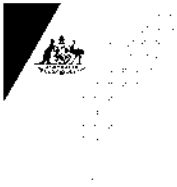


Financial Statements

**INDEPENDENT AUDIT REPORT**

To the President of the Senate and the Speaker of the House of Representatives

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Parliament of Australia for the year ended 30 June 2006. The Department of Parliamentary Services' Chief Executive is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial 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 statements in the Department of Parliamentary Services' annual report.

Scope***The financial statements and Chief Executive's responsibility***

The financial statements comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements.

of the Department of Parliamentary Services for the year ended 30 June 2006.

The Department of Parliamentary Services' Chief Executive is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Parliamentary Services, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards, other mandatory financial reporting requirements in Australia. The Department's Chief Executive is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective

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Financial statements

testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department of Parliamentary Services' financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Chief Executive.

Independence

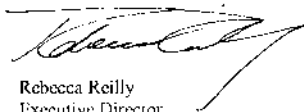
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Parliamentary Services:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department of Parliamentary Services' financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



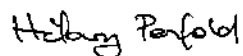
Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
23 August 2006

**DEPARTMENT OF PARLIAMENTARY SERVICES
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Hilary Penfold QC
Secretary

23 August 2006



Judith Konig FCPA
Chief Finance Officer

23 August 2006

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****INCOME STATEMENT***for the year ended 30 June 2006*

	Notes	2006 \$'000	2005 \$'000
INCOME			
Revenue			
Revenues from Government	3A	112,850	112,731
Goods and services	3B	6,515	6,734
Other revenues		113	500
Total Revenue		119,478	119,965
Gains			
Other gains	3C	144	145
TOTAL INCOME		119,622	120,110
EXPENSES			
Employees	4A	58,255	56,692
Suppliers	4B	42,305	42,060
Depreciation and amortisation	4C	17,830	19,109
Finance costs	4D	14	37
Write-down and impairment of assets	4E	-	1,323
Net loss from disposal of assets	4F	279	160
TOTAL EXPENSES		118,683	119,381
Operating result before income tax		939	729
Income tax equivalent expense		-	-
OPERATING RESULT		939	729

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

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****BALANCE SHEET***as at 30 June 2006*

	Notes	2006 \$'000	2005 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	1,087	318
Receivables	5B	46,881	37,572
Total Financial Assets		47,968	37,890
Non-Financial Assets			
Infrastructure, plant and equipment	6A,B	46,777	55,596
Intangibles	6C	10,746	11,656
Inventories	6D	209	204
Other non-financial assets	6E	993	1,125
Total Non-Financial assets		58,725	68,581
TOTAL ASSETS		106,693	106,471
LIABILITIES			
Payables			
Suppliers	7A	2,792	3,576
Other payables	7B	198	797
Total Payables		2,990	4,373
Interest Bearing Liabilities			
Leases	8	55	363
Total Interest Bearing Liabilities		55	363
Provisions			
Employee provisions	9	16,781	16,597
Total Provisions		16,781	16,597
TOTAL LIABILITIES		19,826	21,333
NET ASSETS		86,867	85,138
EQUITY			
Contributed equity		85,507	85,031
Reserves		1,347	1,033
Retained surpluses (accumulated deficits)		13	(926)
TOTAL EQUITY		86,867	85,138
Current assets		49,170	39,219
Non-current assets		57,523	67,252
Current liabilities		17,841	19,668
Non-current liabilities		1,985	1,665

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

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****STATEMENT OF CASH FLOWS***for the year ended 30 June 2006*

