

Independent Audit Report



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To the Minister for Environment, Heritage and the Arts

Scope

We have audited the accompanying financial statements of the Sydney Harbour Federation Trust (the Trust) for the year ended 30 June 2008, which comprise: a Statement by the Directors, Chief Executive and Director Corporate Services; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments and Contingencies; and a Summary of Significant Accounting Policies.

The Responsibility of the Trust for the Financial Statements

The members of the Trust are responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and Australian Accounting Standards including Australian Accounting Interpretations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on our audit. Our audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 Trust's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trust, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's Opinion

In my opinion, the financial statements of the Sydney Harbour Federation Trust:

- (a) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Sydney Harbour Federation Trust's financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended. then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney 1 September 2008

Financial Statements

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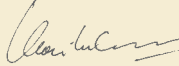
Statement by Directors, Chief Executive and Director Corporate Services

In our opinion, the attached financial statements for the year ended 30 June 2008 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*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Sydney Harbour Federation Trust (the Trust) will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the directors.

Signed



Kevin McCann
Chairperson
1 September 2008

Signed



Peter Lowry
Director
1 September 2008

Signed



Geoff Bailey
Executive Director
1 September 2008

Signed



Catherine Sullivan
Director Corporate Services
1 September 2008

Income Statement

for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
INCOME			
Revenue			
Revenue from Government	3A	566	1,619
Sale of goods and rendering of services	3B	149	206
Interest	3C	2,750	2,932
Rental income	3D	5,483	3,241
Other revenue	3E	1,652	1,000
<i>Total revenue</i>		<u>10,600</u>	<u>8,998</u>
Gains			
Sale of assets	3F	(6)	-
<i>Total gains</i>		<u>(6)</u>	<u>-</u>
Total Income		<u>10,594</u>	<u>8,998</u>
EXPENSES			
Employee benefits	4A	5,100	4,555
Suppliers	4B	7,078	6,938
Depreciation and amortisation	4C	729	268
Write-down and impairment of assets	4D	-	16
Total Expenses		<u>12,907</u>	<u>11,777</u>
Surplus (Deficit) attributable to the Australian Government		<u>(2,313)</u>	<u>(2,779)</u>

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

Balance Sheet

as at 30 June 2008

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	Notes	2008 \$'000	2007 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	37,847	49,184
Trade and other receivables	5B	3,318	1,654
<i>Total financial assets</i>		<u>41,165</u>	<u>50,838</u>
Non-Financial Assets			
Land and buildings	6A	128,949	112,226
Infrastructure, plant and equipment	6B	2,670	1,156
Heritage and collections	6C	53,671	43,186
Intangibles	6E	111	15
Inventories	6F	34	56
Other non-financial assets	6G	337	175
<i>Total non-financial assets</i>		<u>185,772</u>	<u>156,814</u>
Total Assets		<u>226,937</u>	<u>207,652</u>
LIABILITIES			
Payables			
Suppliers	7A	1,394	2,156
Other payables	7B	3,271	2,871
<i>Total payables</i>		<u>4,665</u>	<u>5,027</u>
Provisions			
Employee provisions	8	744	784
<i>Total provisions</i>		<u>744</u>	<u>784</u>
Total Liabilities		<u>5,409</u>	<u>5,811</u>
Net Assets		<u>221,528</u>	<u>201,841</u>
EQUITY			
Parent Entity Interest			
Contributed equity		208,820	186,820
Reserves		6,868	6,868
Retained surplus		5,840	8,153
<i>Total Parent Entity Interest</i>		<u>221,528</u>	<u>201,841</u>
Total Equity		<u>221,528</u>	<u>201,841</u>
Current Assets		41,165	50,841
Non-Current Assets		185,772	156,811
Current Liabilities		3,427	3,736
Non-Current Liabilities		1,982	2,075

