assets</u>		
Land and Buildings		
Proceeds from disposal	150	-
Net book value of assets disposed	(152)	-
Net (loss) from disposal of Land and Buildings	(2)	-
Infrastructure, plant and equipment		
Proceeds from disposal	22	248
Net book value of assets disposed	(22)	(654)
Net (loss) from disposal of infrastructure, plant and equipment	-	(406)
Non Listed Assets (Below threshold)		
Proceeds from disposal	140	-
Net gain from disposal of Non Listed Assets	140	-
Total proceeds from disposals	312	248
Total value of assets disposed	(174)	(654)
Total gains/(loss) from disposal of assets	138	(406)
<u>4.5 Reversal of previous asset write-downs</u>		
Financial assets		
Doubtful debts received - receivables	25	11
<u>4.6 Other revenue</u>		
Repayments of prior years expenditure	327	198
Grants received	415	656
Insurance recoveries	1,173	2
Miscellaneous Revenue	376	59
Total other revenues	2,291	915
<u>4.7 Other Gains</u>		
Write-down of provisions and payables	519	494
Property, plant and equipment assets recognised for first time	-	233
Resources received free of charge - government	691	696
Assets received free of charge - government	-	96
	1,210	1,519



2006	2005
\$'000	\$'000

5 Operating Expenses

5.1 Employees

Wages and Salaries	99,892	90,685
Superannuation	18,401	17,060
Leave and other entitlements	11,155	8,710
Separation and redundancies	828	1,722
Other Employee expenses	8,536	2,753
Total employee expenses	138,812	120,930

5.2 Suppliers

Provision of goods - related entities	287	150
Provision of goods - external entities	21,055	5,368
Provision of services - related entities	23,343	10,733
Provision of services - external entities	81,194	76,401
Operating lease rentals*	30,041	34,921
Total suppliers expense	155,920	127,573

* These comprise minimum lease payments only.

5.3 Grants and Transfer Funding

Other sectors in the Commonwealth	1,159	660
State and Territory Governments	9,369	6,865
Non-profit institutions	8,920	5,248
Local Governments	1,852	2,853
Overseas	1,275	752
Universities	1,096	1,319
Individuals	134	787
Profit making entities	923	1,111
Total grants	24,728	19,595
Payment to the Director of National Parks	41,962	40,085
Total transfer funding	41,962	40,085

	2006	2005
	\$'000	\$'000

5.4 Depreciation and amortisation

Depreciation

Other infrastructure, plant and equipment	14,065	13,572
Buildings	9,926	10,519
Total depreciation	23,991	24,091

Amortisation

Intangibles - Computer software	1,831	1,807
Total amortisation	1,831	1,807

Total depreciation and amortisation	25,822	25,898
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The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Plant and equipment	14,065	13,572
Buildings	9,926	10,519
Internally developed software	1,304	1,215
Purchased software	527	592
Total depreciation and amortisation	25,822	25,898

5.5 Write-down and Impairment of Assets

Financial assets

Bad and doubtful debts expense	178	94
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Non-financial assets

Inventories - asset write-downs	-	194
Intangibles - asset write-downs	668	148
Land and buildings - revaluation decrement	-	851
Land and buildings - asset write-downs	1,576	615
Infrastructure, plant and equipment - asset write-downs	5,237	4,341
Total write-down of assets	7,659	6,243



	2006	2005
	\$'000	\$'000

5.6 Other Expenses

Miscellaneous expenses	332	90
<i>Total other expenses</i>	<u>332</u>	<u>90</u>

6 Finance Costs

Loans	108	157
Unwinding of discount - make good provisions	9,878	7,874
<i>Total finance costs</i>	<u>9,986</u>	<u>8,031</u>

2006	2005
\$'000	\$'000

7 Financial Assets

7.1 Cash

Cash at bank	4,677	3,740
Cash on hand	467	139
Total cash	5,144	3,879

7.2 Receivables

Goods and services - receivables	2,046	3,276
Provision for doubtful debts	(146)	(52)
	1,900	3,224

Appropriation receivable - undrawn	61,539	59,342
GST receivable from the Australian Taxation Office	3,030	3,398
Receivable from Bureau of Meteorology (Notes 12 & 28.1)	-	25,464
Reversed during 2005-06 following Ministerial determination.		
Other receivables	315	237
Total receivables (net)	66,784	91,665

Receivables (gross) are aged as follows:

Not overdue	66,577	90,944
Overdue by:		
Less than 30 days	139	226
30 to 60 days	56	67
60 to 90 days	2	53
More than 90 days	156	427
Total receivables (gross)	66,930	91,717

The provision for doubtful debts is aged as follows:

Overdue by:		
More than 90 days	(146)	(52)
Total provision for doubtful debts	(146)	(52)

All receivables are with entities external to the Department. Credit terms are generally net 30 days (2005: 30 days). No interest rate applies and payments are generally one-off.

Appropriations receivable undrawn are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements.



2006	2005
\$'000	\$'000

7.3 Accrued Revenues

Goods and services	466	346
GST	-	564
<i>Total accrued revenues</i>	466	910

All accrued revenues are current assets.

8 Non-Financial Assets

8.1 Land and Buildings

Land

- At 2005-2006 valuation (fair value)	240	229
<i>Total land</i>	240	229

Buildings on land

- At 2005-2006 valuation (fair value)	252,387	199,429
Accumulated depreciation	(3,669)	(1,834)
Work in progress - at cost	5,534	3,007
<i>Total buildings on land at valuation</i>	254,252	200,602

<i>Total land and buildings (non-current)</i>	254,492	200,831
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All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. All revaluations have been conducted by an independent valuer, the Australian Valuation Office.

2006	2005
\$'000	\$'000

8.2 Infrastructure, Plant and Equipment

- At 2005-2006 valuation (fair value)	148,544	135,551
Accumulated depreciation	(2,495)	(867)
Work in progress - at cost	1,629	2,449
Total Infrastructure, Plant and Equipment (non-current)	147,678	137,133

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. All revaluations have been conducted by an independent valuer, the Australian Valuation Office.

8.3 Intangible Assets

- Purchased computer software	4,362	4,278
Accumulated amortisation	(2,582)	(2,164)
Work in progress	412	-
Total purchased computer software	2,192	2,114
- Internally developed computer software	13,996	10,482
Accumulated amortisation	(8,321)	(7,519)
Work in progress	3,316	4,860
Total internally developed computer software	8,991	7,823
- Patents, brand names and licences	623	623
Accumulated amortisation	(623)	(623)
Total patents, brand names and licences	-	-
Total intangible assets (non-current)	11,183	9,937



8.4 Analysis of Property, Plant, Equipment, and Intangibles

8.4 (a) Reconciliation of the opening and closing balances of property, plant and equipment, and intangible:

