

Department of the Environment, Water, Heritage and the Arts

Volume 1 Financials

ANNUAL REPORT 2007–08

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Australian Government

Department Environment, Water, Heritage and the Arts

Financial Statements





INDEPENDENT AUDITOR'S REPORT

**To the Minister for the Environment, Heritage and the Arts
To the Minister for Climate Change and Water**

Scope

I have audited the accompanying financial statements of Department of the Environment, Water, Heritage and the Arts for the year ended 30 June 2008, which comprise: a Statement by the Secretary and Chief Finance Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Administered Items; Schedule of Administered Commitments; and Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Chief Executive for the Financial Statements

The Department of the Environment, Water, Heritage and the Arts Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of the Environment, Water, Heritage

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and the Arts' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Department of the Environment, Water, Heritage and the Arts' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department of the Environment, Water, Heritage and the Arts Chief Executive, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

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

Auditor's Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of the Environment, Water, Heritage and the Arts' financial position as at 30 June 2008 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



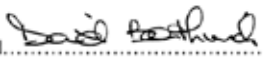
Rebecca Reilly
Executive Director
Delegate of the Auditor-General

Canberra

4 September 2008

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

In our opinion, the attached financial statements for the year ended 30 June 2008 are 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

4 September 2008

Signed... 

Darren Schaeffer
Chief Finance Officer

4 September 2008

**INCOME STATEMENT for
THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
for the year ended 30 June 2008**

	Notes	2008 \$'000	2007 \$'000
INCOME			
Revenue			
Revenue from Government	3A	467,729	343,887
Sale of goods and rendering of services	3B	67,072	49,391
Interest	3C	225	1
Other revenue	3D	13,123	2,902
Total revenue		548,149	396,181
Gains			
Sale of assets	3E	373	230
Reversals of previous asset write-downs	3F	5	11
Other gains	3G	2,408	1,055
Total gains		2,786	1,296
Total Income		550,935	397,477
EXPENSES			
Employee benefits	4A	206,364	154,502
Suppliers	4B	225,922	149,364
Grants	4C	25,329	24,299
Transfer funding	4C	46,617	42,966
Depreciation and amortisation	4D	35,232	34,567
Finance costs	4E	12,148	11,160
Write-down and impairment of assets	4F	7,078	4,064
Other expenses	4G	560	179
Total Expenses		559,250	421,101
Deficit		(8,315)	(23,624)

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

**BALANCE SHEET for
THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
as at 30 June 2008**

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	19,315	8,560
Trade and other receivables	5B	109,140	75,229
Other financial assets	5C	615	410
Total Financial Assets		129,070	84,199
Non-Financial Assets			
Land and buildings	6A/D	260,993	259,450
Infrastructure, plant and equipment	6B/D	171,163	121,410
Intangibles	6C/D	10,759	13,796
Inventories	6E	8,360	7,386
Other non-financial assets	6F	4,136	769
Total Non-Financial Assets		455,411	402,811
Total Assets		584,481	487,010
LIABILITIES			
Payables			
Suppliers	7A	783	2,349
Grants	7B	3,813	1,779
Other payables	7C	39,234	17,906
Total Payables		43,830	22,034
Interest Bearing Liabilities			
Loans	8A	-	1,081
Total Interest Bearing Liabilities		-	1,081
Provisions			
Employee provisions	9A	57,685	43,019
Other provisions	9B	202,489	195,295
Total Provisions		260,174	238,314
Total Liabilities		304,004	261,429
Net Assets		280,477	225,581
EQUITY			
Contributed equity		59,128	39,102
Reserves		277,386	248,022
Accumulated deficit		(56,037)	(61,543)
Total Equity		280,477	225,581
Current assets		141,566	92,354
Non-current assets		442,915	394,656
Current liabilities		94,918	62,300
Non-current liabilities		209,086	199,129

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

**STATEMENT OF CHANGES in EQUITY for
THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
as at 30 June 2008**

	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening Balance								
Balance carried forward from previous period	(61,543)	(37,919)	248,022	236,903	39,102	37,169	225,581	236,153
Adjustments for errors	600	-	-	-	-	(262)	0	(262)
Adjusted Opening Balance	(60,943)	(37,919)	248,022	236,903	39,102	36,907	225,581	235,891
Income and Expense								
Revaluation adjustment	-	-	5,522	-	-	-	5,522	-
Revaluation increment - make good provisions	-	-	5,706	11,119	-	-	5,706	11,119
Subtotal income and expense recognised Directly in Equity	-	-	11,228	11,119	-	-	11,228	11,119
Deficit for the period	(8,315)	(23,624)	-	-	-	-	(8,315)	(23,624)
Total income and expenses	(8,315)	(23,624)	11,228	11,119	-	-	2,913	(12,505)
Transactions with Owners								
Contributions by Owners								
Appropriation (equity injection)	-	-	-	-	11,000	2,195	11,000	2,195
Restructuring	13,221	-	18,136	-	9,026	-	40,383	-
Subtotal transactions with owners	13,221	-	18,136	-	20,026	2,195	51,383	2,195
Closing balance at 30 June	(56,037)	(61,543)	277,386	248,022	59,128	39,102	279,877	225,581

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

**CASH FLOW STATEMENT for
THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
for the year ended 30 June 2008**

	Notes	2008 \$'000	2007 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		445,058	337,504
Goods and services		78,057	51,149
Interest		76	1
Net GST received		15,161	11,908
Other cash received		13,804	3,688
Total cash received		552,156	404,250
Cash used			
Employees		192,484	151,173
Suppliers		244,089	164,342
Grants		25,861	23,362
Transfer funding		44,051	42,966
Borrowing costs		68	225
Other cash used		113	179
Total cash used		506,666	382,247
Net cash flows from operating activities	11	45,490	22,003
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	3E	454	1,119
Total cash received		454	1,119
Cash used			
Purchase of property, plant and equipment	6D	29,505	13,541
Purchase of intangibles	6D	5,919	6,650
Total cash used		35,424	20,191
Net cash flows used by investing activities		(34,970)	(19,072)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		16,316	1,506
Total cash received		16,316	1,506
Cash used			
Repayment of borrowings		1,081	1,021
Transfer funding - equity injections		15,000	-
Total cash used		16,081	1,021
Net cash flows from financing activities		235	485
Net increase in cash and cash equivalents held		10,755	3,416
Cash and cash equivalents at the beginning of the reporting period		8,560	5,144
Cash and cash equivalents at the end of the reporting period	11	19,315	8,560

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

**SCHEDULE OF COMMITMENTS for
THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
as at 30 June 2008**

	2008	2007
	\$'000	\$'000
BY TYPE		
Capital commitments ¹		
Land and buildings	386	200
Infrastructure, plant and equipment	365	213
Intangibles	17	2,317
Total capital commitments	768	2,730
Other commitments		
Operating leases ²	201,261	199,188
Project commitments ³	1,703	5,594
Other commitments ⁴	25,037	26,713
Total other commitments	228,001	231,495
Commitments receivable		
GST recoverable on commitments	(20,762)	(20,738)
Total commitments receivable	(20,762)	(20,738)
Net commitments by type	208,007	213,487
BY MATURITY		
Commitments Payable		
Capital commitments		
One year or less	768	2,730
Total capital commitments	768	2,730
Operating lease commitments		
One year or less	37,781	43,622
From one to five years	127,201	128,957
Over five years	36,279	26,609
Total operating lease commitments	201,261	199,188
Project commitments		
One year or less	1,659	5,423
From one to five years	44	171
Total project commitments	1,703	5,594
Other commitments		
One year or less	17,737	23,343
From one to five years	7,300	3,370
Total other commitments	25,037	26,713
Commitments receivable		
One year or less	(5,210)	(6,278)
From one to five years	(12,254)	(12,041)
Over five years	(3,299)	(2,419)
	(20,762)	(20,738)
Net commitments by maturity	208,007	213,487

- (1) Capital commitments relate to contractual payments for new assets and assets under construction.
- (2) Operating leases are effectively non-cancellable and include:

Nature of lease	General description of leasing arrangements
Leases for office accommodation	* 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	* 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	* 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	* 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.

THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 \$'000	2007 \$'000
Income administered on behalf of Government			
<i>for the year ended 30 June 2008</i>			
Revenue			
Taxation revenue			
Other taxes	16A	<u>1,342</u>	<u>1,394</u>
Total taxation revenue		<u>1,342</u>	<u>1,394</u>
Non-taxation revenue			
Sale of goods and rendering of services	16B	7,160	2,550
Interest	16C	1,074	283
Industry contributions	16D	-	7,500
Grant repayments	16E	3,607	1,994
Assets recognised for the first time	16F	-	127,543
Other revenue	16G	214	453
Total non-taxation revenue		<u>12,055</u>	<u>140,323</u>
Total revenues administered on behalf of the government		<u>13,397</u>	<u>141,717</u>
Gains			
Other gains	16H	<u>83</u>	<u>77</u>
Total gains administered on behalf of Government		<u>83</u>	<u>77</u>
Total income administered on behalf of Government		<u>13,480</u>	<u>141,794</u>
Expenses administered on behalf of Government			
<i>for the year ended 30 June 2008</i>			
Grants	17A	1,061,624	528,591
Suppliers	17B	53,118	63,618
Write-down and impairment of assets	17C	2,181	755
Depreciation	17D	4,660	1,316
Other expenses	17E	18,146	-
Total expenses administered on behalf of Government		<u>1,139,729</u>	<u>594,280</u>

This schedule should be read in conjunction with the accompanying notes.

THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
SCHEDULE OF ADMINISTERED ITEMS
for the period ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Assets administered on behalf of Government			
<i>as at 30 June 2008</i>			
Financial assets			
Cash and cash equivalents	18A	67	24
Receivables	18B	29,253	17,545
Investments	18C	7,123,482	792,026
Other financial assets	18D	287	310
Total financial assets		7,153,089	809,905
Non-financial assets			
Land and buildings	18E	161,322	73,719
Infrastructure, plant and equipment	18F	5,225	1,271
Water Assets	18G	-	-
Other	18G	29,235	35,833
Total non-financial assets		195,782	110,823
Total assets administered on behalf of Government		7,348,871	920,728
Liabilities administered on behalf of Government			
<i>as at 30 June 2008</i>			
Payables			
Suppliers	19A	422	2,048
Grants	19B	33,700	11,427
Other payables	19C	16,618	2,168
Total payables		50,740	15,643
Total liabilities administered on behalf of the Government		50,740	15,643
Net assets administered on behalf of Government	20	7,298,131	905,085
Current assets		58,554	53,402
Non-current assets		7,290,317	867,326
Current liabilities		50,740	15,643

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

THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 \$'000	2007 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2008</i>			
OPERATING ACTIVITIES			
Cash Received			
Sale of goods and rendering of services		5,532	2,031
Interest		1,097	3
Net GST received		49,024	37,794
Other		5,799	11,609
Total Cash Received		61,452	51,437
Cash Used			
Suppliers		51,850	93,654
Grant Payments		1,074,816	543,634
Royalties		18,146	-
Total Cash Used		1,144,812	637,288
Net cash flows used by operating activities		(1,083,360)	(585,851)
INVESTING ACTIVITIES			
Cash Received			
Repayment of advances and loans		1,023	11
Total Cash Received		1,023	11
Cash Used			
Advances and loans made		1,803	882
Purchases of buildings		1,951	-
Total Cash Used		3,754	882
Net cash flows used by investing activities		(2,731)	(871)
Net Decrease in Cash Held		(1,086,091)	(586,722)
Cash and cash equivalents at beginning of reporting period		24	115
Cash from Official Public Account for			
- Appropriations	20	824,142	351,824
- Special Accounts	20	326,414	285,369
		1,150,556	637,193
Cash to Official Public Account for:			
- Appropriations	20	(54,166)	(46,704)
- Special Accounts	20	(10,256)	(3,858)
		(64,422)	(50,562)
Cash and cash equivalents at the end of the reporting period	18A	67	24

This schedule should be read in conjunction with the accompanying notes.

**THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
SCHEDULE OF ADMINISTERED COMMITMENTS**

	2008 \$'000	2007 \$'000
Administered commitments as at 30 June 2008		
BY TYPE		
Capital Commitments		
Water entitlements ¹	43,114	-
Total capital receivable	<u>43,114</u>	<u>-</u>
Other commitments		
Project commitments ²	337,103	371,488
Other commitments ³	2,291	10,931
Total other commitments	<u>339,394</u>	<u>382,419</u>
Commitments receivable		
GST recoverable on commitments	(16,524)	(17,909)
Total commitments receivable	<u>(16,524)</u>	<u>(17,909)</u>
Net commitments by type	<u>365,984</u>	<u>364,510</u>
BY MATURITY		
Capital Commitments		
One year or less	43,114	-
Total capital receivable	<u>43,114</u>	<u>-</u>
Other commitments		
One year or less	201,654	293,768
From one to five years	137,740	87,133
More than five years	-	1,518
Total other commitments by maturity	<u>339,394</u>	<u>382,419</u>
Commitments receivable		
One year or less	(11,423)	(12,624)
From one to five years	(5,101)	(5,147)
More than five years	-	(138)
Total commitments receivable	<u>(16,524)</u>	<u>(17,909)</u>
Net commitments by maturity	<u>365,984</u>	<u>364,510</u>

NB: Commitments are GST inclusive where relevant.