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

Statement of Changes in Equity

for the year ended 30 June 2008

	Accumulated Results		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening Balance								
Balance carried forward from previous period	8,153	10,932	6,868	-	186,820	109,485	201,841	120,417
Income and expenses								
Surplus (Deficit) for the period	(2,313)	(2,779)	-	-	-	-	(2,313)	(2,779)
Total income and expenses	(2,313)	(2,779)	-	-	-	-	(2,313)	(2,779)
Asset revaluations	-	-	-	6,868	-	-	-	6,868
Contributions by Owners								
Appropriation (equity injection)	-	-	-	-	22,000	21,000	22,000	21,000
Other (assets transferred in):								
Land and buildings	-	-	-	-	-	49,664	-	49,664
Heritage and collections	-	-	-	-	-	6,671	-	6,671
Sub-total transactions with owners	-	-	-	6,868	22,000	77,335	22,000	84,203
Closing balance at 30 June	5,840	8,153	6,868	6,868	208,820	186,820	221,528	201,841

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

Cash Flow Statement

for the year ended 30 June 2008

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	Notes	2008 \$'000	2007 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		37	14,318
Appropriations		566	1,619
Rents		6,048	3,277
Interest		2,758	2,824
GST received from ATO		3,194	1,705
Other		-	1,100
<i>Total cash received</i>		<u>12,603</u>	<u>24,843</u>
Cash used			
Employees		(5,163)	(4,978)
Suppliers		(11,462)	(8,070)
<i>Total cash used</i>		<u>(16,625)</u>	<u>(13,048)</u>
Net cash from/(used by) operating activities	9	<u>(4,022)</u>	<u>11,795</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		(29,315)	(18,024)
<i>Total cash used</i>		<u>(29,315)</u>	<u>(18,024)</u>
Net cash used by investing activities		<u>(29,315)</u>	<u>(18,024)</u>
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		22,000	21,000
<i>Total cash received</i>		<u>22,000</u>	<u>21,000</u>
Net cash flows from financing activities		<u>22,000</u>	<u>21,000</u>
<i>Net increase or (decrease) in cash held</i>		<u>(11,337)</u>	<u>14,771</u>
Cash and cash equivalents at the beginning of the reporting period		<u>49,184</u>	<u>34,413</u>
Cash and cash equivalents at the end of the reporting period	5A	<u>37,847</u>	<u>49,184</u>

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

Schedule of Commitments as at 30 June 2008

Notes	2008 \$'000	2007 \$'000
BY TYPE		
Project commitments ¹	8,827	14,733
Total capital commitments	8,827	14,733
Other commitments		
Operating leases ²	55	36
Other commitments ³	3,337	3,463
Total other commitments	3,392	3,499
Commitments receivable⁴	(10,752)	(6,644)
Net commitments by type	1,467	11,588
BY MATURITY		
Other commitments receivable		
One year or less	(3,708)	(6,644)
From one to five years	(6,212)	-
Over five years	(832)	-
Total other commitments receivable⁴	(10,752)	(6,644)
Commitments payable		
Capital commitments		
One year or less	8,827	14,733
Total capital commitments	8,827	14,733
Operating lease commitments		
One year or less	33	32
From one to five years	22	4
Total operating lease commitments	55	36
Other Commitments		
One year or less	3,337	3,133
From one to five years	-	330
Total other commitments	3,337	3,463
Net Commitments by Maturity	1,467	11,588

NB: Commitments are GST inclusive where relevant.

Notes:

¹ Project commitments comprise contracts for rehabilitation and conservation works at Trust sites.

² Operating leases are motor vehicle leases. No contingent rentals exist.

³ Other commitments are amounts payable under supply contracts.

⁴ Commitments receivable consists of tenant lease payments due from the leasing of Trust buildings, plus GST receivable.

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

Schedule of Contingencies as at 30 June 2008

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There were no contingencies required to be disclosed for the year ended 30 June 2008 (2006/07 - Nil).

Details of contingent liabilities not disclosed because they cannot be quantified or are considered remote, are shown in Note 10: Contingent Liabilities and Assets.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

Note	Description
Note 1:	Summary of Significant Accounting Policies
Note 2:	Events after the Balance Sheet Date
Note 3:	Income
Note 4:	Expenses
Note 5:	Financial Assets
Note 6:	Non-Financial Assets
Note 7:	Payables
Note 8:	Provisions
Note 9:	Cash flow reconciliation
Note 10:	Contingent Liabilities and Assets
Note 11:	Members Remuneration
Note 12:	Executive Remuneration
Note 13:	Remuneration of Auditors
Note 14:	Financial Instruments
Note 15:	Appropriations
Note 16:	Reporting of Outcomes

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Sydney Harbour Federation Trust (the "Trust")

The Financial Statements and notes are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a General Purpose Financial Report.