	Notes	2006 \$'000	2005 \$'000
OPERATING ACTIVITIES			
Cash Received			
Goods and services		6,051	9,449
Appropriations		103,861	100,925
Net GST received from ATO		4,532	3,853
Total Cash Received		114,444	114,227
Cash Used			
Employees		58,072	58,218
Suppliers		47,706	48,749
Financing costs		14	37
Total Cash Used		105,792	107,004
Net Cash from or (used by) Operating Activities	11	8,652	7,223
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sales of property, plant and equipment		34	45
Total Cash Received		34	45
Cash Used			
Purchase of property, plant and equipment		4,504	7,779
Purchase of intangibles		3,413	2,872
Total Cash Used		7,917	10,651
Net Cash from or (used by) Investing Activities		(7,883)	(10,606)
FINANCING ACTIVITIES			
Cash Received			
Capital injections		310	-
Total Cash Received		310	Nil
Cash Used			
Purchase of property, plant and equipment		310	-
		310	Nil
Net Cash from or (used by) Financing Activities		Nil	Nil
Net Increase or (Decrease) in cash held		769	(3,383)
Cash at the beginning of the reporting period		318	3,701
Cash at the End of the Reporting Period	5A	1,087	318

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

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****SCHEDULE OF COMMITMENTS**

as at 30 June 2006

BY TYPE	2006 \$'000	2005 \$'000
Capital Commitments		
Infrastructure, Plant and Equipment ¹	898	2,261
Total Capital Commitments	898	2,261
Other Commitments		
Operating leases ²	1,365	2,423
Other ³	14,801	15,879
Total Other Commitments	16,166	18,302
Commitments Receivable	(781)	(2,273)
Net Commitments by Type	16,283	18,290
BY MATURITY		
Capital Commitments		
One year or less	898	2,261
From one to five years	-	-
Over five years	-	-
Total Capital Commitments	898	2,261
Operating Lease Commitments		
One year or less	1,162	1,165
From one to five years	203	1,258
Over five years	-	-
Total Operating Lease Commitments	1,365	2,423
Other Commitments		
One year or less	6,922	6,460
From one to five years	7,879	9,419
Over five years	-	-
Total Other Commitments	14,801	15,879
Commitments Receivable	(781)	(2,273)
Net Commitments by Maturity	16,283	18,290

NB : Commitments are GST inclusive where relevant.

- 1 Infrastructure, plant and equipment commitments are primarily for purchase of equipment and services for IT system assets and furniture and fittings.
- 2 Operating leases included are effectively non-cancellable and comprise agreements for the provision of motor vehicles, office accommodation and storage facilities.

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Motor vehicles	Lease periods vary from 18 to 60 months, depending on the type of vehicle leased. Ownership never passes to DPS. There are no renewal or purchase options at the end of the leases.
Office accommodation	Relates to office space at the West Block annexe to Old Parliament House. The lease agreement is for a period of ten years, ending in June 2007. Lease payments are subject to annual increases linked to CPI.
Storage facilities	Relates to warehouse space at Queanbeyan. The lease agreement is for a period of 5 years, ending in January 2008. Lease payments are subject to annual increases linked to CPI movements.

- 3 Other commitments are comprised of long term contracts in force as at 30 June 2006, where total consideration is greater than \$100,000, and outstanding purchase orders at 30 June 2006, where the goods and services were ordered but not received by 30 June 2006

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

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****SCHEDULE OF CONTINGENCIES**

as at 30 June 2006

Contingent liabilities	Guarantees		Claims for damages/ costs		Total	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	17	-	17
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	(15)	-	(15)
Obligations expired	-	-	-	(2)	-	(2)
Total Contingent Liabilities	-	-	-	-	-	-

Contingent assets	Guarantees		Claims for damages/ costs		Total	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total Contingent Assets	-	-	-	-	-	-

Net Contingencies					-	-
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Details of each class of contingent liabilities and assets, including any that are not included above because they cannot be quantified or are considered remote, are disclosed in Note 12: Contingent Liabilities and Assets

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

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES
SCHEDULE OF ADMINISTERED ITEMS**