1. Capital commitments relate to amounts payable in relation to the acquisition of water entitlements.
2. 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.
3. 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.

This schedule should be read in conjunction with the accompanying notes.

**THE DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS
INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

Index to the notes to the Financial Statements

Note 1	Summary of Significant Accounting Policies
Note 2	Events after the Balance Sheet date
Note 3	Income
Note 4	Expenses
Note 5	Financial Assets
Note 6	Non-financial Assets
Note 7	Payables
Note 8	Interest Bearing Liabilities
Note 9	Provisions
Note 10	Restructuring
Note 11	Cash Flow Reconciliation
Note 12	Contingent Liabilities and Assets
Note 13	Executive Remuneration
Note 14	Remuneration of Auditors
Note 15	Financial Instruments
Note 16	Income Administered on Behalf of Government
Note 17	Expenses Administered on Behalf of Government
Note 18	Assets Administered on Behalf of Government
Note 19	Liabilities Administered on Behalf of Government
Note 20	Administered Reconciliation Table
Note 21	Administered Contingent Liabilities and Assets
Note 22	Administered Investments
Note 23	Administered Restructuring
Note 24	Administered Financial Instruments
Note 25	Appropriations
Note 26	Specific Payment Disclosures
Note 27	Reporting of Outcomes

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 Role of the Department of the Environment, Water, Heritage and the Arts

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

1.1 Role of the Department

The Department of the Environment, Water, Heritage and the Arts' role is to:

- Advise the Australian Government on its policies for protecting the environment and water resources;
- Administer environment and heritage laws, including the Environment Protection and Biodiversity Conservation Act 2000;
- Manage the Australian Government's main environment and heritage programmes including the \$3 billion Natural Heritage Trust, which is now known as Caring for our Country;
- Implement an effective response to climate change;
- Represent the Australian Government in international environmental agreements related to the environment and Antarctica;
- Work with governments, industry and community stakeholders to address environmental issues associated with water resource management; and
- Provide policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.

The Department is structured to meet four outcomes:

- | | |
|------------------|--|
| <i>Outcome 1</i> | The environment, especially those aspects that are matters of national environmental significance, is protected and conserved. |
| <i>Outcome 2</i> | Australia's interests in Antarctica are advanced. |
| <i>Outcome 3</i> | More efficient and sustainable use of Australia's water resources. |
| <i>Outcome 4</i> | Development of a rich and stimulating cultural sector for all Australians. |

The Department's 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 four outcomes.

Notes to and forming part of the Financial Statements

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

Outcome 3

- 3.1 Sustainable management of water resources
- 3.2 Achieving efficiencies in water use

Outcome 4

- 4.1 Policy advice, programme management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and indigenous languages.

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 Schedule 1 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 FMO's) for reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is 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

Notes to and forming part of the Financial Statements

assets that are unrecognised are reported in the Schedule of Commitments; Contingent Liabilities and Assets are included at Note 12.

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 1.28.

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; and
- 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

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Department is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards are applicable to the current reporting period:

Notes to and forming part of the Financial Statements

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on the Department.

AASB 7 Financial Instruments: Disclosures

AASB 101 Presentation of Financial Statements (issued October 2006)

AASB 1048 Interpretation and Application of Standards (reissued September 2007)

AASB 2005-10 Amendments to Australian Accounting Standards (AASB 1.4, 101, 114, 117, 132, 133, 139, 1023, 1038)

AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11 (AASB 2)

2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation

AASB 2007-5 Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)

2007-7 Amendments to Australian Accounting Standards

AASB 2008-4 Amendments to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities (AASB 124)

ERR Erratum Proportionate Consolidation (AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113)

Interp 10 Interim Financial Reporting and Impairment

Interp 11 AASB2 Group and Treasury Share Transactions

Interp 1003 Australian Petroleum Resource Rent Tax

UIG Interpretation 11 AASB 2 – Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Notes to and forming part of the Financial Statements

AASB 3 Business Combinations

AASB 8 Operating Segments and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 101 Presentation of Financial Statements (issued September 2007)

2007-6 Amendments to Australian Accounting Standards arising from AASB 123 Borrowing Costs

AASB 127 Consolidated and Separate Financial Statements

AASB 1004 Contributions

AASB 1049 Whole of Government and General Government Sector Financial Reporting

AASB 1050 Administered Items

AASB 1051 Land Under Roads

AASB 1052 Disaggregated Disclosures

AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]

AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123

AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASBs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]

AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations [AASB 2]

AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2)

AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and interpretations 9 & 107)

Interp 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities

*Interp 4 Determining Whether an Arrangement Contains a Lease
Interp 12 Service Concession Arrangements*

Interp 13 Customer Loyalty Programmes

Interp 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

Interp 129 Service Concession Arrangements Disclosures

Interp 1038 Contributions by Owners Made To Wholly-Owned Public Sector Entities

Notes to and forming part of the Financial Statements

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Department.

AASB 1049 Financial Reporting of General Government Sectors by Governments

AASB 1049 specifies the reporting requirements for the General Government Sector, and therefore, has no effect on the Department's financial statements.

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.

Notes to and forming part of the Financial Statements

The stage of completion of contracts at the reporting date is determined by reference to the proportion of costs incurred to date over 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".

Notes to and forming part of the Financial Statements

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 2007-08 (2006-07 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.

Notes to and forming part of the Financial Statements

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 as at 30 June 2008. 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 and the superannuation expected to be paid on the leave provisions.

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.

Notes to and forming part of the Financial Statements

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

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.

Notes to and forming part of the Financial Statements

1.16 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

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.

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.

Notes to and forming part of the Financial Statements

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

Notes to and forming part of the Financial Statements

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.

A revaluation of the artworks class was conducted as at 30 June 2008.

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, Water, Heritage and the Arts 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:

	<u>2008</u>	<u>2007</u>
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 4D.

Impairment

All assets were assessed for impairment at 30 June 2008. 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, Water, Heritage and the Arts 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.

Notes to and forming part of the Financial Statements

1.22 Intangibles

The Department of the Environment, Water, Heritage and the Arts' 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 (2006-07 3 to 17 years).

All software assets were assessed for indications of impairment as at 30 June 2008.

1.23 Inventories

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 conditions 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.

Notes to and forming part of the Financial Statements

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 Northern Territory Flexible Funding Pool Special Account

Financial Management and Accountability Determination 2007/21 established the NTFFP Special Account under subsection 20(1) of the *Financial Management and Accountability Act 1997 (FMA Act)* to develop, promote, assist or implement employment creation initiatives in relation to the Northern Territory Emergency Response.

The NTFFP Special Account is managed by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

Interim arrangements required FaHCSIA to make payments out of the NTFFP Special Account directly to third parties on behalf of other agencies. These payments are required to be reflected in the DEWHAs’ financial statements. DEWHA is required to report these items in the Administered Reconciliation Table in Note 21, and in the Special Account Note 25, there are no impacts on the balance sheet or cash flow.

Subsequent arrangements required FaHCSIA to make payments out of the NTFFP Special Account directly to DEWHA. The actual payments that the department received were departmental revenues and receipted under section 31 of the FMA Act. These were accordingly recorded as departmental revenue in the Income Statement and in the Special Account Note 25.

Notes to and forming part of the Financial Statements

1.28 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 Administered Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 21. 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.

Intangible Assets

Water entitlements are carried at cost where there is no active market. When an active market exists they are carried at fair value. These assets are assessed as having an indefinite useful life.

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 April 2008. Fair value is also reviewed for material changes as at 30 June. 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 net asset method, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Administered investments were assessed for impairment at 30 June 2008. No indicators of

Notes to and forming part of the Financial Statements

impairment were noted.

Land and Buildings

The Department from time to time holds various assets to account for Government decisions to transfer certain Land and Buildings. During 2006-07 three properties have been accounted for including;

- o Macquarie Lightstation (NSW)
- o Point Nepean (NSW)
- o Northhead (NSW)

Northhead was vested to the Sydney Harbour Federation Trust on 3rd January 2007.

Point Nepean (a heritage asset) is being restored by the Point Nepean Community Trust, where it is expected that the Land and Buildings will be gifted to the Victorian Government by 2008-09.

Macquarie Lightstation was vested to the Sydney Harbour Federation Trust on 1 July 2008.

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.

Note 2: Events after the Balance Sheet date

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

Note 3: Income

	2008	2007
<i>Revenue</i>	<i>\$'000</i>	<i>\$'000</i>

Note 3A: Revenue from Government

Appropriation:

Departmental outputs	467,729	343,887
<i>Total revenue from Government</i>	<u>467,729</u>	<u>343,887</u>

Note 3B: Sale of goods and rendering of services

Provision of goods - related entities	6	3
Provision of goods - external entities	118	94
Rendering of services - related entities	55,716	36,906
Rendering of services - external entities	11,232	12,388
<i>Total sales of goods and rendering of services</i>	<u>67,072</u>	<u>49,391</u>

Note 3C: Interest

Deposits	225	1
<i>Total Interest</i>	<u>225</u>	<u>1</u>

	2008	2007
	\$'000	\$'000
<u>Note 3D: Other revenue</u>		
Repayments of prior years expenditure	285	761
Grants received	4,546	1,142
Insurance recoveries	1,350	594
Miscellaneous revenue	6,942	405
<i>Total other revenues</i>	<u>13,123</u>	<u>2,902</u>
<u>Note 3E: Sale of assets</u>		
Infrastructure, plant and equipment		
Proceeds from disposal	38	904
Carrying value of assets disposed	(81)	(889)
<i>Net losses from disposal of IP&E</i>	<u>(43)</u>	<u>15</u>
Non listed assets (Below threshold)		
Proceeds from disposal	416	215
<i>Net gain from disposal of non listed assets</i>	<u>416</u>	<u>215</u>
Total proceeds from disposals	454	1,119
Total value of assets disposed	(81)	(889)
<i>Total gains from disposal of assets</i>	<u>373</u>	<u>230</u>
<u>Note 3F: Reversals of previous asset write downs</u>		
Financial assets:		
Doubtful debts received - receivables	5	11
<i>Total reversals of previous asset write downs</i>	<u>5</u>	<u>11</u>
<u>Note 3G: Other gains</u>		
Write-down of provisions and payables	1,788	306
Property, plant and equipment assets recognised for first time	-	-
Resources received free of charge - government	620	749
Assets received free of charge - government	-	-
<i>Total other gains</i>	<u>2,408</u>	<u>1,055</u>

Note 4: Expenses

	2008	2007
	\$'000	\$'000

Note 4A: Employee benefits

Wages and salaries	143,925	111,846
Superannuation		
Defined contribution plans	24,004	16,833
Defined benefit plans	4,367	3,186
Leave and other entitlements	17,971	12,494
Separation and redundancies	188	588
Other employee expenses	15,909	9,555
Total employee benefits	206,364	154,502

Note 4B: Suppliers

Provision of goods - related entities	432	323
Provision of goods - external entities	20,755	16,663
Rendering of services - related entities	21,023	13,432
Rendering of services - external entities	138,727	84,594
Operating lease rentals:		
Minimum lease payments	41,967	32,275
Workers compensation premiums	3,018	2,077
Total suppliers expenses	225,922	149,364

Note 4C: Grants and transfer funding

Public sector:		
Other sectors in the Commonwealth	5,109	1,406
State and Territory Governments	8,163	8,904
Local Governments	9	1,594
Private sector:		
Non-profit institutions	4,073	7,667
Universities	1,159	1,357
Individuals	603	184
Profit-making entities	3,077	1,977
Overseas	3,136	1,210
Total grants	25,329	24,299
Payment to the Director of National Parks	44,051	42,966
Payment to Murray Darling Basin Authority	2,566	-
Total transfer funding	46,617	42,966

	2008 \$'000	2007 \$'000
<u>Note 4D: Depreciation and amortisation</u>		
Depreciation:		
Infrastructure, plant and equipment	14,511	13,851
Buildings	18,648	18,099
<i>Total depreciation</i>	<u>33,159</u>	<u>31,950</u>
Amortisation:		
Intangibles :		
Internally Developed Software	1,378	2,038
Purchased Software	695	579
<i>Total amortisation</i>	<u>2,073</u>	<u>2,617</u>
<i>Total depreciation and amortisation</i>	<u>35,232</u>	<u>34,567</u>
<u>Note 4E: Finance costs</u>		
Loans	4	76
Unwinding of discount - make good provisions	12,144	11,084
<i>Total finance costs</i>	<u>12,148</u>	<u>11,160</u>
<u>Note 4F: Write down and impairment of assets</u>		
Financial assets		
Bad and doubtful debts expense	505	495
Non-financial assets		
Intangibles - asset write-downs	2,417	1,420
Land and buildings - asset write-downs	556	842
Infrastructure, plant and equipment - asset write-downs	3,600	1,307
<i>Total write-down and impairment of assets</i>	<u>7,078</u>	<u>4,064</u>
<u>Note 4G: Other expenses</u>		
Assets provided free of charge	446	-
Miscellaneous expenses	114	179
<i>Total other expenses</i>	<u>560</u>	<u>179</u>

Note 5: Financial Assets		
	2008	2007
	\$'000	\$'000

Note 5A: Cash and cash equivalents

Deposits	15,547	8,202
Cash on hand	3,768	358
Total cash and cash equivalents	19,315	8,560

Note 5B: Trade and other receivables

Goods and services	9,327	4,140
Appropriation receivable	95,129	68,285
GST receivable from the Australian Taxation Office	5,201	2,789
Other receivables	235	280
Total trade and other receivables (gross)	109,892	75,494

Less Allowance for doubtful debts

Goods and services	(752)	(265)
Total trade and other receivables (net)	109,140	75,229

Receivables are aged as follows:

Not overdue	106,388	75,072
Overdue by:		
Less than 30 days	1,289	94
30 to 60 days	515	6
60 to 90 days	475	37
More than 90 days	1,225	285
Total receivables (gross)	109,892	75,494

The allowance for doubtful debts is aged as follows:

Overdue by:		
More than 90 days	(752)	(265)
Total allowance for doubtful debts	(752)	(265)

All receivables are with entities external to the Department. Credit terms are generally net 30 days (2007: 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.

