



CHAPTER ELEVEN

Geoscience Australia financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Resources and Northern Australia

I have audited the accompanying annual financial statements of Geoscience Australia for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements.

Opinion

In my opinion, the financial statements of Geoscience Australia:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of Geoscience Australia as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Chief Executive Officer of Geoscience Australia is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
14 September 2016

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Geoscience Australia will be able to pay its debts as and when they fall due.

Signed 
Dr Chris Pigram
Chief Executive Officer

14 September 2016

Signed 
Vanessa Graham
Chief Finance Officer

14 September 2016

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Statement of Comprehensive Income
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	75,719	78,480	75,318
Suppliers	1.1B	93,047	108,606	91,234
Depreciation and amortisation	3.2A	8,525	11,266	9,062
Finance costs - unwinding of discount	3.4A	17	23	50
Write-down and impairment of assets	1.1C	10	408	-
Foreign exchange losses		10	-	-
Losses from asset sales		114	15	-
Total expenses		177,442	198,798	175,664
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	41,236	59,106	39,900
Interest		9	-	-
Other revenue	1.2B	702	124	90
Total own-source revenue		41,947	59,230	39,990
Gains				
Foreign exchange gains		-	4	-
Reversal of write-downs and impairment		5	7	-
Other gains	1.2C	-	5,956	-
Total gains		5	5,967	-
Total own-source income		41,952	65,197	39,990
Net cost of services		(135,490)	(133,601)	(135,674)
Revenue from Government	1.2D	121,258	126,805	121,258
Deficit attributable to the Australian Government		(14,232)	(6,796)	(14,416)
OTHER COMPREHENSIVE INCOME				
Changes in asset revaluation surplus		(315)	(194)	-
Total comprehensive loss attributed to the Australian Government		(14,547)	(6,990)	(14,416)

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

Variance commentary is consolidated in the Departmental Budget Variance Commentary note.

Statement of Financial Position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		2,447	2,671	2,500
Trade and other receivables	3.1A	82,049	87,125	49,822
Accrued revenue		1,441	528	1,364
Total financial assets		85,937	90,324	53,686
Non-financial assets				
Land	3.2A	1,240	765	765
Buildings	3.2A	365	361	342
Leasehold improvements	3.2A	2,737	3,296	6,102
Heritage and cultural	3.2A	2,254	2,365	2,365
Plant and equipment	3.2A	26,323	28,525	23,520
Computer software	3.2A	1,306	3,244	3,109
Prepayments	3.2B	4,449	4,896	2,705
Total non-financial assets		38,674	43,452	38,908
Total assets		124,611	133,776	92,594
LIABILITIES				
Payables				
Suppliers	3.3A	23,613	20,747	25,482
Other payables	3.3B	57,882	61,759	36,484
Total payables		81,495	82,506	61,966
Provisions				
Employee provisions	5.1A	27,635	25,936	26,283
Other provisions	3.4A	728	600	652
Total provisions		28,363	26,536	26,935
Total liabilities		109,858	109,042	88,901
Net assets		14,753	24,734	3,693
EQUITY				
Contributed equity		37,492	32,926	37,492
Reserves		7,813	8,128	8,322
Retained surplus/(Accumulated deficit)		(30,552)	(16,320)	(42,121)
Total equity		14,753	24,734	3,693

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

Variance commentary is consolidated in the Departmental Budget Variance Commentary note.

Statement of Changes in Equity
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance		32,926	28,314	32,926
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		10	10	10
Departmental capital budget		4,556	4,602	4,556
Total transactions with owners		4,566	4,612	4,566
Closing balance as at 30 June		37,492	32,926	4,566
RETAINED EARNINGS				
Opening balance		(16,320)	(9,524)	(27,705)
Comprehensive income				
Surplus/(Deficit) for the period		(14,232)	(6,796)	(14,416)
Other comprehensive income		-	-	-
Total comprehensive income		(14,232)	(6,796)	(14,416)
Closing balance as at 30 June		(30,552)	(16,320)	(42,121)
ASSET REVALUATION RESERVE				
Opening balance		8,128	8,322	8,322
Comprehensive income				
Other comprehensive income				
Changed in make good provisions	3.4A	(111)	(26)	-
Revaluations and impairments	3.2A	(204)	(168)	-
Total comprehensive income		(315)	(194)	-
Closing balance as at 30 June		7,813	8,128	8,322
TOTAL EQUITY				
Opening balance		24,734	27,112	13,543
Comprehensive income				
Surplus/(Deficit) for the period		(14,232)	(6,796)	(14,416)
Other comprehensive income				
Changed in make good provisions		(111)	(26)	-
Revaluations and impairments		(204)	(168)	-
Total comprehensive income		(14,547)	(6,990)	(873)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		10	10	10
Departmental capital budget		4,556	4,602	4,556
Total transactions with owners		4,566	4,612	4,566
Closing balance as at 30 June		14,753	24,734	17,236

Accounting Policy*Equity Injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

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

Variance commentary is consolidated in the Departmental Budget Variance Commentary note.

