

Department Of Planning Financial Report for the Period Ended 30 June 2006

CONTENTS

Independent Audit Report	44
Statement of Director-General	46
Operating Statement	47
Statement of Changes in Equity	48
Balance Sheet	49
Cash Flow Statement	50
Summary of Compliance with Financial Directives	51
Program Statement	52
Notes to and forming part of the Financial Statements	53



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
DEPARTMENT OF PLANNING

To Members of the New South Wales Parliament

Unqualified Audit Opinion

In my opinion, the financial report of the Department of Planning (the Department):

- presents fairly the Department's financial position as at 30 June 2006 and its performance for the period ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 45E of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Director General's Responsibility

The financial report comprises the operating statement, statement of changes in equity, balance sheet, cash flow statement, program statement - expenses and revenues, summary of compliance with financial directives and accompanying notes to the financial statements for the Department, for the period ended 30 June 2006.

The Director General is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the *Director General* in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.



An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the *Director General* had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Department,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

M T Spriggins
Director, Financial Audit Services

SYDNEY
3 November 2006

DEPARTMENT OF PLANNING

STATEMENT
OF
DIRECTOR-GENERAL

Pursuant to section 45F of the Public Finance and Audit Act 1983, I state that:

- a) the accompanying financial statements have been prepared in accordance with:
 - applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS));
 - the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
 - the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the *Public Finance and Audit Act 1983*
- b) the statements exhibit a true and fair view of the financial position and transactions of the Department; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Sam Haddad
Director-General
Department of Planning
3 November 2006



Department of Planning Operating Statement for the Period ended 30 June 2006

	Notes	Actual 29 August 2005 to 30 June 2006 \$000
Expenses excluding losses		
Operating expenses		
Employee related	2	45,073
Other operating expenses	3	13,379
Depreciation and amortisation	4	367
Grants and subsidies	5	6,511
Total Expenses excluding losses		65,330
Less:		
Revenue		
Sale of goods and services	6	28,180
Investment income	7	78
Grants and Contributions	8	1,548
Other revenue	9	5,517
Total Revenue		35,323
Loss on disposal of non-current assets	10	2,613
Net Cost of Services	28	32,620
Government Contributions		
Recurrent appropriation (net of transfer payments)	11	36,479
Capital appropriation	11	4,164
Acceptance by the Crown Entity of employee benefits and other liabilities	12	2,397
Total Government Contributions		43,040
SURPLUS FOR THE PERIOD		10,420

The accompanying notes form part of the financial statements

Department of Planning

Statement of Changes in Equity for the Period ended 30 June 2006

	Notes	Actual 29 August 2005 to 30 June 2006 \$000
Net increase in equity arising from the creation of the Department by way of administrative restructuring on 29 August 2005	25	11,232
Net increase in equity arising from the merging of Heritage Office with the Department by Administrative orders 3 March 2006	25	943
Prior period error arising in the equity acquired from the merging of the Heritage Office	16	1,299
Total Income and Expense Recognised Directly in Equity		13,474
Surplus for the period		10,420
Total Income and Expense Recognised for the Period		23,894



Department of Planning Balance Sheet for the Period ended 30 June 2006

	Notes	Actual 2006 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	17	2,912
Receivables	18	5,906
Other		
Total Current Assets		8,818
Non-Current Assets		
Receivables	18	1,699
Property, Plant and Equipment		
– Land	19	22,431
– Plant and Equipment	19	6,862
Total Property, Plant and Equipment		29,293
Intangible assets	20	3,419
Total Non-Current Assets		34,411
Total Assets		43,229
LIABILITIES		
Current Liabilities		
Payables	22	13,440
Provisions	23	4,924
Total Current Liabilities		18,364
Non-Current Liabilities		
Provisions	23	971
Total Non-Current Liabilities		971
Total Liabilities		19,335
Net Assets		23,894
EQUITY		
Accumulated Funds	24	23,894
Total Equity		23,894

The accompanying notes form part of the financial statements

Department of Planning Cash Flow Statement for the Period ended 30 June 2006

	Notes	Actual 29 August 2005 to 30 June 2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related		(42,676)
Grants and subsidies		(6,511)
Finance costs		-
Other		(9,120)
Total Payments		(58,307)
Receipts		
Sale of goods and services		25,214
Interest received		28
Other		1,447
Total Receipts		26,689
Cash Flows From Government		
Recurrent appropriation		36,479
Capital appropriation		4,164
Cash reimbursements from the Crown Entity		-
Net Cash Flows From Government		40,643
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	9,025
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets – property, plant & equipment		2
Purchases of non-current assets – property, plant & equipment		(4,362)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(4,360)
NET INCREASE / (DECREASE) IN CASH		4,665
Opening cash and cash equivalents		-
Cash transferred (out) as a result of administrative restructuring	25	(1,753)
CLOSING CASH AND CASH EQUIVALENTS	17	2,912

The accompanying notes form part of the financial statements



Department of Planning Summary Of Compliance With Financial Directives For The Period 29th August 2005 To 30th June 2006

	2005/2006			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
Original Budget Appropriation/Expenditure				
*Appropriation Act				
*Additional Appropriations				
*S21A PF&AA – special appropriation				
*S24 PF&AA – t'fer of function between Departments				
– from Dept. Infrastructure, Planning & Natural Resources	47,920	47,820	4,145	4,145
– from Heritage Office	2,799	2,799	19	19
– to Dept. Tourism, Sport & Recreation	(1,047)	(1,047)		
*S26 PF&AA – Commonwealth SPP	49,672	49,572	4,164	4,164
Other Appropriations/Expenditure				
*Treasurer's Advance	175	175		
*Sec 22 – exp for certain works, services	78,780	78,780		
*S28 Appropriation Act – transfers from another Agency	78,955	78,955	-	-
Total Appropriations Expenditure/Net Claim On Consolidated Fund (including transfer payments)	128,627	128,527	4,164	4,164
Amount drawn down against Appropriation	-	128,527	-	4,164
Liability to Consolidated Fund	-	-	-	-

1 The summary of compliance is based on the assumption that Consolidated Fund moneys are spent first

2 The Liability to Consolidated Fund, where applicable, represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net Claim on Consolidated Fund"

3 Variation between "Recurrent Appropriation" and "Recurrent expenditure/net claim on Consolidated Fund" relates to savings in expenditure on Treasury Protected Items (\$0.100 million)

Department of Planning Program Statement – Expenses and Revenues for the period 29 August 2005 to 30 June 2006

Agency's Expenses & Revenues	Program 40.1.1 \$'000	Program 40.1.2 \$'000	Program 39.1.1 \$'000	Not Attributable \$'000	Total \$'000
Expenses					
Operating expenses					
Employee Related	24,894	18,785	1,394	-	45,073
Other operating expenses	5,828	6,918	633	-	13,379
Depreciation and amortisation	147	126	94	-	367
Grants and subsidies	-	4,676	1,835	-	6,511
Total Expenses	30,869	30,505	3,956	-	65,330
Retained revenue					
Sale of goods and services	-1,238	-26,877	-65	-	-28,180
Investment income	-24	-54	-	-	-78
Grants and Contributions	-53	-1,413	-82	-	-1,548
Other revenue	-32	-156	-5,329	-	-5,517
Total Retained Revenue	-1,348	-28,499	-5,476	-	-35,323
Gain/(Loss) on sale of non-current assets	-112	-2,500	-1	-	-2,613
Net Cost of Services	29,633	4,506	-1,519	-	32,620
Government contributions	-	-	-	-43,040	-43,040
Net Expenditure/(Revenue)	29,633	4,506	-1,519	-43,040	-10,420
	Program 40.1.1 \$'000	Program 40.1.2 \$'000	Program 39.1.1 \$'000	Not Attributable \$'000	Total \$'000
Administered Expenses and Revenue					
Administered Expenses					
Transfer payments	-	92,048	-	-	92,048
Total Administered Expenses	92,048	-	-	-	92,048
Administered Revenue					
Transfer receipts	-	-	-	-	-
Total Administered Revenue	-	-	-	-	-
Administered Expenses less Revenue	-	92,048	-	-	92,048

Note:

1. The name and purpose of each program is summarised in Note 15.
2. "Government Contributions" are made at Agency level rather than to individual programs.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

1. Summary Of Significant Accounting Policies

(a) Reporting Entity

The Department of Planning is a NSW government department. The Department is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Department was established on 29 August 2005 in accordance with the *Public Sector Employment and Management (Planning and Natural Resources) Order 2005* under the *Public Sector Employment and Management Act 2002*. There are no comparative figures as this is the first financial report of the Department.

This financial report has been authorised for issue by the Director-General on 3 November 2006.

(b) Basis of Preparation

The agency's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AIFRS));
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the *Public Finance and Audit Act 1983*.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include AIFRS.

As the Department was established by an Administrative Order on 29 August 2005 as detailed in Note 1(a), the requirement to disclose the comparative information concerning the planning activities of the former entity in Note 14 incorporates the AIFRS impacts previously disclosed by the former entity in its financial statements for the year ended 30 June 2005.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

(ii) Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iii) Investment income

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

(e) Employee Benefits and other provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 5.785% are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The agency's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC06/09) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

(ii) Other Provisions

Other provisions exist when: the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at 5.785% which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(f) Insurance

The agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(g) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included.

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an administrative restructure – Note 1(q)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(i) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually are capitalised.

(j) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 05-3). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The agency revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was deemed to have occurred on the establishment of the Department on 29 August 2005. In the former entity the last revaluation was completed on 30 June 2005 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Agency is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(l) Depreciation of Property, Plant and Equipment

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the agency.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Depreciation rates for plant and equipment range from 10% to 20%.

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including original artworks and collections and heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

(m) Maintenance

The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(n) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

(o) Intangible Assets

The agency recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The agency's intangible assets are amortised using the straight line method over periods appropriate to the future economic benefit and range between 2 to 5 years.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the agency is effectively exempted from impairment testing (refer para (k)).

(p) Other Assets

Other assets are recognised on a cost basis.

