

A photograph of a stream flowing through a dense forest. The water is clear and reflects the surrounding greenery. Large rocks are scattered throughout the stream, and a fallen log lies across it. The forest is filled with various types of ferns and trees, creating a vibrant green scene.

*Getting on
with the job*

2006-07 FINANCIAL STATEMENTS



NORTH CENTRAL
Catchment Management Authority

INDEPENDENT AUDIT REPORT

North Central Catchment Management Authority

To the Members of the Parliament of Victoria and Members of the Board

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of North Central Catchment Management Authority included on its web site. The Board of the North Central Catchment Management Authority is 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 below. 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 this web site.

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of North Central 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 statutory certification has been audited.

The Responsibility of the Members of Board for the Financial Report

The Members of the Board of the North Central 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.

Auditors 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 Board Members' 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 Authority'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.

Independent Audit Report (continued)

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

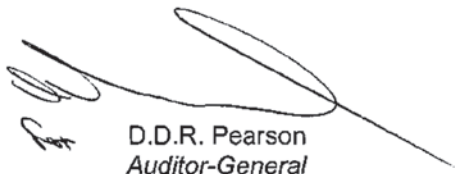
Independence

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. The Auditor-General, his staff and delegates comply 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 North Central Catchment Management Authority as at 30 June 2007 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
6 September 2007



D.D.R. Pearson
Auditor-General

Statutory Certification

Statutory Certification

In accordance with a resolution of the North Central Catchment Management Authority, we the undersigned

- a) certify that in our opinion the accompanying financial report comprising Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to and forming part of the Financial Statements of the North Central Catchment Management Authority presents fairly the financial transactions during the year ended 30 June 2007 and financial position as at 30 June 2007;
- b) are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and
- c) state that, in our opinion, the financial statements have been prepared in accordance with Part 7 of the Directions of the Minister for Finance under the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

Signed at Huntly on the 5th day of September, 2007 on behalf of the Board.



Dr Ian MacBean
Board Chair
North Central Catchment Management Authority



Mr Gavin Hanlon
Chief Executive Officer
North Central Catchment Management Authority

Operating Statement

For The Reporting Period Ended 30 June 2007	Notes	2007 \$	2006 \$
Revenue from operating activities			
<i>Government contributions</i>			
State Government	2(a)	14,270,468	10,633,266
Commonwealth Government	2(b)	5,940,040	6,402,110
		20,210,508	17,035,376
Revenue from non-operating activities			
Interest		808,199	587,249
Regional contributions		2,031,755	774,290
Other Income		223,157	556,386
		3,063,111	1,917,925
Total revenue		23,273,619	18,953,301
Expenses from operating activities			
Works expenditure	3(a)	18,900,042	17,351,074
Administration expenditure	3(b)	1,786,295	1,703,725
Corporate expenditure	3(c)	848,435	993,821
Loss on sale of assets	3(d)	73,690	50,366
Total expenses		21,608,462	20,098,986
Net result for the period		1,665,157	(1,145,685)

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

Balance sheet

For The Reporting Period Ended 30 June 2007	Notes	2007 \$	2006 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	4	12,059,812	10,718,569
Receivables	5	1,577,702	970,517
Total current assets		13,637,514	11,689,086
<i>Non-current assets</i>			
Property, plant and equipment	6	1,698,656	1,625,190
Intangible assets	7	127,470	121,442
Total non-current assets		1,826,126	1,746,632
Total Assets		15,463,640	13,435,718
Liabilities			
<i>Current liabilities</i>			
Payables	8	2,837,094	2,504,437
Employee benefits	9	415,181	427,457
Total current liabilities		3,252,275	2,931,894
<i>Non-current liabilities</i>			
Employee benefits	9	62,764	20,380
Total non-current liabilities		62,764	20,380
Total liabilities		3,315,039	2,952,274
Net assets		12,148,601	10,483,444
Equity			
Contributed capital	10	8,755,693	8,755,693
Reserves	11	87,000	87,000
Accumulated funds	12	3,305,908	1,640,751
Total equity		12,148,601	10,483,444

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

Statement of Changes in Equity

For The Reporting Period Ended 30 June 2007		2007	2006		
Notes	Contributed Capital	Accumulated Surpluses	Asset Revaluation Reserve	Total \$	Total \$
	8,755,693	1,640,751	87,000	10,483,444	11,629,129
Net result for period	12	-	1,665,157	-	1,665,157
Asset revaluation	11	-	-	-	-
Transfers	11	-	-	-	-
Closing balance	8,755,693	3,305,908	87,000	12,148,601	10,483,444