	Notes	2006 \$'000	2005 \$'000
Income Administered on Behalf of Government <i>for the year ended 30 June 2006</i>			
Revenue			
Other	17	3	373
Total Revenues Administered on Behalf of Government		3	373
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2006</i>			
Depreciation and amortisation	18	41,036	39,853
Write-down of assets	18	4,106	22,746
Value of assets sold	18	19	56
Total Expenses Administered on Behalf of Government		45,161	62,655
Assets Administered on Behalf of Government <i>as at 30 June 2006</i>			
Financial Assets			
Receivables	19	81	467
Total Financial Assets		81	467
Non-Financial Assets			
Land and Buildings	19	1,641,182	1,293,517
Property, Plant and Equipment	19	28,159	29,439
Heritage and Cultural Assets	19	58,624	62,133
Total Non-Financial Assets		1,727,965	1,385,089
Total Assets Administered on Behalf of Government		1,728,046	1,385,556
Liabilities Administered on Behalf of Government <i>as at 30 June 2006</i>			
Payables			
Suppliers	20	107	520
Total Liabilities Administered on Behalf of Government		107	520
Net Assets Administered on Behalf of Government	21	1,727,939	1,385,036
Current Assets		81	467
Non-current Assets		1,727,965	1,385,089
Current Liabilities		107	520
Non-current Liabilities		-	-

This schedule should be read in conjunction with the accompanying notes.

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)**

	Notes	2006 \$'000	2005 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2006</i>			
Operating Activities			
Cash Received			
GST received from ATO		<u>1,338</u>	1,521
Total Cash Received		<u>1,338</u>	1,521
Cash Used			
GST paid to Suppliers		<u>(950)</u>	(1,768)
Total Cash Used		<u>(950)</u>	(1,768)
Net Cash From / (Used In) Operating Activities		<u>388</u>	(247)
Investing Activities			
Cash Received			
Proceeds from sales of property, plant and equipment	17	<u>1</u>	1
Total Cash Received		<u>1</u>	1
Cash Used			
Purchase of property, plant and equipment		<u>(9,571)</u>	(17,682)
Total Cash Used		<u>(9,571)</u>	(17,682)
Net Cash From / (Used In) Investing Activities		<u>(9,570)</u>	(17,681)
Net Increase (Decrease) in Cash Held		(9,182)	(17,928)
Cash at the beginning of the reporting period		-	-
Cash from Official Public Account for:			
- Appropriations		9,571	17,888
- GST Annotations Appropriation under S 30A		950	1,768
		<u>10,521</u>	19,656
Cash to Official Public Account for:			
- GST returned		(1,338)	(1,521)
- Other		(1)	(207)
		<u>(1,339)</u>	(1,728)
Cash at End of Reporting Period	19	<u>-</u>	-

This schedule should be read in conjunction with the accompanying notes.

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)**

	Notes	2006 \$'000	2005 \$'000
Administered Commitments			
<i>as at 30 June 2006</i>			
BY TYPE			
Capital Commitments			
Infrastructure, plant and equipment		3,792	16,102
Total Capital Commitments		<u>3,792</u>	<u>16,102</u>
Commitments Receivable		<u>(345)</u>	<u>(1,464)</u>
Net Commitments by Type		<u>3,447</u>	<u>14,638</u>
BY MATURITY			
Capital Commitments			
One year or less		3,447	14,638
From one to five years		-	-
Over five years		-	-
Net Commitments by Maturity		<u>3,447</u>	<u>14,638</u>

NB : Commitments are GST inclusive where relevant.

Administered Contingencies

as at 30 June 2006

There were no contingencies or remote or unquantifiable contingencies at balance date.

Statement of Activities Administered on behalf of Government

The major administered activities of the Department of Parliamentary Services are directed towards achieving the outcome described in Note 1 to the Financial Statements. Details of planned activities can be found in the Agency Portfolio Budget Statements for 2005-06, which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2006

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Financial statements

Notes to and forming part of the Financial Statements

Note 1 Summary of Significant Accounting Policies

1.1 Objectives of the Department of Parliamentary Services (DPS)

The objective of DPS is to serve the Australian people by supporting the Parliament and caring for Parliament House.

