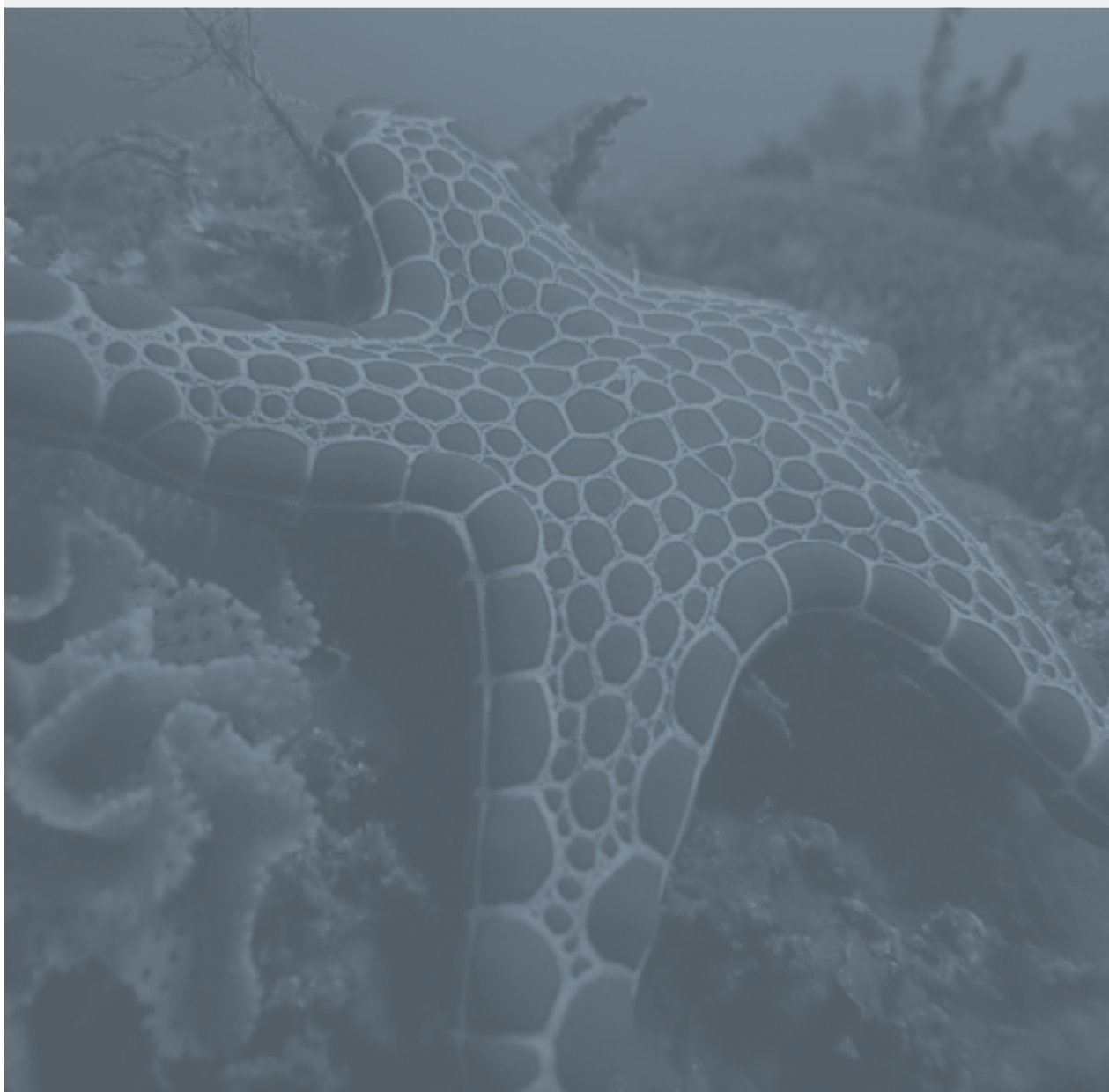


6 Financial Statements



Independent Audit Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for the Environment

I have audited the accompanying financial statements of the Director of National Parks for the year ended 30 June 2014, which comprise: a Statement by the Director and Chief Financial Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies and other explanatory information.

Director's Responsibility for the Financial Statements

The Director is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Director of National Parks' preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Director of National Parks' internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial statements.

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

GPO Box 737 CANBERRA ACT 2601
18 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203
7777

Independence

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

Opinion

In my opinion, the financial statements of the Director of National Parks:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Director of National Parks' financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones
Executive Director

Delegate of the Auditor-General

Canberra
7 October 2014

Statement by the Director and Chief Financial Officer

DIRECTOR OF NATIONAL PARKS STATEMENT BY THE DIRECTOR AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Director of National Parks will be able to pay its debts as and when they become due and payable.

Signed



Gillian Sally Barnes
Director

7 October 2014

Signed



Michelle Callaway
Chief Financial Officer

7 October 2014

DIRECTOR OF NATIONAL PARKS
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	35,989	28,016
Suppliers	3B	33,181	27,907
Depreciation and amortisation	3C	15,944	15,764
Write-down and impairment of assets	3D	354	2
Losses from sale of assets	3E	3,463	-
Other expenses		129	100
Total expenses		89,060	71,789
LESS :			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	24,918	15,355
Contributions from Department of the Environment		41,389	40,170
Interest	4B	1,085	1,329
Other revenue	4C	6,297	4,724
Total own-source revenue		73,689	61,578
Gains			
Sale of assets	4D	-	526
Other gains	4E	416	-
Total gains		416	526
Total own-source income		74,105	62,104
Net cost of services		(14,955)	(9,685)
Surplus (Deficit) attributable to the Australian Government		(14,955)	(9,685)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		47,105	-
Total other comprehensive income		47,105	-
Total comprehensive income (loss) attributable to the Australian Government		32,150	(9,685)

