

Financial Statements

Certification to the Financial Statements

We certify that the attached financial statements of the Glenelg Hopkins Catchment Management Authority, have been prepared in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2008 and the financial position of Glenelg Hopkins Catchment Management Authority as at 30 June 2008.

We are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Board of Management dated 28th August 2008.



Peter Dark

Chairperson



Peter Butcher

Chief Executive Officer

(Accountable Officer)



Jason Bourke

Chief Finance & Accounting Officer

Dated: 1st September 2008

Auditor General Independent Audit Report

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Glenelg Hopkins Catchment Management Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2008 of Glenelg Hopkins Catchment Management Authority which comprises an operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification to the financial statements has been audited.

The Board Members Responsibility for the Financial Report

The Board Members of the Glenelg Hopkins Catchment Management Authority are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of the Glenelg Hopkins Catchment Management Authority for the year ended 30 June 2008. The Board Members of the Glenelg Hopkins Catchment Management Authority are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Glenelg Hopkins Catchment Management Authority web site.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Glenelg Hopkins Catchment Management Authority as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
29 August 2008



D D R Pearson
Auditor-General

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Operating Statement
for the year ended 30 June 2008

	Note	2008	2007
		\$	\$
Revenue from Operating Activities			
Government Contributions	3.1	11,514,788	12,327,192
Other Contributions & Charges	3.2	526,004	502,416
Total Revenue from Operating Activities		12,040,792	12,829,608
Revenue from Non-Operating Activities			
Investment Income	3.3	432,372	457,238
Total Revenue from Non-Operating Activities		432,372	457,238
Net Profit/(Loss) on Disposal of Non-Current Assets	4.3	18,928	(26,498)
TOTAL REVENUE		12,492,092	13,260,348
Operating Expenditure			
Programme Expenditure	4.1	10,480,765	11,126,241
Corporate Expenditure	4.2	1,934,305	2,188,931
Total Operating Expenditure		12,415,070	13,315,172
TOTAL EXPENDITURE		12,415,070	13,315,172
NET RESULT FOR THE YEAR		77,022	(54,824)

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

Balance Sheet**as at 30 June 2008**

	Note	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	5	5,300,432	5,344,690
Receivables	6	408,857	117,974
Other financial assets	7	13,423	-
Total Current Assets		5,722,712	5,462,664
Non-Current Assets			
Property, Plant & Equipment	8	2,299,162	2,105,632
Total Non-Current Assets		2,299,162	2,105,632
TOTAL ASSETS		8,021,874	7,568,296
Current Liabilities			
Payables	9	824,736	508,067
Provisions	10	263,986	354,470
Total Current Liabilities		1,088,722	862,537
Non-Current Liabilities			
Provisions	10	72,973	165,858
Total Non-Current Liabilities		72,973	165,858
TOTAL LIABILITIES		1,161,695	1,028,395
NET ASSETS		6,860,179	6,539,901
EQUITY			
Contributed Capital	11	3,156,946	3,156,946
Accumulated Funds	12	3,008,729	2,931,707
Asset Revaluation Reserve	18	694,504	451,248
TOTAL EQUITY		6,860,179	6,539,901

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

Statement of Changes in Equity
for the year ended 30 June 2008

	Contributed Capital	Accumulated Funds	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
2008				
Balance as at 1 July 2007	3,156,946	2,931,707	451,248	6,539,901
Net Result for the year	-	77,022	-	77,022
Revaluation Increment	-	-	243,256	243,256
Balance as at 30 June 2008	3,156,946	3,008,729	694,504	6,860,179
2007				
Balance as at 1 July 2006	3,156,946	2,986,531	165,934	6,309,411
Net Result for the year	-	(54,824)	-	(54,824)
Revaluation Increment	-	-	285,314	285,314
Balance as at 30 June 2007	3,156,946	2,931,707	451,248	6,539,901