DPS is structured to meet one outcome. This outcome is:

Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public.

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

The department's outcome is measured by the following outputs:

OUTPUT 1 - Information and Research Services

An effective knowledge centre for the Parliament through the provision of information, analysis and advice.

- 1.1 Information, analysis and advice services to meet clients' needs.
- 1.2 Access to collection sources for the use of Parliament.

OUTPUT 2 - Client and Technical Services

Provision of client support, broadcasting, Hansard, and information and communication technology services.

- 2.1 Client support, broadcasting and Hansard services.
- 2.2 Information and communication technology and broadcasting support.

OUTPUT 3 - Building and Occupant Services

An efficiently functioning, safe and secure environment for Senators, Members, other building occupants and visitors.

- 3.1 Occupant services.
- 3.2 Visitor services.
- 3.3 Asset management services.

The Administered activity is identified as one item:

WORKS PROGRAM—Preservation of the heritage value of Parliament House and surrounds.

Notes to and forming part of the Financial Statements*1.2 Basis of Preparation of the Financial Statements*

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or **FMOs**, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 01 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) that apply for the accounting period; and
- Interpretations issued by the AASB and the Urgent Issues Group that apply for the reporting period.

This is the first financial report prepared under Australian Equivalents to International Financial Reporting Standards (**AEIFRS**). The impacts of adopting AEIFRS are disclosed in Note 2.

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

The financial report is presented in Australian dollars, and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an Accounting Standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements that are equally proportionately unperformed, are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

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

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Agency items, except where otherwise stated at Note 1.24.

1.3 Significant Accounting Judgements and Estimates

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

Financial statements

Notes to and forming part of the Financial Statements

- The fair value of land and buildings has been taken to be the market value subject to restricted use clause as determined by an independent valuer. Parliament House is purpose built and may in fact realise more or less in the market.

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

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include AEIFRS.

Australian Accounting Standards require DPS to disclose, for those standards that have been issued but are not yet effective, the standards that have not been applied.

The AASB has issued amendments to existing standards; these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates the standards and amendments that will become effective for DPS in the future. The nature of the impending change within the table, has been of necessity, abbreviated and users should consult the full version available on the AASB's website (www.aasb.com.au) to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on DPS's initial assessment at this date, but may change. DPS intends to adopt all of the standards upon their application date.

Financial statements**Notes to and forming part of the Financial Statements**1.4 *Statement of Compliance (continued)*

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss, and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from those currently required in AASB 132.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown

Financial statements

Notes to and forming part of the Financial Statements

1.5 Revenue

Revenues from Government

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

Other Revenue

Revenue from the sale of goods is recognised when:

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

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

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

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

1.6 Gains

Resources Received Free of Charge

Services 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Other Gains

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

Notes to and forming part of the Financial Statements

*1.7 Transactions with the Government as Owner***Equity injections**

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

Restructuring of Administrative Arrangements

Net assets received or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless they are in the nature of a dividend.

1.8 Employee Benefits

As required by the FMOs, DPS has early-adopted AASB 119 Employee Benefits as issued in December 2004.

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

Liabilities for "short-term employee benefits" (as defined in AASB 119) and termination benefits due within 12 months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date (2004-05 LSL only).

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration, including DPS'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 was calculated using the shorthand method provided by the Australian Government Actuary. In determining the present value of the liability, DPS has taken into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy payments in circumstances where DPS has made an offer of Voluntary Redundancy

Financial statements

Notes to and forming part of the Financial Statements

which has been accepted by a staff member and a reliable estimate of the total amount of the payment can be determined.

Superannuation

DPS staff are members of the Commonwealth Superannuation Scheme (**CSS**), the Public Sector Superannuation Scheme (**PSS**) or the PSS accumulation plan (**PSSap**).