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

DIRECTOR OF NATIONAL PARKS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	26,538	24,847
Investments	6B	18,120	18,000
Trade and other receivables	6C	3,662	1,400
Accrued revenue	6D	136	229
Total financial assets		48,456	44,476
Non-Financial Assets			
Land and buildings	7A,C,5	73,002	76,068
Infrastructure, plant and equipment	7B,C,5	161,596	124,017
Intangibles	7D,E	533	387
Other non-financial assets	7F	994	419
Total non-financial assets		236,125	200,891
Total Assets		284,581	245,367
LIABILITIES			
Payables			
Suppliers	8A	3,662	2,381
Other payables	8B	9,909	5,635
Total payables		13,571	8,016
Provisions			
Employee provisions	9	9,074	7,571
Other provisions		32	26
Total provisions		9,106	7,597
Total Liabilities		22,677	15,613
Net Assets		261,904	229,754
EQUITY			
Contributed equity		36,445	36,445
Reserves		172,677	125,572
Retained surplus		52,782	67,737
Total Equity		261,904	229,754

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

DIRECTOR OF NATIONAL PARKS
STATEMENT OF CHANGES IN EQUITY
for the year period 30 June 2014

	Retained Earnings		Asset Revaluation Surplus		Contributed Equity		Total Equity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Opening balance	67,737	77,422	125,572	125,572	36,445	36,445	229,754	239,439
Balance carried forward from previous period	67,737	77,422	125,572	125,572	36,445	36,445	229,754	239,439
Adjusted opening balance								
Comprehensive income								
Revaluation adjustments	(14,955)	(9,685)	47,105	-	-	-	47,105	-
Deficit for the period	(14,955)	(9,685)	47,105	-	-	-	(14,955)	(9,685)
Total comprehensive income (loss)							32,150	(9,685)
Closing balance at 30 June	52,782	67,737	172,677	125,572	36,445	36,445	261,904	229,754

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

DIRECTOR OF NATIONAL PARKS
CASH FLOW STATEMENT
for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		26,457	17,831
Receipts from Government		41,389	40,170
Interest		427	849
Net GST received		1,909	752
Other		2,280	655
Total cash received		<u>72,462</u>	<u>60,257</u>
Cash used			
Employees		32,810	27,635
Suppliers		31,834	26,153
Other		125	106
Total cash used		<u>64,769</u>	<u>53,894</u>
Net cash from operating activities	10	<u>7,693</u>	<u>6,363</u>
INVESTING ACTIVITIES			
Cash received			
Interest - Term Deposits		663	382
Proceeds from sales of property, plant and equipment		266	803
Total cash received		<u>929</u>	<u>1,185</u>
Cash used			
Investment in term deposits		120	18,000
Purchase of property, plant and equipment		6,596	8,207
Purchase of intangibles		215	183
Total cash used		<u>6,931</u>	<u>26,390</u>
Net cash used by investing activities		<u>(6,002)</u>	<u>(25,205)</u>
Net increase / (decrease) in cash held		1,691	(18,842)
Cash and cash equivalents at beginning of the reporting period		<u>24,847</u>	<u>43,689</u>
Cash and cash equivalents at the end of the reporting period	6A	<u>26,538</u>	<u>24,847</u>

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

DIRECTOR OF NATIONAL PARKS
SCHEDULE OF COMMITMENTS
as at 30 June 2014

	2014 \$'000	2013 \$'000
BY TYPE		
Commitments Receivable		
Sublease rental income	956	1,125
Net GST recoverable on commitments ¹	7,200	7,741
Total Commitments Receivable	8,156	8,866
Commitment Payable		
Capital Commitments		
Infrastructure, plant and equipment ²	(2,306)	(1,078)
Total Capital Commitments	(2,306)	(1,078)
Other Commitments		
Operating leases ³	(73,598)	(74,129)
Other commitments ⁴	(5,347)	(11,190)
Total Other Commitments	(78,945)	(85,319)
Total Commitments Payable	(81,251)	(86,397)
Net Commitments by Type	(73,095)	(77,531)
BY MATURITY		
Commitments Receivable		
Other Commitments Receivable		
Within 1 year	653	1,029
Between 1 to 5 years	982	1,271
More than 5 years	6,521	6,566
Total Other Commitments Receivable	8,156	8,866
Commitments Payable		
Capital Commitments		
Within 1 year	(2,306)	(1,078)
Total Capital Commitments	(2,306)	(1,078)
Operating Lease Commitments		
Within 1 year	(1,041)	(1,035)
Between 1 to 5 years	(4,165)	(4,140)
More than 5 years	(68,392)	(68,954)
Total Operating Lease Commitments	(73,598)	(74,129)
Other Commitments		
Within 1 year	(2,785)	(7,593)
Between 1 to 5 years	(2,562)	(3,597)
Total Other Commitments	(5,347)	(11,190)
Total Commitments Payable	(81,251)	(86,397)
Net Commitments by Maturity	(73,095)	(77,531)

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

DIRECTOR OF NATIONAL PARKS
SCHEDULE OF COMMITMENTS

as at 30 June 2014

- Note:
- 1 Commitments were GST inclusive where relevant.
 - 2 Outstanding contractual payments for infrastructure, plant & equipment under construction.
 - 3 Operating leases included were effectively non-cancellable.
 - 4 Other commitments comprise general consultancy services, utilities and maintenance works.

Nature of Lease / General Description

Sublease rental income - The Director of National Parks has three subleases as follows:

- cafe within the Australian National Botanic Gardens which is subject to an annual increase of 3%;
- bookshop within the Australian National Botanic Gardens which has no escalation clauses; and
- the Aurora Resort at Kakadu National Park which has no escalation clauses

Leases for rent of national parks from Traditional Owners - The Director of National Parks leases Kakadu National Park, Uluru-Kata Tjuta National Park and Booderee National Park from the parks' Traditional Owners. Annual rent is payable in advance. Terms of leases vary up to a maximum of 99 years.

The lease terms with Kakadu National Park and Uluru-Kata Tjuta National Park Traditional Owners provide for a review of the annual rent amount every five years.

The lease terms with Booderee National Park Traditional Owners provide for an annual review of the rental amount.

DIRECTOR OF NATIONAL PARKS
INDEX OF THE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year period 30 June 2014

Note Description

1	Summary of Significant Accounting Policies
2	Events after the Reporting Period
3	Expenses
4	Income
5	Fair Value Measurement
6	Financial Assets
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8	Payables
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**DIRECTOR OF NATIONAL PARKS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the entity

The Director of National Parks is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the entity is to manage Australia's protected areas. The Director of National Parks is structured to meet the following objective:

Conservation and appreciation of Commonwealth reserves through the provision of safe visitor access, the control of invasive species and working with stakeholders and neighbours.