Note 5B: Trade and other receivables (cont)**Reconciliation of the allowance for doubtful debts:**

Movements in relation to 2008	Goods and	Other	Total
	Services		
	2008	2008	2008
	\$'000	\$'000	\$'000
Opening Balance	(189)	(76)	(265)
Amounts written off	15	-	15
Amounts recovered and reversed	3	-	3
Increase/decrease recognised in net surplus	85	(590)	(505)
Closing Balance	(86)	(666)	(752)

Movements in relation to 2007	Goods and	Other	Total
	Services		
	2007	2007	2007
	\$'000	\$'000	\$'000
Opening Balance	(72)	(74)	(146)
Amounts written off	-	-	-
Amounts recovered and reversed	19	-	19
Increase/decrease recognised in net surplus	(136)	(2)	(138)
Closing Balance	(189)	(76)	(265)

	2008	2007
	\$'000	\$'000
Note 5C: Other financial assets		
Accrued Revenue - Goods and services	615	410
Total other financial assets	<u>615</u>	<u>410</u>

All other financial assets are current assets.

Note 6: Non-Financial Assets

	2008	2007
	\$'000	\$'000
Note 6A: Land and buildings		
Freehold land at gross carrying value	240	240
Buildings on freehold land		
- fair value	265,463	252,924
- accumulated depreciation	(32,927)	(18,333)
- work in progress	5,462	8,868
Total buildings on freehold land	<u>238,238</u>	<u>243,699</u>
Leasehold improvements		
- fair value	29,232	17,288
- accumulated amortisation	(7,327)	(3,483)
- work in progress	850	1,946
Total leasehold improvements	<u>22,755</u>	<u>15,751</u>
Total land and buildings (non current)	<u>260,993</u>	<u>259,450</u>

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.

No revaluation increments for land (2007: Nil) or buildings on freehold land (2007: Nil) were credited to the asset revaluation reserve by class and included in the equity section of the balance sheet; no decrements were expensed (2007: Nil).

No indicators of impairment were found for land and buildings.

2008	2007
\$'000	\$'000

Note 6B: Infrastructure, plant and equipment

Infrastructure, plant and equipment		
- gross carrying value	195,408	133,321
- accumulated depreciation	(29,291)	(15,416)
- work in progress	5,046	3,505
Total Infrastructure, plant and equipment (non-current)	<u>171,163</u>	<u>121,410</u>

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.

Revaluation increments for infrastructure, plant and equipment of \$5,522,000 (2007: Nil) were credited to the asset revaluation reserve by class and included in the equity section of the balance sheet; no decrements were expensed (2007: Nil).

No indicators of impairment were found for infrastructure, plant and equipment.

Note 6C: Intangibles

Computer software at cost:		
Purchased - in use	5,774	4,311
Accumulated depreciation	(1,487)	(3,016)
Purchased - in progress	3,374	3,475
Internally developed - in use	7,369	13,951
Accumulated depreciation	(6,472)	(7,512)
Internally developed - in progress	2,201	2,587
Total computer software	<u>10,759</u>	<u>13,796</u>
- Patents, brand names and licences	-	623
Accumulated amortisation patents	-	(623)
Total patents, brand names and licences	<u>-</u>	<u>-</u>
Total intangible assets (non-current)	<u>10,759</u>	<u>13,796</u>

No indicators of impairment were found for intangible assets

Note 6D: Analysis of Property, Plant, and Equipment**TABLE A: Reconciliation of the opening and closing balances of property, plant and equipment (2007-2008)**

	Land	Buildings	Total Land and Buildings	Other I,P&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	240	281,026	281,266	136,826	418,092
Accumulated depreciation/amortisation and impairment	-	(21,816)	(21,816)	(15,416)	(37,232)
Net book value 1 July 2007	240	259,210	259,450	121,410	380,860
Additions:					
by purchase	-	18,379	18,379	11,126	29,505
restructure	-	123	123	51,371	51,494
make good adjustments	-	2,251	2,251	-	2,251
Revaluations through equity	-	-	-	5,522	5,522
Reclassifications	-	-	-	19	19
Depreciation/amortisation expense	-	(18,648)	(18,648)	(14,511)	(33,159)
Impairments recognised in the operating result	-	(556)	(556)	(3,600)	(4,156)
Other movements	-	-	-	-	-
Disposals:					
restructures	-	-	-	(70)	(70)
make good adjustments	-	(6)	(6)	(23)	(29)
sales	-	-	-	(81)	(81)
Net book value 30 June 2008	240	260,753	260,993	171,163	432,156
Net book value as of 30 June 2008 represented by:					
Gross book value	240	301,007	301,248	200,454	501,701
Accumulated depreciation/amortisation and impairment	-	(40,254)	(40,254)	(29,291)	(69,545)
	240	260,753	260,993	171,163	432,156

TABLE A: Reconciliation of the opening and closing balances of property, plant and equipment (2006-2007)

	Land	Buildings	Total Land and Buildings	Other I,P&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006					
Gross book value	240	275,181	275,421	132,913	408,334
Accumulated depreciation/amortisation and impairments	-	(3,768)	(3,768)	(2,396)	(6,164)
Net book value 1 July 2006	240	271,413	271,653	130,517	402,170
Additions:					
by purchase	-	6,547	6,547	6,994	13,541
make good adjustments	-	264	264	12	276
Revaluations through equity	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	(18,099)	(18,099)	(13,851)	(31,950)
Impairments recognised in the operating result	-	(842)	(842)	(1,307)	(2,149)
Other movements	-	-	-	-	-
Disposals:					
make good adjustments	-	(73)	(73)	(66)	(139)
other disposals	-	-	-	(889)	(889)
Net book value 30 June 2007	240	259,210	259,451	121,410	380,860
Net book value as of 30 June 2007 represented by:					
Gross book value	240	281,026	281,266	136,826	418,092
Accumulated depreciation/amortisation and impairment	-	(21,816)	(21,816)	(15,416)	(37,232)
	240	259,210	259,450	121,410	380,860

Note 6D: Intangibles**TABLE B: Reconciliation of the opening and closing balances of intangibles (2007-2008)**

	Computer software internally developed	Computer software purchased	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007				
Gross book value	16,538	7,786	623	24,947
Accumulated depreciation/amortisation and impairment	(7,512)	(3,016)	(623)	(11,151)
Net book value 1 July 2007	9,026	4,770	-	13,796
Additions:				
by purchase	1,625	4,294	-	5,919
restructure	-	29	-	29
Revaluations through equity				-
Reclassifications	-	(19)	-	(19)
Amortisation expense	(1,378)	(695)	-	(2,073)
Impairments recognised in the operating result	(1,699)	(718)	-	(2,417)
Other movements				-
Disposals:				
restructure	(4,030)	-	-	(4,030)
provided free of charge	(446)	-	-	(446)
other	-	-	-	-
Net book value 30 June 2008	3,098	7,661	-	10,759
Net book value as of 30 June 2008 represented by:				
Gross book value	9,570	9,148	-	18,718
Accumulated depreciation/amortisation and impairment	(6,472)	(1,487)	-	(7,959)
	3,098	7,661	-	10,759

TABLE B: Reconciliation of the opening and closing balances of intangibles (2006-2007)

	Computer software internally developed	Computer software purchased	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006				
Gross book value	17,312	4,774	623	22,709
Accumulated depreciation/amortisation and impairments	(8,321)	(2,582)	(623)	(11,526)
Net book value 1 July 2006	8,991	2,192	-	11,183
Additions:				
by purchase	3,476	3,174	-	6,650
Reclassifications	-	-	-	-
Amortisation expense	(2,038)	(579)	-	(2,617)
Write downs recognised in the operating result	(1,370)	(50)	-	(1,420)
Disposals:				
other	-	-	-	-
Net book value	9,059	4,737	-	13,796
Net book value as of 30 June 2007 represented by:				
Gross book value	16,538	7,786	623	24,947
Accumulated depreciation/amortisation and impairment	(7,512)	(3,016)	(623)	(11,151)
	9,026	4,770	-	13,796

	2008	2007
	\$'000	\$'000

Note 6E: Inventories**Inventories held for sale**

Finished goods	256	229
Total inventories held for sale	256	229

Inventories held for distribution

Work in progress	35	-
Finished goods	8,069	7,157
Total inventories held for distribution	8,104	7,157

Total inventories

	8,360	7,386
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All inventories are current assets.

Note 6F: Other non-financial assets

Prepayments	4,136	769
Total other non-financial assets	4,136	769

No indicators of impairment were found for other non-financial assets

All other non-financial assets are current assets.

Note 7: Payables

2008	2007
\$'000	\$'000

Note 7A: Suppliers

Trade creditors	783	2,349
Total supplier payables	783	2,349

All supplier payables are current liabilities.

Settlement is usually made net 30 days.

Note 7B: Grants

Private sector:

Other sectors in the Commonwealth Payable	157	288
State and Territory governments Payable	1,083	656
Local governments Payable	-	110

Public sector:

Non-profit institutions Payable	433	443
Profit making entities Payable	20	272
Universities Payable	43	10
Overseas Payable	2,077	-
Total grant payables	3,813	1,779

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.

Note 7C: Other payables

Unearned revenue	15,695	3,838
Interest payable	-	63
Accrued expenses	23,123	13,444
Miscellaneous	108	166
Lease incentive	308	395
Total other payables	39,234	17,906

All other payables are current liabilities.

Note 8: Interest bearing liabilities

2008	2007
\$'000	\$'000

Note 8A: Loans

Loans from Government	-	1,081
<i>Total Loans</i>	<u>-</u>	<u>1,081</u>
Maturity schedule for loans:		
Payable:		
- Within one year	-	1,081
<i>Total loans</i>	<u>-</u>	<u>1,081</u>

The loan was issued in 1998-1999 and was fully repaid in July 2007.

Note 9: Provisions		
	2008	2007
	\$'000	\$'000

Note 9A: Employee provisions

Salaries and wages	6,013	1,140
Leave	44,252	35,805
Superannuation Provision	7,372	5,934
Separation and redundancies Provision	48	140
Total employee provisions	<u>57,685</u>	<u>43,019</u>

Employee provisions are represented by:

Current employee provisions	49,626	38,546
Non-current employee provisions	8,059	4,473
Total employee provisions	<u>57,685</u>	<u>43,019</u>

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement of one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date is \$27.198M (2007:\$20.144M), and in excess of one year \$30.487M (2007:\$22.875M)

Note 9B: Other provisions

Provision for Antarctic base restitution	43,560	42,181
Provision for make good - Antarctic regions	155,817	150,861
Provision for make good - other localities	3,112	2,253
Total other provisions	<u>202,489</u>	<u>195,295</u>

Other provisions are represented by:

Current	1,462	639
Non-current	201,027	194,656
Total other provisions	<u>202,489</u>	<u>195,295</u>

Note 9B: Other provisions (cont)

	Provision for Antarctic base restitution	Provision for make good - Antarctic regions	Provision for make good - other localities	Total
Provision Movement Table				
	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July 2007	42,181	150,861	2,253	195,295
Additional provisions made	-	1,363	888	2,251
Amounts used	(1,261)	-	(232)	(1,493)
Amounts reversed	-	(29)	-	(29)
Revaluation on change in discount rate	-	(5,695)	(11)	(5,706)
Amounts transferred	-	-	27	27
Unwinding of discount	2,640	9,317	187	12,144
Closing balance 30 June 2008	43,560	155,817	3,112	202,489

	Provision for Antarctic base restitution	Provision for make good - Antarctic regions	Provision for make good - other localities	Total
Provision Movement Table				
	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July 2006	42,519	153,490	1,984	197,993
Additional Provisions Made	-	82	194	276
Amounts used	(676)	-	-	(676)
Amounts reversed	-	(139)	-	(139)
Revaluation on change in discount rate	-	(11,063)	(56)	(11,119)
Revaluation to expense	(2,124)	-	-	(2,124)
Unwinding of discount	2,462	8,491	131	11,084
Closing balance 30 June 2007	42,181	150,861	2,253	195,295

Note 10: Departmental Restructuring**Current year (2007-2008)**

The Department assumed the responsibility for the Arts functions on the 3 December 2007 from the changes in Administrative Arrangement Orders.

