

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Note	2006 (\$'000)	2007 (\$'000)
Balance of equity at start of period		482	472
CONTRIBUTED EQUITY			
	24		
Balance at start of period		1,169	909
Capital Contribution		-	260
Balance at end of period		1,169	1,169
RESERVES			
Asset Revaluation Reserve			
Balance at start of period		173	173
Gains/(losses) from asset revaluation		11	-
Balance at end of period		184	173
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		(860)	(610)
Surplus/(deficit) or profit/(loss) for the period		1,203	(250)
Balance at end of period		343	(860)
Balance of equity at end of period		1,696	482
Total income and expenses for the period (a)		1,203	(250)

(a) The aggregate net amount attributable to each category of equity is: surplus \$1,203,000 plus gains from asset revaluation for the period \$11,000 (2006: deficit \$250,000)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 (\$'000)	2006 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		25,978	22,023
Capital contributions		-	260
Holding account drawdowns		440	300
Net cash provided by State Government		26,418	22,583
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(12,542)	(11,786)
Supplies and services		(4,593)	(4,821)
Grants and subsidies		(7,903)	(4,847)
Accommodation		(1,425)	(1,180)
Capital user charge		(96)	(42)
GST payments on purchases		(1,447)	(1,212)
GST payments to taxation authority		(77)	-
Receipts			
Grants and contributions		937	817
GST receipts on sales		101	89
GST receipts from taxation authority		1,135	754
Other receipts		-	137
Net cash used in operating activities	25	(25,910)	(22,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(241)	(270)
Net cash used in investing activities		(241)	(270)
Net increase/(decrease) in cash and cash equivalents		268	222
Cash and cash equivalents at the beginning of the period		1,298	1,076
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	25	1,566	1,298

The Cash Flow Statement should be read in conjunction with the accompanying notes.

SCHEDULE OF INCOME AND EXPENSES BY SERVICE FOR THE YEAR ENDED 30 JUNE 2007

	Support to Partnerships, Partnering Initiatives		Information and Advice		TOTAL	
	2007 (\$'000)	2006 (\$'000)	2007 (\$'000)	2006 (\$'000)	2007 (\$'000)	2006 (\$'000)
COST OF SERVICES						
Expenses						
Employee benefit expenses	9,138	9,204	3,325	3,033	12,463	12,237
Supplies and services	3,344	3,559	1,217	1,174	4,561	4,733
Depreciation expense	136	174	50	58	186	232
Accommodation expenses	971	958	353	316	1,324	1,274
Grants and subsidies	5,795	3,645	2,108	1,202	7,903	4,847
Capital user charge	71	32	26	10	97	42
Loss on disposal of non-current assets	11	13	4	4	15	17
Other expenses	43	38	16	12	59	50
Total cost of services	19,509	17,623	7,099	5,809	26,607	23,432
Income						
Commonwealth grants and contributions	260	116	95	39	355	155
Other revenue	782	435	285	143	1,067	578
Total income other than income from State Government	1,042	551	380	182	1,422	733
NET COST OF SERVICES	18,467	17,072	6,719	5,627	25,185	22,699
INCOME FROM STATE GOVERNMENT						
Service appropriations	19,267	16,780	7,009	5,534	26,276	22,314
Liabilities assumed by the Treasurer	-	32	-	10	-	42
Resources received free of charge	82	69	30	24	112	93
Total income from State Government	19,349	16,881	7,039	5,568	26,388	22,449
Surplus/(deficit) for the period	882	(191)	320	(60)	1,203	(250)

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS & INCOME ESTIMATES FOR THE YEAR ENDED 30 JUNE 2007

	2007 Estimate (\$'000)	2007 Actual (\$'000)	Variance (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	Variance (\$'000)
DELIVERY OF SERVICES						
Item 86 Net amount appropriated to deliver services	25,642	26,112	470	26,112	22,154	3,958
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	160	164	4	164	160	4
Total appropriations provided to deliver services	25,802	26,276	474	26,276	22,314	3,962
CAPITAL						
Item 132 Capital Contribution	-	-	-	-	260	(260)
GRAND TOTAL	25,802	26,276	474	26,276	22,574	3,702
Details of Expenses by Service						
Support to Partnerships, Partnering Initiatives	16,553	19,509	2,956	19,509	17,698	1,811
Information and Advice	6,344	7,098	754	7,098	5,837	1,261
Total Cost of Services	22,897	26,607	3,710	26,607	23,535	3,072
Less total income	(355)	(1,422)	(1,067)	(1,422)	(735)	(687)
Net cost of Services	22,542	25,185	2,643	25,185	22,800	2,385
Adjustments (a)	3,260	1,091	(2,169)	1,091	(486)	1,577
Total appropriations provided to deliver services	25,802	26,276	474	26,276	22,314	3,962
Capital Expenditure						
Purchase of non-current physical assets	490	241	(249)	241	270	(29)
Adjustments for other funding sources	(10)	(10)	-	(10)	(10)	-
Capital Contribution (appropriation)	480	231	(249)	231	260	(29)

(a) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 28 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2007 and between the actual results for 2006 and 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. Departmental mission and funding

The Department's mission is: "To close the gap between the social, cultural and economic well-being of Indigenous and non-Indigenous people through strategic leadership of land, heritage and culture, and whole of government coordination of Indigenous issues."