The continued existence of the Director of National Parks in its present form and with its present programs is dependent on Government policy and continuing funding by Parliament for the Director of National Parks' administration and programs.

1.2 Basis of Preparation of the Financial Statements

The financial statements and notes are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and are general purpose financial statements.

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Director of National Parks and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising from executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

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

1.3 Significant Accounting Judgments and Estimates

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

- a) the fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer;
- b) the fair value of infrastructure, plant and equipment has been taken to be the market value or depreciated replacement cost of similar items as determined by an independent valuer; and
- c) the value of employee leave provisions which involve estimation of various factors used in the calculation as outlined in section 1.8 Employee Benefits.

DIRECTOR OF NATIONAL PARKS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

A change in valuation method occurred for a parcel of land held in South Alligator, Kakadu National Park. This was previously valued using the income approach as determined by the Australian Valuation Office. This valuation method changed as a result of the 2013-14 revaluation process performed by AssetVal Pty Ltd where the market approach was used. This approach was deemed more appropriate for this asset class given observable inputs (adjusted market transactions) were available.

A change in valuation technique also occurred for the road infrastructure. Prior revaluations have used single unit costs per kilometre and moderately assigned residual values to determine the value of the roads. The revaluation process in 2013-14 used a componentisation approach which has provided unit costs for each road component. Furthermore, the valuation process included a more detailed approach in applying the concept of residual values in order to determine the fair value. Residual values consider an asset may have a use at some level at the end of its economic life. In combination with the componentisation this has resulted in a significant increase in the asset base for the Director of National Parks. The revaluation for 2013-14 has been prepared with considerably more detail than in prior years. The Director of National Parks is of the view the movements are reasonable and a more accurate reflection of the value of the road infrastructure.

Reliability of fair value measurement of Heritage and Cultural assets have been assessed whether to include in the financial statements as determined by an independent valuer. Currently these cannot be reliably measured and therefore not included in the financial statements.

1.4 New Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards were issued prior to the signing of the Statement by the Director and Chief Financial Officer, were applicable to the current reporting period and had a disclosure and financial impact on the Director of National Parks' financial statements.

- AASB 13: Fair Value Measurement (issued December 2012)

This Standard has been issued as a result of the International Accounting Standards Board (IASB)'s project to ensure consistency of fair value measurement and disclosure within financial statements. AASB 13 defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. The definition of fair value focuses on assets and liabilities because they are a primary subject of accounting measurement. However, the Standard does not specify when fair value should be applied. Guidance on when fair value measurements are to be applied is set out in other standards (e.g. AASB 116 Property, Plant and Equipment). Key features included in AASB 13 are the requirement to value non-financial assets at their highest and best use; identification of a principal (or most advantageous) market; and disclosure of all fair value measurements based on the fair value hierarchy.

- AASB 119 Employee Benefits (issued September 2011)

The revised version of AASB 119 aims to improve the useability and comparability of post employment benefits. The amendments change the accounting for defined benefits plans, amend the definition of short term and long term employee benefits (such that annual leave balances not expected to be used within twelve months will require discounting) and change the timing of the recognition of termination benefits.

All other new standards, revised standards and interpretations that were issued prior to the signing of the Statement by the Director and Chief Financial Officer and are applicable to the current reporting period did not have a material financial impact on the Director of National Parks.

Future Australian Accounting Standard requirements

The following new standards that was issued prior to the signing Statement by the Director and Chief Financial Officer and is applicable to future reporting periods are expected to have a future disclosure impact on the Director of National Parks.

**DIRECTOR OF NATIONAL PARKS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

- AASB 1055 Budgetary Reporting (issued March 2013)

The Australian Accounting Standards Board (AASB) has issued a new AASB 1055. This new Standard requires reporting of budgetary information and explanation of significant variance between actual and budgeted amounts by not-for-profit entities within the General Government Sector. The new Standard applies to reporting periods beginning on or after 1 July 2014.

All other new standards, revised standards and interpretations that were issued prior to the sign-off of the financial statements date and are applicable to the future reporting periods are not expected to have a future financial impact on the Director of National Parks.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the seller retains no managerial involvement nor effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the Director of National Parks.

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

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits with the transaction will flow to the Director of National Parks.

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

Revenue from the sale of tickets, permits and goods are recognised at the time tickets/permits are issued or goods are delivered to customers. Refunds for ticket sales are accounted for when they occur. An estimate for these refunds is not provided for.

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

Resources Received Free of Charge

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

The Department of the Environment provides corporate services under a Service Delivery Agreement to the Director of National Parks.

Revenues from Government

The Director of National Parks received no direct appropriation from the Government for Departmental outputs. Funds are received directly by the Department of the Environment and transferred to the Director of National Parks.

1.6 Gains

Sale of Assets

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

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are received directly by the Department of the Environment and are transferred to the Director of National Parks. These amounts are recognised directly in Contributed Equity in that year.

1.8 Employee Benefits

The legal entity of the Director of National Parks has only one employee, being the Director herself. However, under an arrangement with the Department of the Environment, the Director of National Parks has a number of employees of the Department of the Environment that are assigned to assist the Director. For the purpose of these Financial Statements, such employees are treated as employees of the Director of National Parks.

Liabilities for 'short-term employee benefits' (as defined in AASB 119: *Employee Benefits*) and termination benefits due within twelve months are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as a net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

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

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

The liability for long service leave has been determined using the short-hand method in accordance with the FMOs for reporting periods ending on or after 1 July 2011. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Director of National Parks recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Employees of the Director of National Parks are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item.

The Director of National Parks makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Director of National Parks' employees. The Director of National Parks accounts for the contributions as if they were contributions to defined contribution plans.

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

1.9 Leases

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

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

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

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

The majority of operating lease payments relate to arrangements with traditional owners over Kakadu, Uluru Kata-Tjuta and Booderee National Parks.

1.10 Fair Value Measurement

The Director of National Parks has deemed no transfers between levels of the fair value hierarchy to have occurred for the 2013-14 reporting period.

The Director of National Parks deems transfers between levels of the fair value hierarchy to have occurred when there has been a significant change in the volume or level of activity for the asset and where observable and unobservable inputs change due to the lack or presence of market-corroborated inputs. This is assessed once every 12 months with a formal revaluation undertaken once every three years.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.12 Financial Assets

The Director of National Parks classifies its financial assets in the following categories:

- held-to-maturity investments; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon 'trade date'.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Director of National Parks has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

**DIRECTOR OF NATIONAL PARKS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting period.

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

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are recognised when settlement is greater than remote.