The Department also assumed responsibility for Water Smart functions on the 4 March 2008 from the National Water Commission.

A component of the Climate Change functions were also transferred from the Department on 3 December 2007 to the Department for Climate Change.

Additionally, the Department transferred the Resources, Energy and Tourism functions to the Department of Resources, Energy and Tourism on the 25 January 2008.

The Infrastructure functions (for the Northern Australia Futures - Taskforce) were transferred from the Department effective as of the 17 April 2008 to the Department of Infrastructure, Transport, Regional Development, and Local Government.

In respect to the above functions gained, the net book values of assets and liabilities transferred for no consideration and recognised at the respective dates of transfers were:

	2008
	\$'000
Arts Function	
Total assets recognised	65,786
Total liabilities recognised	<u>10,670</u>
Net increase in net assets during the year	<u><u>55,116</u></u>

Arts Function**Revenues**

Recognised by the Department of the Environment, Water, Heritage and the Arts	37,382
Recognised by the Department of Communication, Information Technology and the Arts	19,937

Expenses

Recognised by the Department of the Environment, Water, Heritage and the Arts	33,634
Recognised by the Department of Communication, Information Technology and the Arts	16,429

National Water Commission function

Total assets recognised	-
Total liabilities recognised	<u>(205)</u>
Net decrease in net assets during the year	<u><u>(205)</u></u>

National Water Commission function**Revenues**

Recognised by the Department of the Environment, Water, Heritage and the Arts	486
Recognised by the National Water Commission	1,113

Expenses

Recognised by the Department of the Environment, Water, Heritage and the Arts	314
Recognised by the National Water Commission	1,107

In respect to the above functions transferred out of the Department, the net book values of assets and liabilities transferred for no consideration and recognised at the respective dates of transfers were:

Climate Change Function

Total assets transferred	9,625
Total liabilities transferred	<u>(3,377)</u>
Net decrease in net assets during the year	<u><u>6,248</u></u>

Infrastructure Function

Total assets transferred	-
Total liabilities transferred	<u>-</u>
Net decrease in net assets during the year	<u><u>-</u></u>

	2008
	\$'000
Resources, Energy and Tourism function	
Total assets recognised	-
Total liabilities recognised	<u>(22)</u>
Net decrease in net assets during the year	<u><u>(22)</u></u>

As a result of a restructuring of administrative arrangement orders, the Department assumed the responsibility for the Water functions on 30th January 2007 from the Department of Agriculture, Fisheries and Forestry and the Department of the Prime Minister and Cabinet.

	2007
	\$'000
Total assets recognised	3,339
Total liabilities recognised	<u>(3,339)</u>
	-
	<u>-</u>
Net increase in net assets during the year	<u><u>-</u></u>

Water Function

Revenues

Recognised by the Department of the Environment, Water, Heritage and the Art	2,636
Recognised by the Department of the Prime Minister and Cabinet	937
Recognised by the Department of Agriculture, Fisheries and Forestry	<u>2,566</u>
	<u>6,139</u>

Expenses

Recognised by the Department of the Environment, Water, Heritage and the Art	2,592
Recognised by the Department of the Prime Minister and Cabinet	937
Recognised by the Department of Agriculture, Fisheries and Forestry	<u>2,583</u>
	<u>6,112</u>

Note 11: Cash Flow Reconciliation

2008	2007
\$'000	\$'000

Reconciliation of cash and cash equivalents per Balance Sheet to Cash Flows Statement

Report cash and cash equivalents as per:

Cash Flow statement	19,315	8,560
Balance Sheet	19,315	8,560

Reconciliation of operating result to net cash from operating activities

Operating loss	(8,315)	(23,624)
Depreciation / amortisation	35,232	34,567
Net gains on disposal of non-current assets	(373)	(230)
Assets provided Free of Charge	446	-
Write down of non-current assets	6,573	3,569
Adjustments made directly to balance sheet*	4,768	11,409

Increase in net assets from restructuring	1,960	-
(Increase) / decrease in net receivables	(33,911)	(8,624)
(Increase) / decrease in inventories	(974)	(26)
(Increase) / decrease in accrued revenue	(205)	56
(Increase) / decrease in other non-financial assets	(3,367)	(471)
Increase / (decrease) in employee provisions	14,666	3,601
Increase / (decrease) in other provisions	7,194	(2,698)
Increase / (decrease) in suppliers liabilities	(1,566)	1,057
Increase / (decrease) in grant liabilities	2,034	937
Increase / (decrease) in other payables	21,328	2,480
<i>Net cash from operating activities</i>	<u>45,490</u>	<u>22,003</u>

*refer to the Statement of Changes in Equity

Adjustments for errors	600	(262)
Revaluation increment - make good provisions	5,706	11,119

*refer Asset movement tables

Additional make good deferred assets	(2,251)	(276)
Make good disposals	29	139
Other	684	689
<i>Total adjustments made directly to equity</i>	<u>4,768</u>	<u>11,409</u>

Note 12: 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 2008.

2008 : \$5.697M

(2007: \$5.862M)

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

(2007: Nil)

Unquantifiable contingencies

2008 : Nil

(2007: Nil)

Remote contingencies

The department has entered into an arrangement with CIT Aerospace to guarantee Skytraders financial performance of the A319 Airlink lease. The liability under the guarantee is capped at US\$500 million; however this amount is then matched by the insurance obligations under the lease. The net effect is A\$0.

2008 : Nil

(2007: Nil)

Note 13: Executive Remuneration

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

	2008	2007
	Number	Number
\$130,000 to \$144,999	5	1
\$145,000 to \$159,999	3	-
\$160,000 to \$174,999	3	4
\$175,000 to \$189,999	5	15
\$190,000 to \$204,999	9	9
\$205,000 to \$219,999	9	7
\$220,000 to \$234,999	8	5
\$235,000 to \$249,999	-	2
\$250,000 to \$264,999	2	2
\$265,000 to \$279,999	5	2
\$280,000 to \$294,999	1	-
\$295,000 to \$309,999	2	1
\$310,000 to \$324,999	1	-
\$325,000 to \$339,999	1	2
\$475,000 to \$489,999	1	1
	<u>55</u>	<u>51</u>

The aggregate amount of total remuneration of senior executives shown above.

<u>\$ 11,971,777</u>	<u>\$ 10,944,276</u>
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The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.

<u>\$ -</u>	<u>\$ -</u>
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Note 14: Remuneration of Auditors

	2008	2007
	\$	\$
Financial statement audit services are provided free of charge to the Department. The fair value of audit services provided was:	<u>531,000</u>	<u>459,000</u>

No other services were provided by the Auditor General.

Note 15: Financial Instruments

	2008	2007
	\$'000	\$'000
15A: Categories of financial instruments		
Financial Assets		
Cash equivalents and Other receivables		
Deposits	15,547	8,202
Cash on hand	3,768	358
Goods and services	9,327	4,140
Other receivables	235	280
Accrued Revenue - Goods and services	465	410
Carrying amount of financial assets	<u>29,342</u>	<u>13,390</u>
Financial Liabilities		
Other Liabilities		
Trade creditors	783	2,349
Grant payables	3,813	1,779
Interest payable	-	63
Loans	-	1,081
Carrying amount of financial liabilities	<u>4,596</u>	<u>5,272</u>
	2008	2007
	\$'000	\$'000
15B: Net income and expense from financial assets		
Loans and receivables		
Interest revenue	75	1
Impairment	(505)	(495)
Net (loss) loans and receivables	<u>(430)</u>	<u>(494)</u>

Note 15: Financial Instruments (continued)**Note 15C: Fair value of financial instruments**

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
FINANCIAL ASSETS				
Deposits	15,547	15,547	8,202	8,202
Cash on hand	3,768	3,768	358	358
Goods and services	9,327	8,575	4,140	3,875
Other receivables	235	235	280	280
Accrued Revenue - Goods and services	465	465	410	410
Total	29,342	28,590	13,390	13,125
FINANCIAL LIABILITIES				
Trade creditors	783	783	2,349	2,349
Grants Payable	3,813	3,813	1,779	1,779
Interest payable	-	-	63	63
Loans	-	-	1,081	1,081
Total	4,596	4,596	5,272	5,272

Note 15: Financial Instruments (continued)**15D: Credit risk**

The Department is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of Goods and Services and other receivables (2008: \$9,562 and 2007: \$4,420). The Department has assessed the risk of the default on payment and has allocated \$752 in 2008 (2007: \$265) to an allowance for doubtful debts account.

The following table illustrates the Department's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2008 \$'000	2007 \$'000
Financial assets		
Cash equivalents and Other receivables		
Deposits	15,547	8,202
Cash on hand	3,768	358
Goods and services	9,327	4,140
Other receivables	235	280
Accrued Revenue - Goods and services	465	410
Total	29,342	13,390

The Department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Department has policies and procedures that guide employees debt recovery techniques that are to be applied. The Department holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired.

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past due or impaired 2008 \$'000	Past due or impaired 2007 \$'000
Cash equivalents and Other receivables				
Deposits	15,547	8,202	-	-
Cash on hand	3,768	358	-	-
Goods and services	5,823	3,875	3,504	265
Other receivables	235	280	-	-
Accrued Revenue - Goods and services	465	410	-	-
Total	25,838	13,125	-	-

Note 15: Financial Instruments (continued)

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Cash equivalents and Other receivables					
Goods and services	1,289	515	475	1,225	3,504
Total	1,289	515	475	1,225	3,504

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Cash equivalents and Other receivables					
Goods and services	94	6	37	285	422
Total	94	6	37	285	422

Note 15E: Liquidity risk

The Department's financial liabilities are trade creditors and grant payables. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities

	On demand 2008 \$'000	within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Other Liabilities					
Trade creditors	-	783	-	-	783
Grants Payable	-	3,813	-	-	3,813
Interest payable	-	-	-	-	-
Loans	-	-	-	-	-
Total	-	4,596	-	-	4,596

	On demand 2007 \$'000	within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
Other Liabilities					
Trade creditors	-	2,349	-	-	2,349
Grants Payable	-	1,779	-	-	1,779
Interest payable	-	63	-	-	63
Loans	-	1,081	-	-	1,081
Total	-	5,272	-	-	5,272

The Department is appropriated funding from the Australian Government. The Department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payment are made when due and has no past experience of default.

Note 15F: Market risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed 'Currency risk' or 'Other price risk' or 'Interest rate risk'.