The continued existence of the Trust in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Trust's administration and programs.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and UIG that apply for the reporting period.

The financial report has been prepared on an accrual basis and is 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 Report is 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 Balance Sheet when and only when it is probable that future economic benefits will flow to the Trust and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard.

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

1.2 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, there are no significant impacts on the amounts recorded in the financial statements.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.3 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Trust is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

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, amendments to standards or interpretations for the current financial year have no material financial impact on the Trust:

2007-5 Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for Profit Entities [AASB 102]

2007-7 Amendments to Australian Accounting Standards

UIG Interpretation 10 AASB 2 – Interim Financial Reporting and Impairment

UIG Interpretation 11 AASB 2 – Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11

UIG Interpretation 1003 – Australian Petroleum Resource Rent Tax

ERR Erratum – Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 13]

Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB 3 - *Business Combinations*

AASB 8 - *Operating Segments*

AASB 101 - *Presentation of Financial Statements (issued September 2007)*

AASB 123 - *Borrowing Costs*

AASB 127 - *Consolidated and Separate Financial Statements*

AASB 1004 - *Contributions*

AASB 1050 - *Administered Items*

AASB 1051 - *Land Under Roads*

AASB 1052 - *Disaggregated Disclosures*

AASB 2007-2 - *Amendments to Australian Accounting Standards arising from AASB interpretation 12* [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]

AASB 2007-3 - *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 2007-6 - *Amendments to Australian Accounting Standards arising from AASB 123*

AASB 2007-8 - *Amendments to Australian Accounting Standards arising from AASB 101*

AASB 2007-9 - *Amendments to Australian Accounting Standards arising from the Review of AASB's 27, 29 & 31* [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]

AASB 2008-1 - *Amendments to Australian Accounting Standards - Shared-based payments: Vesting Conditions and Cancellations* [AASB 2]

AASB 2008-2 - *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]

AASB 2008-3 - *Amendments to Australian Accounting Standards arising from AASB 3 & AASB 127* [AASB's 1,2,4,5,7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]

AASB Interpretation 1 - *Changes in existing Decommissioning, Restoration and Similar Liabilities*

AASB Interpretation 4 - *Determining Whether an Arrangement Contains a Lease*

AASB Interpretation 12 *Service Concession Arrangements and 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12*

AASB Interpretation 13 *Customer Loyalty Programmes*

AASB Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

AASB Interpretation 129 – *Service Concession Arrangements Disclosures*

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Trust.

AASB 1049 Financial Reporting of General Government Sectors by Governments

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs do not refer to this standard as it contains guidance applicable to the consolidated financial statements of the Australian Government, rather than the financial report of individual Agencies or Authorities.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

1.4 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Trust.

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:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the Trust.

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 provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

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

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue.

Appropriations receivable are recognised at their nominal amounts.

1.5 Gains

Sale of Assets

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

1.6 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.7 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date 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.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 Trust 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 Trust's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

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 Trust 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

Certain employees of the Trust are members of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS).

The CSS and PSS are defined benefit schemes.

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 and Deregulation as an administered item.

The Trust makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Trust's employees.

Employer superannuation contributions for employees who are not members of the CSS or PSS are expensed in the financial statements. There is no residual liability in respect of these contributions. The Trust 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.

1.8 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.

The Trust has no finance leases, and operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.9 Cash

Cash and cash equivalents includes notes and coins held and any 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. Cash is recognised at its nominal amount.

1.10 Financial assets

The Trust classifies its financial assets in the following categories:

- 'held to maturity investments',
- '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.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

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'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and 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 balance date.

The Trust's financial assets consist of cash and cash equivalents, and receivables, and are held at their fair value. Provisions are made where indications of impairment exist.

Comparative Year

The above policies are consistent with the comparative year. For receivables, amounts are recognised and carried at original invoice amount less a provision for doubtful debts based on an analysis of receivables at year end.

1.11 Financial Liabilities

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).

1.12 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and 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. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.13 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB139. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB137.

1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. 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 authority's accounts immediately prior to the restructuring.

1.15 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, 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.

Fair Value & Revaluations

Fair value for each class of asset equals the total of the most recent revalued amounts and capital expenditure at cost subsequent to the last valuation.