Cash Flow Statement
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		167,032	193,056	180,305
Sale of goods and rendering of services		39,974	42,135	39,900
Interest		9	-	-
Net GST received		7,281	9,345	-
Other		612	-	-
Total cash received		214,908	244,536	220,205
Cash used				
Employees		77,610	81,182	77,086
Suppliers		97,742	111,563	96,699
Section 74 receipts transferred to OPA		39,934	52,484	39,900
Total cash used		215,286	245,229	213,685
Net cash used by operating activities	4.2A	(378)	(693)	6,520
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		1	-	-
Total cash received		1	-	-
Cash used				
Purchase of property, plant and equipment		4,146	5,394	11,086
Purchase of intangibles		267	1,066	-
Total cash used		4,413	6,460	11,086
Net cash used by investing activities		(4,412)	(6,460)	(11,086)
FINANCING ACTIVITIES				
Cash received				
Appropriations - Contributed equity		10	10	-
Appropriations - Departmental capital budget		4,556	4,602	4,566
Total cash received		4,566	4,612	4,566
Net cash from financing activities		4,566	4,612	4,566
Net increase/(decrease) in cash held		(224)	(2,541)	-
Cash and cash equivalents at the beginning of the reporting period		2,671	5,212	2,500
Cash and cash equivalents at the end of the reporting period	4.2A	2,447	2,671	2,500

The above statement should be read in conjunction with the accompanying note.
Variance commentary is consolidated in the Departmental Budget Variance Commentary note.

Administered Schedule of Comprehensive Income*for the period ended 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Grants	2.1A	20	20	20
Total expenses		20	20	20
Net cost of services		(20)	(20)	(20)
Total comprehensive loss		(20)	(20)	(20)

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

Administered Reconciliation Schedule				
	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
Opening assets less liabilities as at 1 July				
		-	-	-
Net (cost of)/contribution by services				
Expenses				
Payments to entities other than corporate Commonwealth entities		20	20	20
Transfers (to)/from the Australian Government				
Appropriation transfers from Official Public Account				
Annual appropriations				
Payments to entities other than corporate Commonwealth entities		(20)	(20)	(20)
Closing assets less liabilities as at 30 June				
		-	-	-

Accounting Policy***Administered Cash Transfers to and from the Official Public Account***

Revenue collected by GA for use by the Government rather than GA is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by GA on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Administered Cash Flow Statement
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget \$'000
OPERATING ACTIVITIES				
Cash used				
Grants		20	20	20
Total cash used		<u>20</u>	<u>20</u>	<u>20</u>
Net cash used by operating activities		<u>(20)</u>	<u>(20)</u>	<u>(20)</u>
Cash from Official Public Account				
Appropriations		20	20	20
Total cash from official public account		<u>20</u>	<u>20</u>	<u>20</u>
Cash and cash equivalents at the end of the reporting period		-	-	-

Overview

Objectives of Geoscience Australia

Geoscience Australia (GA) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of GA is to assist government and the community to make informed decisions about the use of natural resources, the management of the environment and community safety.

GA is structured to meet one outcome: to inform government, industry and community decisions on the economic, social and environmental management of the nation's natural resources through enabling access to geoscientific and spatial information.

The continued existence of GA in its present form and with its present programmes is dependent on Government policy and on continuing funding by Parliament for GA's administration and programmes.

GA's activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by GA's in its own right. Administered activities involve the management or oversight by GA, on behalf of the Government, of items controlled or incurred by the Government.

GA administers a grant to the International Geological Correlation Program on behalf of the Government.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies, GA has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

Land and buildings

The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer (Australian Valuation Solutions). It is estimated that the land will continue to be used for research activities and buildings held for specialised purposes.

Property, plant and equipment

The fair value of property, plant and equipment has been assessed by the independent valuer (Australian Valuation Solutions). In some cases, there is insufficient observable market evidence and non-market approaches are utilised.

Employee entitlements

In calculating the long service leave liability, GA used the short-hand method outlined in the *Resource Management Guide No 125 - Commonwealth Entities Financial Statements Guide* and the recommended probability factors have been applied, along with a discount factor which is the combination of a 3% salary growth rate and a 2% Government bond rate.

In calculating the non-current component of the recreation leave liability, GA has taken into account pay increases in the future two years, and calculated the net present value using the 2-year Government bond rate.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

All new and amending standards or interpretations applicable to the current financial year did not have a material effect on GA's financial statements.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations or amending standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by GA's Chief Executive Officer and Chief Finance Officer, which are expected to have a material impact on GA's financial statements for the future reporting periods.