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

Cash Flow Statement
for the year ended 30 June 2008

	Note	2008 \$	2007 \$
Cash Flows from Operating Activities			
Receipts			
Government Contributions		10,374,535	12,660,798
Net GST Received/(Paid)		468,635	(240,079)
Other Contributions and Charges		533,173	545,961
Interest Received		421,843	452,230
Payments			
Employee Benefits		(4,464,742)	(3,521,419)
Financial Institution Charges		(2,172)	(2,272)
Payments to Suppliers		(7,188,798)	(9,151,402)
Net Cash Provided By Operating Activities	15.1	142,474	743,817
Cash Flows from Investing Activities			
Payments for Property, Plant & Equipment		(310,975)	(519,813)
Proceeds from Property Plant & Equipment		124,243	101,437
NET CASH (USED IN) INVESTING ACTIVITIES		(186,732)	(418,376)
NET INCREASE / (DECREASE) IN CASH HELD		(44,258)	325,441
Cash and cash equivalents at the beginning of the financial year		5,344,690	5,019,249
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15.2	5,300,432	5,344,690
FINANCING ARRANGEMENTS	15.3		

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

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Formation of the Authority

The Glenelg Hopkins Catchment Management Authority was constituted on 1 July 1997 by Order of the Minister for Agriculture and Resources to oversee land and water resources in the Authority's catchment area. On the same date, the Glenelg River Improvement Trust was abolished, and the responsibilities of the Trust were transferred to the Authority, together with any assets and liabilities of the Trust. The Trust had no liabilities that transferred to the Authority.

The Authority is based at 79 French Street Hamilton, Victoria.

Principal Activities

The Glenelg Hopkins Catchment Management Authority is a strategic regional organisation with a charter to facilitate integrated catchment management. Our key partnerships are with the regional community and agencies, local, state and federal governments, together with Landcare which plays a key role in natural resource management. Community education and awareness are high on the Authority's agenda. Expanding our knowledge and partnerships across the region will result in the environmental, economic and social sustainability of our catchments.

NOTE 1 - Summary of significant accounting policies

Basis of Preparation

This general purpose financial report prepared on an accrual basis, in accordance with the Financial Management Act 1994, Australian Accounting Standards, and Urgent Issue Group interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS)

The financial report is in accordance with the historical cost convention, except for the revaluation of certain non-current assets, as noted. Cost is based on the fair values of the consideration given in the exchange for assets.

In the application of A-IFRS management is required to make adjustments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other event is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008 and the comparative information in these financial statements for the year ended 30 June 2007.

All amounts shown in the financial statements are expressed to the nearest dollar.

(a). Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008

(b). Revenue Recognition

Revenue is brought to account when services have been provided. Government contributions are recognised as revenues when control over the contribution is obtained.

The value of all goods and services received free of charge are recognised as revenue when the Authority gains control of them. The benefits derived from these goods and services are recorded at their fair values in the financial statements.

Any grants and contributions received from the Victorian State Government which the Minister for Finance or the Minister for Water and Environment have indicated are in the nature of owners' contributions, are accounted for as Equity - Contributed Capital.

In accounting for the sale of fixed assets, gross proceeds from the sales are netted off against the written down value of the assets sold and shown as a net gain or loss on disposal of Non-Current assets.

Interest income is recognised when earned.

(c). Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis and debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised where doubt as to collection exists

(d). Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages, salaries and annual leave are recognised as a current liability and are measured at the amounts expected to be paid when liabilities are settled.

Long Service Leave

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability regardless of whether the Glenelg Hopkins Catchment Management Authority does not expect to settle the liability within 12 months as it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave.

The components of this LSL liability are measured at:

present value – component that the Glenelg Hopkins Catchment Management Authority does not expect to settle within 12 months; and

nominal value – component that the Glenelg Hopkins Catchment Management Authority expects to settle within 12 months.

Non-Current Liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until 10 years of service has been completed by an employee. Conditional LSL is required to be measured at present value.

Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of national Government guaranteed securities in Australia.