Revalued amounts for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Land	Market selling price
Buildings exc. Leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant & equipment	Depreciated replacement cost
Heritage and cultural assets	Market selling price

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

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 property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Trust using, in all cases, the straight-line method of depreciation.

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:

	2008	2007
Buildings on freehold land	10 to 100 years	10 to 100 years
Infrastructure	3 to 100 years	3 to 100 years
Plant & Equipment	3 to 20 years	3 to 20 years

Impairment

All assets were assessed for impairment at 30 June 2008. 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.

Certain buildings held by the Trust have been classified as Heritage Assets. As there is no foreseeable limit to the period over which these assets will be held or used they are not depreciated. The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

1.16 Intangibles

The Trust's intangibles comprise software purchased externally for internal use. These assets are carried at cost less accumulated amortisation.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Trust's software is 7 to 10 years (2006-07: 7 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2008.

1.17 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value and consist of externally produced clothing, merchandise and publications.

1.18 Taxation

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

Revenues, expenses and assets are recognised net of GST:

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

Note 2: Events after the Balance Sheet Date

Section 21 of the *Sydney Harbour Federation Trust Act 2001* provides for the Minister for the Environment, Heritage and the Arts to specify that other harbour land that is a Commonwealth place is to vest in the Trust. As at the reporting date the Minister was proposing that the Macquarie Lightstation at Vaucluse, Snapper Island and HMAS *Platypus* vest in the Trust.

At the time of this report, vesting of Snapper Island and HMAS *Platypus* had not occurred. The Macquarie Lightstation was vested in the Trust on 1 July 2008.

There are no other events that have occurred after the balance date that would have an effect on the Trust's 2007-08 financial statements other than those that are already reflected in the financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
Note 3: Income		
<i>Revenue</i>		
Note 3A: Revenue from Government		
Appropriations: Departmental outputs	566	1,619
Total revenue from Government	<u>566</u>	<u>1,619</u>
Note 3B: Sale of goods and rendering of services		
Provision of goods - external parties	7	4
Rendering of services - external parties	142	202
Total sale of goods and rendering of services	<u>149</u>	<u>206</u>
Note 3C: Interest		
Deposits	2,750	2,932
Total interest	<u>2,750</u>	<u>2,932</u>
Note 3D: Rental income		
Property rentals and short-term hire	5,483	3,241
Total rental income	<u>5,483</u>	<u>3,241</u>
Note 3E: Other revenue		
Other revenue	24	-
Other revenue from Department of Defence	1,628	-
Grant from Natural Heritage Trust	-	1,000
Total other revenue	<u>1,652</u>	<u>1,000</u>
In accordance with the Memorandum of Understanding between the Trust and the Department of Defence, the Trust is entitled to claim decontamination costs incurred by the Trust from the Department of Defence.		
Gains		
Note 3F: Sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	10	-
Carrying value of assets sold	(16)	-
Net gain from sale of assets	<u>(6)</u>	<u>-</u>

	2008 \$'000	2007 \$'000
Note 4: Expenses		
Note 4A: Employee benefits		
Wages and salaries	4,265	3,717
Superannuation	463	451
Leave and other entitlements	113	346
Separation and redundancies	247	-
Other employee costs	12	41
Total employee benefits	5,100	4,555
Note 4B: Suppliers		
Provision of goods – related entities	12	-
Provision of goods – external parties	3,863	1,856
Rendering of services – related entities	430	666
Rendering of services – external parties	2,670	4,315
Operating lease rentals	52	47
Workers compensation premiums	51	54
Total supplier expenses	7,078	6,938
Note 4C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	149	132
Buildings	451	66
Total depreciation	600	198
Intangibles:		
Computer Software	6	6
Lease Incentives	123	64
Total amortisation	129	70
Total depreciation and amortisation	729	268
Note 4D: Write-down and impairment of assets		
Asset Write-Downs from		
impairment on financial assets	-	16
Total write-down and impairment of assets	-	16

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
Note 5: Financial Assets		
Note 5A: Cash and cash equivalents		
Cash at bank		
Markham Close funds	23,000	23,000
Unspent capital injections	9,784	17,225
Cash available for operations	5,062	8,958
Cash on hand	1	1
Total cash	37,847	49,184
Note 5B: Trade and other receivables		
Goods and services	2,869	1,095
GST receivable from the Australian Taxation Office	222	296
Interest receivable	225	261
Other receivables	2	2
Total receivables	3,318	1,654
All receivables are current.		
Receivables (gross) are aged as follows:		
Not overdue	449	559
Overdue by:		
Less than 30 days	139	199
31 to 60 days	38	18
61 to 90 days	39	5
More than 90 days	2,653	873
Total trade and other receivables (gross)	3,318	1,654

Receivables for Goods & Services

Credit terms are net 30 days (2007: 30 days, except for sales of property which were due on settlement).