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

DPS makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of DPS's employees.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay accrual of the reporting period, plus the anticipated superannuation contributions when staff take recreation and long service leave.

1.9 Leases

A distinction is made between:

- finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets; and
- operating leases, under which the lessor effectively retains substantially all such risks and benefits.

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

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

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

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and the balances of DPS's bank accounts. Cash is recognised at its nominal amount.

Notes to and forming part of the Financial Statements

1.12 Financial Risk Management

DPS's activities expose it to normal commercial financial risk. As a result of the nature of DPS's business, and internal and Australian Government policies dealing with the management of financial risk, DPS's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 De-recognition of Financial Assets and Liabilities

As prescribed in the FMOs, DPS has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are de-recognised when the obligation under the contract is discharged or cancelled or expires.

For the comparative year (2004-05), financial assets were de-recognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.14 Impairment of Financial Assets

As prescribed in the FMOs, DPS has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

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 profit and loss.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to profit and loss.

Financial statements

Notes to and forming part of the Financial Statements

Comparative Year

The above policies were not applied for the comparative year. For that year, receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost, which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the asset's carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.15 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).

1.16 Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Balance Sheet but are disclosed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which the probability of settlement is greater than remote. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset would be recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.17 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring 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 agency's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total, or add to system assets).

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.

Financial statements**Notes to and forming part of the Financial Statements****Definition of Assets**

In these statements, except for office equipment, technical equipment and furniture which are recorded as individual items, a reportable asset is a functional system in which component parts do not retain a separate identity and are not expected to be used by the department after the asset is disposed of.

All non-current depreciable assets are recognised in the financial statements if they belong to a class of assets which is represented by:

- complete functional systems valued at cost or independent valuation;
- work in progress valued at cost; or
- individual items at cost of acquisition or valuation of at least \$2,000.

The department identifies and records all assets individually for fraud control and management purposes.

All monographs added to the Library Collection are capitalised regardless of their individual value as they are regarded as part of a group of similar items significant in total.

Revaluations*Basis*

Land, buildings, plant and equipment and heritage and cultural assets are carried at valuation, being revalued with sufficient frequency that the carrying amount of each asset class is not materially different, at reporting date, from its fair value. Valuations undertaken in each year are as at 30 June.

Fair values for each class of asset were determined as shown below.

Asset class	Fair value measured at:
Land	Market selling price subject to restricted use clause.
Buildings	Current replacement cost.
Information Technology Assets	Market selling price or depreciated replacement cost
Communication Assets	Market selling price or depreciated replacement cost
Monitoring Assets	Market selling price or depreciated replacement cost
Furniture and Equipment	Market selling price or depreciated replacement cost
Library Collection	Market selling price or depreciated replacement cost
Security Infrastructure	Depreciated replacement cost
Heritage and Cultural Assets	Current market selling price

Assets which are surplus to requirements are valued at their net realisable value.

Financial statements

Notes to and forming part of the Financial Statements

Conduct

All formal valuations are conducted by an independent qualified valuer. Assets capitalised under finance leases have not been revalued and are accounted for under Australian Accounting Standard AASB 17 Accounting for Leases.

Work-in-progress

If, at 30 June 2006, an asset is not fully constructed, the expenditure will be disclosed separately as "work in progress". Depreciation will not be set until the project has been completed to a stage where it can provide a service to the department.

Depreciation and Amortisation

An asset is depreciated from the time it is first put into or held ready for use. When an asset is a complex structure made up of interdependent substructures which require installation at successive stages, it is considered as being ready for use only after installation has been completed to a stage where it can provide a service to the department.

All depreciable non-current assets are written off to their estimated residual values over their estimated useful life to DPS. Depreciation is calculated using either the straight-line which is consistent with the pattern of usage or the diminishing value method which is consistent with the market selling price.

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. Residual values are re-estimated when assets are revalued.

