

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

(i) Accrued Salaries

The accrued salaries suspense account (see note 15 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 35 'Other liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not normally coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its the net fair value.

(j) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account Receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 14 'Income from State Government' and note 17 'Amounts receivable for services'.

(k) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectable amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written-off. The allowance for uncollectable amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See note 16 'Receivables'.

(l) Payables

Payables are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

See note 19 'Payables'.

(m) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date.

See note 20 'Provisions'



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

A liability for long service leave is recognized after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by Barton Consultancies in 2006 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by the Treasurer.

Employees who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act, 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

See also note 3(n) Superannuation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

See note 10 'Other Expenses' and note 20 'Provisions'.

(n) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

- (a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- (b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), and the equivalent of employer contributions to the GSS.

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are recognised by the Treasurer, a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 14 'Income from State Government'.

Defined contribution plans - in order to reflect the Department's true cost of services, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Fund.

(o) Resources Received Free of Charge or for Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(p) Comparative Figures

Comparative figures have been restated on the AIFRS basis. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer's Instruction 1101.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

(q) Support Provided to AAPA/Aboriginal Lands Trust

Decision making authority in respect of the Aboriginal land estate effectively resides with the Aboriginal Lands Trust (ALT), a body established under the auspices of the Aboriginal Affairs Planning Authority Act 1972.

When the Aboriginal Affairs Department (now titled the Department of Indigenous Affairs) was established on 1 November 1994 it effectively took over the operations of its originating agencies, including the Aboriginal Affairs Planning Authority (AAPA). Staff previously employed by the AAPA at that time were transferred to the AAD. As a consequence, administrative support for the AAPA and the ALT was provided by staff employed by the AAD. During 2005/06, this support, on a service basis, has been estimated at approximately \$1.009m.

	2005/06 (\$'000)	2004/05 (\$'000)
4. Employee benefits expense		
Wages and Salaries	9,613	9,223
Superannuation - defined contribution plans (b)	869	823
Superannuation - defined benefit plans (c) (d)	42	71
Long service leave (e)	(1)	(141)
Annual leave (e)	256	(34)
Other Staff Expenses	1,537	1,493
Other related expenses (i)	24	(17)
	12,340	11,418

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component

(b) Defined contribution plans include West State and Gold State (contributions paid)

(c) Defined benefit plans include Pension Scheme and Gold State (pre-transfer benefit)

(d) An equivalent notional income is also recognised (see note 21 'Income from State Government')

(e) Includes a superannuation contribution component

Employment on-costs such as workers' compensation insurance are provided at note 14 'Other Expenses'

The employment on-costs liability is included at note 34 'Provisions'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	2005/06 (\$'000)	2004/05 (\$'000)
5. Supplies and services		
Communication	370	333
Services and contractors	2,785	2,301
Consumables	389	338
Operating leases	586	587
	2005/06	2004/05
	(\$'000)	(\$'000)
Repairs and maintenance	206	183
Electricity and water	117	152
Other	280	268
	4,733	4,162
6. Depreciation expense		
Motor vehicles	1	1
Plant and equipment	38	37
IT equipment	193	271
	232	309
7. Accomodation expenses		
Lease rentals	1,191	1,250
Repairs and maintenance	26	193
Other	57	67
	1,274	1,510
8. Grants and subsidies		
<u>Recurrent</u>	4,587	2,298
Transfers/contributions to other agencies	260	142
	4,847	2,440
9. Capital User Charge		
Capital user charge	42	13
	42	13