	2008 \$'000	2007 \$'000
Note 6: Non-Financial Assets		
Note 6A: Land and buildings		
Freehold land		
– at fair value	123,203	106,128
Total freehold land	<u>123,203</u>	<u>106,128</u>
Buildings on freehold land:		
– at fair value	6,197	6,098
– accumulated depreciation	(451)	-
Total buildings on freehold land	<u>5,746</u>	<u>6,098</u>
Total land and buildings	<u>128,949</u>	<u>112,226</u>

Valuations were conducted by an independent valuer (Colliers International Consultancy and Valuation Pty Ltd) in 2007. Subsequent to this valuation the directors of the Trust deemed the valuation to be fair.

Most of the sites are contaminated to some extent and Cockatoo Island is severely contaminated. The estimated future costs of decontamination and remediation have been taken into account in arriving at the fair values.

Note 6B: Infrastructure, plant and equipment

Infrastructure, plant and equipment:		
- at cost	3,254	1,602
- accumulated depreciation	(584)	(446)
Total infrastructure, plant and equipment	<u>2,670</u>	<u>1,156</u>

Note 6C: Heritage and Collections

Heritage assets:		
- at fair value	53,671	43,186
Total heritage assets	<u>53,671</u>	<u>43,186</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

Note 6D: Analysis of property, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment and intangibles (2007-08)

Item	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	TOTAL \$'000
As at 1 July 2007							
Gross book value	106,128	6,098	112,226	1,602	43,186	21	157,035
Accumulated depreciation/amortisation	-	-	-	(446)	-	(6)	(452)
Net book value 1 July 2007	<u>106,128</u>	<u>6,098</u>	<u>112,226</u>	<u>1,156</u>	<u>43,186</u>	<u>15</u>	<u>156,583</u>
Additions:							
by purchase	17,075	99	17,174	1,680	10,485	102	29,441
assets transferred in	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(451)	(451)	(138)	-	(6)	(595)
Disposals:							
Other disposals	-	-	-	(28)	-	-	(28)
Net book value 30 June 2008	<u>123,203</u>	<u>5,746</u>	<u>128,949</u>	<u>2,670</u>	<u>53,671</u>	<u>111</u>	<u>185,401</u>
Net book value as of 30 June 2008 represented by:							
Gross book value	123,203	6,197	129,400	3,254	53,671	123	186,448
Accumulated depreciation/amortisation	-	(451)	(451)	(584)	-	(12)	(1,047)
	<u>123,203</u>	<u>5,746</u>	<u>128,949</u>	<u>2,670</u>	<u>53,671</u>	<u>111</u>	<u>185,401</u>

Note 6D: Analysis of property, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment and intangibles (2006-07)

Item	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	TOTAL \$'000
As at 1 July 2006							
Gross book value	45,277	5,728	51,005	1,551	22,849	18	75,423
Accumulated depreciation/amortisation	-	(174)	(174)	(314)	-	-	(488)
Net book value 1 July 2006	45,277	5,554	50,831	1,237	22,849	18	74,935
Additions:							
by purchase	8,851	9,744	18,595	51	-	3	18,649
assets transferred in	48,918	746	49,664	-	6,671	-	56,335
Revaluations	2,183	1,578	3,761	-	3,107	-	6,868
Reclassification	899	(11,458)	(10,559)	-	10,559	-	-
Depreciation/amortisation expense	-	(66)	(66)	(132)	-	(6)	(204)
Disposals:							
Other disposals	-	-	-	-	-	-	-
Net book value 30 June 2007	106,128	6,098	112,226	1,156	43,186	15	156,583
Net book value as of 30 June 2007 represented by:							
Gross book value	106,128	6,098	112,226	1,602	43,186	21	157,035
Accumulated depreciation/amortisation	-	-	-	(446)	-	(6)	(452)
	106,128	6,098	112,226	1,156	43,186	15	156,583