Item	Land	Buildings on Land	Total Land and Buildings	Other Infrastructure, Plant and Equipment	Computer Software	Other Intangibles	Total Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005*								
Gross book value	229	202,436	202,665	138,000	19,620	623	20,243	360,908
Accumulated depreciation/amortisation	-	(1,834)	(1,834)	(867)	(9,683)	(623)	(10,306)	(13,007)
Opening net book value	229	200,602	200,831	137,133	9,937	-	9,937	347,901
Additions								
by purchase	-	4,497	4,497	8,593	3,708	-	3,708	16,798
Revaluation								
Net revaluation increment/(decrement)	25	52,711	52,736	8,949	-	-	-	61,685
Revaluation decrement	-	-	-	-	-	-	-	-
Accumulated Depreciation Write Back	-	8,083	8,083	12,362	-	-	-	20,445
Depreciation/amortisation expense	-	(9,926)	(9,926)	(14,065)	(1,831)	-	(1,831)	(25,822)
Transfers								
Historical Cost	-	-	-	(37)	37	-	37	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Disposals								
Historical Cost	14	147	161	23	-	-	-	184
Accumulated Depreciation	-	(8)	(8)	(2)	-	-	-	(10)
Write Downs								
Historical cost	-	1,576	1,576	5,309	1,280	-	1,280	8,165
Accumulated Depreciation	-	-	-	(73)	(611)	-	(611)	(684)
As at 30 June 2006								
Gross book value	240	257,921	258,161	150,173	22,086	623	22,709	431,043
Accumulated depreciation/amortisation	-	(3,669)	(3,669)	(2,495)	(10,903)	(623)	(11,526)	(17,690)
Closing net book value	240	254,252	254,492	147,678	11,183	(0)	11,183	413,353

*With the transfer of all assets for the Australian Antarctic Division onto the SAP system, differences in the methodology by which the asset classes are group were improved. The following adjustments have been made to the opening balances to reflect the changes in categories.

There was no change to the DEH net assets opening balance.

Category changes made to opening balances	Land	Buildings on Land	Total Land and Buildings	Other Infrastructure, Plant and Equipment	Computer Software	Other Intangibles	Total Intangibles	Total
Historical cost	-	(36,948)	(36,948)	19,952	(956)	-	(956)	(17,952)
Accumulated Depreciation	-	9,483	9,483	8,371	98	-	98	17,952

8.4 (b) Summary of Assets under construction

Item	Buildings on Land	Other Infrastructure, Plant and Equipment	Computer Software	Other Intangibles	Total Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value as at 30 June 2006	5,534	1,629	3,728	-	3,728	10,891
Gross value as at 1 July 2005	3,007	2,449	4,860	-	4,860	10,316



2006	2005
\$'000	\$'000

8.5 Inventories

Finished goods	<u>170</u>	<u>132</u>
<i>Total inventories held for sale</i>	<u>170</u>	<u>132</u>
Work in progress	46	34
Finished goods	<u>7,144</u>	<u>10,558</u>
<i>Total inventories not held for sale</i>	<u>7,190</u>	<u>10,592</u>
<i>Total inventories</i>	<u><u>7,360</u></u>	<u><u>10,724</u></u>
Inventories are represented by:		
Current	7,360	6,620
Non-current	-	4,104
<i>Total inventories</i>	<u><u>7,360</u></u>	<u><u>10,724</u></u>

8.6 Other Non-financial Assets

Prepayments	<u>298</u>	<u>1,747</u>
<i>Total other non-financial assets</i>	<u><u>298</u></u>	<u><u>1,747</u></u>

All other non-financial assets are current assets.

2006	2005
\$'000	\$'000

9 Payables

9.1 Suppliers Payables

Trade creditors	1,292	7,579
<i>Total supplier payables</i>	1,292	7,579

All supplier payables are current liabilities.

Settlement is usually made net 30 days.

9.2 Grant Payables

Non-profit institutions	299	2,579
Profit making entities	10	880
State and Territory governments	499	545
Local governments	34	466
Overseas	-	420
Other sectors in the Commonwealth	-	66
Universities	-	43
Individuals	-	30
<i>Total grant payables</i>	842	5,029

All grants payables are current liabilities.

Settlement is made according to the terms and conditions of each grant, this is usually within 30 days of meeting the grant eligibility criteria.

9.3 Other Payables

Unearned revenue	3,096	1,209
Interest payable	108	157
Accrued Expenses	11,517	14,945
Miscellaneous	207	615
<i>Total other payables</i>	14,928	16,926

All other payables are current liabilities.



	2006	2005
	\$'000	\$'000

10 Interest Bearing Liabilities

10.1 Loans

Loans from Government	2,102	3,065
Maturity schedule for loans:		
Payable:		
- Within one year	1,020	963
- In one to five years	1,082	2,102
<i>Total loan liability</i>	2,102	3,065

The loan was issued in 1998-1999 and is repayable in annual installments ending in 2007-2008.
The interest rate is subject to review each year based on the 10 year bond rate as at 30 June.
The current interest rate is 5.79%, (2004-05 5.28%).

10.2 Other Interest Bearing Liabilities

Lease incentive	498	601
Other interest bearing liabilities are represented by;		
Current	103	103
Non-current	395	498
<i>Total other interest bearing liabilities</i>	498	601

2006	2005
\$'000	\$'000

11 Provisions

11.1 Employee Provisions

Salaries and wages	745	441
Leave	32,712	30,363
Superannuation	6,077	5,516
Separation and redundancies	-	243
<i>Aggregate employee benefit liability and related on-costs</i>	39,534	36,563

Employee provisions are represented by:

Current	18,552	9,274
Non-current	20,982	27,289
<i>Aggregate employee benefit liability and related on-costs</i>	39,534	36,563

11.2 Other Provisions

Provision for Antarctic base restitution	42,519	34,794
Provision for make good - Antarctic regions	153,509	161,965
Provision for make good - other localities	1,965	1,082
Provision for Renewable Energy Certificates	-	223
<i>Total other provisions</i>	197,993	198,064

Other provisions are represented by:

Current	639	223
Non-current	197,354	197,841
<i>Total other provisions</i>	197,993	198,064



12 Restructuring

Current year (2005-2006)

There were no changes to the structure of the Department in 2005-06 as a result of any administrative arrangements orders (AAO's) announced by government.

Previous year (2004-2005)

There were several changes to the structure of the Department in 2004-2005 as a result of AAO's.

The first of these changes was the transfer of Indigenous program functions to the Department from the Department of Immigration and Multicultural Affairs, following the Government decision on 20 June 2004 to abolish the Aboriginal and Torres Strait Islander Commission and cease the Aboriginal and Torres Strait Islander Services functions. The transfer took effect on 1 July 2004.

The second major change was the abolition of the Australian Greenhouse Office and the National Oceans Office as executive agencies under the *Public Service Act 1999* and as prescribed agencies under the *Financial Management and Accountability Act 1997* on 3 November 2004. These agencies were incorporated into the Department following the Administrative Arrangements Order changes announced after the October 2004 election. Previously both agencies received annual appropriations and published their own annual reports.

On 11 September 2002 the Bureau of Meteorology was prescribed as a new agency and all meteorological functions were transferred from the Department. Unspent non-lapsing appropriations of \$25,464,432 were transferred to the Bureau of Meteorology. In 2005 it transpired that a valid section 32 determination did not exist for the appropriations transferred. A receivable from the Bureau of Meteorology for \$25,464,432 was brought to account and included in total assets recognised from restructuring.

This receivable was subsequently reversed during 2005-06 as a result of a Ministerial determination.