The Government applies a levy for the use of its capital for the delivery of services. It is applied at 8% per annum on the net assets of the Department, excluding exempt assets, and is paid to the Department of Treasury and Finance quarterly.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	2005/06 (\$'000)	2004/05 (\$'000)
10. Other expenses		
Doubtful debts expense	-	1
Employment on-costs (a)	8	-
Other (b)	42	39
	50	40
(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 20 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
(b) Audit fee, see also note 32 'Remuneration of auditor'.		
	2005/06 (\$'000)	2004/05 (\$'000)
11. Commonwealth grants and contributions		
MCATSIA funding (i)	55	1
Gordon funding	82	-
Other	20	6
	157	7
12. Other revenue		
Contributions from State Government agencies		
Heritage Management project	-	285
Keating Initiatives	125	210
Kimberley Interpreter Services	90	135
National Indicators	-	50
Community Partnership Initiative	-	42
Other	53	64
Other contributions		
Patrols	2	150
MCATSIA funding (i)	103	142
Other funding	101	124
Revenues from non-operating activities		
Government Vehicle Scheme	23	23
Staff Housing contributions	81	79
	578	1,304

(i) The Department assumed responsibility for the administration of the Ministerial Council of Aboriginal and Torres Strait Islander Affairs (MCATSIA) during 2003/04. MCATSIA was previously administered, through a secretariat, by the NSW State Government. The funding received during the year was a combination of the balance of funds on hand and contributions from various States, Territories and the Commonwealth Government for the ongoing operations of the Council. Funds held for MCATSIA form part of Restricted Cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	2005/06 (\$'000)	2004/05 (\$'000)
13. Net gain (loss) on disposal of non-current assets		
<u>Proceeds of Disposal of Non-Current Assets</u>		
IT equipment	-	-
	2005/06 (\$'000)	2004/05 (\$'000)
<u>Costs from Disposal of Non-Current Assets</u>		
IT equipment	-	2
Vehicles	3	-
Plant and equipment	14	4
	17	6
14. Income from State Government		
Appropriation received during the year:		
Service appropriations (a)	22,314	18,461
The following liabilities have been assumed by the Treasurer during the financial year:		
Superannuation	42	71
Resources received free of charge (c) Determined on the basis of the following estimates provided by agencies:		
Crown Solicitor's Office -various legal advice	68	141
Government Property Office -property management services	23	19
	91	160
	22,447	18,692

- (a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) The assumption of the superannuation liability by the Treasurer is only a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation scheme. The notional superannuation expense is disclosed at note 7 'Employee Benefits Expense'.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

- (c) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

	2005/06 (\$'000)	2004/05 (\$'000)
15. Restricted Cash and cash equivalents		
Restricted cash		
<u>Current</u>		
MCATSIA (a)	262	308
Community Action Groups (b)	-	72
Western Desert Economic Opportunities (c)	16	-
Land Management (d)	5	42
PALS (e)	56	40
Grog Hotline (f)	3	3
Heritage Management (g)	102	95
Gordon - West Kimberley (h)	91	-
Language Services (i)	24	45
Remote Recruitment (j)	48	50
Community Partnership (k)	14	42
Financial Assistance to Patrols (l)	70	75
Interagency Implementation (m)	227	116
<u>Non-current</u>		
Accrued salaries suspense account (n)	45	-
	963	888

- (a) Funds held by the Department for the administration of the Ministerial Council of Aboriginal and Torres Strait Islander Affairs (MCATSIA).
- (b) Funding to set up such groups within local indigenous communities (supported by the State Government agencies)
- (c) Funds to undertake scoping of employment and economic development opportunities in the Western Desert region.
- (d) Project linking indigenous land with the National Heritage Trust.
- (e) Projects involving indigenous heritage and culture within schools.
- (f) Contribution to the Grog Hotline facilitated by the Dept of Racing, Gaming, and Liquor.
- (g) Funding to support the development of a heritage management system.
- (h) Funds held for the Kimberley Indigenous Womens Aboriginal Corporation to address family domestic violence issues in the West Kimberley region.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

- (i) Funds held for the Kimberley Interpreter Service, in conjunction with the WA Police Service.
- (j) Project funding provided by ATSSIS in relation to remote recruiting workshops and reports.
- (k) Funding for project in conjunction with the Dept of Community Development.
- (l) Funding provided by BHP Billiton in relation to indigenous patrols in the Pilbara.
- (m) Funding to support the findings of the Keating Review on interagency implementation issues.
- (n) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