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
Note 6E: Intangible Assets		
Computer software at cost:		
Externally developed – in use	123	21
Total Computer Software	123	21
Accumulated amortisation	(12)	(6)
Total intangibles	111	15
Note 6F: Inventories		
Finished goods at cost	34	41
Total inventories held for sale	34	41
Inventories held for distribution	-	15
Total inventories	34	56
Note 6G: Other non-financial assets		
Lease Incentives	337	172
Prepayments	-	3
Total other non-financial assets	337	175
All prepayments are current assets.		
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors	1,120	1,801
Contract Retentions	274	355
Total supplier payables	1,394	2,156
All supplier payables are current. Settlement is usually made net 30 days.		
Note 7B: Other Payables		
Accrued expenses	1,220	817
Bonds and Security deposits	173	92
Prepayments received	1,878	1,962
Total Other Payables	3,271	2,871
Other payables are represented by:		
Current	1,501	1,005
Non-current	1,770	1,866
Total Other Payables	3,271	2,871

	2008 \$'000	2007 \$'000
Note 8: Provisions		
Note 8: Employee provisions		
Salaries and wages	42	29
Leave	702	755
Total employee provisions	744	784
Employee provisions are represented by:		
Current	532	575
Non-current	212	209
Total employee provisions	744	784

Note 9: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement

Cash at year end per Cash Flow Statement	37,847	49,184
Balance Sheet items comprising above cash:	37,847	49,184
Financial Asset - Cash and cash equivalents		

Reconciliation of operating result to net cash from operating activities:

Operating result	(2,313)	(2,779)
Depreciation /amortisation	729	268
Loss on disposal of assets	6	-
(Increase) / decrease in receivables	(1,663)	13,468
(Increase) / decrease in inventories	22	(18)
(Increase) / decrease in prepayments	3	2
Increase / (decrease) in employee provisions	(40)	(1)
Increase / (decrease) in supplier payables	(762)	909
Increase / (decrease) in security deposits	81	-
Increase / (decrease) in prepayments received	(84)	(54)
Net cash from / (used by) operating activities	(4,022)	11,795

Note 10: Contingent Liabilities and Assets*Unquantifiable Contingencies*

At 30 June 2008, the Trust had a number of contracts in progress, the final costs of which are dependent on latent conditions and other variables. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these contracts.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

	<u>2008</u> <u>Number</u>	<u>2007</u> <u>Number</u>
Note 11: Members' Remuneration		
The numbers of members of the Trust included in these figures are shown below in the relevant remuneration bands		
• \$15,000 - \$29,999	6	6
• \$30,000 - \$44,999	2	2
Total number of members of the Trust	<u>8</u>	<u>8</u>
	<u>\$</u>	<u>\$</u>
Total remuneration received or due and receivable by members of the Trust	<u>197,259</u>	<u>190,768</u>

The Members of the Trust are appointed on a part-time basis under section 12 of the *Sydney Harbour Federation Trust Act 2001*.

The Members during the year were:

- Mr H K McCann AM (Chair) (re-appointed 27 September 2007)
- Mr R Conroy (re-appointed 13 March 2008)
- Ms D Talty (re-appointed 13 March 2008)
- Clr S Hoopmann JP (re-appointed 27 September 2007)
- Mr P Lowry OAM (re-appointed 27 September 2007)
- Dr J Moriarty AM (re-appointed 27 September 2007)
- Brigadier K O'Brien CSC, (Retd) (re-appointed 27 September 2007)
- The Hon Barry O'Keefe AM QC (re-appointed 27 September 2007)

	<u>2008</u>	<u>2007</u>
Note 12: Remuneration of Senior Executives		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
• \$130,000 to \$144,999	1	2
• \$145 000 to \$159 999	1	1
• \$175 000 to \$189 999	-	2
• \$190 000 to \$204 999	1	-
• \$205 000 to \$219 999	1	-
• \$265 000 to \$279 999	1	1
Total	<u>5</u>	<u>6</u>
	<u>\$</u>	<u>\$</u>
The aggregate amount of total remuneration of senior executives shown above.	<u>1,094,082</u>	<u>1,085,373</u>
The aggregate amount of separation and redundancy payments during the year to executives shown above.	<u>126,753</u>	-

	2008 \$'000	2007 \$'000
Note 13: Remuneration of Auditors		
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	44	43
	<u>44</u>	<u>43</u>

No other services were provided by the Auditor-General during the reporting period.