(q) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated as a contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with Urgent Issues Group Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

(r) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(s) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost at face value. Subsequent measurement is at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial.

(t) Repayable Conservation Advances

The Department assist conservation of heritage assets held by private individuals and organisations by making Repayable Conservation Advances. These advances are repayable when the subject property is sold or otherwise transferred, and bear indexation (in the nature of interest) over the period of the advance.

These advances are recognised initially at fair value, usually based on the transaction cost at face value. Subsequent measurement is not discounted as the final repayment date is not able to be determined. Indexation increases in the advances is calculated and added to the value of the advance.

A caveat over the heritage property secures the value of the advances.

(u) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

(v) New Australian Accounting Standards issued but not effective

A number of Australian Accounting Standards have not been adopted as they are not yet effective. The impact of these standards, AASB119 (effective December 2004), AASB2004-3, AASB7, AASB2005-10, in the period of initial application on the Department is not known or is not able to be reasonably estimated.

(w) Budgeted Amounts – exemption granted

In accordance with Section 45EA of the *Public Finance and Audit Act 1983*, the Treasurer has exempted the Department from compliance with the specific requirement to disclose the Budget figures for this financial year only.

The exemption was granted on the basis that the Department was formed after the Treasurer tabled the NSW 2005-06 Budget Papers in Parliament, and as such the NSW 2005-06 Budget Papers do not contain a budget for this Department.

(x) Submission of accounts for audit – extension granted

In accordance with Section 45H of the *Public Finance and Audit Act 1983*, the Treasurer granted an extension of time of two weeks from 11 August 2006 to 25 August 2006 for the submission of the financial statements to the Minister and the Auditor-General as required by Section 45D.

The extension was granted on the basis that the disaggregation of the Departments affairs from the former Department of Infrastructure, Planning and Natural Resources was complex and time consuming, and the effect of changes in the *Public Sector Employment and Management Act* in March 2006 that impacted on the Department.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

2. Expenses Excluding Losses – Employee Related Expenses

	29 August 2005 to 30 June 2006
	\$'000
Salaries & wages (including Recreation Leave)	33,967
Superannuation – defined benefit plan	1,254
Superannuation – defined contribution plan	1,723
Long service leave	1,040
Workers compensation insurance	239
Payroll tax and fringe benefits tax	2,082
Redundancies	38
	40,343
Personnel services expense provided to other entities	4,730
	45,073

3. Expenses Excluding Losses – Other Operating Expenses

	29 August 2005 to 30 June 2006
	\$'000
Auditor's remuneration-audit of the financial reports	147
Advertising/Public relations	576
Bad and doubtful debts	2
Computer costs	465
Consultancy costs	2,880
Equipment maintenance/consumables	59
Fees for services rendered	3,980
Legal fees	247
Motor vehicle and plant hire expenses	18
Motor vehicle leasing costs	186
Minor equipment purchases	618
Operating lease rental expense-Minimum lease payments	816
Maintenance	805
Insurance – public liability	70
Printing	479
Telephones	104
Stores/Stationery/Materials	157
Training	160
Travel	438
Travel survey costs	808
Other	364
	13,379

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

4. Depreciation and Amortisation Expense

	29 August 2005 to 30 June 2006 \$'000
Intangible Assets	133
Buildings and leasehold improvements	72
Plant and equipment	162
	367

5. Grants and Subsidies

	29 August 2005 to 30 June 2006 \$'000
Planning Reform Fund grants to Councils	2,001
Heritage Office Grants	1,835
Corporation Sole, Minister administering the Environmental Planning and Assessment Act 1979 – expenditure & loan servicing contribution	1,795
Other	880
	6,511

6. Sale of Goods and Services

	29 August 2005 to 30 June 2006 \$'000
Planning Reform Fund contribution	11,807
Fees for Services	1,690
Demand Management Project reimbursement	3,000
Development Application fees for Planning Projects	4,351
Other	2,602
	23,450
Personnel services revenue charged to client entities	4,730
	28,180

7. Investment Income

	29 August 2005 to 30 June 2006 \$'000
Interest	
– Bank	28
– Repayable Conservation Advances	50
	78

8. Grants and Contributions

	29 August 2005 to 30 June 2006 \$'000
Contributions received from	
– Commonwealth Government	45
– Other State Government entities (i)	1,236
– Others	267
	1,548

(i) Received from the Roads and Traffic Authority in respect to the Transport Planning Data Centre activities.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

9. Other Revenue

	29 August 2005 to 30 June 2006 \$'000
Other revenue	159
Transfer of assets from a State Government entity for no consideration	5,358
	5,517

10. Loss on Disposal of Non-current Assets

	29 August 2005 to 30 June 2006 \$'000
Loss on disposal of land	
Proceeds from disposal	-
Carrying value of assets disposed (i)	2,500
Net loss on disposal of land and buildings	2,500
Loss on disposal of plant and equipment	
Proceeds from disposal	2
Carrying value of assets disposed	115
Net loss on disposal of plant and equipment	113
Loss on disposal of Non-Current Assets	2,613

(i) Land transferred to Department of Environment and Conservation – National Parks and Wildlife Service for no consideration

11. Appropriations

	29 August 2005 to 30 June 2006 \$'000
Recurrent Appropriations	
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)	128,527
Less: Liability to Consolidated Fund (per Summary of Compliance)	-
Total	128,527
Comprising:	
Recurrent appropriations (per Operating Statement)	36,479
Plus: Transfer payments (Note 13)	92,048
Total	128,527
Capital Appropriations	
Total capital drawdowns from Treasury (per Summary of Compliance)	4,164
Comprising:	
Capital appropriations (per Operating Statement)	4,164

12. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

	29 August 2005 to 30 June 2006 \$'000
The following liabilities and expenses have been assumed by the Crown Entity:	
Superannuation	1,247
Long service leave	1,070
Payroll tax	80
	2,397

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

13. Transfer Payments

The Department has not recognised in the Operating Statement and the Cash Flows Statement transfer payments made to the following agencies nor the associated appropriations as the Department does not control the amounts received on behalf of these agencies. The Department's Consolidated Fund status is used to administratively facilitate the transfer payments to these agencies through the Consolidated Fund budgetary process.

29 August 2005 to 30 June 2006 \$'000

Corporation Sole, Minister administering the Environmental Planning and Assessment Act, 1979	
– Sydney International Regatta Centre	768
– Special Purpose Grant	85,280
Growth Centre Commission	6,000
Total Transfer Payments (Note 11)	92,048

14. Program/Activities of The Department

(a) Department of Infrastructure, Planning and Natural Resources

The planning activities of the former Department of Infrastructure, Planning and Natural Resources (DIPNR) were transferred to Department of Planning (DoP) as a consequence of a restructure of administrative arrangements with effect from 28 August 2005. Expenses and revenues attributed to the DoP and reported in the Operating Statement relate to the period 29 August 2005 to 30 June 2006. Expenses and revenues of the former DIPNR for the period from 1 July 2005 to 28 August 2005 and which could be attributed to DoP like activities are as follows:

	Period 1/7/05 to 28/8/05 Planning activities of DIPNR \$'000	Period 29/8/05 to 30/06/06 Dept of Planning \$'000	Total 1/7/05 to 30/06/06 \$'000	Period 1/7/04 to 30/06/05 Planning activities of DIPNR \$'000
Expenses				
Operating Expenses				
Employee Related	7,919	45,073	52,992	51,970
Other Operating Expenses	1,585	13,379	14,964	24,413
Maintenance	-	-	-	960
Depreciation & Amortisation	47	367	414	3,313
Finance costs	-	-	-	122
Grants and Subsidies	837	6,511	7,348	5,976
Total Expenses	10,388	65,330	75,718	86,754
Revenue				
Sale of Goods and Services	(2,934)	(28,180)	(31,114)	(34,047)
Investment Income	(19)	(78)	(97)	(119)
Grants and Contributions	(27)	(1,548)	(1,575)	(3,852)
Other revenue	(92)	(5,517)	(5,609)	(272)
Total Revenue	(3,072)	(35,323)	(38,395)	(38,290)
Loss (Gain) on disposal of non-current assets	(39)	2,613	2,574	(5,712)
Net Cost of Services	7,277	32,620	39,897	42,752



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

(b) (Department of) Heritage Office

The former (Department of) Heritage Office was transferred to Department of Planning (DoP) as a consequence of a restructure of administrative arrangements with effect from 3 March 2006. Expenses and revenues attributed to the DoP and reported in the Operating Statement relate to the period 3 March 2006 to 30 June 2006. Expenses and revenues of the former Heritage Office for the period from 1 July 2005 to 2 March 2006 are as follows:

	Period 1/7/05 to 2/03/05 (Department of) Heritage Office \$'000	Period 3/03/06 to 30/06/06 Heritage Office within the Dept of Planning \$'000	Total 1/7/05 to 30/06/06 \$'000	Period 1/7/04 to 30/06/05 (Department of) Heritage Office \$'000
Expenses				
Operating Expenses				
Employee Related	2,670	1,394	4,064	3,801
Other Operating Expenses	1,328	633	1,961	1,368
Depreciation & Amortisation	56	94	150	104
Grants and Subsidies	811	1,835	2,646	2,466
Total Expenses	4,865	3,956	8,821	7,739
Revenue				
Investment Income	(23)	(65)	(88)	(45)
Grants and Contributions	-	(82)	(82)	(134)
Other revenue	(273)	(5,329)	(5,602)	(103)
Total Retained Revenue	(296)	(5,476)	(5,772)	(282)
Gain/(Loss) on disposal of non-current assets		(1)	(1)	28
Net Cost (Gain) of Services	4,569	(1,519)	3,050	7,485

15. Program Information

40.1.1 Planning Systems and Policy Development

Program Objective(s): To set the strategic direction for land use management and infrastructure for communities across New South Wales. Provide advice on policy and strategy for key issues at a regional and state-wide level. Co-ordinate the timely delivery of major whole-of-government infrastructure projects including planning for transport and changing communities.