1.15 Acquisition of Assets

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

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

**DIRECTOR OF NATIONAL PARKS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

1.16 Infrastructure, Plant and Equipment (IP&E)

Asset Recognition Threshold

Purchases of infrastructure plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

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

Asset class	Fair value measured at:
Land	Market selling price or Discounted cashflows
Buildings excluding leasehold improvements	Market selling price or Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant & equipment	Market selling price or Depreciated replacement cost

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. A revaluation was conducted in 2014.

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

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

Depreciation

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

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

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

	2013-14	2012-13
Buildings	5 to 85 years	5 to 85 years
Infrastructure	7 to 73 years	7 to 73 years
Plant and equipment	2 to 50 years	2 to 50 years
Computer software	4 to 5 years	4 to 5 years

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Heritage and Cultural Assets

The Director of National Parks has various heritage and cultural items which have not been recorded as assets in the financial statements, due to the difficulties associated with the reliable measurement of these items. The items include living collections in the Australian National Botanical Gardens and historic buildings which are managed as ruins. The Director of National Parks has adopted, through consultation with boards of management, where relevant, appropriate curatorial and preservation policies for these items. The Director of National Park's curatorial and preservation policies can be found in the Plan of Management for each national park at <http://www.parksaustralia.gov.au>.

1.17 Intangibles

The Director of National Parks' intangibles comprise internally developed and purchased software for internal use and water entitlements. Internally developed software is carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Director of National Parks' software are 4 to 5 years (2012-13: 4 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

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

1.18 Taxation

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

Revenues, expenses, assets and liabilities are recognised net of GST:

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

Note 2: Events after the Reporting Period

There were no events that occurred after the Statement of Financial Position date that could impact the financial statements.

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Note 3: Expenses	2014 \$'000	2013 \$'000
Note 3A - Employee Benefits		
Wages and salaries	26,345	21,416
Superannuation		
Defined contribution plans	2,041	1,627
Defined benefit plans	3,143	2,377
Leave and other entitlements	2,738	2,244
Separation and redundancies	1,722	352
Other employee expenses	-	-
Total employee benefits	35,989	28,016
Note 3B - Suppliers		
Goods and services supplied or rendered		
Professional services	8,544	3,872
Property expenses	2,810	2,353
Repairs and maintenance	2,720	2,444
Parks operation & maintenance	5,207	3,981
Employee related expenses	1,762	1,238
Information technology & communication	1,695	1,367
Service delivery charges	3,900	3,900
Other	2,135	4,575
Total goods and services supplied or rendered	28,773	23,730
Goods supplied in connection with		
Related entities	175	42
External entities	3,011	2,838
Total goods supplied	3,186	2,880
Services rendered in connection with		
Related entities	12,701	14,330
External entities	12,886	6,520
Total services rendered	25,587	20,850
Total goods and services supplied or rendered	28,773	23,730
Other supplier expenses		
Operating lease rentals:		
Minimum lease payments	1,020	884
Contingent rentals	3,388	3,293
Total other supplier expenses	4,408	4,177
Total supplier expenses	33,181	27,907
Note 3C - Depreciation and Amortisation		
Depreciation:		
Buildings	3,010	2,974
Infrastructure, plant and equipment	12,862	12,762
Total depreciation	15,872	15,736
Amortisation:		
Intangibles	72	28
Total amortisation	72	28
Total depreciation and amortisation	15,944	15,764

DIRECTOR OF NATIONAL PARKS
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Note 3: Expenses (Cont)	2014 \$'000	2013 \$'000
Note 3D - Write-down and impairment of assets		
Financial assets		
Impairment of receivables	354	2
Total write-down and impairment of assets	<u>354</u>	<u>2</u>
Note 3E - Sale of assets		
Land and buildings		
Proceeds from sale	-	-
Carrying value of assets sold	3,019	-
Infrastructure, plant & equipment		
Proceeds from sale	(266)	-
Carrying value of assets sold	710	-
Net loss (gain) from sale of assets	<u>3,463</u>	<u>-</u>
Note 4: Income		
OWN-SOURCE REVENUE		
Note 4A - Sale of goods and rendering of services		
Sale of goods in connection with		
Related entities	-	-
External entities	93	32
Total sale of goods	<u>93</u>	<u>32</u>
Rendering of services in connection with		
Related entities	13,512	5,028
External entities	11,313	10,295
Total rendering of services	<u>24,825</u>	<u>15,323</u>
Total sale of goods and rendering of services	<u>24,918</u>	<u>15,355</u>
Note 4B - Interest		
Deposits	1,085	1,329
Total Interest	<u>1,085</u>	<u>1,329</u>
Note 4C - Other revenue		
Resources received free of charge - service delivery charges	3,900	3,900
Sublease rental income	210	173
Other revenue	2,187	651
Total other revenue	<u>6,297</u>	<u>4,724</u>
GAINS		
Note 4D - Gain on Sale of Assets		
Infrastructure, plant & equipment		
Proceeds from sale	-	812
Carrying value of assets sold	-	(286)
Net gain from sale of assets	<u>-</u>	<u>526</u>
Note 4E - Other Gains		
Assets first recognised	(416)	-
Total other gains	<u>(416)</u>	<u>-</u>

**DIRECTOR OF NATIONAL PARKS
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Note 5: Fair Value Measurement

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A - Fair Value Measurement

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value \$'000	Fair value measurements at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land	5,690		5,690	
Buildings	67,312			67,312
Infrastructure, plant & equipment	161,596			161,596
Total non-financial assets	234,598	-	5,690	228,908
Total fair value measurement of assets in the statement of financial position	234,598	-	5,690	228,908

The Director of National Parks has a number of assets and liabilities not measured at fair value in the Statement of Financial Position. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

Fair value measurements - highest and best use

The highest and best use of all non-financial assets are the same as their current use.

Note 5B - Level 1 and Level 2 Transfers for Recurring Fair Value Measurement

The DNP had no transfers between Level 1 and Level 2 of the measurement hierarchy.