AASB 124 Related Party Disclosures (effective date 1 July 2016)

AASB 9 Financial Instruments (effective date 1 January 2018)

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective date 1 January 2018)

AASB 15 Revenue from Contracts with Customers (effective date 1 January 2018)

AASB 16 Leases (effective date 1 January 2019)

All other new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on GA's financial statements.

Taxation

GA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised net of GST, except:

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

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Other Disclosures

A variation of the Symonston Canberra Office lease was signed on 3 June 2014 which provides for a lessor contribution of a maximum of \$3 million (GST exclusive) towards the installation of the Childcare Facility on the land. The variation also provides that, if for any reason, the lessor does not install a Childcare Facility on the land, the lessor will provide GA free rent to the value of \$3 million (GST exclusive). Construction of the new Childcare Facility officially commenced on 19 July 2016 and is expected to be completed by February 2017. Once the completed Childcare Facility is handed over to GA, the \$3 million receivable and lease incentive currently reported in GA's financial statements will be derecognised in the 2016/17 financial year.

Events After the Reporting Period

There were no events occurring after 30 June 2016 that would have material impact on both departmental and administered financial statements.

Departmental Budget Variances Commentary

The financial statements provide a comparison of the original budget as presented in the 2015-16 Portfolio Budget Statements (PBS) to the 2015-16 final outcome as presented in accordance with Australian Accounting Standards for Geoscience Australia. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- (a) the variance between budget and actual is greater than +/-10% of the budget for the line item; or
- (b) the variance between budget and actual is greater than +/-2% of the sub-total (i.e. total expenses, total income, total assets or total liabilities); or
- (c) the variance between budget and actual is below this threshold but is considered important for the reader's understanding, or it is sensitive or relates to a large offsetting movement.

In some instances, a budget has not been provided for in the PBS, for example non-cash items such as asset revaluations, foreign exchange and sale of asset adjustments.

Unless the variance is considered 'major' no explanation has been provided.

Statement of Comprehensive Income

Depreciation and amortisation expenses are lower than budget (6%) as a result of lower than anticipated capital expenditure on building refurbishment and a prior year payment for the L-3 Datron antenna upgrade.

Sale of goods and rendering of services income is recognised progressively in alignment with anticipated supplier expenses and is only marginally higher than budget.

Other revenue largely reflects salary sacrifice/contributions from employees which were not included in the budget.

Statement of Financial Position

Trade & Other Receivables reflect increases in unearned revenue of \$18 million from new Commonwealth and State & Territory income streams and increases in prepayments of \$1.7 million recognised in 2014-15 which were not anticipated in the 2015-16 budget. Similarly, an increase in the appropriation receivable of \$11.8 million in 2014-15 result was not anticipated in the 2015-16 budget.

Land at 30 June 2016 was revalued upwards (38%) due to the rezoning to community purpose. The revaluation was not anticipated in the budget.

Leasehold improvements are lower than budget (123%) due to significant delays with the planned refurbishment of the building (\$3.4 million), and the impairment of leasehold improvements due to parts of the building becoming vacant.

Plant and Equipment is higher than budget (11%) as a result of the purchase of the L-3 Datron antenna upgrade, which was funded internally in the prior year but not reflected in the budget.

Computer software is lower than budget (138%) predominately as a result of lower than anticipated capital expenditure in 2015-16.

Prepayments are higher than budget (39%) as a result of unanticipated payments made in advance in 2015-16.

Supplier's payables are lower than budget (8%) as a result of an unanticipated decrease in accrued expenses (\$2.3 million). The budget for accrued expenses is based on an average over the 3 prior years.

The 2015-16 budget for **other payables** did not reflect the \$3m lease incentive for the future Childcare Facility and the introduction of a significant number of new Commonwealth and State & Territory income streams (generating around \$18 million in unearned income).

Other provisions are higher than budget (10%) due to unanticipated bond and Building & Property Index rate changes for the Canberra, Alice Springs and Stromlo makegood.

Cash Flow Statement

Appropriation cash received is lower than budget as a result of unanticipated delays in capital purchases, such as the building refurbishment, and a prior year payment for the L-3 Datron antenna upgrade. The variance also reflects a change in cash received from appropriations in 2014-15 (\$5.6 million) which was not anticipated in the 2015-16 budget.

Net GST received was not separately reflected in the budget.

Purchase of Property, Plant and Equipment is lower than budget as a result of unanticipated delays the building refurbishment and a prior year payment for the L-3 Datron antenna upgrade.

Statement of Changes in Equity

The **Accumulated Deficit** is better than projected at budget largely as a result of the improvement in the net asset position. However, it also reflects a marginally higher loss (excluding depreciation and amortisation) than the \$5.4 million reported in the budget, predominantly as a result of increases in provisions compared to the budget.