Notes to the Schedule of Administered Items

Note 16: Income Administered on Behalf of Government

	2008	2007
	\$'000	\$'000
<u>Revenue</u>		
Note 16A: Other taxes		
Other taxes, fees and fines	1,342	1,394
Total Other taxes	1,342	1,394
Note 16B: Sale of goods and rendering of services		
Provision of goods - external parties	84	174
Rendering of services - external parties	3,534	552
Other fees from regulatory services - external	3,542	1,824
Total goods and services	7,160	2,550
Note 16C: Interest		
Loans - State and Territory governments	1,074	283
Total interest	1,074	283
Note 16D: Industry contributions		
Industry contributions	-	7,500
Total industry contributions	-	7,500
Note 16E: Grant repayments		
Grant repayments	3,607	1,994
Total grant repayments	3,607	1,994
Note 16F: Assets recognised for the first time		
Assets recognised for the first time	-	127,543
Total assets recognised for the first time	-	127,543
Note 16G: Other		
Other sources of non-taxation revenues	214	453
Total other	214	453
Gains		
Note 16H: Other Gains		
Audit services received free of charge for the NHT	83	77
Total other gains	83	77

Note 17: Expenses Administered on Behalf of Government		
	2008	2007
	\$'000	\$'000
Note 17A: Grants		
Public sector:		
Other sectors in the Commonwealth	120,096	44,225
State and Territory governments	568,494	303,565
Local governments	26,481	15,921
Private Sector:		
Non-profit institutions	207,032	99,638
Profit making entities	79,462	40,776
Individuals	29,209	9,201
Universities	13,483	10,231
Overseas	17,367	5,034
Total grants	<u>1,061,624</u>	<u>528,591</u>

	2008	2007
	\$'000	\$'000
Note 17A: Grants (continued)		
The nature of the grants is as follows:		
Community Water Grants	162,872	67,712
Natural Heritage Trust - Bushcare	118,508	99,984
Taking Early Action	84,000	-
Natural Heritage Trust - Landcare	79,163	72,019
Representative Areas Program - Structural Adjustment Package	67,813	65,886
Living Murray Initiative	67,444	10,478
Natural Heritage Trust - Coastcare	55,083	47,411
Photovoltaic Rebate Program/Solar Homes	50,706	6,242
Natural Heritage Trust - Rivercare	46,556	37,967
Water Efficiency Western Australia	35,000	-
Cultural Development Program	34,814	-
Renewable Remote Power Generation Program	29,926	13,837
Film Finance Corporation Australia	22,800	-
NCERF Research facility	14,189	7,426
Indigenous Art Culture and Language	14,070	-
Murray Darling Basin Commission	13,517	600
Maintaining Australia's Biodiversity Hotspots	13,440	-
Hot Water Rebate Program	11,345	-
National Water Security Plan for Cities & Towns	10,000	-
Solar Cities	9,095	3,000
National Solar Schools Plan	8,985	-
National Indigenous Television	8,981	-
Marine and Tropical Science Research Facility	8,770	8,517
Climate Change Strategy Programs	8,458	11,899
Great Artesian Basin Sustainability	8,148	5,466
Moderinsing Irrigation	8,054	-
Greenhouse Gas Abatement Program	7,694	18,633
Murray Environmental Flows	7,500	-
Point Nepean Community Trust	7,256	2,944
Indigenous Broadcasting	7,066	-
Working on Country	5,625	-
Tasmanian Forrests	4,699	-
Indigenous Heritage Program	3,514	3,724
National Heritage Investment Initiative	3,450	3,450
Low Emissions Technology Demo Fund	3,067	-
Stewardship Initiative	2,301	-
Low Emissions	2,000	6,736
Books Alive	2,000	-
Australian Biological Resources Study Participatory Program	1,780	1,813
Blackburn Lakes Land Purchase	1,600	-
National trusts partner	894	858
Alternative Fuels Conversion Program	815	2,354
Strengthening Tasmania Programs	750	800
Tasmanian Water Infrastructure	500	-
NEPC Service Corporation	429	-
Local Greenhouse Action Program	393	400
Ozone Protection & SGG Account	339	-
National Cultural Heritage Account	310	475
Advanced Electricity Storage	300	500
Launceston Air Quality	203	402

	2008	2007
	\$'000	\$'000
Note 17A: Grants (continued)		
Water Resources Assessment and Research	175	35
Renewable Energy Equity Fund	132	948
Kokoda Track assistance to PNG	95	-
Other Grants	5,000	26,075
Total Grants	<u>1,061,624</u>	<u>528,591</u>

Note 17: Expenses Administered on Behalf of Government (continued)		
	2008	2007
	\$'000	\$'000
Note 17B: Suppliers		
Provision of goods - external parties	684	1,610
Provision of goods - related parties	75	59
Rendering of services - related parties	7,017	12,161
Rendering of services - external parties	45,342	49,788
Total suppliers	53,118	63,618
Note 17C: Write-down and impairment of assets		
Financial assets - receivables - loans to Commonwealth entities	1,667	721
Financial assets - receivables - other	290	34
Fixed Assets - Intangibles	224	-
Total write-down and impairment of assets	2,181	755
Note 17D: Depreciation		
Depreciation - buildings	4,561	1,316
Depreciation - furniture	99	-
Total depreciation	4,660	1,316
Note 17E: Other		
Royalties Paid	18,146	-
	18,146	-

Note 18: Assets Administered on Behalf of Government

	2008	2007
	\$'000	\$'000
Financial Assets		
Note 18A: Cash and cash equivalents		
Other	67	24
Total cash and cash equivalents	67	24

The balance of the administered cash account is non-interest bearing.

Note 18B: Receivables

Loans to State and Territory governments	14,812	7,867
Total loans to State and Territory Governments	14,812	7,867

The Captains Flat loan was made under financial assistance legislation. Interest rates are fixed and range from 9.0% to 14.475%.

The QLD and NSW Sewerage Loans were made under the Sewerage Agreement Acts. Interest rates are fixed and range from 8.5% to 9.05%.

The Adelaide and Northern Towns loan was made under the National Water Resources (Financial Assistance) Act. The interest rate is fixed at 10.93%.

Loans to Commonwealth Entity	10,115	8,311
Allowance for doubtful debts	(8,098)	(6,431)
Total Loans to Commonwealth Entity (net)	2,017	1,880

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.

All receivables are with entities external to the Department. Credit terms are generally 30 days (2007: 30 days).

Goods and Services Tax receivable from the ATO	10,513	7,228
Total Goods and Services Tax	10,513	7,228
Other receivables	2,342	713
Allowance for doubtful debts	(431)	(143)
Total Other receivables	1,911	570
Total receivables (net)	29,253	17,545

Receivables (gross) are aged as follows:

Not overdue	36,351	23,541
Overdue by:		
Less than 30 days	872	101
30 to 60 days	50	4
60 to 90 days	-	76
More than 90 days	509	397
Total receivables (gross)	37,782	24,119

Note 18: Assets Administered on Behalf of Government (continued)		
	2008	2007
	\$'000	\$'000
The allowance for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
More than 90 days	(8,529)	(6,574)
Total allowance for doubtful debts	(8,529)	(6,574)
Note 18C: Investments		
Commonwealth authorities, (Refer Note 22)		
Director of National Parks	167,418	148,960
Great Barrier Reef Marine Park Authority	-	18,374
Sydney Harbour Federation Trust	221,528	178,740
Murray-Darling Basin Commission	485,224	445,952
Australia Council	31,700	-
Australian Film Commission	98,557	-
Australian Film, Television and Radio School	44,900	-
Australian National Maritime Museum	290,000	-
National Gallery of Australia	3,600,002	-
National Library of Australia	1,702,147	-
National Museum of Australia	383,081	-
Film Finance Corporation Australia Ltd	40,715	-
Australia Business Arts Foundation Ltd	1,526	-
Bundanon Trust	31,682	-
Film Australia Ltd	25,002	-
Total Investments	7,123,482	792,026
Note 18D: Other financial assets		
Interest on loans	287	310
Total other financial assets	287	310
Non-financial assets		
Note 18E: Land and Buildings		
Land	12,454	12,454
Buildings	114,813	22,649
Accumulated Depreciation-Buildings	(5,877)	(1,316)
Heritage Buildings	39,932	39,932
Total land and buildings	161,322	73,719
Note 18F: Other Heritage Assets		
Heritage Collections	1,047	1,271
Heritage Furniture	4,277	-
Accumulated Depreciation - Heritage Furniture	(99)	-

<i>Total infrastructure, plant and equipment</i>	<u>5,225</u>	<u>1,271</u>
<u>Note 18G: Other Non-financial Assets</u>		
Prepayments:		
Prepaid Grant - Point Nepean Trust	16,800	24,056
Prepaid Grant - Scout Hall Water Program	11,768	11,768
Other Prepayments	667	9
<i>Total other non-financial assets</i>	<u>29,235</u>	<u>35,833</u>
Total assets administered on behalf of Government	<u>7,348,871</u>	<u>920,728</u>

Note 18H: Analysis of Heritage assets**TABLE A: Reconciliation of the opening and closing balances of Heritage assets (2007-2008)**

	Land	Buildings	Other Heritage	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007				
Gross book value	12,454	62,581	1,271	76,306
Accumulated depreciation and impairment	-	(1,316)	-	(1,316)
Net book value 1 July 2007	12,454	61,265	1,271	74,990
Acquisitions				
by purchase	-	1,951	-	1,951
restructure	-	90,213	4,277	94,490
Revaluation	-	-	(224)	(224)
Depreciation	-	(4,561)	(99)	(4,660)
Reclassifications	-	-	-	-
Disposals				
by transfer	-	-	-	-
Net book value 30 June 2008	12,454	148,868	5,225	166,547
Net book value as of 30 June 2008 represented by:				
Gross book value	12,454	154,745	5,324	172,523
Accumulated depreciation and impairment	-	(5,877)	(99)	(5,976)
	<u>12,454</u>	<u>148,868</u>	<u>5,225</u>	<u>166,547</u>

TABLE A: Reconciliation of the opening and closing balances of Heritage assets (2006-2007)

	Land	Buildings	Other Heritage	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006				
Gross book value	-	4,750	1,271	6,021
Net book value 1 July 2006	-	4,750	1,271	6,021
Acquisitions				
by transfer	59,601	67,877	-	127,478
Revaluation	2,665	1,973	-	4,638
Depreciation	-	(1,316)	-	(1,316)
Reclassifications	2,789	(2,789)	-	-
Disposals				
by transfer	(52,601)	(9,230)	-	(61,831)
Net book value 30 June 2007	12,454	61,265	1,271	74,990
Net book value as of 30 June 2007 represented by:				
Gross book value	12,454	62,581	1,271	76,306
Accumulated depreciation and impairment	-	(1,316)	-	(1,316)
	<u>12,454</u>	<u>61,265</u>	<u>1,271</u>	<u>74,990</u>

Note 19: Liabilities Administered on Behalf of Government

	2008	2007
	\$'000	\$'000

Payables**Note 19A: Suppliers**

Trade creditors	422	2,048
Total Suppliers	422	2,048

All creditors are entities that are not part of the Australian Government. Settlement is usually made within 30 days

Note 19B: Grant Payables

Public sector:

State and Territory governments	23,670	8,413
Local governments	460	204
Commonwealth entities	1,961	672

Private sector:

Non-profit institutions	4,101	919
Profit making entities	3,051	1,102
Individuals	24	70
Universities	433	47
Total grant payables	33,700	11,427

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.

Note 19C: Other payables

Accrued expenses	16,618	2,168
Total other payables	16,618	2,168

All liabilities are expected to be settled within 12 months of balance date.

Note 20: Administered Reconciliation Table

	2008	2007
	\$'000	\$'000
<i>Opening administered assets less administered liabilities as at 1 July 2007</i>	905,085	305,155
<i>Opening Balance fair value adjustment - administered investments</i>	-	-
Plus: Administered revenues	13,480	141,794
Administered revenue - NTFFS	3,344	-
Less: Administered expenses	(1,139,729)	(594,280)
Administered expenses - NTFFS	(3,344)	-
Administered transfers to / from Government:		
Appropriation transfers from OPA:		
Annual appropriations administered expenses	824,142	351,824
Annual appropriations special accounts	326,414	285,369
Transfers to OPA including GST	(64,422)	(50,562)
Administered Investments - gain	341,727	73,901
Administered Restructures	6,091,434	448,410
Administered Asset Revaluation	-	4,638
Administered Assets Transferred	-	(61,831)
Adjustments for errors	-	667
<i>Closing administered assets less administered liabilities as at 30 June 2008</i>	<u>7,298,131</u>	<u>905,085</u>

Note 21: Administered Contingent Liabilities and Assets*Quantifiable administered contingencies*

There are no quantifiable contingencies in either the current or the immediately preceding reporting periods, therefore there is no Schedule for such items.

Unquantifiable administered contingencies

Nil for 2008 and 2007.

Remote administered contingencies

Nil for 2008 and 2007.

Note 22: Administered Investments

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

With effect from 1 July 2007 the Great Barrier Reef Marine Park Authority became a FMA agency. As a result GBRMPA is no longer recognised as an Administered Investment.

Sydney Harbour Federation Trust

Is responsible for planning, managing, conserving, enhancing and making publicly accessible certain lands on or near the foreshores of Sydney Harbour.

Murray-Darling Basin Commission

The Commission is the executive arm of the Murray-Darling Basin Ministerial Council and is responsible for advising the Ministerial Council on matters related to the use of the water, land and other environmental resources of the Murray-Darling Basin.

Australia Council

Provides advice and support for artistic practice of individuals and companies. Encourages participation of all Australian people, communities, institutions in cultural activities. A body corporate established under the Australia Council Act 1975.

Australian Film Commission

Fosters an internationally competitive audiovisual production industry, developing and preserving a national collection of sound and moving image and making Australia's audio visual heritage available to all.

Australian Film, Television and Radio School

Provides advanced education and training programs for the Australian media industry. A body corporate established under the Australian Film, Television and Radio School Act 1973

Australian National Maritime Museum

Acquires, researches, conserves and presents relevant material to Australia's maritime heritage. A body corporate established under the Australian National Maritime Act 1990.

National Gallery of Australia and controlled entity

Provides access to works of art and information about them locally, nationally and internationally. A body corporate established under the National Gallery Act 1975.

National Library of Australia

Provides a comprehensive collection of Australian library material and international documentary resources. A body corporate established under the National Library Act 1960.