The Director of National Parks' policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 5C - Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2014

	Category (Level 2 or 3)	Fair Value \$'000	Valuation technique(s) ¹	Inputs Used	Range (weighted average) ²
Non-financial assets					
Land	2	5,690	Market Approach	Adjusted market transactions	
Buildings	3	67,312	Depreciated Replacement Cost (DRC)	Number of Labour Hours Condition Rating/ Obsolescence of asset Remaining Useful Life	1 - 100 per hour 0 - 10 0 - 60 years
Infrastructure, plant & equipment	3	161,596	Depreciated Replacement Cost (DRC)	Number of Labour Hours Condition Rating/ Obsolescence of asset Remaining Useful Life Residual Value	1 - 100 per hour 0 - 10 0 - 100 years \$0 - \$8,000,000
Plant & Equipment				Condition Rating/ Obsolescence of asset Remaining Useful Life Replacement Cost	1 - 9 1 - 94 years \$250 - \$4,400,000

1. A change in valuation method occurred for a parcel of land held in South Alligator, Kakadu National Park. This was previously valued using the income approach as determined by the Australian Valuation Office. This valuation method changed as a result of the 2013-14 revaluation process performed by AssetVal Pty Ltd where the market approach was used. This approach was deemed more appropriate for this asset class given observable inputs (adjusted market transactions) were available.

A change in valuation technique also occurred for the road infrastructure. Prior revaluations have used single unit costs per kilometre to determine the value of the roads and moderately assigned residual values. The revaluation process in 2013-14 used a componentisation approach which has provided unit costs for each road component. Furthermore, the valuation process included a more detailed approach of the concept of residual values in order to determine the fair value. Residual values considers an asset may have a use at some level at the end of its economic life. In combination with the componentisation this has resulted in a significant increase in the asset base for the Director of National Parks. The revaluation for 2013-14 has been prepared with considerably more detail than in prior years. The Director of National Parks is of the view the movements are reasonable and a more accurate reflection of the value of the road infrastructure.

2. This is for significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

Note 5C - Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (cont'd)

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The Director of National Parks tests the procedures of the valuation model at least once every 12 months (with a formal revaluation undertaken once every three years). In 2013-14 the Director of National Parks engaged the services of AssetVal Pty Ltd to undertake a revaluation of non-financial assets. AssetVal Pty Ltd provided written assurance to the Director of National Parks that the models developed and used are in compliance with AASB 13 Fair Value Measurement.

Recurring Level 3 fair value measurements - sensitivity analysis

Buildings

The significant unobservable inputs used in the fair value of the Director of National Parks' buildings are the number of labour hours, the the asset's condition and remaining useful life and the residual values used. Significant increases (decreases) in any of those inputs in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the assumption used for condition rating is accompanied by a directionally similar change in the assumption used for the remaining useful lives.

Infrastructure, plant and equipment

The significant unobservable inputs used in the fair value of the Director of National Parks' infrastructure, plant and equipment are the number of labour hours, the the asset's condition and remaining useful life and the residual values used. Significant increases (decreases) in any of those inputs in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the assumption used for condition rating is accompanied by a directionally similar change in the assumption used for the remaining useful lives.

Note 5D - Reconciliation for Recurring Level 3 Fair value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets		Total
	Buildings	Infrastructure, plant and equipment	
	2014	2014	2014
	\$,000	\$,000	\$,000
Opening balance¹	68,742	124,017	192,759
Total gains/losses recognised in net cost of services ²	(3,010)	(12,862)	(15,872)
Total gains/losses recognised in other comprehensive income ³	-	270	270
Additions by revaluation and impairment through equity ⁴	2,117	44,805	46,922
Purchases	646	6,096	6,742
Sales	(1,203)	(710)	(1,913)
Transfers out of Level 3 ⁵	-	(20)	(20)
Transfers into Level 3 ⁵	20	-	20
Closing Balance	67,312	161,596	228,908

1. Opening balances as determined in accordance with AASB 13 *Fair Value Measurement*.

2. These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation

3. These gains/(losses) are presented in the Statement of Comprehensive Income under other gains

4. A revaluation of non-current assets was undertaken by the Director of National Parks in 2013-14.

5. There have been no transfers between levels of the hierarchy during the year.

DIRECTOR OF NATIONAL PARKS
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Note 6: Financial Assets	2014	2013
	\$'000	\$'000
<u>Note 6A - Cash and Cash Equivalents</u>		
Cash on deposit	26,444	24,767
Cash on hand	94	80
Total cash and cash equivalents	26,538	24,847
<u>Note 6B - Investments</u>		
Term Deposits	18,120	18,000
Total investments	18,120	18,000
All investments are expected to be recovered within 12 months. Term deposits are recognised at their nominal amounts and interest is credited to revenue as it accrues		
<u>Note 6C - Trade and Other Receivables</u>		
Goods and services receivables in connection with		
Related entities	48	66
External parties	1,115	399
Total receivables for goods and services	1,163	465
Other Receivables		
Net GST receivable from ATO	469	490
Other receivables	2,375	451
Total other receivables	2,844	941
Total trade and other receivables (gross)	4,007	1,406
Less: Impairment allowance account		
Goods and services	(339)	-
Other	(6)	(6)
Total impairment allowance account	(345)	(6)
Total trade and other receivables (net)	3,662	1,400
All receivables are expected to be received in less than 12 months.		
Receivables (gross) are aged as follows:		
Not overdue	2,586	615
Overdue by:		
Less than 30 days	331	39
31 to 60 days	21	81
61 to 90 days	1	15
More than 90 days	1,068	656
Total receivables (gross)	4,007	1,406
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	(345)	(6)
Total impairment allowance account	(345)	(6)

Reconciliation of the impairment allowance account:

Movements in relation to 2014

	Goods and services 2014 \$'000	Other receivables 2014 \$'000	Total 2014 \$'000
Opening balance	-	(6)	(6)
Increase recognised in net surplus	(339)	-	(339)
Closing balance	(339)	(6)	(345)

Movements in relation to 2013

	Goods and services 2013 \$'000	Other receivables 2013 \$'000	Total 2013 \$'000
Opening balance	-	(5)	(5)
Amounts written off	-	(1)	(1)
Closing balance	-	(6)	(6)

	2014 \$'000	2013 \$'000
Note 6D - Accrued revenue		
Accrued Revenue	136	229
Total accrued revenue	<u>136</u>	<u>229</u>

Accrued revenue is expected to be recovered within 12 months.
No indicators of impairment were found for accrued revenue

Note 7: Non-Financial Assets

Note 7A: Land and Buildings

Land at fair value	5,690	7,326
Buildings on land		
- work in progress	572	2,089
- fair value	66,740	72,629
- accumulated depreciation	-	(5,976)
Total buildings on land	<u>67,312</u>	<u>68,742</u>
Total land and buildings	<u>73,002</u>	<u>76,068</u>

No indicators of impairment were found for land and buildings.
No land and buildings are expected to be sold or disposed within the next 12 months.