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

Cash Flow Statement

Notes	2007	2006
	\$	\$
Cash Flows from Operating Activities		
Receipts from government grants	23,843,987	17,035,376
Receipts from other sources	305,695	1,294,991
Interest received	804,236	587,249
Payments to suppliers and employees	(23,044,996)	(19,858,577)
Net cash (outflow) / inflow from operating activities	16	1,908,922
Cash Flows from Investing Activities		
Payments for purchase of property, plant and equipment	6(b)	(809,824)
Payments for purchase of intangible assets	7	(34,412)
Proceeds from loans		-
Proceeds on disposal of property, plant and equipment	3(d)	428,171
Net cash (outflow) / inflow from investing activities		(416,065)
Net increase / (decrease) in cash held		1,492,857
Cash and cash equivalents at the beginning of the financial year		10,566,955
Cash and cash equivalents at the end of the financial year	4(a)	12,059,812

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

Notes to the Financial Report

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

General

This financial report of North Central Catchment Management Authority is a general purpose financial report that consists of an Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

This financial report has been prepared on an accrual and going concern basis.

Accounting Policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended in accord with current presentation and disclosure made of material changes to comparatives.

Classification between current and non-current

In the determination of whether an asset or liability is current or non current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Authority's operational cycle - see 1(i) for a variation in relation to employee benefits.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

b) Revenue Recognition

Government contributions

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the operating statement as government contributions. However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister of Finance and Minister of Water, Environment and Climate Change have indicated are in the nature of owners' contributions, are accounted for as Equity - Contributed Capital.

Interest

Interest is recognised as revenue when earned.

c) Recognition and Measurement of Assets

Property, plant and equipment represent non-current assets comprising land, buildings, plant, equipment and motor vehicles, used by the Authority in its operations. Items with a cost value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Acquisition

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given at the date of exchange plus costs directly attributable to the acquisition.

Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Valuation of non-current physical assets

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the operating statement. When revalued assets are sold, it is the Authority's policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to accumulated funds.

Revaluations

Assets other than those that are carried at cost are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs every three to four years for assets with useful lives of less than 30 years or six to eight years for assets with useful lives of 30 or greater years. Revaluation increments or decrements arise from differences between an asset's depreciated cost or deemed cost and fair value.

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.

Impairment of assets

All assets are assessed annually for indicators of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its 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.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the operating statement, a reversal of that impairment loss is also recognised in the operating statements.

The recoverable amount for assets 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.

d) Depreciation and Amortisation of Non-current Assets

Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Land is not depreciated. Depreciation on other assets is calculated using the diminishing balance method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Major depreciation rates used are listed below and are consistent with the prior year, unless otherwise stated:

Asset	Depreciation Rate
Buildings	2.50%
Plant & equipment	8% to 40%
Motor vehicles	20%
Intangible assets	20%

e) Leased assets

Finance leases

The Authority has no finance leases.

Operating leases

Leasing in which a significant proportion of the risks and rewards or ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the operating statement on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

f) Cash and Cash Equivalent Assets

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Interest bearing bank overdrafts are shown within interest bearing liabilities on the balance sheet.

g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition for debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

h) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

i) Employee Benefits

Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave to be settled within 12 months of the reporting date are recognised in employee benefits liabilities in respect of employee' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values. Employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Provisions made for unconditional long service leave are classified as a current liability, where the employee has a present entitlement to the benefit. The non-current liability represents long service leave entitlements accrued for employees with less than 7 years of continuous service.

Superannuation

The amount charged to the operating statement in respect of superannuation represents the contributions made by the Authority to the superannuation plan in respect of the current services of current entity staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Authority does not recognise any defined benefit liability in respect of the superannuation plan because the Authority has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Employee Benefit On-Costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Performance payments

Performance payments for the Authority's Executive Officers are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

j) Changes in Accounting Policy

The accounting policies are consistent with those of the previous year, unless stated otherwise.

k) Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST 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 cashflows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

l) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Authority.

m) Comparative Amounts

Where necessary, figures for the previous year have been reclassified to facilitate comparison.