Superannuation

The purpose of a superannuation scheme is to accumulate assets to meet members' benefits as they accrue. The Authority contributes in respect of its employees to a number of superannuation schemes (see Note 16). The amounts of these contributions are determined by each scheme's actuary in accordance with statutory requirements. The Authority's statutory contributions to these schemes are recorded as a superannuation expense (see Note 16). There are no unfunded liabilities in respect of those employees who are members of the above schemes.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008

(e). Non-Current Physical Assets

Fixed assets include land, buildings, plant, equipment, furniture and motor vehicles. Items with a cost or value in excess of \$1,000 and a useful life to the Authority of more than one year are capitalised. All other assets acquired are included as an expense for the period.

Fixed assets are brought to account at cost of acquisition, or in the case of assets acquired at no cost, at a fair value, at the date they are acquired.

The cost of fixed assets constructed by the Authority includes all direct labour and materials used in the construction, together with an appropriate proportion of applicable overheads.

Land and buildings are measured at the amounts for which assets could be exchanged between knowledgeable and willing parties in an arms length transaction. Plant, equipment and motor vehicles are measured at cost.

(f). Valuation of Fixed Assets

Assets other than those that are carried at fixed cost are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value.

Land and Buildings

A formal revaluation of land and buildings was undertaken by LMB Linke Pty Ltd, AAPI (Val) as at 30 June 2007. The increase in value of \$285,314 was shown in the Asset Revaluation Reserve. In accordance with the Policy, the Authority will formally revalue Land and Buildings every three years (revaluation due June 2011). A managerial revaluation was booked at 30 June 2008 with reference to Valuer General Indices.

Plant and Equipment and Motor Vehicles

Plant and equipment and motor vehicles, although measured at cost less depreciation, are reviewed to ensure that the carrying amount of an asset does not differ materially from its recoverable amount at the reporting date.

(g). Depreciation of Non-Current Assets

Non-current assets with limited useful lives are systematically depreciated over their useful lives to the Authority in a manner that reflects the consumption of the service potential embodied in those assets.

Straight line depreciation is provided, based on the residual useful life as determined on a regular basis, with the life of major items being reviewed each year. Additions to non-current assets in the financial year are depreciated from their respective dates of acquisition. Works in progress are not depreciated until taken up as a non-current asset.

Depreciation rates currently applied to each class of asset are as follows:

Catchment Infrastructure:	1.0% to 5.0%	Furniture & Fittings:	10% to 20%
Plant & Equipment:	20% to 25%	Motor Vehicles:	20%
Office Equipment & Communications:	10% to 40%	Buildings and Improvements:	2%

There have been no changes in depreciation rates from 2006/07.

(h). Functional and Presentation Currency

The presentation currency of the Authority is the Australian dollar, which has also been identified as the functional currency of the Authority.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008

(i). Asset Revaluation Reserve

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as expense in determining the net result, the increment is recognised as revenue in determining the net result. Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve. Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

(j). Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis – i.e., inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

(k). Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(l). Impairment of Assets

All assets are assessed annually for indications of impairment, except for

- assets arising from employee benefits;
- non-current assets held for sale

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

(m). New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting period. As at 30 June 2008, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2008. Glenelg Hopkins Catchment Management Authority has not and does not intend to adopt these standards early.

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Glenelg Hopkins Catchment Management Authorities Annual Statements
AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12	Amendments arise from the release in February 2007 of Interpretation 12 Service Concession Arrangements.	Beginning 1 July 2008	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 January 2009	Impact expected to be not significant
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Options to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets.	Beginning 1 January 2009	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalising borrowing costs.
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Editorial amendments to Australian Accounting Standards to align with IFRS terminology.	Beginning 1 January 2009	Impact expected to be not significant.