Note 7B: Infrastructure, Plant and Equipment

Infrastructure, plant and equipment		
- work in progress	3,043	4,296
- fair value	158,553	145,620
- accumulated depreciation	-	(25,899)
Total infrastructure, plant and equipment	<u>161,596</u>	<u>124,017</u>

Revaluations were conducted in accordance with Note 1. In 2013-14 revaluations were conducted by independent valuer AssetVal Pty Ltd and valued as at 30 June 2014.

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

The Director of National Parks has various heritage and cultural items which have not been recorded as assets in the financial statements, due to the difficulties associated with the reliable measurement of these items. These items include living collections and historic buildings which are managed as ruins. There was no significant acquisition or disposal activity in relation to these items in the current reporting period.

Note 7C - Analysis of property, plant and equipment

Table A - Reconciliation of the opening and closing balances of property, plant and equipment (2013-14)

	Land	Buildings	Total Land & Buildings	Infrastructure Plant & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013					
Gross book value	7,326	74,718	82,044	149,916	231,960
Accumulated depreciation and impairment	-	(5,976)	(5,976)	(25,899)	(31,875)
Net book value 1 July 2013	7,326	68,742	76,068	124,017	200,085
Additions					
Purchase	-	646	646	6,096	6,742
Recognition	-	-	-	270	270
Revaluation and impairment recognised in other comprehensive income	180	2,117	2,297	44,805	47,102
Depreciation expense	-	(3,010)	(3,010)	(12,862)	(15,872)
Disposals - by sale	(1,816)	(1,203)	(3,019)	(710)	(3,729)
Write-down and impairment recognised through the operating result	-	-	-	-	-
Transfers	-	20	20	(20)	-
Net book value 30 June 2014	5,690	67,312	73,002	161,596	234,598
Net book value as of 30 June 2014 represented by:					
Gross book value	5,690	67,312	73,002	161,596	234,598
Accumulated depreciation	-	-	-	-	-
	5,690	67,312	73,002	161,596	234,598

Table A - Reconciliation of the opening and closing balances of property, plant and equipment (2012-13)

	Land	Buildings	Total Land & Buildings	Infrastructure Plant & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012					
Gross book value	7,326	72,974	80,300	144,334	224,634
Accumulated depreciation and impairment	-	(3,006)	(3,006)	(13,738)	(16,744)
Net book value 1 July 2012	7,326	69,968	77,294	130,596	207,890
Additions					
Purchase	-	1,689	1,689	6,465	8,154
Recognition	-	-	-	54	54
Depreciation expense	-	(2,973)	(2,973)	(12,763)	(15,736)
Disposals - by sale	-	(50)	(50)	(222)	(272)
Write-down and impairment recognised in net cost of services	-	-	-	(14)	(14)
Transfers	-	108	108	(99)	9
Net book value 30 June 2013	7,326	68,742	76,068	124,017	200,085
Net book value as of 30 June 2013 represented by:					
Gross book value	7,326	74,718	82,044	149,916	231,960
Accumulated depreciation	-	(5,976)	(5,976)	(25,899)	(31,875)
	7,326	68,742	76,068	124,017	200,085

DIRECTOR OF NATIONAL PARKS
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	2014 \$'000	2013 \$'000
Note 7D: Intangibles		
Computer software		
Purchased - in progress	277	215
Accumulated amortisation	-	(53)
Internally developed - in progress	163	132
Total Computer Software	440	294
Water Entitlements	93	93
Total Water Entitlements	93	93
Total intangibles	533	387

No indicators of impairment were found for intangible assets.
No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7E - Analysis of intangibles

Table A - Reconciliation of the opening and closing balances of intangibles (2013-14)

	Computer Software Purchased \$'000	Computer Software Developed \$'000	Water Entitlements \$'000	Total \$'000
As at 1 July 2013				
Gross book value	215	132	93	440
Accumulated amortisation	(53)	-	-	(53)
Net book value 1 July 2013	162	132	93	387
Additions				
Purchased	-	215	-	215
Revaluation and impairment recognised in other comprehensive income	3	-	-	3
Amortisation expense	(72)	-	-	(72)
Transfers	184	(184)	-	-
Net book value 30 June 2014	277	163	93	533
Net book value as of 30 June 2014 represented by:				
Gross book value	277	163	93	533
Accumulated amortisation	-	-	-	-
	277	163	93	533

Table A - Reconciliation of the opening and closing balances of intangibles (2012-13)

	Computer Software Purchased \$'000	Computer Software Developed \$'000	Water Entitlements \$'000	Total \$'000
As at 1 July 2012				
Gross book value	148	16	93	257
Accumulated amortisation	(25)	-	-	(25)
Net book value 1 July 2012	123	16	93	232
Additions				
Purchased	60	132	-	192
Amortisation expense	(28)	-	-	(28)
Transfers	7	(16)	-	(9)
Net book value 30 June 2013	162	132	93	387
Net book value as of 30 June 2013 represented by:				
Gross book value	215	132	93	440
Accumulated amortisation	(53)	-	-	(53)
	162	132	93	387

DIRECTOR OF NATIONAL PARKS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014 \$'000	2013 \$'000
Note 7F: Other Non-Financial Assets		
Prepayments	994	419
Total other non-financial assets	994	419

All other non-financial assets are expected to be recovered in 12 months.
 No indicators of impairment were found for other non-financial assets.

Note 8: Payables

Note 8A - Suppliers		
Trade creditors and accruals	2,882	1,587
Operating lease rentals	780	794
Total supplier payables	3,662	2,381

Supplier payables expected to be settled within 12 months:

Related entities	1,958	1,002
External parties	1,704	1,379
Total supplier payables	3,662	2,381

Settlement is usually made net 30 days.