Note 14: Financial Instruments

14A Categories of financial instruments

Financial Assets

Loans and receivables financial assets

Cash at bank	37,846	49,183
Cash on hand	1	1
Receivables for goods and services	2,869	1,095
GST receivable from the Australian Taxation Office	222	296
Interest receivable	225	261
Other receivables	2	2
Carrying amount of financial assets	<u>41,165</u>	<u>50,838</u>

Financial Liabilities

Other Financial Liabilities

Trade creditors	1,120	1,801
Contract Retentions	274	355
Accrued Expenses	1,220	804
Bonds and security deposits	173	105
Prepayments received	1,878	1,962
Carrying amount of financial liabilities	<u>4,665</u>	<u>5,027</u>

14B Net income and expense from financial assets

Loans and receivables

Interest revenue (see note 3C)	2,750	2,932
Net gain/(loss) loans and receivables	<u>2,750</u>	<u>2,932</u>

14C Net income and expense from financial liabilities

There is no net income or expense from financial liabilities not at fair value through profit or loss in the year ending 30 June 2008.

14D Fee income and expense

There is no fee income or expense arising from financial instruments in the year ending 30 June 2008.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

14E Fair value of financial instruments

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
Financial Assets				
Cash at bank	37,846	37,846	49,183	49,183
Cash on hand	1	1	1	1
Receivables for goods and services	2,869	2,869	1,095	1,095
GST receivable from the Australian Taxation Office	222	222	296	296
Interest receivable	225	225	261	261
Other receivables	2	2	2	2
Total	41,165	41,165	50,838	50,838
Financial Liabilities				
Trade creditors	1,120	1,120	1,801	1,801
Contract retentions	274	274	355	355
Accrued expenses	1,220	1,220	804	804
Bonds and security deposits	173	173	105	105
Prepayments received	1,878	1,878	1,962	1,962
Total	4,665	4,665	5,027	5,027

14F Credit risk

The Trust is exposed to minimal credit risk as the majority of loans and receivables are cash, appropriations made under law (which guarantees fixed amounts of funding that the entity can drawdown as required) or amounts owed by the Australian Taxation Office in the form of a GST refund. 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 (2008: \$3,318,000 and 2007: \$1,654,000).

The Trust manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Trust has policies and procedures that guide employees debt recovery techniques that are to be applied.

The Trust holds amounts on deposit and bank guarantees to mitigate against credit risk.

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

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past due or impaired 2008 \$'000	Past due or impaired 2007 \$'000
Cash at bank	37,846	49,183	-	-
Cash on hand	1	1	-	-
Receivables for goods and services	-	-	2,869	1,095
GST receivable from the Australian Taxation Office	222	296	-	-
Interest receivable	225	261	-	-
Other receivables	2	2	-	-
Total	38,296	49,743	2,869	1,095

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	139	38	39	2,653	2,869
Total	139	38	39	2,653	2,869

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	199	18	5	873	1,095
Total	199	18	5	873	1,095

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

14G Liquidity risk

The Trust's financial liabilities are payables and employee provisions such as annual and long service leave. The exposure to liquidity risk is based on the notion that the Trust will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Trust, and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities:

	On demand	within 1 year	1 to 5 years	> 5 years	Total
	2008	2008	2008	2008	2008
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2008					
Trade creditors	-	1,120	-	-	1,120
Contract retentions	-	274	-	-	274
Accrued expenses	-	1,220	-	-	1,220
Bonds and security deposits	-	173	-	-	173
Prepayments received	-	1,878	-	-	1,878
Employee provisions	-	532	212	-	744
Total	-	5,197	212	-	5,410
	On demand	within 1 year	1 to 5 years	> 5 years	Total
	2007	2007	2007	2007	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2007					
Trade creditors	-	1,801	-	-	1,801
Contract retentions	-	355	-	-	355
Accrued expenses	-	817	-	-	817
Bonds and security deposits	-	92	-	-	92
Prepayments received	-	1,962	-	-	1,962
Employee provisions	-	575	209	-	784
Total	-	5,602	209	-	5,811

The Trust is appropriated funding from the Australian Government. The Trust manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Trust has policies in place to ensure timely payments are made when due and has no past experience of default.