The Department is predominantly funded by Parliamentary appropriation supplemented by contributions from other State government agencies towards joint projects involving Indigenous issues. The financial statements encompass all funds through which the Department controls resources to carry out its functions.

2. Australian equivalents to International Financial Reporting

General

The Department's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Department has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been adopted early by the Department for the annual reporting period ended 30 June 2007

3. Summary of Significant accounting policies

(a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(b) Basis of Preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 'Financial Reporting by Government Departments' on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

(c) Reporting Entity

The reporting entity comprises of the Department only.

(d) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities', requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

(e) Income

Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of Goods

Revenue is recognised from the sale of goods and disposal of assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Rendering of Services

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion.

Interest

Revenue is recognised as the interest accrues.

Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at Treasury.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2006-2007 Budget Statements, the Department retained \$1.422 million in 2007 (\$0.735 million in 2006) from the following:

- Grants and subsidies; and
- Other receipts; and
- GST input credits.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased is not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and Equipment

Capitalisation / Expensing of assets

Items of plant and equipment costing \$1,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Department uses the cost model for all plant and equipment. All plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Plant and equipment	8 years
Office equipment	3 years
Motor vehicles	3 to 7 years

Works of art controlled by the Department are classified as property, plant and equipment. They are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

(g) Impairment of Assets

Plant and equipment are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of the asset's fair value less cost to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where replacement cost is falling or where there is a significant change in the useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/ amortisation reflects the level of consumption or expiration of asset's future economic benefits to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value as determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each reporting date.

(h) Financial Instruments

The Department has two categories of financial instruments:

- Receivables (cash and cash equivalents and receivables); and
- Financial liabilities (payables).

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(i) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand which are subject to insignificant risk of changes in value.

(j) Accrued Salaries

The accrued salaries suspense account (see note 16 '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 23 '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 the net fair value.

(k) 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.

(l) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible 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 3(h) 'Financial Instruments' and note 17 'Receivables'.

(m) 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 3 (h) 'Financial Instruments' and note 21 'Payables'.

(n) 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 resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet reporting date. See note 22 'Provisions'.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(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 balance sheet 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 balance sheet 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 balance sheet 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.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 Scheme), 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 commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS Scheme). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS Scheme). Both of these schemes are accumulated schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the *Superannuation Guarantee (Administration) Act 1992* (Cth). These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(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'.

(o) 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 GSS Scheme; and
- (b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), GESB Superannuation Scheme (GESBS) and the equivalent of employer contributions to the GSS Scheme.

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 assumed 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.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

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.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(p) 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.

(q) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(r) 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 2006/07, this support, on a service basis, has been estimated at approximately \$1.171million.

4. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Department does not currently undertake transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Department has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Department has not entered into any contracts as specified in the Interpretation resulting in no impact in applying the Interpretation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

2005-1	'Amendments to Australian Accounting Standard' (AASB 139 - Cash flow hedge accounting of forecast intra-group transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2006-1	'Amendments to Australian Accounting Standards [AASB 121]'
2006-3	'Amendments to Australian Accounting Standards [AASB 1045]'
2006-4	'Amendments to Australian Accounting Standards [AASB 134]'
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]' - paragraph 9
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 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]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Department's exposure to risks, enhanced disclosure regarding components of the Department's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Department does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
2. AASB 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)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Department does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Department is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
5. AASB 2007-5 'Amendment to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Department does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Department has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Department if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Department has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Department has not entered into any public to private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008. The following Australian Accounting Standards and Interpretations are not applicable to the Department as they will have no impact or do not apply to not-for-profit entities:
9. AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'. The amendments principally remove reference to expensing borrowing costs on qualifying assets as AASB 123 was revised to require such borrowing costs to be capitalised. The Department does not expect any financial impact when the standard is first applied. This standard is required to be applied to annual reporting periods beginning on or after 1 January 2009.