National Museum of Australia

Provides access to Australian historical collections and public programs to develop Australia's history and culture. A body corporate established under the National Museum of Australia Act 1980.

Note 22: Administered Investments (continued)**Film Finance Corporation Australia Ltd**

Provides financial support to the Australian film and television production industry. Incorporated in Australia.

Australia Business Arts Foundation Ltd (formerly Australian Foundation for Culture & Humanities Ltd)

Established to encourage private sector cultural sponsorship and philanthropy. Incorporated in Australia.

Bundanon Trust

A trust established to manage and develop properties at Bundanon NSW as a living art centre. It is a wholly owned Australian government company limited by guarantee.

Film Australia Ltd

Distributes and markets films and, in particular, produces programs of national interest.

	Valuation at			Change \$'000's
	30 June 2007 \$'000	2 December 2007 \$'000	30 June 2008 \$'000	
Investment				
Director of National Parks	148,960	-	167,418	18,458
Great Barrier Reef Marine Park Authority	18,374	-	-	(18,374)
Sydney Harbour Federation Trust	178,740	-	221,528	42,788
Murray-Darling Basin Commission	445,952	-	485,224	39,272
Australia Council	-	29,491	31,700	2,209
Australian Film Commission	-	94,342	98,557	4,215
Australian Film, Television and Radio School	-	39,700	44,900	5,200
Australian National Maritime Museum	-	225,567	290,000	64,433
National Gallery of Australia	-	3,439,546	3,600,002	160,456
National Library of Australia	-	1,701,051	1,702,147	1,096
National Museum of Australia	-	366,041	383,081	17,040
Film Finance Corporation Australia Ltd	-	40,153	40,715	562
Australia Business Arts Foundation Ltd	-	1,924	1,525	(399)
Bundanon Trust	-	31,814	31,682	(132)
Film Australia Ltd	-	20,100	25,003	4,903
Movement in carrying amount of investment 2007-2008	792,026	5,989,729	7,123,482	341,727

23: Administered Restructuring

The Department assumed the responsibility for the Arts functions on 3 December 2007 from the changes in Administrative Arrangement Orders.

The Department assumed the responsibility for the SA Water Filtration Loan under the Natural Resources Management (Financial Assistance) Act 1992, section 25(1) on 25 January 2008 from the Department of Agriculture, Fisheries and Forestry.

Additionally, the Department transferred the Resources, Energy and Tourism functions to the Department of Resources, Energy and Tourism on 25 January 2008.

A component of the Climate Change functions were also transferred from the Department on 3 December 2007 to the Department for Climate Change.

In respect of the functions assumed, the following assets and liabilities were transferred to the Department:

	2008	2007
	\$'000	\$'000
Arts Function		
Total assets recognised	6,085,081	-
Total liabilities recognised	1,615	-
Net increase in net assets during the year	<u>6,083,466</u>	<u>-</u>
Arts Function		
Revenues		
Recognised by the Department of the Environment, Water, Heritage and the Arts	2,007	-
Recognised by the Department of Communication, Information Technology and the Arts	406	-
Expenses		
Recognised by the Department of the Environment, Water, Heritage and the Arts	117,393	-
Recognised by the Department of Communication, Information Technology and the Arts	91,019	-
Agriculture, Fisheries and Forestry Function		
Total assets recognised	7,968	448,410
Total liabilities recognised	-	-
Net increase in net assets during the year	<u>7,968</u>	<u>448,410</u>

In respect to the above functions transferred out of the Department, the net book values of assets and liabilities transferred for no consideration and recognised at the respective dates of transfers were:

	2008	2007
	\$'000	\$'000
Climate Change Function		
Total assets transferred	-	-
Total liabilities transferred	-	-
	<u>-</u>	<u>-</u>
Net decrease in net assets during the year	<u>-</u>	<u>-</u>
Resources, Energy and Tourism function		
Total assets recognised	-	-
Total liabilities recognised	-	-
	<u>-</u>	<u>-</u>
Net decrease in net assets during the year	<u>-</u>	<u>-</u>
Previous year (2006-07)		
As a result of a restructuring of administered arrangements, the Department assumed the responsibility for the Water functions on 30th January 2007 from the Department of Agriculture, Fisheries and Forestry, comparative figures above.		

Note 24: Financial Instruments

	2008	2007
	\$'000	\$'000
24A: Categories of financial instruments		
Financial Assets		
Cash equivalents, Investments and Other receivables		
Other Cash	67	24
Loans to State and Territory governments	14,812	7,867
Loans to Commonwealth Entity	10,115	8,311
Other receivables	2,342	713
Investments	7,123,482	792,026
Accrued Interest on loans	287	310
Carrying amount of financial assets	<u>7,151,105</u>	<u>809,251</u>
Financial Liabilities		
Other Liabilities		
Trade creditors	422	2,048
Grant payables	33,700	11,427
Carrying amount of financial liabilities	<u>34,122</u>	<u>13,475</u>
	2008	2007
	\$'000	\$'000
24B: Net income and expense from financial assets		
Loans and receivables		
Interest revenue	1,074	283
Impairment	(1,957)	(755)
Net gain/(loss) loans and receivables	<u>(883)</u>	<u>(472)</u>

Note 24: Financial Instruments (continued)**Note 24C: Fair value of financial instruments**

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
FINANCIAL ASSETS				
Other Cash	67	67	24	24
Loans to State and Territory governments	14,812	14,812	7,867	7,867
Loans to Commonwealth Entity	10,115	2,017	8,311	1,880
Other receivables	2,342	1,911	713	570
Investments	7,123,482	7,123,482	792,026	792,026
Accrued Interest on loans	287	287	310	310
Total	7,151,105	7,142,577	809,251	802,677
FINANCIAL LIABILITIES				
Trade creditors	422	422	2,048	2,048
Grants Payable	33,700	33,700	11,427	11,427
Total	34,122	34,122	13,475	13,475

Note 24: Financial Instruments (continued)**Note 24D: Credit Risk**

The Department is exposed to minimal credit risk as the Cash equivalents, investments and Other receivables are cash, loans to state and territory government and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of loans and other receivables (2008: \$27,269 and 2007: \$16,891). The Department has assessed the risk of the default on payment and has allocated \$8,529 in 2008 (2007: \$6,574) to an allowance for doubtful debts account.

The following table illustrates the Department's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2008 \$'000	2007 \$'000
Financial assets		
Cash equivalents, Investments and Other receivables		
Other Cash	67	24
Loans to State and Territory governments	14,812	7,867
Loans to Commonwealth Entity	10,115	8,311
Other receivables	2,342	713
Investments	7,123,482	792,026
Accrued Interest on loans	287	310
Total	7,151,105	809,251

The Department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Department has policies and procedures that guide employees debt recovery techniques that are to be applied. The Department holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired.

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past due or impaired 2008 \$'000	Past due or impaired 2007 \$'000
Cash equivalents, Investments and Other receivables				
Other Cash	67	24	-	-
Loans to State and Territory governments	14,812	7,867	-	-
Loans to Commonwealth Entity	2,017	1,880	8,098	6,431
Other receivables	911	135	1,431	578
Investments	7,123,482	792,026	-	-
Accrued Interest on loans	287	310	-	-
Total	7,141,576	802,242	9,529	7,009

Note 24: Financial Instruments (continued)

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Cash equivalents, Investments and Other receivables					
Other receivables	872	50	-	509	1,431
Total	872	50	-	509	1,431

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Cash equivalents, Investments and Other receivables					
Other receivables	101	4	76	397	578
Total	101	4	76	397	578

Note 24E: Liquidity risk

The Department's financial liabilities are trade creditors and grant payables. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities

	On demand 2008 \$'000	within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Other Liabilities					
Trade creditors	-	422	-	-	422
Grants Payable	-	33,700	-	-	33,700
Total	-	34,122	-	-	34,122

	On demand 2007 \$'000	within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
Other Liabilities					
Trade creditors	-	2,048	-	-	2,048
Grants Payable	-	11,427	-	-	11,427
Total	-	13,475	-	-	13,475

Note 24F Market risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed 'Currency risk' or 'Other price risk' or 'Interest rate risk'.

Note 25 Appropriations (Continued)

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriation

Particulars	Operating				Non-operating				Total			
	Outcome 1		Outcome 2		Outcome 3		Loans		Admin assets & liabilities			
	2008	2007	N/E	SPP's	N/E	SPP's	2008	2007	2008	2007		
Balance brought forward from previous period	21,755,552	721,258	0	0	0	0	0	0	1,728,725	0	25,407,913	1,976,055
Revelation of appropriations (prior years)	21,469,911	721,258	0	0	0	0	0	0	1,728,725	0	21,469,911	721,258
Adjusted balance carried from previous period	265,941	0	0	0	0	0	0	0	1,728,725	0	3,926,302	1,254,797
Appropriation Act												
Appropriation Act (No. 2) 2007-08	40,900,000	34,539,000	0	0	99,796,000	53,831,000	26,000,000	2,195,000	0	0	2,611,000	166,696,000
Appropriation Act (No. 4) 2007-08	1,461,000	1,800,000	0	0	0	0	0	0	0	0	0	39,645,000
Appropriation Act (No. 6) 2007-08	0	0	0	0	0	0	0	0	0	0	0	1,461,000
Departmental Appropriations	0	0	0	0	0	0	0	0	0	0	0	0
Departmental Advances and Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Advances to the Finance Minister	0	0	0	0	0	0	0	0	0	0	0	0
FMA Act												
Refunds credited (FMAA s 30)	0	0	0	0	0	0	0	0	0	0	0	0
Appropriations to take account of recoverable GST (FMAA s 30A)	306,765	204,845	0	0	1,690,568	241,400	0	150,616	0	0	23,041	2,020,374
Adjustment of appropriations on change of entity function (FMA s 32)	0	21,519,000	0	0	0	0	(8,889,940)	0	10,229,899	0	13,339,959	21,519,000
Total appropriations available for payments	42,933,766	58,362,845	0	0	101,486,568	47,082,400	19,053,696	3,600,413	0	0	11,981,665	175,455,636
Cash payments made during the year (GST inclusive)	42,744,755	36,027,293	0	0	50,743,248	9,537,885	16,316,263	1,656,777	0	0	2,414,779	882,275
Appropriations credited to Special Accounts (GST exclusive)	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	488,952	21,735,552	0	0	50,743,320	37,544,515	2,737,433	1,943,636	0	0	9,566,886	63,506,591
Cash at bank and on hand	0	0	0	0	0	0	0	0	0	0	0	0
Appropriations receivable	0	0	0	0	0	0	0	0	0	0	63	63
GST receivable from the ATO	0	0	0	0	0	0	692,973	1,943,636	0	0	692,973	1,943,636
Formal reductions of appropriation revenue	0	0	0	0	0	0	0	0	0	0	0	0
Departmental appropriation receivable (appropriation for additional outputs)	0	0	0	0	0	0	0	0	0	0	0	0
Undrawn, unexpended administered appropriations	488,952	21,735,552	0	0	50,743,320	37,544,515	2,044,600	0	0	0	9,566,823	63,813,555
Total	488,952	21,735,552	0	0	50,743,320	37,544,515	2,737,433	1,943,636	0	0	9,566,886	63,506,591
												25,407,913

Note 25 Appropriations (Continued)**Table C: 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	
		2008	2007
		\$	\$
<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 - \$25,245,823 was transferred to the Account via the self executing provisions of the legislation (2006-2007: \$23,100,260)			
<i>Budget Estimate</i>		24,972,000	24,061,000

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

Financial Management and Accountability Act 1997 Section 28		Administered	
		2008	2007
		\$	\$
<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		178,845	18,550
Appropriations credited to Special Accounts		-	-
Refunds received (net) (FMA s 30)		-	-
Total charged to special appropriation		178,845	18,550
<i>Budget Estimate (FMA s28)</i>		-	-

Note 25 Appropriations (Continued)**Table E: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)**

The Department of the Environment, Water, Heritage and the Arts has responsibility for the following special appropriation legislation. There were zero transactions and budgets during the reporting year and comparative year.