Program Description: Reform, develop and monitor planning and building systems. Whole-of-government co-ordination on all aspects of planning and related environmental, economic and human service issues. Develop State Environmental Planning Policies, Regional Environmental Plans and other planning policies and strategies. Provide a strategic framework for government investment in all modes of passenger and freight transport. Evaluate transport infrastructure and service proposals and projects. Manage demand for transport infrastructure, in participation with public and private sector agencies.

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

40.1.2 Planning Systems and Policy Delivery

Program Objective(s): To facilitate improved economic performance, environmental sustainability and quality of life for New South Wales through better planning policies, programs and improved land use management.

Program Description: Strategic and project level environmental impact assessment. Implement whole-of-government initiatives for major development and infrastructure projects. Consider selected Local Environmental Plans to ensure consistency with a statewide strategic framework. Implement place-based programs that create quality communities and deliver economic, social and environmental benefits. Develop active partnerships with local government, other State agencies, business and the wider community. Provide best practice specialist services to stakeholders and the community. Manage grants programs that provide financial incentives to create quality communities in urban and regional New South Wales.

39.1.1 Heritage Policy and Assistance

Program Objective(s): To enhance the community's understanding of heritage and to improve the conservation of heritage items.

Program Description: Provision of specialist education and promotional programs and financial assistance towards heritage. Implement the regulatory functions of the Heritage Act and maintain the State Heritage Register and Inventory. Provision of heritage management advice to relevant authorities and the community.

16. Prior Period Error

29 August 2005 to 30 June 2006 \$'000

By Administrative Order the assets and liabilities of the Heritage Office were transferred to the Department on 3 March 2006-

A review of those assets revealed that amounts previously advanced to heritage property owners under the Repayable Conservation Advances scheme had been treated as grant expense when paid.

Additionally, one of the conditions of the Repayable Conservation Advances is that at repayment the amount owed is indexed over the period of the advance at the Consumer Price Index

Therefore, in respect of the period prior to the Administrative Order Repayable Conservation Advances have been increased in respect of:

advances previously treated as grant expenditure	1,181
CPI accrued on advances	118
	<hr/>
	1,299

17. Current Assets – Cash & Cash Equivalents

	2006
	\$'000
	<hr/>
Cash at bank and on hand	2,912

For the purpose of the Cash Flow Statement, cash includes cash on hand and cash at bank and short-term deposits at call. Cash and cash equivalent assets recognised in the Balance Sheet and detailed above agrees with cash at the end of the financial year as shown in the Cash Flow Statement.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

18. Current/non Current Assets – Receivables

Current Receivables	
Sale of Goods and Services	3,540
Less: Allowance for impairment	(8)
	3,532
Goods and Services Tax recoverable from ATO	660
Accrued income-Sale of Goods and Services	1,708
Repayable Conservation Advances (i)	1,699
Prepayments	6
	7,605
Current	5,906
Non-Current	1,699
	7,605

(i) Repayable Conservation Advances are made to individuals and organisations for conservation purposes (Refer note 1(t)).

A condition of some of the Advances is that at repayment, an additional amount equivalent to the Consumer Price Index (CPI) increase over the period of the Advance is also payable.

Advances written off during the period amounted to nil.

As at 30 June 2006, Advances included a prior period error adjustment of \$1.299 million (refer Note 16)

19. Non-current Assets – Property, Plant and Equipment

	2006
	\$'000
Land	
Gross carrying amount	22,431
Net Carrying Amount at fair value	22,431
Plant And Equipment	
Gross carrying amount	7,096
Less:	
Accumulated Depreciation	(234)
Net Carrying Amount at fair value	6,862
Total Property, Plant and Equipment at Net Fair Value	29,293

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current period are set out below:

	Land (under Coastal Protection Scheme) \$'000	Plant and Equipment \$'000	Total \$'000
2006			
Carrying amount at start of period	-	-	-
Acquired as a result of Administrative Orders	20,972	1,354	22,326
Acquired as a result of Administrative Orders		85	85
Additions	3,959	403	4,362
Net revaluation Increment taken to reserve			
Disposals (i)	(2,500)	(104)	(2,604)
Depreciation expense		(234)	(234)
Initial recognition of assets not previously recorded (ii)		5,358	5,358
Carrying amount at end of period	22,431	6,862	29,293

(i) Land under the Coastal Protection Scheme was transferred to the Department of Environment and Conservation – National Parks and Wildlife Service for no consideration.

(ii) Assets transferred to the Department from Corporation Sole, Minister administering the Heritage Act 1977 for no consideration.

20. Non-current Assets – Intangible Assets

	2006 \$'000
Software	
Cost (gross carrying amount)	3,552
Accumulated depreciation and impairment	(133)
Net carrying amount	3,419
Net carrying amount at start of the period	-
Acquired as a result of Administrative Orders	3,458
Additions	94
Amortisation (recognised in 'depreciation & amorisation')	(133)
Net carrying amount at end of period	3,419



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

21. Restricted Assets

Legislation or Treasury Directions impose restrictions on the use of certain assets of the Department. As such, the following are considered to be restricted assets:

	2006 \$'000
Current Assets:	
Cash comprising:	
Rhodes Peninsula Development Contributions	349

22. Current Liabilities – Payables

	2006 \$'000
Accrued salaries, wages and on-costs	386
Creditors	2,267
Accruals – Other	10,308
Fees in Advance	130
Rhodes Peninsula Development Contributions	349
	13,440

23. Current/Non-Current Liabilities – Provisions

	2006 \$'000
Employee benefits and related on-costs	
Recreation leave	4,636
Employee Benefits and related on-costs	1,259
Total Provisions	5,895
Aggregate employee benefits and related on-costs	
Provisions - current	4,924
Provisions - non-current	971
Total provisions per Balance Sheet	5,895
Accrued salaries, wages and on-costs (Note 22)	386
	6,281

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

24. Changes in Equity

	2006 \$'000
Balance at the beginning of the period	-
Increase in net assets from equity transfers (Note 25)	12,175
Prior period error arising in equity acquired from Heritage Office (Note 16)	1,299
Total	13,474
Other than transactions with owners as owners	
Surplus for the period	10,420
Balance at the end of period	23,894

25. Increase/Decrease in Net Assets from Equity Transfers

(a) The planning activities of former Department of Infrastructure, Planning and Natural Resources were transferred to the Department as a consequence of a restructure of administrative arrangement with effect from 28 August 2005. Net assets acquired were:

	2006 \$'000
Cash	(2,825)
Current Receivables	5,542
Land	20,972
Plant and Equipment	1,331
Buildings and Lease Improvements	23
Intangible Assets	3,458
Total Assets	28,501
Other Current Liabilities	16,222
Other Non-Current Liabilities	1,047
Total Liabilities	17,269
Net Assets Acquired	11,232

(b) The former (Department of) Heritage Office was transferred to the Department as a consequence of a restructure of administrative arrangement with effect from 3 March 2006. Net assets acquired were:

	2006 \$'000
Cash	1,072
Current Receivables	109
Plant and Equipment	85
Non-Current Receivables (refer Note 16)	202
Total Assets	1,468
Other Current Liabilities	477
Other Non-Current Liabilities	48
Total Liabilities	525
Net Assets Acquired	943



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

26. Commitments for Expenditure

	2006 \$'000
(a) Other Expenditure Commitments	
Not later than 1 year	10
Total (including GST)	10
(b) Operating Lease Commitments	
Aggregate operating lease commitments for Office Accommodation, Motor Vehicles and Computer Equipment	
Contracted for at balance date but not provided for:	
Not later than 1 year	1,797
Later than 1 year but not later than 5 years	4,341
Later than 5 years	743
Total (including GST)	6,881
(c) Grant Commitments	
Not later than 1 year	4,113
Total (including GST)	4,113

27. Contingent Liabilities

Contingent Liabilities

The Department may be liable for payment of compensation payments arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are usually covered by the Treasury Managed Fund.

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

28. Reconciliation of Net Cash Flows from Operating Activities to Net Cost of Services

	2006
	\$'000
Net Cash inflow from Operating Activities	(9,025)
Cash flows from Government	40,643
Acceptance by the Crown Entity of employee benefits and other liabilities	2,397
Depreciation	367
Initial recognition of assets in the fixed asset register	(5,358)
Net loss / (gain) on sale of non-current assets	2,613
(Increase) in receivable	(1,954)
Increase in Current liabilities	2,937
Net Cost of Services	32,620

29. Financial Instruments

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11.00 am unofficial cash rate adjusted for a management fee to Treasury.

Receivables

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. An allowance for impairment is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are generally made on 30 day terms.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made not later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was paid during the period. The carrying amount approximates net fair value.



Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

29. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

	Weighted Average Effective interest rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total Carrying Amount As per the Balance Sheet
			1 year or less	1 to 5 years	More than 5 years		
	%	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2006							
Financial Assets							
Cash	4.54	2,905	-	-	-	7	2,912
Receivables	2.50	1,699	-	-	-	5,906	7,605
Total Financial Assets		4,604	-	-	-	5,913	10,517
Financial Liabilities							
Payables		-	-	-	-	13,440	13,440
Total Financial Liabilities		-	-	-	-	13,440	13,440

Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation thereunder. The Department's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

30. Impact of Adopting Australian Equivalents to International Financial Reporting Standards

The Department was established on 29 August 2005 in accordance with the *Public Sector Employment and Management (Planning and Natural Resources) Order 2005* under the *Public Sector Employment and Management Act 2002*. Accordingly the Department has adopted AEIFRS from its inception.

To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options within AEIFRS it has mandated for the NSW Public Sector.

The Department as a not-for-profit entity, has applied the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 147 Revenue from non-exchange transactions (Including taxes and transfers). If the ED 147 approach is applied, revenue and / or expense recognition will not occur until either the department supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 147 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

Department of Planning

Notes to and forming part of the Financial Statements for the period ended 30 June 2006

31. After Balance Date Events

The Department is not aware of any material non-adjusting events, as defined by AASB 110 Events after Balance Sheet Date which would have a material financial effect on these financial statements.