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Glenelg Hopkins Catchment Management Authorities Annual Statements
AASB 1004 (Revised) Contributions	Relocation of requirements on contributions from AASs 27, 29 and 31, into AASB 1004.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]	Relocation of certain relevant requirements from AASs 27, 29 and 31, into existing topic-based Standards. In particular this Standard addresses: (a) the notion of reporting entity as it applies to local governments, governments and government departments; (b) restructures of local governments; (c) infrastructure, cultural, community and heritage assets; (d) control in the public sector; and (e) obligations arising from local government and government existing public policies, budget policies, election promises or statements of intent. This Standard also makes consequential amendments, arising from the short-term review of the requirements in AASs 27, 29 and 31 to AASB 5, AASB 8, AASB 101 and AASB 114.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 1052 Disaggregated Disclosures	Relocation of the requirements relating to reporting of disaggregated information from AAS 27 and AAS 29, into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

NOTE 2 – Financial Risk Management Objectives and Policies

The Authority's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Authority's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Authority's Board has the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority. The Authority uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit and analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a Risk Asset & Compliance Department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Authority's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

2.1 Risk Exposures

The main risks the Authority is exposed to through its financial instruments are as follows:

a) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Authority's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Authority's exposure to market risk is primarily through interest rate risk, there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and processes used to these risks are disclosed in the paragraphs below:

(i) Interest Rate Risk

The Authority has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The Authority manages its interest rate risk by maintaining a diversified investment portfolio as per the Authority's investment policy.

(ii) Foreign Exchange Risk

The Authority has no exposure to changes in the foreign exchange rate.

(iii) Other Price Risk

The Authority has no significant exposure to Other Price Risk

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008

Market Risk Sensitivity Analysis

The sensitivity analysis below has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Authority believes that:

- a movement of 1% in interest rates is reasonable over the next 12 months.

30 June 2008	Carrying amount \$'000	Interest Rate Risk			
		-1%		+1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	5,300	(53)	(53)	53	53
Receivables	65	-	-	-	-
Financial Liabilities					
Payables	600	-	-	-	-
Total Increase/ (Decrease)		(53)	(53)	53	53

(b) Credit Risk

Credit risk is the risk of financial loss to the Authority as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Authority's receivables and financial assets available for sale.

The Authority's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers, which are spread across a diverse range of industries. Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. The Authority has in place a policy and procedure for the collection of overdue receivables

(c) Liquidity Risk

Liquidity Risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's policy is to settle financial obligations with 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Authority manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008

2.2 Fair Valuation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Authority is the current bid price.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial assets.

The carrying amounts and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in note 2.3 (b).

2.3 Financial Instruments

(a) Interest Rate Exposures

The following table sets out the Authority's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Authority intends to hold fixed rate liabilities to maturity:

30 June 2008	Floating interest rate	1 year or less	Non Interest Bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	300,432	5,000,000		5,300,432
Receivables			408,857	408,857
Other Financial Assets			13,423	13,423
Total financial assets	300,432	5,000,000	422,280	5,722,712
Financial Liabilities				
Payables	-	-	824,736	824,736
Financial Liabilities				
Net Financial Liabilities	(300,432)	(5,000,000)	402,456	(4,897,976)
Weighted Average Interest Rate	6.75%	6.75%	0.0%	

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

30 June 2007	Floating interest rate	1 year or less	Non Interest Bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	344,690	5,000,000	-	5,344,690
Receivables	-	-	256,045	256,045
Other Financial Assets	-	-	-	-
Total financial assets	344,690	5,000,000	256,045	5,600,735
Financial Liabilities				
Payables	-	-	502,631	502,631
Financial Liabilities				
Net Financial Liabilities	(344,690)	(5,000,000)	246,586	(5,098,104)
Weighted Average Interest Rate	5.75%	6.23%	0.0%	

(b) Fair Valuation

The carrying amounts and fair values of financial assets and financial assets at balance date are:

30 June 2008	2008		2007	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Cash and Cash Equivalents	5,300	5,300	5,345	5,345
Receivables	409	409	118	118
Other Financial Assets	13	13	-	-
Total Financial Assets	5,722	5,722	5,463	5,463
Financial Liabilities				
Payables	825	825	508	508
Total Financial Liabilities	825	825	508	508

Cash, cash equivalents and non-interest bearing financial assets and financial liabilities are carried at cost which approximates their fair value. The fair value of other financial assets and financial liabilities is based upon market prices, where a market exists or by discounting the expected future cash flows at current interest rates.