Departmental - Outcome 1	
<u>Legislation:</u>	Appropriation (Supplementary Measures) Act (No. 2) 1999
<u>Section:</u>	Section 3
<u>Purpose:</u>	<ul style="list-style-type: none"> • Developing a product stewardship system for the reuse and recycling of waste oil • 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.
Balance of this appropriation at 30 June 2008 is nil (2006-07: nil)	

Administered - Outcome 1	
<u>Legislation:</u>	Appropriation (Supplementary Measures) Act (No. 2) 1999
<u>Section:</u>	Section 3
<u>Purpose:</u>	<ul style="list-style-type: none"> • Supporting conversions to CNG or LPG for commercial vehicles that have a GVM equal to or greater than 3.5 tonnes, buses that have a GVM equal to or greater than 3.5 tonnes, trains and ferries • Supporting the utilisation of photovoltaic systems on residential buildings and community-use buildings • Supporting the development and commercialisation of renewable energy • Supporting the use of renewable energy for remote power generation • Greenhouse gas abatement program
Balance of this appropriation at 30 June 2008 is nil (2006-07: nil)	
<u>Legislation:</u>	Captains Flat (Abatement of Pollution) Agreement Act 1975
<u>Section:</u>	Section 4
<u>Purpose:</u>	<ul style="list-style-type: none"> • Amounts payable to the Government of New South Wales in accordance with an agreement made under section 3, by way of financial assistance
Balance of this appropriation at 30 June 2008 is nil (2006-07: nil)	
<u>Legislation:</u>	Sewerage Agreements Act 1973
<u>Section:</u>	Section 8
<u>Purpose:</u>	<ul style="list-style-type: none"> • Provide funding to clear backlog of sewerage works in principal Australian cities
Balance of this appropriation at 30 June 2008 is nil (2006-07: nil)	
<u>Legislation:</u>	Sewerage Agreements Act 1974
<u>Section:</u>	Section 10
<u>Purpose:</u>	<ul style="list-style-type: none"> • Provide funding to clear backlog of sewerage works in principal Australian cities.
Balance of this appropriation at 30 June 2008 is nil (2006-07: nil)	

Administered - Outcome 3	
<u>Legislation:</u>	Natural Resources Management (Financial Assistance) Act 1992
<u>Section:</u>	Section 25(1)
<u>Purpose:</u>	<ul style="list-style-type: none"> • To grant financial assistance in connection with projects relating to natural resources management
Balance of this appropriation at 30 June 2008 is nil (2006-07: nil)	

Table F: Special Accounts

a) Special accounts comprise part of the Department's departmental and administered reporting entities.

Art Rental Special Account (Departmental)	2008	2007
	\$	\$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - Amounts may be debited from the Special Account for:</i>		
(a) acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth		
(b) activities that are incidental to the purpose mentioned in paragraph (a)		
(c) the repayment of amounts where an Act or other law requires or permits the repayment of an amount received		
This account is non-interest bearing.		
Balance carried from previous period	0	0
Restructure - transfer from DCITA	1,758,286	0
Sale of goods and services	1,876,159	0
GST credits (FMA s30A)	166,633	0
Total Credits	3,801,078	0
Available for payments	3,801,078	0
Payments made - Employees	693,345	0
Payments made - Suppliers	1,344,696	0
Total Debits	2,038,041	0
Balance carried to next period (excluding investment balances) and represented by:	1,763,037	0
Cash held by the Agency	1,763,037	0
Total balance carried to the next period	1,763,037	0

The Art Rental Special Account was transferred to the Department following the 3 December 2007 Administrative Arrangement Orders.

The cash balance of the account was transferred on 28 February 2008. This special account is operated through its own bank account - the balance and transactions recorded are for the period 3 December to 30 June 2008

Prior year transactions are reported in the Department of Communications, Information Technology and the Arts 2006-07 Annual Report

Table F: Special Accounts (continued)

Cultural Ministers' Council Special Account (Departmental)	2008	2007
	\$	\$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - Amounts may be debited from the Special Account for:</i>		
<ul style="list-style-type: none"> (a) conducting activities of the working parties initiated by the Cultural Ministers' Council (b) activities that are incidental to the purpose mentioned in paragraph (a) (c) the repayment of amounts where an Act or other law requires or permits the repayment of an amount received 		
This account is non-interest bearing.		
Balance carried from previous period	0	0
Restructure - transfer from DCITA	523,185	0
Sale of Goods and Services	211,799	0
GST credits (FMA s30A)	35,467	0
Total Credits	770,451	0
Available for payments	770,451	0
Payments made - Suppliers	346,140	0
Payments made - Grants	44,000	0
Total Debits	390,140	0
Balance carried to next period (excluding investment balances) and represented by:	380,311	0
Cash transferred to the Official Public Account	683,311	0
Cash expended from Departmental cash reserves (not drawn from OPA at 30 June 2008)	(303,000)	0
Total balance carried to the next period	380,311	0

The Cultural Ministers' Council Special Account was transferred to the Department following the 3 December 2007 Administrative Arrangement Orders.

The cash balance of the account was transferred as at 28 February 2008.

The following payments were transacted between 3 December and 28 February - these were undertaken by the Department of Broadband, Communications and the Digital Economy on behalf of the Department and have been recognised as expenses in the Income Statement:

Employees	\$ 9,279
Suppliers	\$ 13,512

Prior year transactions are reported in the Department of Communications, Information Technology and the Arts 2006-07 Annual Report.

Table F: Special Accounts (continued)

National Collections Special Account (Departmental)	2008	2007
	\$	\$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - Amounts may be debited from the Special Account for:</i>		
<ul style="list-style-type: none"> (a) conducting projects, programmes and strategies approved by the responsible agency, associated with the future directions, needs and priorities of the collection sector (b) activities that are incidental to the purpose mentioned in paragraph (a) (c) the repayment of amounts where an Act or other law requires or permits the repayment of an amount received 		
This account is non-interest bearing.		
Balance carried from previous period	0	0
Restructure - transfer from DCITA	236,690	0
Sale of Goods and Services	392,411	0
GST credits (FMA s30A)	40,291	0
Total Credits	669,392	0
Available for payments	669,392	0
Payments made - Suppliers	110,000	0
Payments made - Grants	333,202	0
Total Debits	443,202	0
Balance carried to next period (excluding investment balances) and represented by:	226,190	0
Cash transferred to the Official Public Account	326,190	0
Cash expended from Departmental cash reserves (not drawn from OPA at 30 June 2008)	(100,000)	0
Total balance carried to the next period	226,190	0

The National Collections Special Account was transferred to the Department following the 3 December 2007 Administrative Arrangement Orders.

The cash balance of the account was transferred as at 28 February 2008.

The following payments were transacted between 3 December and 28 February - these were undertaken by the Department of Broadband, Communications and the Digital Economy on behalf of the Department and have been recognised as expenses in the Income Statement:

Suppliers \$ 100,000

Prior year transactions are reported in the Department of Communications, Information Technology and the Arts 2006-07 Annual Report.

Table F: Special Accounts (continued)

National Portrait Gallery Special Account (Departmental)	2008	2007
	\$	\$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - Amounts may be debited from the Special Account for:</i>		
<ul style="list-style-type: none"> (a) acquisition of works of art for the National Portrait Gallery (b) organising National Portrait Gallery activities and mounting exhibitions in accordance with the Gallery's programme (c) assisting with National Portrait Gallery Circle of Friends events (d) activities that are incidental to the purpose mentioned in paragraphs (a), (b) or (c) (e) the repayment of amounts where an Act or other law requires or permits the repayment of an amount received 		
This account is non-interest bearing except for the money held in the bank account for receiving donations. Interest on this bank account is earned at the rate of interest earned by the Commonwealth as at the beginning of the financial year on deposits held with the Reserve Bank of Australia		
Balance carried from previous period	0	0
Restructure - transfer from DCITA	3,350,871	0
Sale of goods and services	8,351	0
Other receipts	3,520,167	0
GST credits (FMA s30A)	41,517	0
Total Credits	6,920,906	0
Available for payments	6,920,906	0
Payments made - Suppliers	46,187	0
Payments made - Asset acquisitions	418,674	0
Total Debits	464,861	0
Balance carried to next period (excluding investment balances) and represented by:	6,456,045	0
Cash transferred to the Official Public Account	79,346	0
Cash held by the agency	6,347,815	0
Cash held with departmental cash reserves at 30 June 2008	28,884	0
Total balance carried to the next period	6,456,045	0

The National Portrait Gallery Special Account was transferred to the Department following the 3 December 2007 Administrative Arrangement Orders.

The cash balance of the account was transferred as at 28 February 2008.

The following payments were transacted between 3 December and 28 February - these were undertaken by the Department of Broadband, Communications and the Digital Economy on behalf of the Department and have been recognised as revenues and expenses in the Income Statement:

Sale of goods and services	\$ 448
Other receipts	\$ 37,750
Suppliers	\$ 13,539

Prior year transactions are reported in the Department of Communications, Information Technology and the Arts 2006-07 Annual Report.

Table F: Special Accounts (continued)

Return of Indigenous Cultural Property Special Account (Departmental)	2008	2007
	\$	\$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - Amounts may be debited from the Special Account for:</i>		
<ul style="list-style-type: none"> (a) developing and conduction projects, programmes and strategies associated with the repatriation of indigenous cultural material, on behalf of the Cultural Ministers' Council (b) activities that are incidental to the purpose mentioned in paragraph (a) (c) the repayment of amounts where an Act or other law requires or permits the repayment of an amount received 		
This account is non-interest bearing.		
Balance carried from previous period	0	0
Restructure - transfer from DCITA	1,135,892	0
Other receipts	0	0
GST credits (FMA s30A)	0	0
Total Credits	1,135,892	0
Available for payments	1,135,892	0
Payments made	0	0
Balance carried to next period (excluding investment balances) and represented by:	1,135,892	0
Cash transferred to the Official Public Account	1,135,892	0
Total balance carried to the next period	1,135,892	0

The Return of Indigenous Cultural Property Special Account was transferred to the Department following the 3 December 2007 Administrative Arrangement Orders.

The cash balance of the account was transferred as at 28 February 2008.

There were no transactions between 3 December and 28 February.

Prior year transactions are reported in the Department of Communications, Information Technology and the Arts 2006-07 Annual Report.

Australian Antarctic Heritage Conservation Special Account (Administered)
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>
<i>Purpose - The following are the purposes of the Account:</i>
<ul style="list-style-type: none"> (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 2007-2008 (2006-2007: Nil).
The balance of this account at 30 June 2008 is Nil (2006-2007: Nil).

Table F: Special Accounts (continued)

Environmental Water Holdings Special Account (Administered)	2008	2007
	\$	\$
<i>Legal Authority - Water Act 2007, Section 111</i>		
<i>Appropriation - Financial Management and Accountability Act 1997, Section 21</i>		
<i>Purpose - Amounts standing to the credit of the Account may be debited for:</i>		
(a) the payment or discharge of the costs, expenses and other obligations incurred by the Commonwealth Water Holder in the performance of the functions of the Commonwealth Environmental Water Holder		
(b) meeting the expenses of administering the Account		
This account is non-interest bearing		
Balance carried from previous period	0	0
Sale of goods and services	2,022,800	0
GST credits (FMA s30A)	0	0
Total Credits	2,022,800	0
Available for payments	2,022,800	0
Payments made	0	0
Balance carried to next period (excluding investment balances) and represented by:	2,022,800	0
Cash transferred to the Official Public Account	2,022,800	0
Total balance carried to the next period	2,022,800	0

National Cultural Heritage Account (Administered)	2008	2007
	\$	\$
<i>Legal Authority - Protection of Moveable Cultural Heritage Act 1986, Section 25</i>		
<i>Appropriation - Financial Management and Accountability Act 1997, Section 21</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	214,049	500,000
Appropriations Act (No. 1)	285,951	0
GST credits (FMA s30A)	41,994	28,595
Total Credits	327,945	28,595
Available for payments	541,994	528,595
Payments made - Grants	540,934	314,546
Balance carried to next period (excluding investment balances) and represented by:	1,060	214,049
Cash transferred to the Official Public Account	1,060	214,049
Total balance carried to the next period	1,060	214,049

Table F: Special Accounts (continued)

Natural Heritage Trust of Australia Account (Administered)	2008 \$	2007 \$
<i>Legal Authority - Natural Heritage Trust of Australia Act 1997, Section 4</i>		
<i>Appropriation - Financial Management and Accountability Act 1997, Section 21</i>		
<i>Purpose - The purposes of the Reserve are as follows:</i>		
(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	403,933,174	401,743,660
Adjustment to balance carried from previous year	0	0
<i>Natural Heritage Trust of Australia Act 1997 credits:</i>		
. Sub-section 6(2)	25,245,823	23,100,260
. Sub-section 23(1)	300,000,000	292,500,000
Other receipts	1,642,702	1,500,890
GST credits (FMA s30A)	19,169,427	15,615,473
Total Credits	346,057,952	332,716,624
Available for payments	749,991,126	734,460,284
Payments made - Suppliers	47,160,810	59,524,400
Payments made - Grants	319,348,733	271,002,709
Payments made - Other	30,440	0
Total Debits	366,539,983	330,527,109
Balance carried to next period (excluding investment balances) and represented by:	383,451,143	403,933,174
Cash transferred to the Official Public Account	383,451,143	403,933,174
Cash held by the entity	0	0
Total balance carried to the next period	383,451,143	403,933,174

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.