END OF AUDITED FINANCIAL REPORT

Corporation Sole

“Minister Administering the
Environmental Planning and
Assessment Act, 1979”

Financial Statements for the Year Ended 30 June 2006

CONTENTS

Independent Audit Report	74
Statement from the Minister	76
Income Statement	77
Statement of Changes in Equity	77
Balance Sheet	78
Cash Flow Statement	79
Notes to and forming part of the Financial Statements	80





GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

CORPORATION SOLE "MINISTER ADMINISTERING THE ENVIRONMENTAL PLANNING AND ASSESSMENT ACT 1979"

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of Corporation Sole "Minister Administering the Environmental Planning and Assessment Act 1979" (the Corporation):

- presents fairly the Corporation's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Minister's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Corporation, for the year ended 30 June 2006.

The Minister of the Corporation is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Corporation in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.



An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Minister had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A T Whitfield
Deputy Auditor-General

SYDNEY
3 November 2006

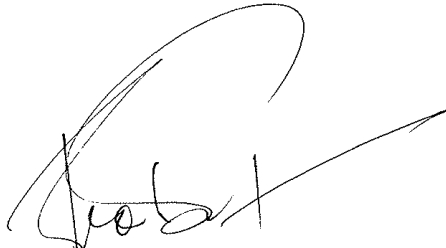
STATEMENT BY CORPORATION SOLE

**"MINISTER ADMINISTERING THE ENVIRONMENTAL
PLANNING AND ASSESSMENT ACT, 1979"**

**Certificate under Section 41C (1B) and (1C) of the
Public Finance and Audit Act 1983**

Pursuant to the Public Finance and Audit Act, 1983, and in my capacity as Corporation Sole, titled "Minister administering the Environmental Planning and Assessment Act, 1979", I declare that in my opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the financial position of the Corporation Sole, "Minister administering the Environmental Planning and Assessment Act, 1979" as at 30 June 2006, and transactions for the year then ended.
- (b) The statements have been prepared in accordance with
 - applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS));
 - other Authoritative pronouncements of the Australian Accounting Standards Board; and
 - the requirements of the Public Finance and Audit Act, 1983 and Regulation 2005.
- (c) There are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Frank Sartor

Dated: 2 Nov 06.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Income Statement for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
Revenue from continuing operations			
Revenue	2	94,396	11,046
Other Income	3	21,601	34,958
Total revenue from continuing operations		115,997	46,004
Expenses from continuing operations			
Personnel Services expenses	4	2,475	2,609
Other operating expenses	4	9,651	7,787
Finance Costs		6,417	6,547
Grants & subsidies	5	2,712	3,011
Total expenses from continuing operations		21,255	19,954
Surplus for the year from continuing operations		94,742	26,050
Surplus / (Deficit) for the year from discontinued operations	6	851	(1,709)
Surplus for the year		95,593	24,341

Statement of changes in equity for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year		820,543	730,183
Gain on revaluation of land and buildings	15	388,894	66,019
Transfer of equity to other Government department	16	(29,329)	
Net income recognised directly in equity		359,565	66,019
Surplus for the Year		95,593	24,341
Total equity at the end of the financial year	15	1,275,701	820,543

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Balance Sheet for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
Current Assets			
Cash and cash equivalents	7	23,488	11,891
Receivables	8	6,798	48,102
Financial assets at fair value	9	8,709	17,763
Non Current Assets Held for Sale	10	16,634	18,611
Total Current Assets		55,629	96,367
Non-Current Assets			
Property Plant & Equipment			
Core Planning Land	11 (a)	1,040,220	562,503
Non Core Planning Land	11 (b)	304,123	259,786
Other	11 (c)	69	29,747
Total Non Current Assets		1,344,412	852,036
Total Assets		1,400,041	948,403
Current Liabilities			
Payables	12	28,305	31,174
Provisions	13	177	236
Borrowings	14	19,500	21,701
Total Current Liabilities		47,982	53,111
Non-Current Liabilities			
Provisions	13	-	64
Borrowings	14	76,358	74,685
Total Non-Current Liabilities		76,358	74,749
Total Liabilities		124,340	127,860
Net Assets		1,275,701	820,543
Equity			
Reserves	15	831,723	457,140
Retained Surplus	15	443,978	363,403
Total Equity		1,275,701	820,543

The accompanying notes form part of the financial statements



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Cash Flow Statement for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (including GST)		113,923	28,308
Payments to Suppliers & Employees (including GST)		(9,176)	(13,415)
		104,749	14,893
Grants and subsidies paid		(2,712)	(3,529)
Borrowing costs		(6,616)	(6,606)
Interest received		2,599	2,108
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	98,018	6,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property		(165,640)	(11,114)
Proceeds from sale of property		70,693	(3,511)
Purchase of financial assets		9,054	(111)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(85,893)	(14,736)
Cash Flows from Financing Activities			
Proceeds from borrowings		(528)	43
Net Cash Flows from Financing Activities		(528)	43
Net Increase / (Decrease) in Cash Held		11,599	(7,827)
Opening cash and cash equivalents		11,891	19,718
CLOSING CASH AND CASH EQUIVALENTS	7	23,488	11,891

The accompanying notes form part of the financial statements

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

“The Corporation Sole “Minister Administering the Environmental Planning and Assessment Act, 1979” (the Corporation),” incorporating the Sydney Region Development Fund operates under the provisions of the Environmental Planning and Assessment Act 1979 to acquire and develop lands required for planning purposes within the Sydney Region. The Corporation is a separate reporting entity. There are no other entities under its control.

This financial report has been authorised for issue by the Minister for Planning on 2 November 2006.

(b) Basis of Preparation

The Corporation’s financial report is a general purpose financial report which has been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AIFRS));
- Urgent Issues Group Interpretations; and
- the requirements of the Public Finance and Audit Act 1983 and Regulation 2005

Investments, Non Current Assets Held for Sale and Property, Plant and Equipment are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include AIFRS.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement has been deferred to 1 July 2005 and, as a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005. Under previous Accounting Standards, financial instruments were recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which were measured at fair value.

Reconciliations of AIFRS equity and profit or loss for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 23.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

1. Contributions: Contributions are generally recognised as income when the Corporation obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.
2. Sale of Goods: Revenue from the sale of goods is recognised as revenue when the Corporation transfers the significant risks and rewards of ownership of the assets.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

3. Rendering of Services: Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).
4. Investment income: Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.
5. Rental revenue: Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease item.

(e) Personnel Services

1 Salaries and Wages, Annual Leave, Sick Leave and On- Costs:

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds of 5.875% are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

2 Long Service Leave and Superannuation

The corporation's liabilities for long service leave and superannuation are not shown in the Corporation's books as staff are employed by the Department of Planning (for the period 29 August 2005 to 30 June 2006) and previously the Department of Infrastructure, Planning and Natural Resources (for the period 1 July 2005 to 28 August 2005). The liability for these items has been assumed by the Crown Entity.

(f) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to general government sector agencies.

(g) Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(h) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included.

(i) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Corporation. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”
Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(j) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(k) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper (TPP 05-03). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 5 Assets Held for Sale.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Corporation revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed for the following asset classes on the dates noted and was based on an independent assessment.

Asset Class	Last Revaluation
Core Planning Land	31 May 2006
Assets Held for Sale	31 May 2006
SIRC Buildings & Improvements	1 July 2002

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(l) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Corporation is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(m) Depreciation of Property Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

Depreciation rates:

Computers	25.00%
Office Equipment	14.00%
Other - Sydney International Regatta Centre (SIRC) Buildings & Infrastructure	2.50%

(n) Maintenance

The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(o) Loans and receivables - Year Ended 30 June 2006

Loans and receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. A provision for doubtful debts is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(p) Other Financial Assets - Year Ended 30 June 2006

Investments are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs.

The Corporation subsequently measures investments classified as held for trading at fair value. Gains or losses on these assets are recognised in the income statement. Amounts held with New South Wales Treasury Corporation HourGlass facilities are held for trading at fair value. Assets intended to be held to maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses on impairment or disposal of these assets are recognised in the income statement. Any residual investments that do not fall into any other category are accounted for as available for sale financial assets and measured at fair value directly in equity until disposed or impaired. All financial assets (except those measured at fair value through profit or loss) are subject to annual review for impairment.

Purchases or sales of financial assets under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

(q) Other Assets

Other assets are recognised on a cost basis.

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(r) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies is designated as a contribution by owners by NSWTC 01/11 and recognised as an adjustment to “Accumulated Funds. This treatment is consistent with Urgent Issues Group Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure between government agencies are recognised at the amount at which the asset was recognised by the transferor government agency immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(s) Land Transfers

Land acquired for road purposes may be transferred, as required for construction, to the Roads and Traffic Authority without charge. Open Space land may be similarly transferred to local councils or placed under the care, control and management of local councils by means of trust deeds. Other lands may also be transferred to or placed under care, control and management of various government bodies without charge.

On the transfer of or placement under care, control and management of land under these circumstances, the asset value is deducted from land and buildings within property plant and equipment and shown as an expense in the Income Statement, except to the extent that a revaluation increment in relation to that land has previously been credited to the Asset Revaluation Reserve. In that case the amount of the previously recognised revaluation increment will be deducted from the Asset Revaluation Reserve.

For the transfer to the Corporation of land for no consideration, the asset is recognised at fair value in the balance sheet.

(t) Payables - Year Ended 30 June 2006

These amounts represent liabilities for goods and services provided to the Corporation and other amounts, including interest.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(u) Borrowings - Year Ended 30 June 2006

Loans are not held for trading and are recognised at amortised cost using the effective interest method.