NOTE 2: OPERATING STATEMENT - DISCLOSURES OF INCOME

Income from Operating Activities

a) State Government

Tackling Pests

Weeds Management	-	9,380
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Catchment Planning

Landcare	440,000	465,000
Governance	927,000	1,010,000

Salinity and Soils

Salinity and Soils	25,000	59,000
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Native Vegetation Program

Native Vegetation Program	60,000	-
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Water Asset Investment and Evaluation

Victorian Water Trust Healthy Rivers Initiative	442,134	-
Victorian Water Trust Smart Farms	78,000	122,500

Sustainable Irrigation

Water Smart Farms - Our Water Our Future	500,000	250,000
Land and Water Management Plans	-	27,750
Salinity Infrastructure	830,976	745,000
Sustainable Irrigated Ag & Land Management	1,264,692	592,500

River Health

Healthy Waterways	1,570,511	3,216,300
Environmental Flows and Stressed Rivers	230,000	192,138
Floodplain Management	13,000	-
Large Scale River Restoration - Our Water Our Future	1,103,655	50,000
River Health Monitoring	10,000	-
Water Statutory Function	328,000	-

Drought Relief Assistance

Drought Relief Assistance	2,600,000	-
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National Action Plan for Salinity & Water Quality

50% Bilateral Agreement with Commonwealth	3,847,500	3,893,698
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14,270,468	10,633,266
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b) Commonwealth Government

National Action Plan for Salinity & Water Quality

50% Bilateral Agreement with State	3,847,500	3,893,698
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National Heritage Trust

1,956,000	2,084,656
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National Landcare Program

136,540	423,756
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5,940,040	6,402,110
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Total Government Contributions

20,210,508	17,035,376
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NOTE 3: OPERATING STATEMENT - DISCLOSURES OF EXPENDITURE

a) Works Expenditure

Works programs salaries and oncosts	2,924,274	3,432,754
Consultancy costs	6,684,343	5,927,778
Contractors	4,351,062	3,490,622
Materials	2,003,424	1,410,121
Incentives paid	2,299,378	2,092,704
Other Expenses	637,561	997,095
	18,900,042	17,351,074

b) Administration Expenditure

Administration salaries and oncosts	1,091,591	993,383
Contract employment	22,203	9,623
Office supplies and stationery	24,781	29,067
Computer and office equipment	87,793	37,205
Photocopiers & Printing	44,165	44,688
Building costs	149,786	17,215
Telephone & Facsimile	90,340	92,590
Meetings	16,028	13,222
Advertising	3,903	1,577
Consultancy costs	90,664	221,581
Memberships and subscriptions	8,340	23,562
Motor Vehicle	156,701	220,012
	1,786,295	1,703,725

c) Corporate Expenditure

Corporate Governance Costs		
Board members remuneration	96,792	104,636
Board operational costs	79,950	67,742
Implementation Committees remuneration	11,998	82,770
Implementation Committees operational costs	89,842	109,386
Depreciation and Amortisation expense	262,881	319,120
Bank Charges	1,699	1,951
Insurance	24,163	31,435
Audit fees internal	32,711	13,090
Auditor General external audit	9,875	9,350
Payroll Tax	174,832	193,215
Fringe Benefits Tax	11,789	6,092
Corporate Training	51,903	55,034
	848,435	993,821

d) Loss on sale of assets

Proceeds on sale of assets	(428,171)	(263,208)
Written down value of assets sold	501,861	313,574
	73,690	50,366

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	550	550
Cash at bank	791,243	-
Investments	11,268,019	10,718,019
Total cash and cash equivalents	12,059,812	10,718,569

a) Reconciliation to cash at the end of year

The above figures are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement, as follows:

Balance as above	12,059,812	10,718,569
Bank overdrafts (refer note 8)	-	(151,614)
Balance as per Cash Flow Statement	12,059,812	10,566,955

b) Cash at bank and on hand

These are non-interest bearing	550	550
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NOTE 5: RECEIVABLES

<i>Current Receivables</i>		
Trade receivables	1,541,239	964,608
Other receivables	36,463	5,909
Total receivables	1,577,702	970,517

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

a) Classes of property, plant and equipment

Land

At fair value (as at 30 June 2005)

135,000

135,000

135,000

135,000

Buildings

At fair value (as at 30 June 2005)

650,000

650,000

Less: accumulated depreciation

(32,186)

(16,295)

617,814

633,705

Buildings

At cost

11,752

3,582

Less: accumulated depreciation

(232)

(10)

11,520

3,572

Motor Vehicles

At cost

698,763

869,193

Less: accumulated depreciation

(117,531)

(189,165)

581,232

680,028

Plant and Equipment

At cost

772,110

645,248

Less: accumulated depreciation

(419,020)

(472,363)

353,090

172,885

Total Property, Plant and Equipment

1,698,656

1,625,190

Land was valued at 30 June 2005 by Countrywide Valuers - MM Sanderson AAPI Certified Practising Valuer.