	2006	2005
	\$'000	\$'000

In respect of the functions assumed, the net book value of assets and liabilities transferred to the Department for no consideration and recognised as at the date of transfer were:

Total assets recognised	-	55,023
Total liabilities recognised	-	(11,085)
	<hr/>	<hr/>
	-	43,938
<i>Net contribution by Government as owner during the year</i>	<hr/> <hr/>	<hr/> <hr/>
	-	43,938

	2006	2005
	\$'000	\$'000

13 Cash Flow Reconciliation

Reconciliation of cash per Balance Sheet to Statement of Cash Flows

Cash at year end per Statement of Cash Flows	5,144	3,879
Balance Sheet items comprising above cash: 'Financial Asset - Cash'	5,144	3,879

Reconciliation of operating (loss) to net cash from operating activities

Operating (loss)	(29,223)	(15,892)
Assets recognised for first time	-	(233)
Depreciation / Amortisation	25,822	25,898
Net (Gains) on disposal of non-current assets	(138)	406
Write down of current assets	-	5,955
Write down of non-current assets	7,480	-
Adjustments made directly to Equity*	(10,494)	-
Increase in net assets from restructuring	-	38,465
Other revenues and expenses not involving cash	-	(492)
(Increase) / decrease in receivables	24,881	(68,427)
(Increase) / decrease in inventories	3,364	(1,623)
(Increase) / decrease in accrued revenue	444	(7,373)
(Increase) / decrease in other financial assets	-	23
(Increase) / decrease in prepayments	1,449	(1,101)
Increase / (decrease) in other interest bearing liabilities	(103)	(1,012)
Increase / (decrease) in employee provisions	2,970	2,975
Increase / (decrease) in other provisions	(71)	5,931
Increase / (decrease) in suppliers liabilities	(6,287)	16,072
Increase / (decrease) in grant liabilities	(4,187)	4,262
Increase / (decrease) in other liabilities	(1,998)	70
Net cash from operating activities	13,909	3,904

*refer Statement of Changes in Equity

Adjustments for errors	2,019	-
Adjustments for changes in accounting policies	(3,731)	-
Revaluation increment - make good provisions	16,682	-
Other (Refer note 7.2)	(25,464)	-
	(10,494)	-



14 Contingent Liabilities and Assets

Quantifiable Contingencies

Contingent Asset

Losses arising from events insured by Australian Antarctic Division and subject to insurance claims which are still pending as at 30 June.
(\$7.909 Million).

(2005: \$9.286 Million).

There are no other quantifiable contingencies in either the current or the immediately preceding reporting period.

(2005: Nil).

Unquantifiable Contingencies

2006: Nil

(2005: Nil).

Remote contingencies

2006: Nil

(2005: 1 claims for damages/costs - estimated dollar value \$300,000)

15 Executive Remuneration

The number of executives who received or were due to receive total remuneration of \$130,000 or more:

	2006	2005
	Number	Number
\$130,000 to \$144,999	3	4
\$145,000 to \$159,999	4	-
\$160,000 to \$174,999	11	6
\$175,000 to \$189,999	4	10
\$190,000 to \$204,999	10	4
\$205,000 to \$219,999	5	2
\$220,000 to \$234,999	3	3
\$235,000 to \$249,999	1	3
\$250,000 to \$264,999	3	-
\$265,000 to \$279,999	2	1
\$280,000 to \$294,999	1	1
\$295,000 to \$309,999	-	1
\$310,000 to \$324,999	2	-
\$370,000 to \$384,999	1	-
\$385,000 to \$399,999	-	1
\$400,000 to \$414,999	1	-
	51	36

The aggregate amount of total remuneration of executive shown above.

\$ 10,558,909 \$ 7,259,174

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.

\$ 398,711 \$ 156,805

The increase in executive remuneration reflects the full year impact of the merging of the National Oceans Office (NOO) and the Australian Greenhouse Office (AGO) with the Department on 3 November 2004. (Refer note 12 Restructuring)



16 Remuneration of Auditors

2006	2005
\$	\$

Financial statement audit services are provided free of charge to the Department. The fair value of audit services provided was:

<u>440,000</u>	<u>512,000</u>
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No other services were provided by the Auditor General.

17 Average Staffing Levels

2006	2005
Number	Number

The average staffing levels for the Department during the year were:

<u>1,558</u>	<u>1,513</u>
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18 Financial Instruments

18.1 Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing			Total		Weighted Average Effective Interest Rate		
		2006 \$'000	2005 \$'000	1 year or less		1 to 5 years		> 5 years		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %
				2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000								
Financial Assets																	
Cash	7.1	-	-	-	-	-	-	-	-	5,144	3,879	5,144	3,879	5,144	3,879	n/a	n/a
Receivables (gross)	7.2	-	-	-	-	-	-	-	-	5,391	6,911	5,391	6,911	5,391	6,911	n/a	n/a
Receivable from Bureau of Meteorology	7.2	-	-	-	-	-	-	-	-	-	25,464	-	25,464	-	25,464	n/a	n/a
Appropriation receivable	7.2	-	-	-	-	-	-	-	-	61,539	59,342	61,539	59,342	61,539	59,342	n/a	n/a
Accrued revenue	7.3	-	-	-	-	-	-	-	-	466	910	466	910	466	910	n/a	n/a
Total		-	-	-	-	-	-	-	-	72,540	96,506	72,540	96,506	72,540	96,506		
Total assets														493,405	456,826		

Financial Liabilities	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing			Total		Weighted Average Effective Interest Rate			
		2006 \$'000	2005 \$'000	1 year or less		1 to 5 years		> 5 years		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %	
				2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000									
Financial Liabilities																		
Loans	10.1	2,102	3,065	-	-	-	-	-	-	-	-	-	-	1	2,102	3,065	5.28%	5.12%
Trade creditors	9.1	-	-	-	-	-	-	-	-	1,292	7,579	1,292	7,579	1,292	7,579	n/a	n/a	
Grant Payables (non Commonwealth government)	9.2	-	-	-	-	-	-	-	-	842	4,963	842	4,963	842	4,963	n/a	n/a	
Total		2,102	3,065	-	-	-	-	-	-	2,134	12,543	2,134	12,543	2,134	12,543			
Total liabilities														257,189	267,827			



18.2 Net Fair Values of Financial Assets and Liabilities

The net fair value of each class of the Department's financial assets and liabilities equals its carrying amount in both the current and immediately preceding reporting period, and none of these financial assets or liabilities are readily traded on organised markets in a standardised form

18.3 Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.



	2006	2005
	\$'000	\$'000
19 Revenues Administered on Behalf of Government		
Taxation Revenues		
<u>Note 19A: Other taxes fees and fines</u>		
Other taxes, fees and fines	1,270	1,480
Non-taxation Revenues		
<u>Note 19B: Goods and services</u>		
Sale of goods - external entities	760	184
Rendering of services - external entities	417	1,001
Other fees from regulatory services -external	3,489	802
Total goods and services	4,666	1,987
<u>Note 19C: Interest</u>		
Loans - State and Territory Governments	4	5
Other	104	4
Total interest	108	9
<u>Note 19D: Industry contributions</u>		
Industry contributions	7,500	7,400
<u>Note 19E: Grant repayments</u>		
Grant repayments	3,761	1,406
<u>Note 19F: Assets recognised for the first time</u>		
Assets recognised for the first time	1,411	2,113
<u>Note 19G: Other</u>		
Other sources of non-taxation revenues	2,237	424
Gains		
<u>Note 19H Other Gains</u>		
Audit services received free of charge for the NHT	73	65
Total income administered on behalf of Government	21,026	14,884