The Asset Revaluation **Reserve** is lower than budget as a result the impairment of revaluated assets not being reflected in the budget as they were not foreseen.

Financial Performance

This section analyses the financial performance of Geoscience Australia for the year ended 2016.

1.1 Expenses

	2016 \$'000	2015 \$'000
1.1A: Employee benefits		
Wages and salaries	55,103	56,584
Superannuation:		
Defined contribution plans	4,497	4,241
Defined benefit plans	7,704	7,735
Leave and other entitlements	6,924	8,365
Separation and redundancies	1,491	1,555
Total employee benefits	75,719	78,480
1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	628	689
Contractors	22,927	28,575
Travel	3,846	4,092
IT services	16,962	14,740
Property operating	6,495	5,600
Office supplies	972	1,113
Direct operational costs	8,779	21,885
Other	5,979	4,462
Total goods and services supplied or rendered	66,588	81,156
Goods supplied	3,687	1,483
Services rendered	62,901	79,673
Total goods and services supplied or rendered	66,588	81,156
Other suppliers		
Operating lease rentals in connection with		
Minimum lease payments	26,124	27,014
Workers compensation expenses	335	436
Total other suppliers	26,459	27,450
Total suppliers	93,047	108,606

Leasing commitments

GA's lease payment commitments are primarily for accommodation for its operations. The major lease is the Symonston Office in Canberra with a lease expiry date on 31 May 2032.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	25,264	24,481
Between 1 to 5 years	106,777	103,952
More than 5 years	364,064	391,936
Total operating lease commitments	496,105	520,369

Accounting Policy

All leases in GA are operating leases, as the risks and benefits are substantially retained with the lessor. Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the life of the lease on a straight line basis.

1.1C: Write-down and impairment of assets

Impairment on financial instruments	2	19
Impairment on intangible assets	8	389
Total write-down and impairment of assets	10	408

1.2 Own-Source Revenue and Gains

2016	2015
\$'000	\$'000

Own-Source Revenue**1.2A: Sale of goods and rendering of services**

Sale of goods	492	956
Rendering of services	40,744	58,150
Total sale of goods and rendering of services	41,236	59,106

Accounting Policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) GA retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to GA.

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

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

The stage of completion of contracts at the reporting date is determined by reference to:

- a) surveys of work performed;
- b) services performed to date as a percentage of total services to be performed; or
- c) the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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

1.2B: Other revenue

Resources received free of charge - audit fees	90	89
Employee Contributions - salary sacrifice arrangement	538	-
Other	74	35
Total other revenue	702	124

Accounting Policy***Resources Received Free of Charge***

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

Gains

	2016	2015
	\$'000	\$'000
<u>1.2C: Other gains</u>		
Resources received free of charge - property, plant and equipment	-	5,956
Total other gains	-	5,956

Accounting Policy**Resources Received Free of Charge**

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

1.2D: Revenue from Government

Appropriations		
Departmental appropriations	121,258	126,805
Total revenue from Government	121,258	126,805

Accounting Policy**Revenue from Government**

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when GA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Income and Expenses Administered on Behalf of Government

This section analyses the activities that Geoscience Australia does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered - Expenses

	2016 \$'000	2015 \$'000
2.1A: Grants		
Private sector		
Australian UNESCO Committee for the International Geological Correlation Programme	20	20
Total grants	20	20

Accounting Policy

GA administers one grant scheme on behalf of the Government which represents UN Grants-In-Aid to individuals.

Financial Position

This section analyses Geoscience Australia's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2016	2015
	\$'000	\$'000
3.1A: Trade and other receivables		
Goods and services receivables		
Goods and services	9,403	6,202
Total goods and services receivables	9,403	6,202
Appropriations receivables		
Appropriation receivable - Departmental Operating	68,084	73,924
Total appropriations receivables	68,084	73,924
Other receivables		
Statutory receivables	1,295	1,048
Other	3,269	5,975
Total other receivables	4,564	7,023
Total trade and other receivables (gross)	82,051	87,149
Less impairment allowance		
Goods and service	(2)	(24)
Total trade and other receivables (net)	82,049	87,125
Trade and other receivables (net) expected to be		
No more than 12 months	82,049	87,094
More than 12 months	-	31
Total trade and other receivables (net)	82,049	87,125
Trade and other receivables (gross) aged as follows		
Not overdue	81,762	85,393
Overdue by		
0 to 30 days	214	1,643
31 to 60 days	34	23
61 to 90 days	4	5
More than 90 days	37	85
Total trade and other receivables (gross)	82,051	87,149
Impairment allowance aged as follows		
Overdue by		
61 to 90 days	-	(2)
More than 90 days	(2)	(22)
Total impairment allowance	(2)	(24)

Credit terms for goods and services were net 30 days (2015: 30 days).