(v) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1, paragraph 36A. The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132 / 139 is further discussed in Note 23.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

2 REVENUE

	2006	2005
	\$'000	\$'000
Contributions received from		
State Government	88,217	5,034
Local Councils (i)	6,180	6,012
Total	94,396	11,046

3 OTHER INCOME

	2006	2005
	\$'000	\$'000
Rents	6,197	8,104
Interest	2,559	2,266
Net Gain on disposal for consideration of Non Current Assets Held for Sale	2,634	10,542
Asset Revaluation Increment - Non Current Assets Held for Sale	2,202	-
Land Transferred from other NSW Government entities	1,024	13,185
Other	6,985	861
Total	21,601	34,958

4 EXPENSES

	2006	2005
	\$'000	\$'000
Personnel Services Expenses (i)		
Salaries & Wages	2,203	2,287
Superannuation	164	150
Workers Compensation Insurance	7	31
Payroll tax & fringe benefits tax	101	141
Other expenses from continuing operations		
Auditors remuneration for audit of the financial report	57	87
Consultancy fees	62	400
Insurance	61	89
Office accommodation	324	211
Depreciation	120	134
General Administration	3,226	1,475
Property maintenance	1,546	1,223
Land Transferred to:		
Other NSW Government entities	2,966	
Local Councils	1,289	4,168
	9,651	7,787
Total	12,126	10,396

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(i) Prior Period error regarding disclosure of staff related expenses

The Corporation's staff was supplied by the Department of Planning (previously the Department of Planning, Infrastructure and Natural Resources). In prior periods, the Corporation's financial report recognised and classified all staff related expenses and liabilities as if the staff were employed by the Corporation. This policy was adopted because the Corporation was responsible for meeting these expenses and liabilities. Following amendments to the Public Sector Employment and Management Act 2002 on 17 March 2006, the NSW Treasury clarified accounting requirements for staff used by one entity who were employees of another entity under the Public Sector Employment and Management Act 2002. The Corporation should have been accounting for its staff costs as “Personnel Services” to reflect that other organisations supplied staff services to the Corporation. To correct this error amounts previously disclosed as staff related expenses and liabilities have been reclassified as “Personnel Services”. This prior period error has no impact on the operating result or equity of the current or prior reporting periods.

5 GRANTS AND SUBSIDIES

	2006	2005
	\$'000	\$'000
Open Space Improvement and Restoration		
Metropolitan Greenspace Program	1,428	1,521
Greening Western Sydney	679	642
Other Grants & Subsidies	605	848
	2,712	3,011

6 SURPLUS / (DEFICIT) FOR THE YEAR FROM DISCONTINUED OPERATIONS

The results of the discontinued operations which have been included in the income statement are as follows. The comparative figures relating to operations discontinued in this year have been reclassified.

	2006	2005
	\$'000	\$'000
Sydney International Regatta Centre (ii)		
Revenue		
State Government Contributions	605	700
Other - Proceeds from Events	132	592
	737	1,292
Expenses		
Employee Related	206	688
Other - General Administration	(591)	1,501
Depreciation	271	812
	(114)	3,001
Surplus / (Deficit) from discontinued operations	851	(1,709)

(ii) Activity was transferred to the NSW Department of the Arts, Sport and Recreation in November 2005 in accordance with an Administrative Order.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2006	2005
	\$'000	\$'000
Cash at bank and on hand	5,636	4,725
NSW Treasury Corporation - HourGlass Cash facilities	17,852	7,166
	23,488	11,891

8 CURRENT ASSETS - RECEIVABLES

	2006	2005
	\$'000	\$'000
Sundry Debtors	2,569	638
Rental Debtors	93	275
	2,662	913
Less: Provision for Doubtful Debts	(41)	(181)
	2,621	732
Amounts due on Sale of Land	4,177	47,370
Total	6,798	48,102

9 CURRENT ASSETS - OTHER FINANCIAL ASSETS AT FAIR VALUE

	2006	2005
	\$'000	\$'000
NSW Treasury Corporation - HourGlass investment facilities		
Bond Market Facility	581	7,440
Medium Term Growth Facility	8,128	10,323
Total	8,709	17,763

10 CURRENT ASSETS - NON CURRENT ASSETS HELD FOR SALE

The movement on the valuation of “Assets held for Sale” to be disposed in the next financial year has been brought to account in the profit and loss statement in accordance with accounting standard AASB 5.

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

11 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2006	2005
	\$'000	\$'000
(a) Core Planning Land at fair value		
County Road and Transport Routes	73,989	32,887
Open Space Uses	938,015	494,841
Historic Buildings & Other Special Uses	28,216	34,775
	1,040,220	562,503
(b) Non Core Planning Land at fair value		
Surplus Land at fair value - land previously acquired for planning purpose, now not required for that purpose, not yet available for sale	304,123	278,397
Total Planning Lands at Fair Value	1,344,343	840,900

Reconciliation of Core & Non-Core lands held at fair value

	Held For Sale (note 10)	Core Land	Non Core Land	Total
Balance at 1 July 2005		562,503	278,397	840,900
Add Acquisitions and Development Works		154,471	13,045	167,516
Add Land transferred in		-	1,024	1,024
Less Land sold		(1,030)	(34,275)	(35,305)
Less Land transferred out for no consideration		(4,254)	-	(4,254)
Less Assets Held for Sale		-	(14,432)	(14,432)
Net Increment on revaluation		328,312	60,582	388,894
Net Transfers from / (to) Surplus Land		281	(218)	-
Closing balance on 30 June 2006		1,040,220	304,123	1,344,343
Balance at 1 July 2004		550,142	203,849	753,991
Add Acquisitions and Development Works		33,229	1,382	34,611
Add Land transferred in		11,062	2,121	13,183
Less Land sold		(554)	(22,699)	(23,253)
Less Land transferred out for no consideration		(3,311)	(339)	(3,650)
Net Increment on revaluation		-	66,018	66,018
Net Transfers from / (to) Surplus Land		(28,065)	28,065	-
Closing balance on 30 June 2005		562,503	278,397	840,900

All land assets were revalued at 30 June 2006 by registered valuers of the State Valuation Office or of the Department of Planning. The land is valued at fair value in accordance with NSW Treasury Circular TPP 05-3. The revaluation movements in Core & Non Core Lands have been taken to the Asset Revaluation Reserve.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(c) Property Plant and equipment at fair value

	2006	2005
	\$'000	\$'000
Sydney International Regatta Centre (“SIRC”) buildings & infrastructure		
Buildings	-	5,086
Accumulated Depreciation	-	(381)
	-	4,705
Infrastructure	-	26,838
Accumulated Depreciation	-	(2,013)
	-	24,825
	-	29,530
Office Equipment		
at fair value	557	614
Accumulated Depreciation	(488)	(397)
	69	217
Total Property Plant and Equipment	69	29,747

Reconciliation of Property Plant and Equipment

	SIRC Buildings	SIRC Infrastructure	Office Equipment	Total \$'000
Opening Balance at 1 July 2005	4,705	24,825	217	29,747
Additions				
Depreciation Expense	(42)	(224)	(125)	(391)
Transfer to other Government Dept (iii)	(4,663)	(24,601)	(23)	(29,287)
Closing Balance at 30 June 2006	-	-	69	69
Opening Balance at 1 July 2004	4,832	25,496	365	30,693
Additions				
Depreciation Expense	(127)	(671)	(148)	(946)
Closing Balance at 30 June 2005	4,705	24,825	217	29,747

(iii) The assets of the Sydney International Regatta Centre were transferred to the NSW Department of the Arts, Sport and Recreation without consideration in accordance with the Administrative Order gazetted on 4 November 2005

12 CURRENT LIABILITIES - PAYABLES

	2006	2005
	\$'000	\$'000
Accrued Personnel Services costs	9	22
Creditors	26,939	28,555
Interest	1,312	1,511
Security Deposits	45	1,086
Total	28,305	31,174

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

13 CURRENT / NON CURRENT LIABILITIES - PROVISION FOR PERSONNEL SERVICES

	2006	2005
	\$'000	\$'000
Personnel Services Provision - current	161	223
Other - current	16	13
	117	236
Personnel Services Provision - non current	-	64

14 CURRENT / NON CURRENT LIABILITIES - BORROWINGS

	2006	2005
	\$'000	\$'000
Unsecured Borrowings		
NSW Treasury Corporation fixed term loans - Current		
Face Value	19,500	21,701
NSW Treasury Corporation fixed term loans - Non Current		
Face Value	75,405	73,696
Unamortised premium	953	989
	76,358	74,685
Total	95,858	96,386
Repayment of Borrowings		
Less than one year	19,500	21,701
Between one and five years	41,545	22,057
Later than 5 years	34,813	52,628
Total	95,858	96,386



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

15 EQUITY

	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total 2006 \$'000
Opening balance at 1 July 2005	363,403	457,140	820,543
Changes in equity - other than transactions with owners as owners:			
SIRC Transfer - refer to note 16	(27,838)	(1,491)	(29,329)
Increment on revaluation of assets	-	388,894	388,894
Surplus for the year	95,593	-	95,593
Transfer from Asset Revaluation Reserve	12,820	(12,820)	-
Closing Balance - 30 June 2006	443,978	831,723	1,275,701
Opening balance at 1 July 2004	336,455	393,728	730,183
Changes in equity - other than transactions with owners as owners:			
Increment on revaluation of assets	-	66,019	66,019
Surplus for the year	24,341	-	24,341
Transfer from Asset Revaluation Reserve	2,607	(2,607)	-
Closing Balance - 30 June 2005	363,403	457,140	820,543

16 Transfer of Sydney International Regatta Centre

The activities of the Sydney International Regatta Centre (SIRC) were transferred to the Department of the Arts, Sport and Recreation (DATS) in accordance with an administrative restructure that was gazetted on 4 November, 2005. As a result of this order, the assets and liabilities as at 4 November 2005 were transferred to the new department. The equity amount transferred to DATS is made up as follows:

	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total 2006 \$'000
Opening Equity as at 1 July 2005	(26,987)	(1,491)	(28,478)
Operating Surplus to 4 November 2005	(851)	-	(851)
Closing Equity as at 4 November 2005	(27,838)	(1,491)	(29,329)

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

17 NOTES TO CASH FLOW STATEMENT

Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash includes cash on hand and cash at bank as well as HourGlass cash investments held with NSW Treasury Corporation. Cash at the end of the financial year as shown in the Cash Flow Statement reconciled to the Balance Sheet in Note 7.