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

AASB 1050	'Financial Reporting of General Government Sectors by Governments'
AASB 2070-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-7	'Amendments to Australian Accounting Standard [AASB 1, AASB 2, 'AASB 4, AASB 5, AASB 107 & AASB 128]'. This standard was issued on 28 June 2007 and applies to annual reporting periods beginning on or after 1 July 2007.
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 - Group and Treasury Share Transactions'

Changes in Accounting Estimates

There were no changes in accounting estimates that will have an effect on the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 (\$'000)	2006 (\$'000)
5. Employee benefits expense		
Wages and Salaries (a)	9,921	9,613
Superannuation - defined contribution plans (b)	886	869
Superannuation - defined benefit plans (c) (d)	-	42
Long service leave (e)	46	(93)
Annual leave (e)	74	256
Other Staff Expenses	1,535	1,537
Other related expenses (i)	1	13
	12,463	12,237

(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 Schemes (contributions paid)

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

(d) An equivalent notional income is also recognised (see note 15 'Income from State Government')

(e) Includes a superannuation contribution component

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'

The employment on-costs liability is included at note 22 'Provisions'.

	2007 (\$'000)	2006 (\$'000)
6. Supplies and services		
Communication	322	370
Services and contractors	2,718	2,785
Consumables	274	389
Operating leases	626	586
Repairs and maintenance	254	206
Electricity and water	64	117
Travel	-	-
Other	303	280
	4,561	4,733
7. Depreciation expense		
Motor vehicles	-	1
Plant and equipment	41	38
IT equipment	145	193
	186	232

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 (\$'000)	2006 (\$'000)
8. Accommodation expenses		
Lease rentals	1,222	1,191
Repairs and maintenance	50	26
Other	52	57
	1,324	1,274
9. Grants and subsidies		
<u>Recurrent</u>		
Grants to non-government agencies	4,435	4,587
Transfers/contributions to other agencies	3,468	260
	7,903	4,847
10. Capital User Charge		
Capital user charge	96	42
	96	42
11. Other expenses		
Bad Debts	12	-
Doubtful debts expense	2	-
Employment on-costs (a)	-	8
Other (b)	45	42
	59	50

The charge was a levy applied by the Government for the use of its capital. In 2006-07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006-07 less any adjustments relating to 2005-06.

- (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 22 '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'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 (\$'000)	2006 (\$'000)
12. Commonwealth grants and contributions		
MCATSIA funding (i)	55	55
Gordon funding	291	82
Other	9	20
	355	157
13. Other revenue		
Contributions from State Government agencies		
Family History Service	32	-
Gordon Reporting	30	-
Heritage Management project	-	-
Keating Initiatives	105	125
Kimberley Interpreter Services	90	90
National Indicators	-	-
Community Partnership Initiative	-	-
Other	75	53
Other contributions		
Patrols	75	2
MCATSIA funding (i)	192	103
Other funding	373	101
Revenues from non-operating activities		
Government Vehicle Scheme	26	23
Staff Housing contributions	69	81
Other		
Other	1	-
	1,067	578

- (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 2007

	2007 (\$'000)	2006 (\$'000)
14. Net gain (loss) on disposal of non-current assets		
<u>Proceeds of Disposal of Non-Current Assets</u>		
IT equipment	-	-
<u>Costs from Disposal of Non-Current Assets</u>		
IT equipment	1	-
Vehicles	-	3
Plant and equipment	13	14
Artwork	1	-
Net gain/(loss)	15	17
15. Income from State Government		
Appropriation received during the year:		
Service appropriations (a)	26,276	22,314
The following liabilities have been assumed by the Treasurer during the financial year:		
Superannuation (b)	-	42
The following assets have been assumed from/(transferred to) other state government agencies during the financial year: (c)		
Information technology equipment (iii)	-	-
Total assets assumed/(transferred)		
Resources received free of charge (c)		
Determined on the basis of the following estimates provided by agencies:		
Crown Solicitor's Office		
-various legal advice	85	68
Government Property Office		
-property management services	27	23
	112	91
	26,388	22,447

- (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

- (b) The assumption of the superannuation liability by the Treasurer is 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 5 'Employee Benefits Expense').
- (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.

	2007 (\$'000)	2006 (\$'000)
16. Restricted Cash and cash equivalents		
Restricted cash		
<u>Current</u>		
MCATSIA (a)	228	262
Community Action Groups (b)	-	-
Western Desert Economic Opportunities (c)	3	16
Land Management (d)	-	5
PALS (e)	-	56
Grog Hotline (f)	-	3
Heritage Management (g)	86	102
Gordon - West Kimberley (h)	-	91
Language Services (i)	-	24
Remote Recruitment (j)	-	48
Community Partnership (k)	-	14
Financial Assistance to Patrols (l)	-	70
Interagency Implementation (m)	196	227
Historic Research (n)	32	-
<u>Non-current</u>		
Accrued salaries suspense account (o)	145	45
	689	963

- (a) Funds held by the Department for the administration of MCATSIA.
- (b) Funding to set up such groups within local indigenous communities (supported by other 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.