Accounting Policy

Loans and Receivables

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

Reconciliation of the Impairment Allowance

Movements in relation to 2016

	Goods and services \$'000
As at 1 July 2015	(24)
Amounts written off	16
Amounts recovered and reversed	8
Increase/(Decrease) recognised in net cost of services	(2)
Total as at 30 June 2016	(2)

Movements in relation to 2015

	Goods and services \$'000
As at 1 July 2014	(12)
Amounts recovered and reversed	7
Increase/(Decrease) recognised in net cost of services	(19)
Total as at 30 June 2015	(24)

Accounting Policy

Financial assets are assessed for impairment at the end of each reporting period.

3.2 Non-Financial Assets**3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles****Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2016**

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Heritage and cultural ¹ \$'000	Plant and equipment \$'000	Computer Software ² \$'000	Total \$'000
As at 1 July 2015							
Gross book value	765	379	3,894	2,365	36,357	8,902	52,662
Accumulated depreciation, amortisation and impairment	-	(18)	(598)	-	(7,832)	(5,658)	(14,106)
Total as at 1 July 2015	765	361	3,296	2,365	28,525	3,244	38,556
Additions:							
Purchase	-	-	534	-	3,786	201	4,521
Revaluations and impairments recognised in other comprehensive income	475	22	(481)	(111)	(109)	-	(204)
Impairments recognised in net cost of services	-	-	-	-	-	(8)	(8)
Depreciation and amortisation	-	(18)	(612)	-	(5,771)	(2,124)	(8,525)
Disposals - Other	-	-	-	-	(108)	(7)	(115)
Total as at 30 June 2016	1,240	365	2,737	2,254	26,323	1,306	34,225
Total as at 30 June 2016 represented by							
Gross book value	1,240	365	4,428	2,254	39,601	9,059	56,947
Accumulated depreciation, amortisation and impairment	-	-	(1,691)	-	(13,278)	(7,753)	(22,722)
Total as at 30 June 2016	1,240	365	2,737	2,254	26,323	1,306	34,225

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

2. The carrying amount of computer software are all purchased software.

Indications of impairments have been reflected in the above balance for intangibles.

No property, plant and equipment and intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 6.3. Geoscience Australia engaged Australian Valuation Solutions (AVS) to conduct desktop revaluation of all non-financial assets at 30 June 2016. Land, Buildings and Heritage assets have been re-valued due to material differences from the fair value.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

There were no contractual commitments for the acquisition of property, plant and equipment and intangible assets.

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2015

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Heritage and cultural ¹ \$'000	Plant and equipment \$'000	Computer Software \$'000	Total \$'000
As at 1 July 2014							
Gross book value	765	379	3,888	2,365	25,361	8,560	41,318
Accumulated depreciation, amortisation and impairment	-	-	-	-	(282)	(3,057)	(3,339)
Total as at 1 July 2014	765	379	3,888	2,365	25,079	5,503	37,979
Additions							
Purchase	-	-	6	-	5,388	1,066	6,460
Donation/Gift	-	-	-	-	5,956	-	5,956
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	(169)	-	(169)
Impairments recognised in net cost of services	-	-	-	-	-	(389)	(389)
Depreciation and amortisation	-	(18)	(598)	-	(7,714)	(2,936)	(11,266)
Disposals - Other	-	-	-	-	(15)	-	(15)
Total as at 30 June 2015	765	361	3,296	2,365	28,525	3,244	38,556
Total as at 30 June 2015 represented by							
Gross book value	765	379	3,894	2,365	36,357	8,902	52,662
Accumulated depreciation, amortisation and impairment	-	(18)	(598)	-	(7,832)	(5,658)	(14,106)
Total as at 30 June 2015	765	361	3,296	2,365	28,525	3,244	38,556

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

Accounting Policy

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income 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's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,500, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property lease taken up by GA where there exists an obligation to restore the property to its original condition. These costs are included in the value of GA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

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 reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit 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 entity using, in all cases, the straight-line method of depreciation.

Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

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

	2016	2015
Buildings on freehold land	40 years	40 years
Leasehold improvements	7 years or lease term	7 years or lease term
Plant and equipment	4 to 25 years	4 to 25 years
Heritage and Cultural	Indefinite	Indefinite

Impairment

All assets were assessed for impairment at 30 June 2016. 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.

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

Derecognition

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

Heritage and Cultural Assets

GA's heritage and cultural assets comprise:

- a collection of minerals which are primarily held for public exhibition and education; and
- the Commonwealth Paleontological Collection (CPC) – which includes internationally recognised reference specimens used to define fossil species under the International Codes of Botanical and Zoological Nomenclature. Such assets are irreplaceable and have indefinite useful lives.

Intangibles

GA's intangibles comprise purchased software. These assets, except for purchases costing less than \$2,500 which are expensed in the year of acquisition, are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of GA's software are 2 to 6 years (2015: 2 to 6 years).