	2006	2005
	\$'000	\$'000
20 Expenses Administered on Behalf of Government		
<i>Note 20A: Grants</i>		
State and Territory governments	270,966	224,711
Non-profit institutions	62,806	30,196
Other sectors in the Commonwealth	40,347	38,246
Profit making entities	28,484	29,132
Individuals	15,167	2,936
Local governments	14,920	8,153
Overseas	4,764	2,055
Universities	4,330	1,989
Total grants	441,784	337,418
The nature of the grants is as follows:		
Natural Heritage Trust - Bushcare	92,157	96,807
Natural Heritage Trust - Landcare	82,174	68,687
Natural Heritage Trust - Coastcare	46,887	49,163
Water Fund Program	45,830	1,000
Natural Heritage Trust - Rivercare	39,550	43,177
Representative Areas Program - Structural Adjustment Package	32,617	16,887
Renewable Remote Power Generation Program	28,738	16,053
Greenhouse Gas Abatement Program	13,708	12,691
Cathedral Restoration Projects	10,500	-
Climate Change Strategy Programs	8,092	2,688
Tasmanian Forests	5,500	-
Photovoltaic Rebate Program	4,622	3,537
Regional Natural Heritage Program	4,260	1,608
Indigenous Heritage Program	3,261	-
Daintree Conservation Initiative	2,650	1,665
Marine and Tropical Science Research Facility	2,595	-
Australian Wildlife Hospital	2,500	-
National Heritage Investment Initiative	2,200	-
Renewable Energy Equity Fund	2,138	-
Low Emissions	1,950	-
Australian Biological Resources Study Participatory Program	1,859	1,827
Renewable Energy Commercialisation Program	1,658	1,441
Protecting Australia's Biodiversity Hotspots	1,600	2,000
Strengthening Tasmania Programs	1,150	550
Grants-in-Aid – National Trust	842	822
Solar Cities	550	-
National Cultural Heritage Program	479	182
National Environmental Protection Council	429	429
Local Greenhouse Action Program	404	390
Mawsons Hut Restoration	320	-
Alternative Fuels Conversion Program	223	2,770
Launceston Air Quality	200	-
Boat Harbour and Sisters Beach Sewerage Scheme	108	692
Environmental Rating Scheme	33	15
Maintenance and Protection of Indigenous Heritage Program	-	1,737
Acquisition of Leases and Legal Costs	-	9,850
	441,784	337,418

	2006	2005
	\$'000	\$'000
20 Expenses Administered on Behalf of Government (continued)		
<u>Note 20B: Suppliers</u>		
Provision of goods - external entities	884	930
Rendering of services - related entities	25,853	23,375
Rendering of services - external entities	29,605	29,842
Total suppliers	56,342	54,147
<u>Note 20C: Write-down and impairment of assets</u>		
Financial assets - receivables - loans to Commonwealth entities	2,840	300
Financial assets - receivables - other	138	34
Non-financial assets - inventories	-	269
Non-financial assets - other*	-	32,237
Total write-down and impairment of assets	2,978	32,840
* Under the Representative Areas Program - Structural Adjustment Package fishing licences to the value of \$32,237,000 were acquired during the 2004-05 year. The rights embodied in the fishing licences represent possible future economic benefit. Their cash-generating potential could be realised through use or disposal. The licences were acquired with a view, not to realise their cash potential, but with the public purpose of lessening fishing pressure on the Great Barrier Reef. As there is presently no intention to use the licences to generate any cash flows through use or disposal the value of the fishing licences has been written down to nil.		
<u>Note 20D: Other</u>		
Other expenses administered on behalf of Government	-	581
Total expenses administered on behalf of Government	501,104	424,986



	2006 \$'000	2005 \$'000
21 Assets Administered on Behalf of Government		
Financial assets		
<u>Note 21A: Cash and cash equivalents</u>		
Special accounts	9	18
Other	106	417
Total cash	115	435
The balance of the administered cash account is non-interest bearing.		
<u>Note 21B: Receivables</u>		
Loans to State and Territory governments	24	34
Loans were made under financial assistance legislation. No security is required. Principal is repaid in full at maturity. Interest rates are fixed. Effective interest rates range from 9.0% to 14.475%. Interest payments are due on the last day of July and January each financial year.		
Loans to Commonwealth Entity	7,429	4,409
Provision for doubtful debts	(5,710)	(2,870)
	1,719	1,539
The loan represents the funding payments to IIF Investments Pty Ltd (IIPL) less repayments under the Renewable Energy Equity Fund (REEF) Program. The loan agreement was negotiated between the IIPL and the Industry Research and Development Board (IRD) on behalf of the Commonwealth under the REEF Program. The Annual Report of IIPL provides further information on the investments under the REEF Program.		
Goods and services	-	8
All receivables are with entities external to the Department. Credit terms are generally 30 days (2004: 30 days).		
Goods and Services Tax	12,438	4,290
Other receivables	319	534
Provision for doubtful debts	(144)	(116)
	175	418
Total receivables (net)	14,356	6,289
Receivables (gross) are aged as follows:		
Not overdue	19,964	8,984
Overdue by:		
Less than 30 days	24	54
30 to 60 days	-	50
60 to 90 days	26	3
More than 90 days	196	184
Total receivables (gross)	20,210	9,275

	2006	2005
	\$'000	\$'000
21 Assets Administered on Behalf of Government (continued)		
The provision for doubtful debts is aged as follows:		
Not overdue	(5,710)	(2,870)
Overdue by:		
More than 90 days	(144)	(116)
	<u>(5,854)</u>	<u>(2,986)</u>
<u>Note 21C: Investments - Available for Sale</u>		
Commonwealth authorities, (Refer Note 25)		
- Director of National Parks	145,675	95,907
- Great Barrier Reef Marine Park Authority	17,004	13,017
- Sydney Harbour Federation Trust	114,918	25,877
Total investments	<u>277,597</u>	<u>134,801</u>
<u>Note 21D: Accrued Revenues</u>		
Goods and services	36	19
Interest on loans	2	2
GST	-	1,474
Other	-	67
Total accrued revenues	<u>38</u>	<u>1,562</u>
Total financial assets	<u>292,106</u>	<u>143,087</u>
Non-financial assets		
<u>Note 21E: Land and Buildings</u>		
Heritage buildings - at acquisition value	<u>4,750</u>	<u>4,750</u>
<u>Note 21F: Infrastructure, Plant and Equipment</u>		
Heritage plant and equipment - fair value	<u>1,271</u>	<u>1,271</u>
Revaluation was completed by the Australian Valuation Office in accordance with the policy stated in Note 1.		
<u>Note 21G: Other Non-financial Assets</u>		
Prepayments		
Prepaid Grant - Point Nepean Trust	27,000	-
Other Prepayments	129	2,899
	<u>27,129</u>	<u>2,899</u>
Total non-financial assets	<u>33,150</u>	<u>8,920</u>
Total assets administered on behalf of Government	<u>325,256</u>	<u>152,007</u>



	2006	2005
	\$'000	\$'000
22 Liabilities Administered on Behalf of Government		
Payables		
<u>Note 22A: Suppliers</u>		
Trade creditors	<u>987</u>	<u>4,035</u>
All creditors are entities that are not part of the Australian Government. Settlement is usually made within 30 days		
<u>Note 22B: Grant Payables</u>		
Public sector		
State and Territory governments	11,850	32,510
Local governments	19	249
Commonwealth entities	657	3,011
Private sector		
Non-profit institutions	2,485	2,371
Profit making entities	2,561	14,945
Individuals	-	37
Universities	94	268
Total grant payables	<u>17,666</u>	<u>53,391</u>
(All grants are to entities that are not part of the Department. Settlement is made in accordance with terms and conditions for each grant. This is usually within 30 days of performance or eligibility).		
<u>Note 22C: Other payables</u>		
Goods and Services Tax	668	253
Accrued Expenses	439	501
Miscellaneous	341	268
Total other payables	<u>1,448</u>	<u>1,022</u>
Total payables	<u>20,101</u>	<u>58,448</u>
Total liabilities administered on behalf of Government	<u>20,101</u>	<u>58,448</u>
All liabilities are expected to be settled within 12 months of balance date.		