	2005/06 (\$'000)	2004/05 (\$'000)
16. Receivables		
<u>Current</u>		
Receivables	195	231
Allowance for doubtful debts	(4)	-
GST receivable	497	122
	<u>688</u>	<u>353</u>
<u>Other Current Assets</u>		
Prepayments	140	252
Total Current	<u>828</u>	<u>605</u>

See also note 3(k) 'Receivables' and note 30 'Financial Instruments'

17. Amounts receivable for services

Current	440	163
Non-current	140	426
	<u>580</u>	<u>589</u>

Represents the non-cash component of service appropriations. See note 3(j).

Amounts receivable for services (Holding Account'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

18. Plant, equipment and vehicles

Vehicles		
At cost	54	54
Accumulated depreciation	(54)	(59)
	<u>-</u>	<u>5</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Plant and equipment		
At cost	323	300
At fair value	48	64
Accumulated depreciation	(187)	(209)
	<hr/>	<hr/>
	184	155
Information technology equipment		
At cost	1,174	1,547
At fair value	55	57
Accumulated depreciation	(998)	(1,254)
	<hr/>	<hr/>
	231	350
Works of art		
At cost	1	1
At fair value	314	314
	<hr/>	<hr/>
	315	315
	<hr/>	<hr/>
	730	825

Land and building values in respect of Aboriginal land have been reported by the Aboriginal Affairs Planning Authority in its annual report.

Works of art were revalued in accordance with a valuation which was undertaken by an independent consultant, on the basis of current market value, as at June 2004. The next revaluation of artwork will be undertaken during the 2006/07 financial year.

Reconciliations of the carrying amounts of plant, equipment and vehicles at the beginning and end of the reporting period are set out below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Vehicles \$000	Plant and Equipment \$000	Information Technology Equipment \$000
<u>2005/06</u>			
Carrying amount at start of year	5	155	350
Additions	-	80	74
Disposals	(4)	(13)	-
Revaluation increments	-	-	-
Depreciation	(1)	(38)	(193)
Carrying amount at end of year	-	184	231

	Vehicles \$'000	Plant and Equipment \$'000	Information Technology Equipment \$'000
<u>2004/05</u>			
Carrying amount at start of year	6	149	386
Additions	-	47	237

	Vehicles \$'000	Plant and Equipment \$'000	Information Technology Equipment \$'000
Disposals	-	(4)	(2)
Revaluation increments	-	-	-
Depreciation	(1)	(37)	(271)
Carrying amount at end of year	5	155	350

	2005/06 (\$'000)	2004/05 (\$'000)
19. Payables		
<u>Current</u>		
Trade payables	401	512
Total current	401	512

See also note 3(l) 'Payables' and note 30 'Financial Instruments'



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	2005/06 (\$'000)	2004/05 (\$'000)
20. Provisions		
<u>Current</u>		
Employee benefits provision		
Annual leave (a)	686	425
Long service leave (b)	635	356
	1,321	781
Other provisions		
Employment on-costs	158	94
	158	94
	1,479	875
<u>Non-current</u>		
Employee benefits provision		
Long service leave (b)	643	908
	643	908
Other provisions	77	109
	77	109
	720	1,017
	2,199	1,892

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that the actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	621	425
More than 12 months after reporting date	65	-
	686	425

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that the actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	635	356
More than 12 months after reporting date	643	908
	1,278	1,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included in note 10 'Other Expenses'.

Movements in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	2005/06 (\$'000)	2004/05 (\$'000)
<u>Employment on-cost provision</u>		
Carrying amount at start of year	203	219
Additional provisions recognised	32	-
Payments/other sacrifices of economic benefits	-	(16)
Carrying amount at end of year	235	203

21. Other Liabilities

Current

Accrued expenses	66	58
Accrued salaries	199	-
Income received in advance	189	158
Unclaimed monies	1	1
Other	2	2
Total Current	457	219

22. Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents the portion of equity resulting from the revaluation of non-current assets.