All software assets were assessed for indications of impairment as at 30 June 2016.

	2016	2015
	\$'000	\$'000
<hr/>		
3.2B: Prepayments		
Prepayments expected to be recovered		
No more than 12 months	4,310	4,760
More than 12 months	139	136
Total prepayments	4,449	4,896

No indicators of impairment were found for other non-financial assets.

3.3 Payables

	2016	2015
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors	75	151
Accruals - suppliers	6,115	8,536
Operating lease rentals - straight lining	17,423	12,060
Total suppliers	23,613	20,747
Suppliers expected to be settled		
No more than 12 months	6,190	8,687
More than 12 months	17,423	12,060
Total suppliers	23,613	20,747
Supplier payables are settled within 30 days.		
3.3B: Other payables		
Salaries and wages	397	2,583
Superannuation	44	409
Separations and redundancies	78	1,108
Lease incentive	19,556	20,784
Unearned revenue	37,704	36,796
Other	103	79
Total other payables	57,882	61,759
Other payables to be settled		
No more than 12 months	25,647	29,945
More than 12 months	32,235	31,814
Total other payables	57,882	61,759

3.4 Other Provisions**3.4A: Other provisions**

	Provision for restoration
	\$'000
As at 1 July 2015	600
Change in discount rate	111
Unwinding of discount	17
Total as at 30 June 2016	728
Other provisions expected to be settled	
More than 12 months	728
Total other provisions	728

GA currently has three (2015: 3) agreements for the leasing of premises which have provisions requiring GA to restore the premises to their original condition at the conclusion of the lease. GA has made a provision to reflect the present value of this obligation.

4.1 Appropriations**4.1A: Annual appropriations ('Recoverable GST exclusive')****Annual Appropriations for 2016**

	<i>Appropriation</i>	<i>PGPA Act</i>	Total appropriation	Appropriation applied in 2016 (current and prior years)	Variance ¹
	Annual	Section 74			
	Appropriation	Receipts	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	121,258	39,934	161,192	167,009	(5,817)
Capital Budget ²	4,556	-	4,556	4,556	-
Other services					
Equity Injections	10	-	10	10	-
Total departmental	125,824	39,934	165,758	171,575	(5,817)
Administered					
Ordinary annual services					
Administered items	20	-	20	20	-
Total administered	20	-	20	20	-

1. In 2015-16, the departmental variance was predominantly driven by Section 74 program spending for which receipts were received in previous years.

2. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2015

	<i>Appropriation Act</i>	<i>PGPA Act</i>	Total appropriation	Appropriation applied in 2015 (current and prior years)	Variance ²
	Annual	Section 74			
	Appropriation ¹	Receipts	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	126,805	42,818	169,623	184,104	(14,481)
Capital Budget ³	4,602	-	4,602	6,629	(2,027)
Other services					
Equity Injections	10	-	10	10	-
Total departmental	131,417	42,818	174,235	190,743	(16,508)
Administered					
Ordinary annual services					
Administered items	20	-	20	20	-
Total administered	20	-	20	20	-

1. GA received \$1.829m in supplementation for the 2014-15 financial year through Appropriation Act No. 5.

2. In 2014-15, the departmental variance was predominantly driven by Section 74 program spending for which receipts were received in previous years.

3. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

4.1B: Unspent annual appropriations ('Recoverable GST exclusive')

	2016	2015
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2014-15	-	72,856
Appropriation Act (No. 5) 2014-15	-	1,068
Appropriation Act (No. 1) 2014-15 - Cash	-	2,671
Appropriation Act (No. 1) 2015-16	68,084	-
Appropriation Act (No. 1) 2015-16 - Cash	2,447	-
Total departmental	70,531	76,595

4.2 Cash Flow Reconciliation**4.2A: Cash flow reconciliation**

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	2,447	2,671
Statement of financial position	2,447	2,671
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net(cost of)/contribution by services	(135,490)	(133,601)
Revenue from Government	121,258	126,805
Adjustments for non-cash items		
Depreciation/amortisation	8,525	11,266
Net write down of non-financial assets	8	389
Loss on disposal of assets	114	15
Unwinding of discount	17	23
Resources received free of charge (net)	-	(5,956)
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	5,076	7,442
(Increase)/Decrease in other financial assets	(913)	1,708
(Increase)/Decrease in prepayments	447	309
Liabilities		
Increase/(Decrease) in employee provisions	1,699	1,481
Increase/(Decrease) in suppliers payables	2,866	7,389
Increase/(Decrease) in other payables	(3,985)	(17,963)
Net cash from/(used by) operating activities	(378)	(693)

4.2B: Administered - cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash and cash equivalents as per		
Administered cash flow statement	-	-
Administered schedule of assets and liabilities	-	-
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net(cost of)/contribution by services	(20)	(20)
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	-	-
Liabilities		
Increase/(Decrease) in other payables	-	-
Net cash from/(used by) operating activities	(20)	(20)

People and relationships

This section describes a range of employment and post employment benefits provided to Geoscience Australia's employees and their relationships with other key people.