	2006 \$'000	2005 \$'000
23 Administered Reconciliation Table		
<i>Opening administered assets less administered liabilities as at 1 July</i>	93,559	88,611
Opening Balance fair value adjustment - administered investments	114,778	-
Plus: Administered revenues	21,026	14,884
Less: Administered expenses	(501,104)	(424,986)
Administered transfers to / from Government:		
Appropriation transfers from OPA:		
Annual appropriations administered expenses	256,079	129,964
Annual appropriations special accounts	334,555	309,859
Transfers to OPA including GST	(41,756)	(37,975)
Restructuring	-	(7,555)
Administered Investments - gain	28,018	16,500
Adjustments for changes in accounting policy	-	(571)
Adjustments for errors	-	4,828
<i>Closing administered assets less administered liabilities as at 30 June</i>	305,155	93,559
24 Administered Contingent Liabilities and Assets		
<i>Quantifiable administered contingencies</i>		
There are no quantifiable contingencies in either the current or the immediately preceding reporting periods, therefore there is no Schedule for such items.		
<i>Unquantifiable administered contingencies</i>		
Nil for 2006 and 2005.		
<i>Remote administered contingencies</i>		
Nil for 2006 and 2005.		



25 Administered Investments - Available for Sale

The principal activities of each of the Department's administered investments are as follows:

- * *Director of National Parks* - assists the Minister and the Department in the conservation and appreciation of Australia's biological diversity and associated cultural heritage, through leadership and cooperation in the management of the Commonwealth's protected areas.
- * *Great Barrier Reef Marine Park Authority* - works in partnership with Commonwealth and Queensland government agencies to undertake a wide range of functions to ensure that the conservation and world heritage values of the Great Barrier Reef are preserved for future generations.
- * *Sydney Harbour Federation Trust* - responsible for planning, managing, conserving, enhancing and making publicly accessible certain lands on or near the foreshores of Sydney Harbour.

The value of Administered Investments has moved as follows;

Investment	Valuation at		Change for AEIFRS
	30/6/2005	1/7/2005	
Director of National Parks	95,907	136,587	40,680
Great Barrier Reef Marine Park Authority	13,017	16,395	3,378
Sydney Harbour Federation Trust	25,877	96,597	70,720
Movement in carrying amount of investment AEIFRS	134,801	249,579	114,778

Investment	Valuation at		Change
	1/7/2005	30/6/2006	
Director of National Parks	136,587	145,675	9,088
Great Barrier Reef Marine Park Authority	16,395	17,004	609
Sydney Harbour Federation Trust	96,597	114,918	18,321
Movement in carrying amount of investment 2005-2006	249,579	277,597	28,018

26 Administered Restructuring

2006: Nil Restructuring

2005:

A major change impacting on the Department was the abolition of the Australian Greenhouse Office and the National Oceans Office as executive agencies under the *Public Service Act 1999* and as prescribed agencies under the *Financial Management and Accountability Act 1997* on 3 November 2004. These agencies were incorporated into the Department following the Administrative Arrangements Order changes announced after the October 2004 election. Previously both agencies received annual appropriation and published their own annual reports.

In respect of the function assumed, the net book value of administered assets and liabilities transferred to the Department for no consideration and recognised as at the date of transfer was:

	2006	2005
	\$'000	\$'000
Total assets recognised	-	3,515
Total liabilities recognised	-	11,070
<i>Net (liabilities) assumed</i>	-	(7,555)
<i>Net (decrease) in administered net assets during the year</i>	-	(7,555)



27 Administered Financial Instruments

27.1 Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2006 \$'000	2005 \$'000	1 year or less		1 to 5 years		> 5 years		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %	
				2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000							
Financial Assets																
Cash	21A	-	-	-	-	-	-	-	-	115	435	115	435	n/a	n/a	
Receivables (gross)	21B	-	-	-	-	-	-	-	-	12,757	4,832	12,757	4,832	n/a	n/a	
Loans to State and Territory Governments	21B	-	10	10	14	24	-	-	-	-	-	24	34	13.30%	13.30%	
Loans to Commonwealth Entities (gross)	21B	-	-	-	-	-	-	-	-	7,429	4,409	7,429	4,409	n/a	n/a	
Accrued Revenue	21D	-	-	-	-	-	-	-	-	38	1,562	38	1,562	n/a	n/a	
Total		-	-	10	14	24	-	-	-	20,339	11,238	20,363	11,272			
Total assets																
												325,256	152,007			
Financial Liabilities																
Trade Creditors	22A	-	-	-	-	-	-	-	-	987	4,035	987	4,035	n/a	n/a	
Grant Payables (non Commonwealth government)	22B	-	-	-	-	-	-	-	-	17,009	50,380	17,009	50,380	n/a	n/a	
Total		-	-	-	-	-	-	-	-	17,996	54,916	17,996	54,415			
Total liabilities																
												20,101	58,448			

27.2 Net Fair Values of Administered Financial Assets and Liabilities

The net fair value of each class of administered financial assets and liabilities equals its carrying amount in both the current and immediately preceding reporting period, and none of these financial assets or liabilities are readily traded on organised markets in a standardised form.

27.3 Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets and liabilities is the carrying amount of those assets and liabilities as indicated in the Schedule of Administered Items which details assets and liabilities administered on behalf of Government.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.