14H Market risk

Market risk is defined as "the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices" and includes interest rate risk, currency risk and 'other price risk'. The Trust is not exposed to 'currency risk' or 'other price risk'. The Trust holds basic financial instruments that are exposed to interest rate risk. The Trust's exposure to the risk of changes in market interest relates primarily to short term investments with floating interest rates. The Trust's interest rate risk arises from the investment in short term cash with fixed and floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant.

At 30 June 2008, if interest rates decreased/(increased) by 1.0%, with all other variables held constant, operating result and equity would have been

30 June 2008	Carrying amount \$'000	Change in risk variable %	Effect on	
			Profit and loss 2008 \$'000	Equity 2008 \$'000
Financial Assets				
Australian cash deposits and short-term securities	17,847	-1.0	(178)	(178)
Australian cash deposits and short-term securities	17,847	+1.0	178	178
30 June 2007				
	Carrying amount \$'000	Change in risk variable %	Effect on Profit and loss 2007 \$'000	Equity 2007 \$'000
Financial Assets				
Australian cash deposits and short-term securities	49,184	-1.0	(492)	(492)
Australian cash deposits and short-term securities	49,184	+1.0	492	492

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

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Note 15: Appropriations**Appropriations**

Particulars	Departmental Outputs		Equity		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous year	-	-	-	-	-	-
Appropriation Act:						
Appropriation Acts (No.1 & 3) 2007-08	566	1,619	-	-	566	1,619
Appropriation Acts (No.2 & 4) 2007-08	-	-	22,000	21,000	22,000	21,000
Total appropriation available for payments	566	1,619	22,000	21,000	22,566	22,619
Cash payments made during the year (GST inclusive)	(566)	(1,619)	(22,000)	(21,000)	(22,566)	(22,619)
Balance carried forward to next year	-	-	-	-	-	-
Represented by						
Appropriations receivable	-	-	-	-	-	-

This table reports on appropriations made by the Parliament of the Consolidated Revenue Fund (CRF) for payment to the Trust. When received by the Trust, the payments made are legally the money of the Trust and do not represent any balance remaining in the CRF.

Note 16: Reporting of Outcomes

Note 16A: Departmental Revenues and Expenses by Output Groups and Outputs

	Output 1.1		Outcome 1 Output 1.2		Output 1.3		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Operating expenses								
Employees	419	1,480	1,879	1,034	2,802	2,041	5,100	4,555
Suppliers	582	795	2,607	651	3,889	5,492	7,078	6,938
Depreciation	-	19	293	15	436	234	729	268
Write-down of assets	-	1	-	1	-	14	-	16
Total operating expense	1,001	2,295	4,779	1,701	7,127	7,781	12,907	11,777
Funded by:								
Revenues from Government	47	657	208	453	311	509	566	1,619
Goods and services	-	-	149	102	5,477	3,345	5,626	3,447
Interest	-	-	-	-	2,750	2,932	2,750	2,932
Other	-	-	-	-	1,652	1,000	1,652	1,000
Total operating revenue	47	657	357	555	10,190	7,786	10,594	8,998

Trust Lands on Sydney Harbour are conserved and enhanced for the benefit of present and future generations of Australians.

There are three Outputs identified for the Outcome:

Output 1.1: Management plans consistent with the Harbour Trust's Comprehensive Plan are prepared for Harbour Trust lands following community consultation

Output 1.2: The public is informed of the environmental and heritage significance of the Harbour Trust lands and has access to them

Output 1.3: Harbour Trust lands are progressively rehabilitated, conserved and made publicly accessible

The costs of administrative and operating overheads have been attributed to outputs in proportion to the relative costs of each output.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2008

Note 16B: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Expenses				
Total expenses	12,907	11,777	12,907	11,777
	12,907	11,777	12,907	11,777
Costs recovered from provision of goods and services to the non government sector				
Total costs recovered	5,632	3,447	5,632	3,447
	5,632	3,447	5,632	3,447
Other external revenues				
Interest	2,750	2,932	2,750	2,932
Other - from related entities	1,652	1,000	1,652	1,000
Total other external revenues	4,402	3,932	4,402	3,932
	4,402	3,932	4,402	3,932
Net cost of outcome	2,873	4,398	2,873	4,398
	2,873	4,398	2,873	4,398