5.1 Employee Provisions

	2016 \$'000	2015 \$'000
5.1A: Employee provisions		
Leave	26,026	25,936
Separations and redundancies	805	-
Superannuation	804	-
Total employee provisions	27,635	25,936
Employee provisions expected to be settled		
No more than 12 months	8,093	7,808
More than 12 months	19,542	18,128
Total employee provisions	27,635	25,936

Accounting policy

Liabilities for 'short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including GA'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 liability for long service leave has been determined by the short-hand method prescribed by *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* and management assessments relating to salary growth rates. The liabilities for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2016. 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. GA 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

GA's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

GA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. GA 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.

5.2 Senior Management Personnel Remuneration

	2016	2015
	\$'000	\$'000
Short-term employee benefits		
Salary	1,900	1,858
Motor vehicle and other allowances	5	11
Total short-term employee benefits	<u>1,905</u>	<u>1,869</u>
Post-employment benefits		
Superannuation	390	407
Total post-employment benefits	<u>390</u>	<u>407</u>
Other long-term employee benefits		
Annual leave	204	183
Long-service leave	68	59
Total other long-term employee benefits	<u>272</u>	<u>242</u>
Termination benefits		
Early termination benefit	-	93
Total termination benefits	<u>-</u>	<u>93</u>
Total senior executive remuneration expenses	<u>2,567</u>	<u>2,611</u>

Nine senior management personnel are included in the above table for 7 substantive positions (2015:13 personnel, 7 substantive positions).

Managing uncertainties

This section analyses how Geoscience Australia manages financial risks within its operating environment.

6.1 Contingent Assets and Liabilities

There are no contingent assets and liabilities in either current or previous year.

6.2 Financial Instruments

	2016 \$'000	2015 \$'000
6.2A: Categories of Financial Instruments		
Loans and receivables		
Cash and cash equivalents	2,447	2,671
Goods and services receivables (net)	9,401	6,178
Total loans and receivables	11,848	8,849
Total financial assets	11,848	8,849
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	75	151
Unearned revenue	37,704	36,796
Total financial liabilities measured at amortised cost	37,779	36,947
Total financial liabilities	37,779	36,947

Accounting Policy**Financial Assets**

GA classifies its financial assets as '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. Assets held in this category are classified as current assets.

Effective Interest Method

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

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the

present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial assets held at cost - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Financial Liabilities

GA classifies its financial liabilities as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Other Financial Liabilities

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).

6.2B: Fair Value of Financial Instruments

The net fair values of the financial assets and liabilities are at their carrying amounts. GA generally derived no interest income from financial assets, except interest paid by the ATO due to its late BAS refund. The amounts are immaterial.

6.2C: Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The maximum credit risk on financial assets of which GA is exposed is the carrying amount net of any impairment loss as indicated in the balance sheet. Due to the majority of GA's receivables being from Government entities such risk is considered to be low. GA held no collateral to mitigate against credit risk. The maximum exposure to credit risk is equal to the total amount of trade receivables and other receivables \$12,672,000 (2015: \$12,173,000). GA has assessed the risk of the default on payment and had allocated \$2,000 in 2015-16 (2014-15: 24,000) towards an allowance for the impairment of receivables.

6.2 Financial Instruments**6.2D: Liquidity Risk**

GA is appropriated funded from the Australian Government and has policies in place to ensure adequate funds are available to meet payments as they fall due, it is highly unlikely that GA will encounter difficulty in meeting its obligations associated with financial liabilities. GA has sufficient assets to meet its financial liabilities at 30 June 2016.

6.2E: Market Risk**Currency risk**

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. GA was exposed to \$10,000 foreign exchange currency losses in 2016 (2015: \$4,000 gain) primarily through undertaking certain transactions denominated in foreign currency. The currency risk to GA is minimal.

6.3 Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Accounting Policy

Geoscience Australia engaged the service of the Australian Valuation Solutions (AVS) to conduct desktop revaluation of all non-financial assets at 30 June 2016 and has relied upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. AVS has provided written assurance to Geoscience Australia that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

GA's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

6.3A. Fair Value Measurement

	Fair value measurements at the end of the reporting period		Valuation Technique(s) and Inputs Used
	2016 \$'000	2015 \$'000	
Non-financial assets			
Land	1,240	765	Level 3 Market Approach: This approach seeks to estimate the fair value of an asset with reference to recent market transactions involving identical or comparable assets. Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.
Building	365	361	Level 3 Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence. Inputs: Price per square metre of floor area relevant to the location of the asset.