28 Appropriations

28.1 Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriation

Particulars	Outcome 1		Administered Expenses		Outcome 2		Departmental Outputs		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Balance carried from previous period	\$ 36,576,532	\$ 21,837,302	-	-	-	-	\$ 89,028,210	\$ 15,220,446	\$ 125,604,742	\$ 37,057,748
Prior Year Adjustment	(15,790,745)	76,315	-	-	-	-	(4,339,562)	-	(20,130,307)	76,315
Reduction of appropriations (prior years)	6,125,338	21,608,635	-	-	-	-	-	-	6,125,338	21,608,635
Prior year appropriation - invalid FMA Act section 32	-	-	-	-	-	-	(25,464,342)	25,464,432	(25,464,342)	25,464,432
Adjusted balance carried from previous period	14,600,449	304,982	-	-	-	-	59,224,306	40,684,878	73,884,755	40,989,860
Appropriation Act (No.1)	442,395,000	318,103,000	-	-	-	-	321,438,000	232,027,000	763,833,000	550,130,000
Appropriation Act (No.3)	23,058,000	64,621,000	-	-	-	-	6,593,000	15,584,000	29,651,000	80,205,000
Appropriation Act (No.5)	14,128,000	-	320,000	-	-	-	1,327,000	-	15,775,000	80,205,001
Comover receipts (Appropriation Act s13)	-	-	-	-	-	-	1,173,037	1,021	1,173,037	1,021
Adjustment of appropriations on change of entity function (FMAA s 32)	-	42,946,430	-	-	-	-	7,233,388	68,244,502	7,233,388	111,190,932
Refunds credited (FMAA s 30)	459,023	224,120	-	-	-	-	2,344,721	4,600,664	2,803,744	4,824,784
Sub-total Annual Appropriation	480,040,023	426,199,532	320,000	-	-	-	340,109,146	361,142,065	820,469,169	787,341,597
Appropriations to take account of recoverable GST (FMAA s 30A)	14,094,852	3,544,432	32,000	-	-	-	19,862,916	11,413,138	33,989,768	14,957,570
Annotations to 'net appropriations' (FMAA s 31)	-	-	-	-	-	-	48,244,623	42,023,590	48,244,623	42,023,590
Total appropriation available for payment	508,795,324	429,743,964	352,000	-	-	-	467,440,991	414,578,793	976,588,315	844,322,757
Cash payments made during the year (GST inclusive)	197,861,738	90,501,682	352,000	-	-	-	398,917,575	325,550,583	597,131,313	416,052,265
Appropriations credited to Special Accounts (excluding GST)	302,777,100	302,665,750	-	-	-	-	-	-	302,777,100	302,665,750
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	8,156,486	36,576,532	-	-	-	-	68,523,416	89,028,210	76,679,902	125,604,742
<i>Represented by:</i>										
Cash at bank and on hand	45,454	416,583	-	-	-	-	5,120,562	3,877,510	5,166,016	4,294,093
Receivable from Bureau of Meteorology	-	-	-	-	-	-	-	25,464,432	-	25,464,432
Departmental appropriations receivable	-	-	-	-	-	-	60,284,165	59,341,627	60,284,165	59,341,627
GST receivable from the ATO	-	2	-	-	-	-	3,118,689	344,641	3,118,689	344,643
Undrawn, unexpired administered appropriations	8,111,032	36,159,947	-	-	-	-	-	-	8,111,032	36,159,947
Total	8,156,486	36,576,532	-	-	-	-	68,523,416	89,028,210	76,679,902	125,604,742

28.2 Acquitral of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Operating				Non-operating						Total		
	Outcome 1		Outcome 2		NAE	SPP's	NAE	Equity	Loans	Previous years' outputs		Admin assets & liabilities	
	2006	2005	2006	2005						2006	2005	2006	2005
Balance carried from previous period	6,203,919	150,000	-	-	-	-	-	-	-	-	-	6,203,919	2,259,000
Reduction of appropriations (prior years)	4,453,410	-	-	-	-	-	-	-	-	2,109,000	-	4,453,410	2,109,000
Adjusted balance carried from previous period	1,750,509	150,000	-	-	-	-	-	-	-	-	-	1,750,509	150,000
Appropriation Act (No. 2)	27,791,000	1,000,000	-	-	-	-	4,805,000	-	-	-	-	32,596,000	1,000,000
Appropriation Act (No. 4)	5,549,000	550,000	-	-	-	-	-	-	-	-	127,000	5,676,000	550,000
Appropriation Act (No. 6)	-	-	-	-	-	-	-	-	-	-	1,871,000	1,871,000	-
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister	5,073,000	-	-	-	-	-	-	-	-	-	667,122	5,740,122	-
Adjustment of appropriations on change of entity function (FMAA s 32)	-	26,524,951	-	-	-	-	-	-	-	-	-	-	26,524,951
Refunds credited (FMAA s 30)	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations reduced by a section 11 determination (current year)	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	38,413,000	28,074,951	-	-	-	-	4,805,000	-	-	-	2,665,122	45,883,122	28,074,951
Appropriations to take account of recoverable GST (FMAA s 30A)	787,403	166,361	-	-	-	-	355,020	-	-	-	-	1,142,423	166,361
Total appropriations available for payments	40,950,912	28,391,312	-	-	-	-	5,160,020	-	-	-	2,665,122	48,776,054	28,391,312
Cash payments made during the year (GST inclusive)	40,229,654	22,187,393	-	-	-	-	3,905,223	-	-	-	2,665,122	46,799,999	22,187,393
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	721,258	6,203,919	-	-	-	-	1,254,797	-	-	-	-	1,976,055	6,203,919
Represented by:	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations receivable	-	-	-	-	-	-	1,254,797	-	-	-	-	1,254,797	-
GST receivable from the ATO	-	-	-	-	-	-	-	-	-	-	-	-	-
Formal reductions of appropriation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unapplied administered appropriations	721,258	6,203,919	-	-	-	-	-	-	-	-	-	721,258	6,203,919
Total	721,258	6,203,919	-	-	-	-	1,254,797	-	-	-	-	1,976,055	6,203,919



28.3 Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Natural Heritage Trust of Australia Act 1997 Sub-section 6(2)		Administered	
		2006	2005
		\$	\$
<i>Purpose:</i> Amount equal to the fixed-income percentage of the uninvested amount standing to the credit of the Account as at the end of the financial year.			
Cash payments made during the year		-	-
Nil payments were processed during the year - \$22,445,253 was transferred to the Account via the self executing provisions of the legislation (2004-2005: \$20,049,992)			
<i>Budget Estimate</i>		22,130,000	18,836,000

28.4 Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Refund Provisions)

Financial Management and Accountability Act 1997 Section 28		Administered	
		2006	2005
		\$	\$
<i>Purpose:</i> For refunds of application fees received under the Environment Protection and Biodiversity Conservation Act 1999 and monies incorrectly forwarded to the Official Public Account			
Cash payments made during the year		51,973	2,875
Appropriations credited to Special Accounts		-	-
Refunds received (net) (FMA s 30)		-	-
Total charged to special appropriation		51,973	2,875
<i>Budget Estimate (FMA s28)</i>		-	-

28.5 Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Appropriation (Supplementary Measures) Act (No. 2) 1999 Section 3	Departmental Outcome 1
<i>Purpose:</i> Supporting the development and implementation of in-service emissions testing capabilities for diesel and petrol vehicles, where the diesel emissions testing is in connection with the making and/or implementation of a Diesel National Environment Protection Measure.	
There were no transactions against this appropriation during 2005-2006 (2004-2005: Nil). The balance of this appropriation at 30 June 2006 is Nil (2004-2005: Nil).	

Appropriation (Supplementary Measures) Act (No. 2) 1999 Section 3	Departmental Outcome 1
<i>Purpose:</i> Developing a product stewardship system for the reuse and recycling of waste oil.	
There were no transactions against this appropriation during 2005-2006 (2004-2005: Nil). The balance of this appropriation at 30 June 2006 is Nil (2004-2005: Nil).	

Captains Flat (Abatement of Pollution) Agreement Act 1975 Section 4	Administered
<i>Purpose:</i> Amounts payable to the Government of New South Wales in accordance with an agreement made under section 3, by way of financial assistance.	
There were no transactions against this appropriation during 2005-2006 (2004-2005: Nil). The balance of this appropriation at 30 June 2006 is Nil (2004-2005: Nil).	

2006 2005
\$ \$

28.6 Special Accounts

a) Special accounts comprise part of the Department's administered reporting entity.