Note 8B - Other Payables		
Salaries and wages	780	565
Separation & redundancies	1,643	313
Superannuation	150	106
Unearned revenue	7,127	4,359
Other payables	209	292
Total other payables	9,909	5,635

All other payables are expected to be settled within 12 months.

Note 9: Employee Provisions

Leave	9,074	7,571
Total employee provisions	9,074	7,571

Employee Provisions are expected to be settled in:

No more than 12 months	4,590	3,643
More than 12 months	4,484	3,928
Total employee provisions	9,074	7,571

Note 10: Cash Flow Reconciliation

	2014 \$'000	2013 \$'000
Reconciliation of cash and cash equivalents per statement of financial position to cash flow statement		
Cash and cash equivalents as per:		
Cash flow statement	26,538	24,847
Statement of financial position	26,538	24,847
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(14,955)	(9,685)
Adjustments for non-cash items		
Depreciation and amortisation	15,944	15,764
Interest from investments	(663)	(382)
Take up of assets for the first time	(416)	-
Write down of non-financial assets	3,667	-
(Gain) / loss on disposal of non-current assets	(203)	(526)
Changes in Assets and Liabilities		
(Increase)/decrease in net receivables	(2,283)	(118)
(Increase)/decrease in GST receivables	21	(490)
(Increase)/decrease in prepayments	(575)	110
(Increase)/decrease in accrued revenue	93	6
Increase/(decrease) in unearned revenue	2,768	931
Increase/(decrease) in employee provisions	3,008	504
Increase/(decrease) in supplier payables	1,281	255
Increase/(decrease) in other payables	6	(6)
Net cash from operating activities	<u>7,693</u>	<u>6,363</u>

Note 11: Contingent Liabilities and Contingent Assets

Unquantifiable Contingencies

The Department of Finance is coordinating a study across whole-of-Commonwealth in relation to contaminated land. During 2013-14 the Director of National Parks was asked to contribute to the study for key sites. The review confirmed a number of locations were contaminated (including asbestos) which will require remediation. In conjunction with the Department of Finance, the Asbestos Safety and Eradication Agency through its National Strategic Plan for Asbestos Awareness and Management 2013-18, commits that all government occupied and controlled buildings are to be free of asbestos containing materials by 2030.

It is not possible for the Director of National Parks to estimate or quantify the cost of any eventual payments in relation to the remediation of land contamination and asbestos at this time.

There are no quantifiable contingent assets or liabilities identified for 30 June 2014.

Note 12: Director's Remuneration

The legal entity of the Director of National Parks has only one Director. Remuneration of the Director is included in Note 14: Senior Executive Remuneration.

Note 13: Related Party Disclosures

Director of National Parks

The Director of National Parks was Mr Peter Cochrane up until his retirement in December 2013. Ms Sally Barnes was appointed as the Director of National Parks from January 2014. The aggregate remuneration of the Director is disclosed in Note 14: Senior Executive Remuneration.

Loans to Director and Director related entities

There were no loans made to either the Director or entities related to the Director during 2013-14 (2012-13: Nil).

Other Transactions with Director or Director related entities

There were no other transactions with either the Director or entities related to the Director during 2013-14 (2012-13 Nil).

DIRECTOR OF NATIONAL PARKS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Senior Executive Remuneration

Note 14A: Senior Executive Remuneration Expense for the Reporting Period

	2014	2013
Short-term employee benefits:		
Salary	772,768	782,629
Other	12,450	23,991
Total short-term employee benefits	<u>785,218</u>	<u>806,620</u>
Post-employment benefits:		
Superannuation	100,060	171,319
Total post-employment benefits	<u>100,060</u>	<u>171,319</u>
Other long-term benefits		
Annual leave accrual	51,690	64,416
Long service leave	17,238	19,822
Total other long-term benefits	<u>68,928</u>	<u>84,238</u>
Total	<u>954,206</u>	<u>1,062,177</u>

Notes:

1. Note 14A is prepared on an accrual basis.

2. Note 14A excludes acting arrangements and part-year service where total remuneration expended for a senior executive was less than \$195,000.

Note 14B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration ¹	Substantive senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
Less than \$195,000	4	118,107	21,911	-	-	140,018
\$195,000 to \$224,999	2	165,763	40,484	-	-	206,247
\$255,000 to \$284,999	1	267,002	11,975	-	-	278,977
Total	7					

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration ¹	Substantive senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
\$195,000 to \$224,999	3	169,399	37,307	-	-	206,706
\$315,000 to \$344,999	1	258,300	59,941	-	-	318,241
\$300,000 to \$329,999						
Total	4					

Notes:

1 This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

2 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- c) salary sacrificed benefits.

3 The 'contributed superannuation' amount is the average cost to the Director of National Parks for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

4 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the Director of National Parks during the financial year.

DIRECTOR OF NATIONAL PARKS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff During the Reporting Period

Average annual reportable remuneration paid to other highly paid staff in 2014

Average annual reportable remuneration ¹	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements): \$195,000 to \$224,999	1	196,758	18,383	-	-	215,141
Total	1					

Average annual reportable remuneration paid to other highly paid staff in 2013

Average annual reportable remuneration ¹	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements): \$195,000 to \$224,999	0	-	-	-	-	-
Total	0					

During the reporting period, there were nil employees (2012-13: nil) whose salary plus contributed superannuation, allowances and performance bonuses totalled \$195,000 or more.

Notes:

1 This table reports staff:

- a) who were employed by the entity during the reporting period;
 - b) whose reportable remuneration was \$195,000 or more for the reporting period; and
 - c) were not required to be disclosed in Table B or director disclosures.
- Each row is an averaged figure based on headcount for individuals in the band.

2 Reportable salary¹ includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- c) reportable employer superannuation contributions; and
- d) exempt foreign employment income.

3 The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

4 Reportable allowances¹ are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5 Bonus paid¹ represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

DIRECTOR OF NATIONAL PARKS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Remuneration of Auditors	2014	2013
	\$'000	\$'000
Financial Statement audit services are provided to Director of National Parks by the Australian National Audit Office (ANAO).		
Fair value of the services provided		
Financial statement audit services	(87)	(81)
Total	<u>(87)</u>	<u>(81)</u>

No other services were provided by the ANAO.