	2006 \$'000	2005 \$'000
Reconciliation of surplus for the year to net cash flows from operating activities.		
Surplus for the year	95,593	24,341
Depreciation from Continuing Operations	120	134
Depreciation from Discontinued Operations	271	812
Written down value of properties disposed	35,305	23,253
Land transferred in for no consideration	(1,024)	(13,185)
Land transferred out for no consideration	4,254	3,650
Gross proceeds from disposal of land	(37,939)	(34,135)
(Increase) / decrease in receivables	(1,888)	1,619
Increase in payables	1,115	354
Assets Held for Sale Revaluation Increment recognised as Income	2,202	
Increase in personnel services provision	9	23
Net Cash Flows from Operating Activities	98,018	6,866

18 COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

The Corporation has no operating commitments as at 30 June 2006 or at 30 June 2005. The lease for office accommodation occupied by the Corporation is leased by the Department of Natural Resources (2005 – Department of Infrastructure, Planning and Natural Resources). The Corporation contributes to lease payments.

19 GRANT COMMITMENTS

As at 30 June 2006, outstanding commitments for grant projects amounted to \$3.3 million (2005 - \$3.5 million)

The contractual timeframes of these projects all fall within the category of 1 year or less.

20 CONTINGENT LIABILITIES

There are future claims against the Corporation under the Land Acquisition (Just Terms Compensation) Act 1991, for payment for the compulsory acquisitions of land in the Sydney Region. The estimated maximum cost of acquisition is \$119.6 million, however, negotiations and legal proceedings will determine the final cost and timing of payments.



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

21 CONTINGENT ASSETS

There are no known contingent assets as at the date of this report.

22 FINANCIAL INSTRUMENTS

(a) Cash

Cash comprises of cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11am unofficial cash rate adjusted for a management fee to Treasury. The average rate over the year was 4.54% (4.33% in 2004-05) and at the end of the year the rate was 4.75% (4.5% in 2004-05)

(b) HourGlass Investment Facilities

The Corporation has investments in Tcorp's HourGlass Investment facilities. The Corporation's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprise of a mix of asset classes appropriate to that investment horizon. Tcorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

	2006	2005
	\$'000	\$'000
Cash Facility (note 7)	17,852	7,166
Bond Market Facility	581	7,440
Medium Term Growth Facility	8,128	10,323
Total Tcorp HourGlass Investments	26,561	24,929

These investments are generally able to be redeemed with up to five business days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the Corporation's share of the underlying assets of the facility and is stated at net fair value.

(c) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on receivables. The carrying amount approximates net fair value.

(d) Bank Overdraft

The Corporation does not have any bank overdraft facility.

Corporation Sole

"Minister Administering the Environmental Planning and Assessment Act, 1979"

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(e) Interest Rate Risk

30 June 2006	Weighted Average Effective Interest Rate	Floating Interest Rate	1 year or less	1 to 5 years	More than 5 years	Non Interest Bearing	Total Carrying Amount as per the Balance Sheet
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Cash	4.75	5,636	-	-	-	-	5,636
HourGlass Investments							
Cash Facility	5.69	17,852	-	-	-	-	17,852
Bond Market Facility	3.86	581	-	-	-	-	581
Medium Term Growth	8.76	8,128	-	-	-	-	8,128
Receivables	-	-	-	-	-	6,798	6,798
Total Financial Assets	-	32,197	-	-	-	6,798	38,995
Financial Liabilities							
Payables	-	-	-	-	-	28,305	28,305
Interest Bearing	5.95	-	19,500	-	-	-	19,500
Interest Bearing	7.55	-	-	41,545	-	-	41,545
Interest Bearing	5.74	-	-	-	34,813	-	34,813
Total Financial Liabilities	-	-	19,500	41,545	34,813	28,305	124,163
30 June 2005							
30 June 2005	Weighted Average Effective Interest Rate	Floating Interest Rate	1 year or less	1 to 5 years	More than 5 years	Non Interest Bearing	Total Carrying Amount as per the Balance Sheet
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Cash	4.50	4,725	-	-	-	-	4,725
HourGlass Investments							
Cash Facility	5.59	7,166	-	-	-	-	7,166
Bond Market Facility	5.95	7,440	-	-	-	-	7,440
Medium Term Growth	9.24	10,323	-	-	-	-	10,323
Receivables	-	-	-	-	-	48,102	48,102
Total Financial Assets	-	29,654	-	-	-	48,102	77,756
Financial Liabilities							
Payables	-	-	-	-	-	31,714	31,714
Interest Bearing	7.45	-	21,701	-	-	-	21,701
Interest Bearing	8.00	-	-	22,057	-	-	22,057
Interest Bearing	6.19	-	-	-	52,628	-	52,628
Total Financial Liabilities	-	-	21,701	22,057	52,628	31,714	128,100



Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(g) Credit Risk

Credit risk is the risk of financial loss from another party to a contractor or a financial position failing to discharge a financial obligation there under. The Corporation’s maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

23 THE FINANCIAL IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNAL FINANCIAL REPORTING STANDARDS (AEIFRS)

The Corporation has applied the AEIFRS for the first time in the 2005/06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has mandated options that must be applied by NSW public sector agencies. The impacts below reflect Treasury’s mandates and policy decisions.

The impact of adopting AEIFRS on total equity and surplus as reported under previous AGAAP are shown below. There are no material impacts on the Corporation’s cash flow.

(a) Reconciliations

Reconciliation of equity under previous accounting standards (AGAAP) to equity under AEIFRS

	2006**	2005*
	\$'000	\$'000
Total equity under AGAAP	820,534	730,171
Effect of discounting long-term annual leave	9	12
Total equity under AEIFRS	820,543	730,183

* = adjustments as at the date of transition

** = cumulative adjustments as at the date of transition plus the year ended 30 June 2005

Reconciliation of surplus under previous AGAAP to surplus under AEIFRS

Year ended 30 June 2005	Note	2005
		\$'000
Surplus under previous AGAAP		24,344
Effect of discounting long term annual leave	(i)	(3)
Surplus under AEIFRS		24,341

(i) Note to the above table:

AASB 119 requires present value measurement for all long-term employee benefits. Currently AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. The Corporation has long-term annual leave benefits and accordingly will measure the benefits at present value, rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.

Corporation Sole

“Minister Administering the Environmental Planning and Assessment Act, 1979”

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2006

(b) Financial Instruments

As discussed in note 1(v) the comparative information for 2004/05 for financial instruments has not been restated and is presented in accordance with previous AGAAP. The corporation as at 30 June 2005 and 2006 held investments in the NSW Treasury Corporation Hourglass facilities.

The change in standards has an effect on the investments in the Medium and Long Term HourGlass facilities. Under AASB 139, these facilities are measured using the 'bid' price, rather than the 'mid-point' market prices. This results in the opening balance on 1 July 2005 being slightly lower than the closing balance on 30 June 2005 under previous AGAAP

(c) Grant Recognition

The Corporation, as a not-for-profit entity has applied the requirements in AASB 1004 Contributions regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft ED 125 Financial Reporting by Local Governments. If the ED125 approach is applied, revenue and / or expense recognition will not occur until either the Corporation supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grant are recognised when controlled. However, at this stage, the timing and impact of these amendments is uncertain.

24 AFTER BALANCE DATE EVENTS

It is anticipated that the Western Sydney Parklands Trust Bill will be passed in the NSW parliament in November 2006. The Bill will enable the establishment of the Western Sydney Parklands Trust. If the Bill is passed in its current form the Corporation will be transferring significant core land assets with estimated book values of around \$250 million to the Trust.

END OF AUDITED FINANCIAL REPORT

Corporation Sole

“Minister Administering the
Heritage Act, 1977”

Financial Report for the Year
Ended 30 June 2006



CONTENTS

Independent Audit Report	98
Statement by the Minister	100
Income Statement	101
Statement of Changes in Equity	101
Balance Sheet	102
Cash Flow Statement	103
Notes Accompanying and Forming Part of the Financial Statements	104



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of Corporation Sole "Minister Administering the Heritage Act 1977" (the Corporation):

- presents fairly the Corporation's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Minister's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Corporation, for the year ended 30 June 2006.

The Minister of the Corporation is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Corporation in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.



An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Minister had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A T Whitfield
Deputy Auditor-General

SYDNEY
3 November 2006

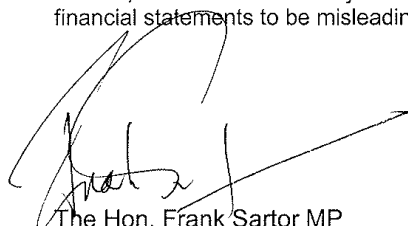
STATEMENT BY

CORPORATION SOLE "MINISTER ADMINISTERING THE HERITAGE ACT, 1977"

Pursuant to Section 45F of the Public Finance and Audit Act 1983, and in my capacity as Corporation Sole, titled "Minister administering the Heritage Act, 1977" I declare that in my opinion:

- 1 The accompanying financial statements, read in conjunction with the accompanying notes, exhibit a true and fair view of the financial position of the Corporation Sole, "Minister administering the Heritage Act, 1977" as at 30 June 2006 and
- 2 The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit (General) Regulation, 2000 and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or incorrect.