Table F: Special Accounts (continued)

Northern Territory Flexible Funding Pool Special Account	2008	2007
	\$	\$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - Amounts standing to the credit of the Account may be debited to:</i>		
(a) develop, promote, assist or implement employment creation initiatives in relation to the Northern Territory Emergency Response		
(b) repay amounts where an Act or other law requires or permits the repayment of an amount received		
This account is non-interest bearing and is administered by the Department of Families, Community Services and Indigenous Affairs		
The Department of Families, Housing, Community Services and Indigenous Affairs made the following payments out of the Northern Territory Flexible Funding Pool Special Account, directly to third parties, on behalf of the Department of the Environment, Water, Heritage and the Arts.		
Departmental	0	0
Administered	3,344,043	0
These amounts have been recognised in the primary financial statements and the schedule of items administered on behalf of Government as appropriate		

Ozone Protection and SGG Account (Administered)	2008	2007
	\$	\$
<i>Legal Authority - Ozone Protection and Synthetic Greenhouse Gas Management Act 1989, Section 65B</i>		
<i>Appropriation - Financial Management and Accountability Act 1997, Section 21</i>		
<i>Purpose - The following are the purposes of the Account:</i>		
(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):		
(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	17,378,541	14,716,959
Adjustment to balance carried from previous year	0	0
Taxation - Levies	1,343,171	1,400,424
Sale of goods and services	3,319,238	1,279,982
Receipts from other sources	69,559	222,078
GST credits (FMA s30A)	41,306	9,206
Total Credits	4,773,274	2,911,689
Available for payments	22,151,815	17,628,648
Payments made - Suppliers	2,117,267	101,263
Payments made - Grants	371,866	0
Payments made - Other	76,283	148,844
Total Debits	2,565,416	250,107
Balance carried to next period (excluding investment balances) and represented by:	19,586,399	17,378,541
Cash transferred to the Official Public Account	19,586,399	17,378,541
Total balance carried to the next period	19,586,399	17,378,541

Table F: Special Accounts (continued)

Sea Installations Account (Administered)
<i>Legal Authority - Sea Installations Act 1987, Section 38</i>
<i>Appropriation - Financial Management and Accountability Act 1997, Section 21</i>
<i>Purpose - There must be transferred to the Account from the Consolidated Revenue Fund amounts equal to money paid as a security under section 37 by way of a cash deposit</i>
There were no transactions of this account during 2007-2008 (2006-2007: Nil). The balance of this account at 30 June 2008 is Nil (2006-2007: Nil).

WELS Account (Administered)	2008	2007
	\$	\$
<i>Legal Authority - Water Efficiency Labelling and Standards Act 2005, Section 64</i>		
<i>Appropriation - Financial Management and Accountability Act 1997, Section 21</i>		
<i>Purpose - The purpose of the Account is to make payments:</i>		
(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.		
This account is non-interest bearing.		
Balance carried from previous period	1,577,211	1,027,181
Appropriation Act (No.3)	1,266,000	0
Services - Rendering of services to external entities	713,652	1,083,066
GST credits (FMA s30A)	10,808	45,878
Total Credits	1,990,460	1,128,944
Available for payments	3,567,671	2,156,125
Payments made - Suppliers	118,884	521,939
Payments made - Other	13,200	56,975
Total Debits	132,084	578,914
Balance carried to next period (excluding investment balances) and represented by:	3,435,587	1,577,211
Cash transferred to the Official Public Account	3,435,587	1,577,211
Total balance carried to the next period	3,435,587	1,577,211

Table F: Special Accounts (continued)

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)	2008 \$	2007 \$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - (a) For the expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth</i>		
<i>(b) To credit another Special Account to which amounts held on trust or otherwise for the benefit of a person other than the Commonwealth may be credited</i>		
This account is non-interest bearing.		
Balance carried from previous period	280,951	262,072
Adjustment to balance carried from previous year	0	(7)
Other receipts	252,849	204,192
Total Credits	252,849	204,192
Available for payments	533,799	466,257
Payments made - Other	128,539	185,305
Balance carried to next period (excluding investment balances) and represented by:	405,260	280,951
Cash transferred to the Official Public Account	405,260	280,951
Total Balance carried to the next period	405,260	280,951
Environment - Services for other Governments and Non-agency Bodies Account (Special Public Money)		
	2008 \$	2007 \$
<i>Legal Authority - Financial Management and Accountability Act 1997, Section 20</i>		
<i>Purpose - (a) For the expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA Act agencies</i>		
<i>(b) To credit another Special Account to which amounts received in connection with services performed on behalf of other Governments and bodies that are not FMA Act agencies may be credited</i>		
This account is non-interest bearing.		
Balance carried from previous period	3,705,986	3,213,376
Adjustment to balance carried from previous year	0	1
Restructure - transfer from DAFF	0	469,533
Sale of goods and services	302,072	695,729
Other Receipts	849	8,102
GST credits (FMA s30A)	33,137	52,604
Total Credits	336,058	1,225,968
Available for payments	4,042,044	4,439,345
Payments made - Suppliers	546,013	447,920
Payments made - Grants	22,000	285,439
Total Debits	568,013	733,359
Balance carried to next period (excluding investment balances) and represented by:	3,474,031	3,705,986
Cash transferred to the Official Public Account	3,474,031	3,705,986
Total Balance carried to the next period	3,474,031	3,705,986

Note 26: Specific Payment Disclosures***Act of Grace***

No Act of Grace expenses were incurred during the reporting period.
(2007: No Act of Grace payments 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.
(2007: No waivers)

Ex-Gratia

No ex-gratia payments were made during the reporting period.
(2007: No ex-gratia payments)

Defective Administration Scheme

No payments were made under the Defective Administration Scheme.
(2007: No payment was made under the Defective Administration Scheme)

Note 27: Reporting of Outcomes

Note 27A: Net cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses										
Administered	789,853	592,980	224	1,300	235,992	-	113,660	-	1,139,729	594,280
Departmental	341,859	290,739	135,996	127,770	37,004	2,592	44,391	-	559,250	421,101
Total expenses	1,131,712	883,719	136,220	129,070	272,996	2,592	158,051	-	1,698,979	1,015,381
Costs recovered from provision of goods and services to the non-government sector:										
Administered	5,773	3,944	-	-	2,729	-	548	-	9,050	3,944
Departmental	11,350	12,482	-	-	-	-	-	-	11,350	12,482
Total costs recovered	17,123	16,426	-	-	2,729	-	548	-	20,400	16,426
Other external revenues:										
Administered	3,165	137,850	-	-	1,265	-	-	-	4,430	137,850
Departmental	51,069	34,709	6,243	5,779	2,550	620	11,994	-	71,856	41,108
Total other external revenues	54,234	172,559	6,243	5,779	3,815	620	11,994	-	76,286	178,958
Net cost contribution of outcome	1,060,355	694,734	129,977	123,291	266,452	1,972	145,509	-	1,602,293	819,997

Outcomes 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. DEWHA applies activity based accounting in attributing costs to outputs. These reports are sourced directly from DEWHA's SAP accounting system.

Note 27B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs.

Totals	Output 1		Output 2		Output 3		Output 4		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses										
Employees	136,728	118,507	35,420	34,328	12,684	1,667	21,532	-	206,364	154,502
Suppliers	132,155	97,561	57,890	50,878	18,791	925	17,086	-	225,922	149,364
Grants and Transfer Funding	63,039	65,996	1,428	1,269	4,956	-	2,523	-	71,946	67,265
Depreciation and Amortisation	6,114	6,479	27,765	28,088	422	-	931	-	35,232	34,567
Other Expenses	3,823	2,196	13,493	13,207	151	-	2,319	-	19,786	15,403
Total Departmental expenses	341,859	290,739	135,996	127,770	37,004	2,592	44,391	-	659,250	421,101
Funded by:										
Revenues from Government	286,409	242,843	105,522	99,550	40,141	1,494	35,657	-	467,729	343,887
Sale of goods and services	58,162	44,141	3,121	4,630	2,440	620	3,349	-	67,072	49,391
Interest	-	1	-	-	-	-	225	-	225	1
Other revenues	4,257	3,049	3,122	1,149	110	-	8,420	-	15,909	4,198
Total departmental revenues	348,828	290,034	111,765	105,329	42,691	2,114	47,651	-	650,935	397,477

Outcome 1	Output 1.1		Output 1.2		Output 1.3		Output 1.4		Output 1.5		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses												
Employees	27,554	25,054	31,030	24,758	17,343	17,308	13,655	12,816	47,146	38,571	136,728	118,507
Suppliers	40,443	28,022	23,812	18,036	15,248	11,456	9,244	9,355	43,408	30,692	132,155	97,561
Grants and Transfer Funding	4,676	7,274	47,817	43,989	1,928	1,955	2,924	986	5,694	11,792	63,039	65,996
Depreciation and Amortisation	1,283	1,430	762	744	599	571	728	776	2,742	2,958	6,114	6,479
Other Expenses	822	1,030	271	171	228	92	492	71	2,010	832	3,822	2,196
Total departmental expenses	74,778	62,810	103,692	87,696	35,346	31,382	27,043	24,004	101,100	84,845	341,859	290,739
Funded by:												
Revenues from Government	89,414	59,005	82,093	71,204	21,713	24,598	21,156	21,901	72,033	66,135	286,409	242,843
Sale of goods and services	4,115	2,546	18,861	16,505	8,324	7,172	1,809	1,397	25,053	16,521	58,162	44,141
Interest	-	-	-	-	-	-	-	-	-	1	-	1
Other revenues	247	664	1,459	516	117	117	1,388	259	591	1,493	4,257	3,049
Total departmental revenues	93,776	62,215	102,413	88,225	30,609	31,887	24,353	23,557	97,677	84,150	348,828	290,034

Note 27B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs continued.

Outcome 2	Output 2.1		Output 2.2		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses						
Employees	12,751	12,358	22,669	21,970	35,420	34,328
Suppliers	20,840	18,316	37,050	32,562	57,890	50,878
Grants and Transfer Funding	514	456	914	813	1,428	1,269
Depreciation and Amortisation	9,995	10,111	17,770	17,977	27,765	28,088
Other Expenses	4,857	4,754	8,636	8,453	13,493	13,207
Total departmental expenses	48,957	45,995	87,039	81,775	135,996	127,770
Funded by:						
Revenues from Government	37,987	35,838	67,535	63,712	105,522	99,550
Sale of goods and services	1,123	1,666	1,998	2,964	3,121	4,630
Interest	-	-	-	-	-	-
Other revenues	1,123	413	1,999	736	3,122	1,149
Total departmental revenues	40,233	37,917	71,532	67,412	111,765	105,329

Outcome 3	Output 3.1		Output 3.2		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses						
Employees	2,894	540	9,790	1,127	12,684	1,667
Suppliers	6,633	60	12,158	865	18,791	925
Grants and Transfer Funding	4,795	-	161	-	4,956	-
Depreciation and Amortisation	80	-	342	-	422	-
Other Expenses	31	-	120	-	151	-
Total departmental expenses	14,433	600	22,671	1,992	37,004	2,592
Funded by:						
Revenues from Government	18,142	-	21,999	1,494	40,141	1,494
Sale of goods and services	260	-	2,180	620	2,440	620
Interest	-	-	-	-	-	-
Other revenues	20	-	90	-	110	-
Total departmental revenues	18,422	-	24,269	2,114	42,691	2,114

Note 27B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs continued.

Outcome 4	Output 4.1		Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Departmental Expenses				
Employees	21,532	-	21,532	-
Suppliers	17,086	-	17,086	-
Grants and Transfer Funding	2,523	-	2,523	-
Depreciation and Amortisation	931	-	931	-
Other Expenses	2,319	-	2,319	-
Total departmental expenses	44,391	-	44,391	-
Funded by:				
Revenues from Government	35,657	-	35,657	-
Sale of goods and services	3,349	-	3,349	-
Interest	225	-	225	-
Other revenues	8,420	-	8,420	-
Total departmental revenues	47,651	-	47,651	-

Note 27C: Major Classes of Administered Revenues and Expenses by Outcome

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Administered Income										
Audit services received free of charge for the NHI	83	77	-	-	-	-	-	-	83	77
Interest	0	-	-	-	1,074	283	-	-	1,074	283
Sales of goods and services	4,431	3,944	-	-	2,729	-	-	-	7,160	3,944
Industry contributions	-	7,500	-	-	-	-	-	-	-	7,500
Assets recognised for the first time	-	127,543	-	-	-	-	-	-	-	127,543
Other revenue	4,423	2,447	-	-	192	-	548	-	5,163	2,447
Total administered income	8,937	141,511	-	-	3,995	283	548	-	13,480	141,794
Administered Expenses										
Grants	737,554	527,291	-	1,300	234,338	-	89,732	-	1,061,624	528,591
Suppliers	47,955	63,618	-	-	1,654	-	3,509	-	53,118	63,618
Write-down of assets	1,957	755	224	-	-	-	-	-	2,181	755
Depreciation	2,387	1,316	-	-	-	-	2,273	-	4,660	1,316
Other expenses	-	-	-	-	-	-	18,146	-	18,146	-
Total administered expenses	789,853	592,980	224	1,300	235,992	-	113,660	-	1,139,729	594,280

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