Contributed Equity

Balance at start of year	909	772
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Contributions by Owners

Capital contribution (a)	260	137
Total contributions by owners	1,169	909



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

- (a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurers' Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.

	2005/06 (\$'000)	2004/05 (\$'000)
Reserves		
Asset revaluation reserve		
Balance at the start of the year	173	173
Net revaluation increments/(decrements):		
Works of art	-	-
Balance at the end of the year	173	173
	2005/06 (\$'000)	2004/05 (\$'000)
Accumulated surplus/(deficit) (Retained Earnings)		
Balance at the start of the year	(610)	(715)
Result for the period	(353)	105
Income and expenses recognised directly to equity	-	-
Balance at the end of the year	(963)	(610)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

23. Notes to the Cash Flow Statement

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flows Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	335	188
Restricted cash and cash equivalents (see also Note 15)	963	888
	<u>1,298</u>	<u>1,076</u>

(b) Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities

Net cost of services	(22,800)	(18,587)
Non-cash items		
Depreciation	232	309
Doubtful debts expense	-	1
Superannuation expense	42	71
Resources received free of charge	91	160
Net (gain)/loss on sale of plant, equipment and vehicles	17	6
Other accrual adjustments	-	(1)
<u>(Increase)/decrease in assets:</u>		
Current receivables (c)	151	(144)
Other current assets	-	(18)
<u>Increase/(decrease) in liabilities</u>		
Current payables	10	268
Current provisions	604	(274)
Other current liabilities	238	(129)
Non-current provisions	(297)	119
Net GST receipts/(payments) (a)	(4)	(25)
Change in GST receivables/payables (b)	(375)	(49)
Net cash provided by/ (used in) operating activities	<u>(22,091)</u>	<u>(18,293)</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

- (a) This is the net GST paid/received, ie cash transactions
- (b) This reverses out the GST in receivables and payables.
- (c) Note that the Australian Taxation Office receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

Service Expenditure

Service 1 Support to Partnering Initiatives -

(Estimate \$14,032,000 Actual \$17,573,000) Variance \$3,541,000

The increase is reflected by the following items of new funding:

	<u>\$'000</u>
Nomination of Dampier Archipelago to National Heritage List	242
Keating Interagency Implementation Group	699
Salaries cost escalation	344
Gordon Implementation unit	1,969
Other Funding Initiatives not anticipated	287
	<u>3,541</u>

The variance reflects higher than expected funding from external parties to undertake specific projects.

Capital Contribution

(Estimate \$397,000 Actual \$260,000) Variance \$137,000

The variance reflects a Treasury correction between Capital Contribution and Drawdown from the Holding Account to reflect the replacement of existing assets.

Total Revenue

Estimate 2005/06 \$410,000 Actual 2005/06 \$735,000) Variance \$325,000

Keating Interagency Implementation Group	125
Gordon implementation unit	82
Other funding initiatives not anticipated	118
	<u>325</u>

The variance reflected higher than expected collection from external parties for specific projects. These include funds received for the Kimberley interpreter Services, Keating Review and a general increase in miscellaneous revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Significant variances between actuals for 2005 and 2006.