The Hon. Frank Sartor MP
Minister for Planning
Minister of Redfern Waterloo
Minister for Science & Medical Research
Minister Assisting the Minister for Health (Cancer)

Dated: 2 NOVEMBER, 2006



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Income Statement for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
INCOME			
Revenue			
Interest on investments		188	169
Statutory fees and other charges		731	232
Interest on repayable loans		41	91
Total Revenue		960	492
EXPENSES			
Expenses excluding losses			
Administration expenses	3(a)	525	356
Depreciation and amortisation	3(b)	114	312
Total Expenses excluding losses		639	668
(Loss) on disposal	4	(5,376)	-
(Loss) on revaluation	5	(283)	-
OPERATING RESULT FOR THE YEAR		(5,338)	(176)

Statement of Changes in Equity for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	13	(1,321)	-
Other net increases / (decreases) in equity AASB 139 first time adoption	13	(1)	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		(1,322)	-
Operating result for the year		(5,338)	(176)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		(5,339)	(176)
EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS			
Accumulated Funds	13	-	514
		(6,660)	338

The accompanying notes form part of the financial statements

Corporation Sole “Minister Administering the Heritage Act, 1977”

Balance Sheet as at 30 June 2006

	Note	2006 \$'000	2005 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,285	947
Receivables	8	44	20
Financial assets at fair value	9	1,406	1,264
Total Current Assets		2,735	2,231
Non Current Assets			
Receivables	8	925	979
Property plant and equipment			
Land and Buildings	10	4,970	6,688
Infrastructure Systems	10	-	5,376
Total Non Current Assets		5,895	13,043
Total Assets		8,630	15,274
LIABILITIES			
Current Liabilities			
Payables	12	294	278
Total Current Liabilities		294	278
Total Liabilities		294	278
Net Assets		8,336	14,996
EQUITY			
Reserves	13	-	1,321
Accumulated funds	13	8,336	13,675
Total Equity		8,336	14,996

The accompanying notes form part of the financial statements



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Cash Flow Statement for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Administrative expenses		(527)	(315)
Total Payments		(527)	(315)
Receipts			
Interest received		179	171
Other		733	427
Total Receipts		912	598
NET CASH FLOWS FROM OPERATING ACTIVITIES	15(b)	385	283
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property		-	(64)
Repayable conservation loans		95	-
Investments		(142)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(47)	(64)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		338	219
Cash and Cash Equivalents at the beginning of the financial year		947	728
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15(a)	1,285	947

The accompanying notes form part of the financial statements

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

1 STATEMENT OF PRINCIPAL ACTIVITY

The Corporation Sole “Minister Administering the Heritage Act, 1977” (Corporation Sole) was constituted under the Heritage Act 1977. The main activity is the administration of finance operations of the Heritage Act 1977.

The Corporation Sole is a single not for profit entity.

The financial report for the year ended 30 June 2006 has been authorised for issue by the Minister for Planning on 24 October 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Corporation Sole’s financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standard (AIFRS)); and
- the requirements of the Public Finance and Audit Act and Regulation

Property and financial instruments are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention

Judgements, key assumptions and estimations that management has made for the preparation of these financial statements are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(b) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include AIFRS.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement was deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005.

The basis used to prepare the 2004/05 comparative information for financial instruments under previous Australian Accounting Standards is discussed in Note 2(s) below.

Reconciliations of AIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 18. This note also includes separate disclosure of the 1 July 2005 equity adjustments arising from the adoption of AASB 132 and AASB 139.

(c) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

(d) Insurance

The Corporation Sole's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) Conservation Grants, Loans and Guarantees

Section 106 of the Heritage Act 1977 allows the payment of Conservation Grants and Loans to private individuals and organisations. The Loans are repayable and may be interest bearing or interest free. The Act also allows the Corporation Sole to guarantee bank loans that have been made for certain conservation purposes. No current guarantees are in place with the Corporation Sole.

(f) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Corporation Sole as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

(g) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Corporation Sole. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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.

Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset specific rate.

(h) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(i) Revaluation of Property, Plant and Equipment

Physical non current assets are valued in accordance with the “Valuation of Physical Non Current Assets at Fair Value” Policy and Guidelines Paper (TPP 05 3). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis where there are no feasible alternative uses in the existing natural, legal, financial and socio political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Corporation Sole revalues each class of property at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2006 and was based on an independent assessment.

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not for profit entity, revaluation increments and decrements are offset against one another within a class of non current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(j) Impairment of Property, Plant and Equipment

As a not for profit entity with no cash generating units, Corporation Sole is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(k) Depreciation of Property, Plant and Equipment

Except for certain heritage assets, depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to Corporation Sole.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including original artworks and collections and heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

Depreciation is provided on a straight line basis against assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its life.

Depreciation Rates	% Rate
Property	
Heritage Building	2.50

(l) Major Inspection Cost

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(m) Restoration Cost

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(n) Maintenance

Day to day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(o) Investments Year ended 30 June 2006 (refer Note 2(s) for 2004/05 policy)

Investments in T Corp (Hour Glass) medium term growth facility are classified at fair value through profit and loss.



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

(p) Trust Funds

The Corporation Sole receives monies in a trustee capacity for conservation of the Old Government House archaeological site at Port Macquarie as set out in Note 16. As the Corporation Sole performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of Corporation Sole’s own objectives, these funds are not recognised in the financial statements.

(q) Payables Year ended 30 June 2006 (refer Note 2(s) for 2004/05 policy)

These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(r) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. (refer Para 2(s) below). The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132 / 139 is further discussed in Note 18.

(s) Financial instruments accounting policy 2004/05 comparative

Investment income

Interest revenue is recognised as it accrues. Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Dividend revenue is recognised when the Corporation Sole’s right to receive payment is established.

Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Other Financial Assets

“Other financial assets” are generally recognised at cost, with the exception of Treasury Corporation (Hour Glass) Facilities and Managed Fund Investments, which are measured at market value.

For non current “other financial assets”, revaluation increments and decrements are recognised in the same manner as physical non current assets.

For current “other financial assets”, revaluation increments and decrements are recognised in the Income Statement.

Payables

These amounts represent liabilities for goods and services provided to Corporation Sole and other amounts, including interest. Interest is accrued over the period it becomes due.

(t) New Australian Accounting Standards issued but not effective

The following Accounting Standard has not been applied and is not yet effective. NSW Treasury has mandated to delay the date of transition of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement by one year to 1 July 2005. As a result the Corporation Sole has not restated 2004/05 comparative from GAAP figures previously disclosed.

NSW Treasury has mandated not to early adopt AASB 1004 contributions. Initial application may delay revenue recognition within the Corporation Sole.

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

3 EXPENSES EXCLUDING LOSSES

	2006	2005
	\$'000	\$'000
(a) Administration expenses		
Board fees	153	152
Consultancy fees	2	23
General administration	60	56
Travel	2	14
Auditors remuneration Audit of financial reports	16	12
Corporate services	17	31
Productivity Commission on Historic Heritage	239	-
Repairs and routine maintenance	36	68
	525	356
(b) Depreciation and amortisation expenses		
Depreciation		
Buildings	114	312
	114	312

4 GAIN / (LOSS) ON DISPOSAL

	2006	2005
	\$'000	\$'000
Gain / (loss) on disposal of infrastructure system		
Written down value of assets disposed	(5,376)	-
Net gain / (loss) on disposal of infrastructure system	(5,376)	-

The restoration cost of \$5.376 million for the former Kings School at Parramatta was transferred to Department of Planning (Heritage Office) during the year.

5 OTHER GAINS / (LOSSES)

	2006	2005
	\$'000	\$'000
Property revaluation increment / decrement		
Revaluation Loss	(283)	-
Total	(283)	-

The loss on valuation related to Linnwood Hall which was revalued during the period from \$5 million to \$3 million. The accumulated depreciation was \$395,700 resulting a loss of \$1,604,300 and \$1,321,368 was adjusted with revaluation reserve.



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

6 PRIOR PERIOD ERRORS

During the year an upward adjustment of \$264,956 was made to Recoverable Conservation Loans. This adjustment related to prior year loan disbursements that had previously been treated as grant expenses. A condition of the recoverable loans is that at the date of repayment or transfer of these loans, an additional interest charge equivalent to the CPI Index increase over the term of the loan is also payable. The total adjustment reflected an increase in the value of the loans by \$145,227 and a CPI adjustment for prior years of \$119,729.

7 CASH AND CASH EQUIVALENTS

	2006	2005
	\$'000	\$'000
Cash at bank and on hand	740	421
Treasury Corporation (Hour Glass) Cash Facility	545	526
	1,285	947

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft. Cash and cash equivalent assets recognised in the balance sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	1,285	947
Closing cash and cash equivalents (per Cash Flow Statement)	1,285	947

8 RECEIVABLES

	2006	2005
	\$'000	\$'000
Current Receivables		
Sundry debtors	44	20
	44	20
No allowance for impairment has been made as all amounts are considered to be collectable.		
Non current Receivables		
Loans receivable	673	768
Interest on repayable loans	252	211
	925	979

Repayable Conservation Loans are made to individuals and organisations for conservation purposes (Refer Note 2 (e)).

Security in the form of mortgage, caveat, bill of exchange or promissory note is held for all repayable loans.

Repayable loans written off during the year amounted to Nil (2004/05 \$Nil).

As at 30 June 2006, Repayable Conservation Loans included in Non Current Assets amounted to \$673,038 (including the prior period error adjustment of \$145,227 (refer Note 6)). The indexation amount of \$252,000 includes \$41,405 that was calculated for this financial year; the prior period error adjustment for indexation of \$119,729 (refer Note 6), and the \$90,851 brought forward from last financial year.

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

9 FINANCIAL ASSETS AT FAIR VALUE

	2006	2005
	\$'000	\$'000
Treasury Corporation (Hour Glass) Medium term growth investments	1,406	1,264
	1,406	1,264

Treasury Corporation (Hour Glass) investments are classified as fair value through profit and loss (refer Note 16). Treasury Corporation (Hour Glass) investments do not include Trust Funds of \$715,515 invested with Treasury Corporation (refer Note 15 and 16).