Buildings were valued at 30 June 2005 by Countrywide Valuers - MM Sanderson AAPI Certified Practising Valuer.

NOTE 6:
PROPERTY, PLANT AND EQUIPMENT (continued)

b) Movements during the reporting period

2006-2007	Opening WDV \$	Additions \$	Disposals \$	Revaluations \$	Write-offs \$	Depreciation \$	Closing WDV \$
<i>Land</i>							
At fair value	135,000	-	-	-	-	-	135,000
	135,000	-	-	-	-	-	135,000
<i>Buildings</i>							
At fair value	633,705	-	-	-	-	(15,891)	617,814
At cost	3,572	8,170	-	-	-	(222)	11,520
	637,277	8,170	-	-	-	(16,113)	629,334
<i>Motor vehicles</i>							
At cost	680,028	495,426	(470,404)	-	-	(123,818)	581,232
	680,028	495,426	(470,404)	-	-	(123,818)	581,232
<i>Plant & Equipment</i>							
At cost	172,885	306,228	(31,457)	-	-	(94,566)	353,090
	172,885	306,228	(31,457)	-	-	(94,566)	353,090
Totals	1,625,190	809,824	(501,861)	-	-	(234,497)	1,698,656

2005-2006	Opening WDV \$	Additions \$	Disposals \$	Revaluations \$	Write-offs \$	Depreciation \$	Closing WDV \$
<i>Land</i>							
At fair value	135,000	-	-	-	-	-	135,000
	135,000	-	-	-	-	-	135,000
<i>Buildings</i>							
At fair value	650,000	-	-	-	-	(16,295)	633,705
At cost	-	3,582	-	-	-	(10)	3,572
	650,000	3,582	-	-	-	(16,305)	637,277
<i>Infrastructure</i>							
At fair value	3,684,146	-	-	-	(3,659,336)	(24,810)	-
	3,684,146	-	-	-	(3,659,336)	(24,810)	-
<i>Motor vehicles</i>							
At cost	920,664	261,696	(306,452)	-	-	(195,880)	680,028
	920,664	261,696	(306,452)	-	-	(195,880)	680,028
<i>Plant & Equipment</i>							
At cost	196,979	60,179	(7,125)	-	-	(77,148)	172,885
	196,979	60,179	(7,125)	-	-	(77,148)	172,885
Totals	5,586,789	325,457	(313,577)	-	(3,659,336)	(314,143)	1,625,190

NOTE 7: INTANGIBLE ASSETS

Computer software licences at cost	185,639	151,226
Accumulated amortisation	(58,169)	(29,784)
Total intangible assets	127,470	121,442
Movements during the year		
Opening balance	121,442	103,641
Additions	34,412	47,586
Amortisation	(28,384)	(29,785)
Closing balance	127,470	121,442

NOTE 8: PAYABLES

<i>Current Payables</i>		
Trade payables	1,948,384	1,633,129
Accrued expenses	888,710	719,694
Bank overdraft	-	151,614
Total Payables	2,837,094	2,504,437

NOTE 9: EMPLOYEE BENEFITS

Current

Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service:

- Short-term employee benefits that fall due within 12 months after the end of the period, measured at nominal value.	274,290	306,138
- Other long-term employee benefits greater than 12 months are measured at present value not nominal value.	140,891	121,319
Total Current	415,181	427,457

Non Current

Conditional long service leave

Total Non-Current	62,764	20,380
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Total Employee Benefits

477,945	447,837
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Employee numbers at end of financial year	62	61
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The following assumptions were adopted in measuring the present value of long service leave entitlements:

Weighted average increase in employee costs	4.50%	4.75%
Weighted average discount rates	6.23%	4.75%
Weighted average settlement period	10 years	10 years

The Authority made no ex-gratia payments during the financial year.