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Note 3 - Revenue From Operating Activities

	2008	2007
	\$	\$
3.1 Government Contributions		
Federal	3,070,033	2,616,269
State	4,323,756	4,275,923
National Action Plan	4,120,999	5,435,000
Total	11,514,788	12,327,192
3.2 Other Contributions & Charges		
Other Income	133,874	235,905
Project Contributions	392,130	266,511
Total	526,004	502,416
3.3 Investment Income		
Interest	432,372	457,238
Total	432,372	457,238
Total Revenue*	12,473,164	13,286,846

* Commitments

Includes \$3.01 million (\$2.48 million in 2006-07) relating to projects to be undertaken in subsequent periods. Refer to Note 13.

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Note 4 - Expenditure from Operating Activities

	2008	2007
	\$	\$
4.1 Programme Expenditure		
Employee Costs	3,062,762	2,663,587
Direct Costs - Land & Biodiversity	-	4,117,188
Direct Costs - Waterways	2,385,386	3,050,027
Direct Costs - Catchment	4,988,090	1,261,578
Depreciation	44,527	33,861
Total	10,480,765	11,126,241
4.2 Corporate Expenditure		
Employee Costs	1,155,277	1,009,575
Depreciation	210,860	243,843
Financing	1,964	2,143
Governance - Board	185,022	206,237
Governance - Implementation/Advisory Committees	51,171	44,436
Audit Fees	7,200	5,600
Administration	322,811	677,097
Total	1,934,305	2,188,931
TOTAL EXPENSES	12,415,070	13,315,172
4.3 Disposal Of Non-Current Assets		
Proceeds from Sale of Non-Current Assets		
Motor Vehicles	124,243	101,437
Total	124,243	101,437
Written Down Value of Non-Current Assets Disposed		
Motor Vehicles	105,315	100,596
Structural Improvements	-	24,162
Furniture & Fittings	-	3,177
Total	105,315	127,935
Net Profit (Loss) on Disposal	18,928	(26,498)

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Note 5 - Cash And Cash Equivalents

	2008	2007
	\$	\$
Cash	300,432	344,690
Short Term Deposits	5,000,000	5,000,000
TOTAL CASH AND CASH EQUIVALENTS	<u>5,300,432</u>	<u>5,344,690</u>

Note 6 - Receivables

	2008	2007
	\$	\$
GST Receivable	327,933	103,660
Debtors	80,924	14,314
TOTAL RECEIVABLES	<u>408,857</u>	<u>117,974</u>

Note 7 - Other Assets

	2008	2007
	\$	\$
Prepayments - Operations	13,423	-
TOTAL OTHER ASSETS	<u>13,423</u>	<u>-</u>

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2008**

Note 8 - Fixed Assets

8.1 Classes Of Property, Plant And Equipment

	2008	2007
	\$	\$
Land		
At Fair Value (as at 30 June 2008)	603,250	
At Fair Value (as at 30 June 2007)	-	475,000
	<u>603,250</u>	<u>475,000</u>
Buildings		
At Fair Value (as at 30 June 2008)	943,720	
At Fair Value (as at 30 June 2007)	-	835,000
	<u>943,720</u>	<u>835,000</u>
Motor Vehicles		
At Cost	595,141	575,943
Less: Accumulated Depreciation	178,637	135,993
	<u>416,504</u>	<u>439,950</u>
Plant & Equipment		
At Cost	1,027,093	945,331
Less: Accumulated Depreciation	842,613	736,995
	<u>184,480</u>	<u>208,336</u>
Furniture & Fittings		
At Cost	233,430	210,029
Less: Accumulated Depreciation	82,222	62,683
	<u>151,208</u>	<u>147,346</u>
Total	<u>2,299,162</u>	<u>2,105,632</u>