Natural Heritage Trust of Australia Account (Administered)		
<i>Legal Authority - Natural Heritage Trust of Australia Act 1997, Section 4</i>		
<i>Purpose</i> - The purposes of the Reserve are as follows:		
<ul style="list-style-type: none"> (a) the National Vegetation Initiative; (b) the Murray-Darling 2001 Project; (c) the National Land and Water Resources Audit; (d) the National Reserve System; (e) the Coasts and Clean Seas Initiative; (f) environmental protection (as defined by section 15 of the Act); (g) supporting sustainable agriculture (as defined by section 16); (h) natural resources management (as defined by section 17 of the Act); (i) a purpose incidental or ancillary to any of the above purposes; (j) the making of grants of financial assistance for any of the above purposes; and (k) an accounting transfer purpose (as defined by section 18 of the Act). 		
This account earns interest at the rate of interest earned by the Commonwealth as at the end of the financial year on deposits held with the Reserve Bank of Australia.		
Balance carried from previous period	408,095,512	389,320,237
Adjustment to balance carried from previous year	(495,637)	-
<i>Natural Heritage Trust of Australia Act 1997 credits:</i>		
. Sub-section 6(2)	22,445,253	20,049,992
. Sub-section 23(1)	302,116,000	302,607,000
Receipts from other sources	3,196,121	1,004,038
GST credits (FMAA s30A)	15,169,691	16,200,185
Total Credits	342,927,065	339,861,215
Available for payments	750,526,940	729,181,452
Payments made - Suppliers	58,437,995	53,143,195
Payments made - Grants	290,345,285	267,942,745
Total Debits	348,783,280	321,085,940
Balance carried to next period*	401,743,660	408,095,512
<i>Represented by:</i>		
Cash transferred to the Official Public Account	401,734,860	408,077,284
Cash held by the entity	8,800	18,228
Total balance carried to the next period	401,743,660	408,095,512

* In accordance with the legal authority for the Account, separate financial statements are prepared for the Account. The balance for the Account is reported in those financial statements as appropriations receivable undrawn plus cash as this amount represents appropriations that are controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements.



2006 2005
\$ \$

28.6 Special Accounts continued

Ozone Protection and SGG Account (Administered)		
<i>Legal Authority - Ozone Protection and Synthetic Greenhouse Gas Management Act 1989, Section 65B</i>		
<i>Purpose - The following are the purposes of the Account:</i>		
<ul style="list-style-type: none"> (a) paying or reimbursing the Commonwealth's costs associated with the administration of the Act and the regulations; (b) paying or reimbursing the Commonwealth's costs associated with furthering the following programs (including providing information about those programs): <ul style="list-style-type: none"> (i) ODS phase-out programs; and (ii) emission minimisation programs for ODSs and SGGs; (c) paying or reimbursing the Commonwealth's costs associated with the management of the National Halon Bank; and (d) refunding any amounts credited to the Account in error. 		
This account is non-interest bearing.		
Balance carried from previous period	10,655,786	10,409,227
Adjustment to balance carried from previous year	926,979	-
Taxation - Levies	2,275,374	1,480,422
Sale of goods and services	3,638,406	1,766,338
Receipts from other sources	106,420	907,781
GST credits (FMAA s30A)	147,991	241,549
Total Credits	6,168,191	2,915,668
Available for payments	17,750,956	14,805,317
Payments made - Suppliers	1,591,956	2,865,454
Payments made - Grants	36,480	17,050
Payments made - Other	1,405,561	1,267,027
Total Debits	3,033,997	4,149,531
Balance carried to next period	14,716,959	10,655,786
<i>Represented by:</i>		
Cash transferred to the Official Public Account	14,716,657	10,655,786
Cash held by the entity	302	-
Total balance carried to the next period	14,716,959	10,655,786

2006 2005
\$ \$

28.6 Special Accounts (continued)

National Cultural Heritage Account (Administered)		
<i>Legal Authority - Protection of Moveable Cultural Heritage Act 1986, Section 25</i>		
<i>Purpose - Amounts standing to the credit of the National Cultural Heritage Account may be expended for the purpose of facilitating the acquisition of Australian protected objects for display or safe-keeping.</i>		
This account is non-interest bearing.		
Balance carried from previous period	318,000	441,250
Appropriations Act (No. 1) 2005-06	661,100	58,750
GST credits (FMAA s30A)	31,800	18,200
Total Credits	692,900	76,950
Available for payments	1,010,900	518,200
Payments made - Grants	510,900	200,200
Balance carried to the next period	500,000	318,000
<i>Represented by:</i>		
Cash transferred to the Official Public Account	500,000	318,000
Total balance carried to the next period	500,000	318,000

WELS Account (Administered)		
<i>Legal Authority - Water Efficiency Labelling and Standards Act 2005, Section 64</i>		
<i>Purpose - The purpose of the Account is to make payments:</i>		
<ul style="list-style-type: none"> (a) to further the objects of the <i>Water Efficiency Labelling and Standards Act 2005</i> (as set out in section 3 of the Act); and (b) otherwise in connection with the performance of the Regulator's functions under the Act, the regulations or a corresponding State-Territory law. 		
Balance carried from previous period	-	-
Services - Rendering of services to external entities	1,214,255	-
GST credits (FMAA s30A)	18,053	-
Total Credits	1,232,308	-
Available for payments	1,232,308	-
Payments made - Suppliers	205,127	-
Balance carried to the next period	1,027,181	-
<i>Represented by:</i>		
Cash transferred to the Official Public Account	1,027,181	-
Total balance carried to the next period	1,027,181	-



2006 2005
\$ \$

28.6 Special Accounts (continued)

Australian Antarctic Heritage Conservation Special Account		
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose</i> - The following are the purposes of the Account:		
(a) the conservation of Antarctic and sub-Antarctic heritage, including the conservation of the Mawson's Huts Historic Site; and		
(b) activities that are incidental to that conservation.		
There were no transactions of this account during 2005-2006 (2004-2005: Nil).		
The balance of this account at 30 June 2006 is Nil (2004-2005: Nil).		

Sea Installations Account		
<i>Legal Authority - Sea Installations Act 1987, Section 38</i>		
<i>Purpose</i> - There must be transferred to the Reserve from the Consolidated Revenue Fund amounts equal to money paid as a security under section 37 by way of a cash deposit.		
There were no transactions of this account during 2005-2006 (2004-2005: Nil).		
The balance of this account at 30 June 2006 is Nil (2004-2005: Nil).		

b) Special public moneys are trust account in nature and do not comprise part of the Department's reporting entity.