NOTE 10: CONTRIBUTED CAPITAL

Opening balance at 1 July	8,755,693	8,755,693
Capital contributions in the year	-	-
Closing balance at 30 June	8,755,693	8,755,693

NOTE 11: RESERVES

<i>Composition of reserves</i>		
Asset revaluation reserve	87,000	87,000
Committed funds reserve	-	-
	87,000	87,000

<i>Movements in reserves</i>		
Asset revaluation reserve		
Balance 1 July	87,000	87,000
Revaluation increment / decrement on non-current assets	-	-
Balance 30 June	87,000	87,000

<i>Committed Funds Reserve</i>		
Balance 1 July	-	60,920
Transfer to / (from) operations	-	(60,920)
Balance 30 June	-	-

NOTE 12: ACCUMULATED FUNDS

Opening balance at 1 July	1,640,751	2,725,516
Net surplus	1,665,157	(1,145,685)
Transfer (to) / from Committed Funds Reserve	-	60,920
Closing balance at 30 June	3,305,908	1,640,751

NOTE 13: COMMITMENTS

Operating lease commitments

At 30 June, the Authority had the following operating lease commitments:

Lease of photocopiers and of premises at Bull Street, Bendigo, Victoria

Outstanding lease commitments are to be paid as follows:

within one year	41,851	76,419
one to five years	35,363	41,851
	77,214	118,270

NOTE 14: SUPERANNUATION

The Authority contributes in respect of its employees to the following superannuation schemes:

Superannuation Name	Type of Scheme	Rate	2007	2006
Australian Government Employee	Accumulated Contribution	9.0%	2,154	350
AM Lifetrack Management Ltd	Accumulated Contribution	9.0%	-	4,078
AMP Life Limited	Accumulated Contribution	9.0%	8,753	11,320
AMP Life Limited RSA	Accumulated Contribution	9.0%	7,813	12,825
AMP SuperLeader	Accumulated Contribution	9.0%	-	3,674
AMP Flexible Lifetime Super	Accumulated Contribution	9.0%	6,960	6,639
ANZ Super Advantage	Accumulated Contribution	9.0%	4,643	4,336
Australian Primary Super Trust	Accumulated Contribution	9.0%	768	4,530
Aust Retire Fund	Accumulated Contribution	9.0%	282	7,400
ASGARD Superannuation Fund	Accumulated Contribution	9.0%	796	3,556
Australian Super	Accumulated Contribution	9.0%	13,260	-
BT Financial Group	Accumulated Contribution	9.0%	-	3,378
Care Super	Accumulated Contribution	9.0%	-	3,226
C+BUS	Accumulated Contribution	9.0%	1,479	3,224
Emergency Services Super	Accumulated Contribution	9.0%	2,377	-
Gibson Family Superannuation Fund	Accumulated Contribution	9.0%	6,448	2,620
Glenham Superannuation Fund	Accumulated Contribution	9.0%	7,082	9,863
Government Superannuation Office	Defined Benefit	8.8%	4,041	4,243
Health Super	Accumulated Contribution	9.0%	4,713	-
Hostplus	Accumulated Contribution	9.0%	-	2,585
IIML ACF Life Track Application	Accumulated Contribution	9.0%	3,751	-
ING Corporate Super	Accumulated Contribution	9.0%	1,859	-
IPAC - SPR	Accumulated Contribution	9.0%	2,585	10,575
IPAC- I Access	Accumulated Contribution	9.0%	4,883	-
Labour Union Co-operative Fund	Accumulated Contribution	9.0%	4,882	3,888
Mercantile Mutual Life Insurance	Accumulated Contribution	9.0%	7,854	9,618
MLC Masterkey Super	Accumulated Contribution	9.0%	12,484	18,178
Recruitment Super	Accumulated Contribution	9.0%	3,838	2,488
Retail Employee Superannuation Trust	Accumulated Contribution	9.0%	5,923	9,265
Sandhurst Trustees Ltd	Accumulated Contribution	9.0%	4,163	4,003
Summit Master Trust	Accumulated Contribution	9.0%	801	6,579
Superannuation Trust of Australia	Accumulated Contribution	9.0%	604	15,654
Synergy Capital Management Personal	Accumulated Contribution	9.0%	3,867	-
Uni Super Limited (APP)	Accumulated Contribution	9.0%	1,148	6,055
Vision Super	Accumulated Contribution	9.0%	108,400	107,048
Victorian Superannuation Board	Accumulated Contribution	9.0%	66,815	52,854
Other Superannuation Funds	Accumulated Contribution	9.0%	2,365	10,126
			307,791	344,178

As at the reporting date, there were no outstanding contributions payable to the above funds.