10 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Leasehold Improvements \$'000	Total \$'000
At 1 July 2005			
Gross carrying amount	7,000	5,376	12,376
Less: Accumulated Depreciation	(312)	-	(312)
Net carrying amount at fair value	6,688	5,376	12,064
At 30 June 2006			
Gross carrying amount	5,000	-	5,000
Less: Accumulated Depreciation	(30)	-	(30)
Net carrying amount at fair value	4,970	-	4,970
Reconciliation			
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.			
Year ended 30 June 2006			
Net carrying amount at start of year	6,688	5,376	12,064
Disposals	-	(5,376)	(5,376)
Net revaluation increment less revaluation decrements	(1,604)	-	(1,604)
Depreciation expense	(114)	-	(114)
Net carrying amount at end of year	4,970	-	4,970
At 30 June 2004			
Gross carrying amount	7,000	5,312	12,312
Less: Accumulated Depreciation	-	-	-
Net carrying amount at fair value	7,000	5,312	12,312
At 30 June 2005			
Gross carrying amount	7,000	5,376	12,376
Less: Accumulated Depreciation	(312)	-	(312)
Net carrying amount at fair value	6,688	5,376	12,064
Reconciliation			
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.			
Year ended 30 June 2005			
Net carrying amount at start of year	7,000	5,312	12,312
Additions	-	64	64
Depreciation expense	(312)	-	(312)
Net carrying amount at end of year	6,688	5,376	12,064

The leasehold improvements that were previously classified as work in progress of \$5.376 million for the former Kings School at Parramatta were transferred to Department of Planning (Heritage Office) during the year.

The Linnwood Hall was valued by Malcom Garder for the \$3 million during the year.



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

11 RESTRICTED ASSETS

The National Estate Program (NEP) was finalised during the previous financial year. The program was funded by the Commonwealth Government for the restoration, preservation and improvement of landscapes and buildings of special significance. Details of amounts owed to the Commonwealth Government for unexpended grants are provided below. The Corporation Sole will repay this amount to the Commonwealth Government during the 2006/07 financial year and is shown as creditors in Note 12 below.

	2006	2005
	\$'000	\$'000
Current		
Balance of unexpended NEP funds at the beginning of the financial year	250	250
Closing Balance 30 June 2006	250	250
Productivity Commission on Historic Heritage		
The Corporation Sole holds \$151,782 for the preparation of a submission to the Productivity Commission on economic, social and environmental value of heritage on behalf of the States, Territories, Commonwealth and New Zealand.		
Cash balance at the beginning of the year	249	-
Add: Receipts	142	249
Less: Expenditure	(239)	-
Cash balance at the end of the financial year	152	249

During the year the trust funds related to the Productivity Commission on Historic Heritage were recognised in the financial statements. Previously it was included under Trust Fund (refer Note 16).

12 PAYABLES

	2006	2005
	\$'000	\$'000
Payables		
Other operating expenses	44	28
Creditors	250	250
	294	278

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

13 CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Entity						
Balance at the beginning of the year	13,675	13,337	1,321	1,321	14,996	14,658
AASB 139 first time adoption	(1)	-	-	-	(1)	-
Prior period errors (Note 6 and 16)	-	514	-	-	-	514
Restated opening balance	13,674	13,851	1,321	1,321	14,995	15,172
Changes in equity other than transactions with owners as owners						
Operating result for the year	(5,338)	(176)			(5,338)	(176)
Increment / (decrement) on revaluation of NCAs						
* Land and buildings	-	-	(1,321)	-	(1,321)	-
	-	-	(1,321)	-	(1,321)	-
Total	(5,338)	(176)	(1,321)	-	-	-
Balance at the end of the financial year	8,336	13,675	-	1,321	8,336	14,996

14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Crown Solicitor is acting in a matter relating to a Deed of Agreement to a lease entered into by the Corporation Sole with respect to the property “Hillview” owned by the Corporation Sole. If this matter proceeds to litigation the Corporation Sole has a potential liability of \$500,000.

At this time the Crown Solicitor’s Office has advised that it is not certain that the Lessee could establish such, or any other, claim against the Corporation Sole and has indicated that the potential liability is an estimate of what may be the maximum amount payable. It is anticipated any liability will be met by the Treasury Managed Fund.



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

15 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2006	2005
	\$'000	\$'000
(a) Reconciliation of cash		
Cash at bank and on hand	740	421
Treasury Corporation (Hour-Glass) cash facility investments	545	526
	1,285	947
(b) Reconciliation of cash flow from operations with surplus from ordinary activities		
Operating result	(5,338)	(176)
Depreciation	114	312
Increase / (decrease) in payables	16	(16)
Decrease / (increase) in receivable and other assets	(66)	163
Net (gain) / loss on sale of plant and equipment	5,376	-
Net (gain) / loss on property valuation	283	-
Net cash flow from operating activities	385	283

16 TRUST FUNDS

The following funds are excluded from the Financial Statements as the Corporation Sole must use them for the conservation purposes as detailed in agreements with the State and Commonwealth Governments as shown.

Former Old Government House at Port Macquarie

The Corporation Sole holds \$715,515 (2005 \$676,153) in trust for the conservation of the Old Government House archaeological site at Port Macquarie.

	2006	2005
	\$'000	\$'000
Cash balance at the beginning of the year	676	646
Add: Receipts	39	37
Less: Expenditure	-	(7)
Cash balance at the end of the financial year	715	676

Productivity Commission on Historic Heritage

Previously, the funds related to the submission to Productivity Commission on Historic Heritage on behalf of State and Commonwealth Governments were recognised as trust funds. However, the Corporation Sole exercises control over these funds, accordingly, they have been recognised in the financial statements and listed under Restricted Assets (refer Note 11).

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

17 FINANCIAL INSTRUMENTS

The Corporation Sole’s principal financial instruments are outlined below. These financial instruments arise directly from the Corporation Sole’s operations or are required to finance Corporation Sole’s operations. The Corporation Sole does not enter into or trade financial instruments for speculative purposes. The Corporation Sole does not use financial derivatives.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11am unofficial cash rate adjusted for a management fee to Treasury. The Treasury Corporation (Hour Glass) cash facility is discussed below:

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Hour Glass Investment Facilities

The Corporation Sole has investments in the Treasury Corporation’s (Hour Glass) cash facility. The Corporation Sole’s investments are represented by a number of units in managed investments within the facility. Each managed investment fund has a different investment horizon and each investment fund comprises a mix of asset classes appropriate to that investment horizon. Treasury Corporation appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The Corporation Sole’s investments are:

	2006	2005
	\$’000	\$’000
Cash Facility	223	211
Cash Plus Facility	333	315
Medium Term Growth Facility	2,111	1,942
	2,667	2,468

These investments are generally able to be redeemed with up to five business days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the fair value. The value of the above investments represents the Corporation Sole’s share of the value of the underlying assets of the facility and is stated at fair value, based on the market value.

Recoverable Loans

All recoverable loans are recognised as amounts receivable at balance date. Collectability of recoverable loans is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any allowance for impairment). The carrying amount approximates net fair value.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer’s Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer’s Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2005 - Nil).



Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

18 IMPACT OF ADOPTION OF AEIFRS

The Corporation Sole has applied the AEIFRS for the first time in 2005/06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. The Corporation Sole has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect Treasury’s mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and operating profit as reported under previous AGAAP are shown below: there are no material impacts on the cash flows of the Corporation Sole.

(a) Reconciliation 1 July 2004 and 30 June 2005

Reconciliation of equity under previous Accounting standards (AGAAP) to equity under AEIFRS

	2005**	2004*
	\$'000	\$'000
Total Equity under AGAAP	14,996	14,658
Derecognition of capitalised interest	(1)	-
Total equity under AEIFRS	14,995	14,658

* = adjustments as at the date of transition

** = cumulative adjustments as at date of transition plus the year ended 30 June, 2005

Reconciliation of operating result under previous AGAAP to operating result under AEIFRS:

	2005
	\$'000
Year ended 30 June 2005	
Operating result under AGAAP	(176)
Recognition of interest due to change in measurement of investments	1
Operating result under AEIFRS	(175)

Based on the above, application of AEIFRS in 2004/05 has decreased the Operating result from \$176K to \$175.

(b) Financial Instruments 1 July 2005 first time adoption impacts

	Accumulated Funds	Asset Revaluation Reserve	Total
Total opening equity 1 July 2005 AEIFRS equity	13,675	1,321	14,996
Medium and long term Hour Glass growth facilities - change to bid price	(1)	-	(1)
Restated opening equity 1 July 2005 AEIFRS equity (after applying AASB 139)	13,674	1,321	14,995

(i) *Impairment testing.* Under AASB 139, all financial assets except those measured at fair value through profit or loss are subject to review for impairment. The Standard requires a specific impairment test which needs to be supported by objective evidence that the group of assets is impaired or uncollectable. This means that agencies can no longer raise a general provision for doubtful debts. As a result, any allowance for impairment recognised under previous AGAAP must be reduced.

(ii) *Medium and long term Treasury Corporation (Hour Glass) cash facility.* Under AASB 139, this facility is measured using the ‘bid’ price, rather than the previous ‘mid point’ market prices. This results in the opening balance on 1 July 2005 being slightly lower than the closing balance on 30 June 2005, under previous AGAAP.

Corporation Sole

“Minister Administering the Heritage Act, 1977”

Notes to the Financial Statements for the year ended 30 June 2006

Designation of financial assets – TCorp Hour Glass Investment facilities

The Treasury Corporation (Hour Glass) cash facility comprises unit trust investment funds managed by NSW Treasury Corporation. The Corporation Sole has been issued with a number of units in different investment funds based on the amount of the deposit and the unit value for the day, refer Note 15.

Investments in the Treasury Corporation (Hour Glass) cash facility was designated at 'fair value through profit or loss' as at 1 July 2005, in accordance with AASB 139 and AASB 1. Under previous AGAAP they were classified as "other financial assets", but were measured on the same basis i.e. at fair value through profit or loss. The only difference is that from 1 July 2005, the medium term and long term Hour Glass cash facility investment funds are measured using the bid price, rather than mid point market price.

The opening balance of the Treasury Corporation (Hour Glass) cash facility designated at fair value through profit or loss on 1 July 2005 was \$2,466,951 (which was slightly lower than the closing balance at 30 June 2005 (\$2,467,919) under previous AGAAP (refer Table, Note 18, above)).

The (Hour Glass) cash facility was designated at 'fair value through profit or loss' using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about those assets is provided internally on that basis to the Corporation Sole key management personnel.

19 AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date which affect the financial report.

END OF AUDITED FINANCIAL REPORT