Other Trust Moneys Account (Special Public Money)		
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose</i> - For the expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth		
This account is non-interest bearing.		
Balance carried from previous period	123,113	10,591
Adjustment to balance carried from previous year	(478)	-
Other Receipts	341,386	112,853
Available for payments	464,021	123,444
Payments made - Other	201,949	331
Balance carried to the next period	262,072	123,113
<i>Represented by:</i>		
Cash transferred to the Official Public Account	262,072	123,113

2006 2005
\$ \$

28.6 Special Accounts (continued)

Environment - Services for other Governments and Non-agency Bodies Account (Special Public Money)		
<i>Legal Authority - Financial Management and Accountability Act 1997 , Section 20</i>		
<i>Purpose - For the expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the Financial Management and Accountability Act 1997.</i>		
This account is non-interest bearing.		
Balance carried from previous period	3,333,684	3,372,987
Adjustment to balance carried from previous year	1,326	-
Sale of goods and services	260,250	380,405
Other Receipts	30	-
GST credits (FMAA s30A)	31,727	20,907
Available for payments	3,627,017	3,774,299
Payments made - Suppliers	296,740	440,615
Payments made - Grants	116,901	-
Total Debits	413,641	-
Balance carried to the next period	3,213,376	3,333,684
<i>Represented by:</i>		
Cash transferred to the Official Public Account	3,213,314	3,332,902
Cash held by the entity	62	782
Total Balance carried to the next period	3,213,376	3,333,684

Australian and New Zealand Environment and Conservation Council Fund Trust Account (Special Public Money)		
<i>Legal Authority - Financial Management and Accountability Act 1997 , Section 20</i>		
<i>Purpose - for expenditure to support environmental research and special activities approved by the Australian and New Zealand Environment and Conservation Council or a Committee appointed by the Council for that purpose.</i>		
This account is non-interest bearing.		
The account was formally abolished on 16 May 2006		
Balance carried from previous period	12,429	12,429
Other Receipts	-	-
GST credits (FMAA s30A)	-	-
Available for payments	12,429	12,429
Payments made	12,429	-
Balance carried to the next period	-	12,429
<i>Represented by:</i>		
Cash transferred to the Official Public Account	-	12,429



29 Specific Payment Disclosures

Act of Grace

No Act of Grace expenses were incurred during the reporting period. (2005: No Act of Grace incurred)

Waivers

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997. (2005: No waivers)

Ex-Gratia

No ex-gratia payments were made during the reporting period. (2005: No ex-gratia payments)

Defective Administration Scheme

No payments were made under the Defective Administration Scheme. (2005: No payment was made under the Defective Administration Scheme)

30 Reporting by Outcomes

A percentage based attribution system has been used to determine the allocation of shared items. The percentages used differ in some instances from those used for the 2004-2005 Budget.

30.1 Net cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2006 \$'000	2005 \$'000's	2006 \$'000	2005 \$'000's	2006 \$'000	2005 \$'000's
Administered expenses	500,784	424,986	320	-	501,104	424,986
Departmental expenses	281,115	232,012	124,106	116,839	405,221	348,851
Total expenses	781,899	656,998	124,426	116,839	906,325	773,837
<i>Costs recovered from provision of goods and services to the non-government sector:</i>						
Administered	5,935	3,467	-	-	5,935	3,467
Departmental	7,246	4,749	1,084	1,428	8,330	6,177
Total costs recovered	13,182	8,216	1,084	1,428	14,266	9,644
<i>Other external revenues:</i>						
Administered						
Interest on loans	108	9	-	-	108	9
Industry contributions	7,500	7,400	-	-	7,500	7,400
Other	7,483	4,008	-	-	7,483	4,008
Total administered	15,091	11,417	-	-	15,091	11,417
Departmental						
Interest on cash deposits	-	1	-	-	-	1
Revenue from disposal of assets	(106)	165	128	83	22	248
Reversal of previous asset write-downs	25	11	-	-	25	11
Other	2,013	1,583	1,604	59	3,617	1,642
Goods and services revenue from related entities	33,402	27,528	1,244	11,647	34,646	39,175
Total departmental	35,334	29,288	2,976	11,789	38,310	41,077
Total other external revenues	50,424	40,705	2,976	11,789	53,400	52,494
Net cost / (contribution) of outcome	718,293	608,177	120,366	95,290	838,659	703,467

Outcome 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table and Outcome 2 Resourcing Table of this Annual Report.



30.2 Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Departmental Expenses	Employees \$'000	Suppliers \$'000	Grants and Transfer Funding \$'000	Depreciation \$'000	Other expenses \$'000	Total Departmental Expenses \$'000	
OUTCOME 1							
Output 1.1	2006	22,180	32,798	7,324	1,239	488	64,029
	2005	14,229	21,914	2,771	724	237	39,875
Output 1.2	2006	31,065	21,723	44,857	1,043	455	99,143
	2005	21,460	12,789	41,067	740	268	76,324
Output 1.3	2006	14,604	13,919	1,309	496	184	30,512
	2005	18,466	13,251	1,322	776	123	33,938
Output 1.4	2006	11,648	8,463	1,831	703	185	22,830
	2005	12,251	6,155	5,255	744	146	24,551
Output 1.5	2006	26,940	24,851	10,648	1,799	363	64,601
	2005	26,075	19,038	8,510	2,215	1,486	57,324
Total	2006	106,437	101,754	65,969	5,280	1,675	281,115
Outcome 1	2005	92,481	73,147	58,925	5,199	2,260	232,012
OUTCOME 2							
Output 2.1	2006	11,655	19,499	259	7,395	5,868	44,676
	2005	10,242	19,593	272	7,452	4,504	42,062
Output 2.2	2006	20,720	34,667	462	13,147	10,434	79,430
	2005	18,207	34,833	483	13,247	8,006	74,777
Total	2006	32,375	54,166	721	20,542	16,302	124,106
Outcome 2	2005	28,449	54,426	755	20,699	12,510	116,839
TOTAL	2006	138,812	155,920	66,690	25,822	17,977	405,221
	2005	120,930	127,573	59,680	25,898	14,770	348,851

Outcome 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

30.2 Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)

Funded by:		Revenues from Government \$'000	Sale of goods and services \$'000	Interest \$'000	Other revenues \$'000	Total Departmental Revenues \$'000
OUTCOME 1						
Output 1.1	2006	61,836	2,950		186	64,972
	2005	46,930	1,232	1	310	48,473
Output 1.2	2006	78,880	17,643		424	96,947
	2005	64,825	16,010	-	191	81,026
Output 1.3	2006	22,694	6,738		98	29,530
	2005	25,543	6,671	-	150	32,364
Output 1.4	2006	22,039	1,100		259	23,398
	2005	22,755	1,040	-	326	24,121
Output 1.5	2006	49,346	12,217		965	62,528
	2005	48,623	7,324	-	783	56,730
Total	2006	234,795	40,648	-	1,932	277,375
Outcome 1	2005	208,676	32,277	1	1,760	242,714
OUTCOME 2						
Output 2.1	2006	34,042	838	0	623	35,503
	2005	30,877	1,364	0	246	32,487
Output 2.2	2006	60,521	1,490	-	1,109	63,120
	2005	54,894	2,425	-	439	57,758
Total	2006	94,563	2,328	-	1,732	98,623
Outcome 2	2005	85,771	3,789	-	685	90,245
TOTAL	2006	329,358	42,976	-	3,664	375,998
	2005	294,447	36,066	1	2,445	332,959

Outcome 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

30.3 Major Classes of Administered Revenues and Expenses by Outcome

	Outcome 1		Outcome 2		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Administered Revenues						
Audit services received free of charge for the NHT	73	65	-	-	73	65
Interest	108	9	-	-	108	9
Sales of goods and services	5,935	3,467	-	-	5,935	3,467
Industry contributions	7,500	7,400	-	-	7,500	7,400
Other revenue	7,410	3,943	-	-	7,410	3,943
Total administered revenues	21,026	14,884	-	-	21,026	14,884
Administered Expenses						
Grants	441,464	337,418	320	-	441,784	337,418
Suppliers	56,342	54,147	-	-	56,342	54,147
Write-down of assets	2,978	32,840	-	-	2,978	32,840
Other	-	581	-	-	-	581
Total administered expenses	500,784	424,986	320	-	501,104	424,986

Outcome 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.