As at the reporting date, there were no loans to or from the Authority to any of the above funds.

The Fund's accumulation category, Vision Super, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the Fund.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, the Authority does not use defined benefit accounting for these contributions.

NOTE 15: RESPONSIBLE PERSONS RELATED PARTY DISCLOSURES

a) Responsible persons

The names of persons who were responsible persons at any time during the financial year were:

Persons Name	Position	Period	
The Hon. John Thwaites MP	Minister for Environment, Water and Climate Change (formerly the Minister for Environment)	01 Jul 2006	30 Jun 2007
Ian MacBean	Board Chair	01 Jul 2006	30 Jun 2007
John Brooke	Board Member	01 Jul 2006	30 Jun 2007
Noel Harvey	Board Member	01 Jul 2006	30 Jun 2007
Jane Holt	Board Member	01 Jul 2006	30 Jun 2007
John Leishman	Board Member	01 Jul 2006	30 Jun 2007
Stuart McLean	Board Member	01 Jul 2006	30 Jun 2007
Yvonne Postlethwaite	Board Member	01 Jul 2006	30 Jun 2007
Jean Sutherland	Board Member	01 Jul 2006	30 Jun 2007
Jenny Williams	Board Member (Deputy Chairperson)	01 Jul 2006	30 Jun 2007
Prue Mansfield	DSE Representative	08 Jul 2006	07 Oct 2006
Kenneth Ashton	DPI Representative	08 Jul 2006	07 Oct 2006
Gavin Hanlon	Chief Executive Officer	01 Jul 2006	30 Jun 2007
Jennifer Alexander	Acting Chief Executive Officer	30 Jul 2006	13 Aug 2006

Remuneration of responsible persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet.

Other relevant interests are declared in the Register of Members' Interests which each Member of Parliament completes.

The Department of Sustainability & Environment and Department of Primary Industries representatives receive no remuneration from the Authority. The relevant information of the Chief Executive Officer is reported under Executive Officer's remuneration.

Remuneration received, or due and receivable from the Authority in connection with the management of the Authority (includes termination payments and bonuses paid at the end of contracts).

96,792

104,636

The number of responsible persons whose remuneration from the Authority was within the specified bands were as follows:

Income band (\$)	No.	No.
0 - 9,999	8	10
10,000 - 19,999	1	1

Retirement benefits of responsible persons

There were no retirement benefits paid by the Authority in connection with the retirement of responsible persons.

Other related party transactions

Incentive payments made by the Authority to landholders based on an assessment of criteria for strategic natural resource management were made during the reporting period to responsible persons or related parties:

Aggregate amount recognised - 9,642

Name of Related Parties	Responsible Person		
Stuart McLean	Stuart McLean	-	9,642

Transactions between related parties were based on established objective criteria and were on no more favourable terms than those available to other parties unless otherwise stated.

NOTE 15: RESPONSIBLE PERSONS RELATED DISCLOSURES *(continued)*

b) Executive officers' remuneration

The number of executive officers, other than responsible persons, whose total remuneration falls within the specified bands above \$100,000 are as follows:

Income band (\$)	Total Remuneration		Base Remuneration	
	2007 No.	2006 No.	2007 No.	2006 No.
100,000 - 109,999		1		1
110,000 - 119,999		2		
120,000 - 129,999	1		1	
160,000 - 169,999		1		
180,000 - 189,999	1			
Total Numbers	2	4	1	1
Total Amount	\$339,013	\$499,533	\$223,590	\$376,334

NOTE 16: RECONCILIATION OF PROFIT / (LOSS) FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Net Result for the period	1,665,157	(1,145,685)
Add / (less) Non-Cash Flows in Net Result		
(Profit)/loss on disposal of non-current assets	73,690	50,366
Depreciation and amortisation	262,881	319,120
	2,001,728	(776,199)
Changes in Assets and Liabilities		
Decrease / (increase) in receivables	(607,185)	(35,685)
(Decrease) / increase in payables	484,271	(222,745)
(Decrease) / increase in provisions	30,108	93,668
Net cash flows from operating activities	1,908,922	(940,961)

NOTE 17: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

NOTE 18: FINANCIAL INSTRUMENTS

Terms, Conditions and Accounting Policy

Terms

Cash assets are at call or on term deposits with a maturity period of up to 60 days.