Total Appropriation Provided to Deliver Services for the Year

(Actual 2005/06 \$22,154,000 Actual 2004/05 \$18,301,000) Variance \$3,853,000

The increase is reflected by the following items of new funding:

	<u>\$'000</u>		
Nomination of Dampier Archipelago to National Heritage List	242		
Keating Interagency Implementation Group	574		
Cost escalation	659		
Gordon implementation unit	1,887		
	<u>\$'000</u>		
Aboriginal Community Patrols	515		
Accrual appropriation adjustment	(48)		
Procurement reforms	(179)		
Management initiated redundancy for DG	203		
	<u>3,853</u>		
		<u>2005/06</u>	<u>2004/05</u>
		(\$'000)	(\$'000)

24. Commitments

Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within 1 year	1,217	1,558
Later than 1 year and not later than 5 years	426	1,722
Later than 5 years	164	239
	<u>1,807</u>	<u>3,519</u>
Representing:		
Non-cancellable operating leases	1,807	3,519
	<u>1,807</u>	<u>3,519</u>

25. Contingent liabilities and contingent assets

The Department had no contingent liabilities or contingent assets as at 30 June 2006.

26. Events occurring after reporting date

No information has become apparent since balance date which materially affects the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

27. Explanatory statement

Significant variations between estimates and actual results for income and expenses are presented in the financial statement titled 'Summary of Consolidated Fund Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$200,000.

Significant variances between estimate and actual for 2006.

Total Appropriation Provided to Deliver Services for the Year

(Estimate 2005/06 \$19,086,000 Actual 2005/06 \$22,154,000) Variance \$3,068,000

The increase is reflected by the following items of new funding:

	<u>\$'000</u>
Nomination of Dampier Archipelago to National Heritage List	242
Keating Interagency Implementation Group	574
Salaries cost escalation	141
Gordon implementation unit	1,887
Accrual appropriation adjustment	21
Management initiated redundancy for DG	203
	<u>3,068</u>

Service Expenditure

Service 1 Support to Partnerships, Partnering Initiatives-

(Actual 2005/06 \$17,573,000 Actual 2004/05 \$14,009,000) Variance \$3,564,000

The increase is reflected by the following items of new funding:

	<u>\$'000</u>
Nomination of Dampier Archipelago to National Heritage List	242
Keating Interagency Implementation Group	699
Salaries cost escalation	344
Gordon implementation unit	1,969
Other funding not anticipated	310
	<u>3,564</u>

The variance reflects higher than expected funding from external parties to undertake specific projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Capital Contribution

Actual 2005/06 \$260,000 Actual 2004/05 \$137,000) Variance \$123,000

The variance reflects a Treasury correction between Capital Contribution and Drawdown from the Holding Account to reflect the replacement of existing assets.

Total Revenue

(Actual 2005/06 \$735,000 Actual 2004/05 \$1,311,000) Variance \$576,000

Heritage Management project	285
National Indicators	50
Community Partnership Initiative	42
Patrols	148
Kimberley Interpreter Services	45
Other Funding Initiatives not anticipated	6
	<u>576</u>

The variance reflected higher than expected collection from external parties to specific projects in 2004/05.

28. Financial Instruments

(a) Interest rate risk exposure

The following table details the Department's exposure to interest rate risk at the reporting date:

2005/06	Weighted average effective interest rate	Non interest bearing	Total
	%	\$'000	\$'000
<i>Financial Assets</i>			
Cash assets	-	335	335
Restricted cash assets	-	963	963
Receivables	-	688	688
		<u>1,986</u>	<u>1,986</u>
<i>Financial Liabilities</i>			
Payables	-	401	401
Accrued salaries	-	199	199
Employee entitlements	-	2,199	2,199
		<u>2,799</u>	<u>2,799</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Weighted average effective interest rate	Non interest bearing	Total
2004/05	%	\$'000	\$'000
<i>Financial Assets</i>			
Cash assets	-	188	188
Restricted cash assets	-	888	888
Receivables	-	353	353
		<u>\$1,429</u>	<u>1,429</u>
<i>Financial Liabilities</i>			
Payables	-	512	512
Accrued salaries	-	-	-
Employee entitlements	-	1,892	1,892
		<u>2,404</u>	<u>2,404</u>

(b) Credit Risk Exposure

Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets, the carrying amounts represent the Department's maximum exposure to credit risk in relation to those assets.

(c) Net Fair Assets

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net values.