Note 16: Financial Instruments	2014	2013
	\$'000	\$'000
Note 16A - Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash	6A 26,538	24,847
Trade and other receivables	6C 3,193	910
Accrued revenue	6D 136	229
Total Loans and receivables	<u>29,867</u>	<u>25,986</u>
Held-to-Maturity		
Cash in term deposits	6B 18,120	18,000
Total Held-to-Maturity	<u>18,120</u>	<u>18,000</u>
Carrying amount of financial assets	<u>47,987</u>	<u>43,986</u>
Financial Liabilities		
At amortised cost		
Supplier payables	8A 3,662	2,381
Other payables	8B 209	292
Carrying amount of financial liabilities	<u>3,871</u>	<u>2,673</u>
Note 16B - Net income and expense from financial assets		
Loans and receivables		
Interest revenue	4B 1,085	1,329
Write down - financial assets	3D (354)	(2)
Net gain from loans and receivables	<u>731</u>	<u>1,327</u>
Net gain from financial assets	<u>731</u>	<u>1,327</u>

Note 16C - Net income and expense from financial liabilities

There was no net income and expenses from financial liabilities in 2013-14 (2012-13: Nil).

Note 16D - Fair value of financial instruments

The carrying value of the Director of National Parks' financial instruments are a reasonable approximation of fair value.

DIRECTOR OF NATIONAL PARKS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16E - Credit risk

The Director of National Parks is exposed to minimal credit risk as the majority of cash equivalents and other receivables are cash or trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2014: \$4,006,916 and 2013: \$1,406,603). The Director of National Parks has assessed the risk of the default on payment and has allocated \$344,722 in 2014 (2012: \$5,952) to an impairment and allowance account.

The Director of National Parks holds no collateral to mitigate against credit risk.

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

	Not Past Due Nor Impaired 2014 \$'000	Not Past Due Nor Impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000
Cash and cash equivalents	26,538	24,847	-	-
Trade and other receivables	2,117	125	1,421	791
Accrued revenue	136	229	-	-
Total	28,791	25,201	1,421	791

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	331	21	1	723	1,076
Total	331	21	1	723	1,076

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	39	81	15	650	785
Total	39	81	15	650	785

Note 16F - Liquidity risk

The Director of National Park's financial liabilities are payables (due and payable). The exposure to liquidity risk from non-derivative financial liabilities is based on the notion that the Director of National Parks will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Director of National Parks and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Maturities for non-derivative financial liabilities in 2014

	On demand 2014 \$'000	within 1 year 2014 \$'000	1 to 5 years 2014 \$'000	> 5 years 2014 \$'000	Total 2014 \$'000
Trade creditors and accruals	-	3,662	-	-	3,662
Other payables	-	209	-	-	209
Total	-	3,871	-	-	3,871

Maturities for non-derivative financial liabilities in 2013

	On demand 2013 \$'000	within 1 year 2013 \$'000	1 to 5 years 2013 \$'000	> 5 years 2013 \$'000	Total 2013 \$'000
Trade creditors and accruals	-	2,381	-	-	2,381
Other payables	-	292	-	-	292
Total	-	2,673	-	-	2,673

DIRECTOR OF NATIONAL PARKS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16G - Market risk

The Director of National Parks holds basic financial instruments that do not expose it to market risks. The Director of National Parks is not exposed to 'currency risk' or 'other price risk'.

Interest Rate Risk

The only interest-bearing items on the balance sheet are 'Cash on deposit' which bear interest at a fixed tiered interest rate and 'Cash held in Term Deposits' which bear interest at a fixed rate for the period of the term deposit. The term deposits are not exposed to significant interest rate movements and upon maturity, the Director of National Parks returns the funds into its bank account or invests into further term deposits where they are invested at the best available interest rate and deemed to be low risk.

Note 16H - Financial Assets Reconciliation

	2014 \$'000	2013 \$'000
Financial Assets		
Total financial assets as per balance sheet	48,456	44,476
Less: Non-financial instrument components		
GST Receivable	6C (469)	(490)
Total Non-financial instrument components	<u>(469)</u>	<u>(490)</u>
Total financial assets as per financial instruments note	<u>47,987</u>	<u>43,986</u>

Note 17: Appropriations

The Director of National Parks received no direct appropriation from the Government for Departmental outputs. Funds are When received by the Director of National Parks, the payments made are legally the money of the Director of National Parks and do not represent any balance remaining in the Consolidated Revenue Fund.

Note 18: Compensation and Debt Relief

No payments of the following kind were made by the Director of National Parks during 2013-14 (2012-13: Nil):

- 1) waivers of amounts owing to the Australian Government;
- 2) compensation for detriment caused by defective administration; or
- 3) special circumstances payments relating to APS employment.

Note 19: Reporting of Outcomes

Net Cost of Outcome Delivery

The Director of National Parks is structured to contribute to the following outcome:

Outcome 1

The Director of National Parks has only one outcome - *Conservation and appreciation of Commonwealth reserves through the provision of safe visitor access, the control of invasive species and working with stakeholders and neighbours.*

	Outcome 1	
	2014 \$'000	2013 \$'000
Departmental		
Expenses	(89,060)	(71,789)
Own-source income	74,105	62,104
Net cost of outcome delivery	(14,955)	(9,685)

The net costs shown include intra-government costs that would be eliminated in calculating the actual Budget Outcome.

Note 20: Cost Recovery

Note 20A: Cost Recovery Summary

	2014 \$'000	2013 \$'000
Amounts applied		
Departmental		
Own source revenue	9,845	9,789
Payments from portfolio agency	-	249
Total amounts applied	<u>9,845</u>	<u>10,038</u>
Expenses		
Departmental	9,845	10,038
Total expenses	<u>9,845</u>	<u>10,038</u>
Revenue		
Departmental	10,854	9,789
Total revenue	<u>10,854</u>	<u>9,789</u>
Receivables		
Not Overdue	221	53
Overdue by		
0 - 30 days	1	
30 - 60 days	-	28
More than 90 days	346	122
Total receivables	<u>568</u>	<u>203</u>
Amounts written off		
Departmental	339	-
Total amounts written off	<u>339</u>	<u>-</u>
Cost recovered activities:		
- Park entry and associated fees		
- Education services		
- Parking fees		

Documentation (Cost Recovery Impact Statement) for the above activities is available at
<http://www.environment.gov.au/resource/director-national-parks-cost-recovery-impact-statement-january-2012-december-2016>