Credit is allowed for a 30 day term.

Settlement of creditors is normally within 30 days.

Accounting Policies

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

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.

Payables

Creditors and accruals are recognised for future amounts to be paid in respect of goods and services received, whether billed to the Authority or not.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Authority does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Authority.

Payables are recognised when the Authority becomes obliged to make future payments resulting from the purchase of goods and services. Financial liabilities that are not quoted in an active market are measured at amortised cost.

Fair Values

The net fair values of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these until maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

NOTE 18: FINANCIAL INSTRUMENTS (continued)

Interest rate risk 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 predominately from liabilities bearing variable interest rates as the Authority intends to hold fixed rate liabilities to maturity.

2006-2007	Weighted Av Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non-interest Bearing \$
			1 year or less \$	1 to 5 years \$	Over 5 years \$	
<i>Financial Assets</i>						
Cash	7.11	791,243	11,268,019	-	-	550
Receivables	n/a	-	-	-	-	1,577,702
Total Financial Assets		791,243	11,268,019	-	-	1,578,252
<i>Financial Liabilities</i>						
Payables	n/a	-	-	-	-	2,837,094
Bank overdraft	n/a	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	2,837,094
Net financial liabilities		791,243	11,268,019	-	-	(1,258,842)

2005-2006	Weighted Av Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non-interest Bearing \$
			1 year or less \$	1 to 5 years \$	Over 5 years \$	
<i>Financial Assets</i>						
Cash	5.30	-	10,718,019	-	-	550
Receivables	n/a	-	-	-	-	970,517
Total Financial Assets		-	10,718,019	-	-	971,067
<i>Financial Liabilities</i>						
Payables	n/a	-	-	-	-	2,352,823
Bank overdraft	n/a	-	-	-	-	151,614
Total Financial Liabilities		-	-	-	-	2,504,437
Net financial liabilities		-	10,718,019	-	-	(1,533,370)

NOTE 19: CONTRIBUTIONS SUBJECT TO RESTRICTIONS

The Authority has received funding in relation to specific projects that is subject to the restriction that it is allocated to and must be expended on those projects.

Category	Balance 1 July 2006	Contributions Received	Year to Date Expenditure	Balance 30 June 2007	Commitments 30 June 2007	Restricted Balance
Biodiversity	714,724	2,900,121	2,992,155	622,690	554,752	67,938
Climate	39,796	(3,000)	27,521	9,275	-	9,275
Community	207,316	1,313,943	1,177,645	343,614	129,182	214,432
Dryland	645,070	2,181,856	2,230,923	596,003	597,537	(1,534)
Irrigated land	1,502,548	3,909,668	2,593,987	2,818,229	1,465,282	1,352,947
Water resources	579,443	256,014	521,661	313,796	143,642	170,154
Waterways & wetlands	5,849,555	7,479,117	7,371,523	5,957,149	2,037,386	3,919,763
Corporate services	857,992	5,235,900	4,693,047	1,400,845	158,575	1,242,270
Total	10,396,444	23,273,619	21,608,462	12,061,601	5,086,356	6,975,245

NOTE 20: ECONOMIC DEPENDENCE

The Authority's role in implementing the goals contained in the Regional Catchment Strategy remains dependent upon future funding by the State and Commonwealth governments.

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Authority did not have any contingent liabilities or contingent assets at balance date.

NOTE 22: CORRECTION OF ERROR

As noted in the 2006 financial statements, a retrospective correction of a prior period error occurred relating to the incorrect recognition of levee banks and related structures on establishment of the Authority. Part of this adjustment resulted in Accumulated funds decreasing by \$2,813,069. Of this amount, \$87,553 related to depreciation previously expensed and \$2,725,516 related to the assets which were originally recorded as a capital contribution. During the year permission was obtained from the Department of Treasury and Finance and the Department of Sustainability and Environment to remove this amount from contributed capital, where it was originally recorded, rather than Accumulated funds.

The effect of this correction on the Equity for the year ended 30 June 2006 is:

Total Equity	\$ 10,483,444
Correction of error to contributed capital	2,725,516
Correction of error to accumulated funds	(2,725,516)
Corrected Total Equity	10,483,444

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