Fair value measurements at the end of the reporting period		
	2016 \$'000	2015 \$'000
	2016 \$'000	2015 \$'000
	2,618	3,296
Leasehold Improvements	2,618	3,296
	1,899	2,129
Infrastructure, Plant and Equipment (1)	1,899	2,129
	23,763	26,395
Infrastructure, Plant and Equipment (2)	23,763	26,395
	2,054	2,165
Heritage and Culture Collection	2,054	2,165
	200	200
Heritage and Culture Collection (CPC Collection)	200	200
	119	-
Work in Progress - Leasehold Improvements	119	-
	661	-
Work in Progress - Infrastructure, Plant & Equipment	661	-
Total fair value measurements of assets in the statement of financial position	32,919	35,311

Fair value measurements at the end of the reporting period

2016
\$'000

2015
\$'000

2,618

3,296

Leasehold Improvements

Valuation Technique(s) and Inputs Used
Level 1, Category (Level 1, 2 or 3)
Level 3 Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence.
Inputs: Current costs per square metre of floor area relevant to the location of the asset. Physical depreciation and obsolescence has been determined based on the term of the associated lease.

Infrastructure, Plant and Equipment (1)

1,899

2,129

Level 2 Market Approach: This approach seeks to estimate the fair value of an asset with reference to recent market transactions involving identical or comparable assets.
Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.

Infrastructure, Plant and Equipment (2)

23,763

26,395

Level 3 Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence.
Inputs: Current costs per square metre of floor area relevant to the location of the asset. Physical depreciation and obsolescence has been determined based on the term of the associated lease.

Heritage and Culture Collection

2,054

2,165

Level 2 Market Approach: This approach seeks to estimate the fair value of an asset with reference to recent market transactions involving identical or comparable assets.
Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.

Heritage and Culture Collection (CPC Collection)

200

200

Level 2 Market Approach: This approach seeks to estimate the fair value of an asset with reference to recent market transactions involving identical or comparable assets.
Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.

Work in Progress - Leasehold Improvements

119

-

Level 2 Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility without adjustment
Inputs: Current prices for substitute assets.

Work in Progress - Infrastructure, Plant & Equipment

661

-

Level 2 Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility without adjustment
Inputs: Current prices for substitute assets.

Total fair value measurements of assets in the statement of financial position

32,919

35,311

6.3 Fair Value Measurement

6.3B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-financial assets						Total
	Land & Buildings		Leasehold improvements		Other property, plant & equipment		
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	
As at 1 July	1,126	1,144	3,296	3,888	26,395	22,578	30,817
Total gains/(losses) recognised in net cost of services ¹	(18)	(18)	(612)	(598)	(5,054)	(6,577)	(7,193)
Total gains/(losses) recognised in other comprehensive income ²	497	-	(481)	-	-	(59)	16
Purchases	-	-	415	6	2,478	10,933	2,893
Settlements	-	-	-	-	(315)	-	(315)
Other movements	-	-	-	-	-	(480)	(480)
Transfers into Level 3 ³	-	-	-	-	538	-	538
Transfers out of Level 3 ⁴	-	-	-	-	(279)	-	(279)
Total as at 30 June	1,605	1,126	2,618	3,296	23,763	26,395	27,987
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period	-	-	-	-	-	-	-

1. These gains/ (losses) are presented in the Statement of Comprehensive Income under Depreciation and amortisation and Write Down and impairment of assets.

2. These gains/ (losses) are presented in the Statement of Comprehensive Income under Other Changes in Asset Revaluation Reserves.

3. For the period ending 30 June 2016, AVS identified 82 assets in Observatories and Antennas and Plant and Equipment without market evidence. Fair value measurements for these assets are to be moved from Level 2 into Level 3.

4. For the period ending 30 June 2016, market evidence were identified for 16 assets within the Computer Equipment and Plant and Equipment asset classes, leading to a move of fair value measurements from Level 3 into Level 2. These assets had previously been valued on the basis of no available market evidence and considered level 3 measurements.

Other information

7.1 Cooperative Research Centres (CRCs)

7.1A: Cooperative Research Centres (CRCs)

All CRCs have been classified as joint operations as their purpose is for the pursuit of collaborative scientific research where participants share in the scientific outcomes and outputs of the CRCs.

GA's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was \$4.077 million for the year (2015: \$2.481 million). Contributions made by GA are expensed as incurred and these are included in the Statement of Comprehensive Income.

No contingent liabilities were reported by the CRC's in which GA is a participant.

GA is a participant in the following CRCs as at 30 June 2016:

Name of the CRC	Expected Termination Date¹
CRC Spatial Information	30/06/2018
Bushfire and Natural Hazards CRC	30/06/2017
CO2CRC	30/06/2017
National Environment Research Program	30/06/2021

¹ Expected termination date for GA participation.