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

	2006	2005
Building	20 to 200 years	20 to 200 years
Heritage and Cultural	Not depreciated	Not depreciated
IT Assets	2 to 20 years	2 to 20 years
Communication Assets	4 to 25 years	4 to 25 years
Monitoring Assets	3 to 20 years	3 to 20 years
Furniture and Equipment	2 to 50 years	2 to 50 years
Library Collection	3 to 30 years	3 to 30 years
Security Infrastructure	3 to 25 years	3 to 25 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Notes 4C and 18.

Impairment

All assets were assessed for impairment at 30 June 2006. 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 to sell* and its *value in use*. *Value in use* is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate

Notes to and forming part of the Financial Statements

future cash flows, and the asset would be replaced if DPS were deprived of the asset, its *value in use* is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.19 Intangibles

Intangibles comprise internally developed software for internal use and capital works-in-progress. These assets are carried at cost, and are assessed for indications of impairment.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is between 3 to 10 years (2004-05: 3 to 10 years). Capital works-in-progress are not depreciated.

1.20 Inventories

The Parliament Shop inventories are held for resale and are valued at the lower of cost or net realisable value. Costs are assigned to stock on a first-in-first-out basis.

1.21 Taxation

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

Revenues, expenses and assets are recognised net of GST:

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

1.22 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at reporting date. Associated currency gains and losses are not material.

1.23 Insurance

DPS has insured for risks through the Government's insurable risk-managed fund *Comcover*. Worker's compensation is insured through Comcare Australia.

1.24 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes. Except where otherwise stated below, administered items are reported on the same bases and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Administered appropriations received or receivable from the Official Public Account (**OPA**) are not reported as administered revenues and assets respectively. Similarly, administered receipts transferred or transferable to the OPA are not reported as administered expenses or payables. These transactions and balances are internal to the Administered entity.

These transfers of cash are reported as administered (operating) cash flows and in the administered reconciliation table in Note 21.

Financial statements**Notes to and forming part of the Financial Statements**

	2005	2004
	\$'000	\$'000
Note 2 The Impact of the Transition to AEIFRS from Previous AGAAP		
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Total equity under previous AGAAP	85,059	56,565
Adjustments to retained earnings	79	119
Adjustments to other reserves	<u>-</u>	<u>-</u>
Total Equity translated to AEIFRS	<u>85,138</u>	<u>56,684</u>
Reconciliation of profit or loss as presented under previous AGAAP to that under AEIFRS		
Prior year loss as previously reported	(1,005)	
Adjustments:		
Employee (refer Note 1.8)	<u>79</u>	
Prior year loss translated to AEIFRS	<u>(926)</u>	
The impact of the transition to AEIFRS from previous AGAAP (Administered)		
Reconciliation of net assets administered on behalf of Government under previous AGAAP to that under AEIFRS		
Net assets administered on behalf of Government under previous AGAAP	<u>1,385,036</u>	<u>1,429,973</u>
Net assets administered on behalf of Government translated to AEIFRS	<u>1,385,036</u>	<u>1,429,973</u>
Reconciliation of expenses administered on behalf of Government under previous AGAAP to that under AEIFRS		
Prior year expenses administered on behalf of Government previously reported	<u>62,655</u>	
Prior year expenses administered on behalf of Government translated to AEIFRS	<u>62,655</u>	

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 3 Income		
Revenues		
<u>Note 3A Revenues from Government</u>		
Appropriations for outputs	112,850	112,731
Total revenues from government	112,850	112,731
<u>Note 3B Goods and Services</u>		
Goods	1,307	1,313
Services	5,208	5,421
Total sales of goods and services	6,515	6,734
Provision of goods to:		
Related entities	4	4
External entities	1,303	1,309
Total sales of goods	1,307	1,313
Rendering of services to:		
Related entities	4,413	4,635
External entities	795	786
Total rendering of services	5,208	5,421
Gains		
<u>Note 3C Other Gains</u>		
Resources received free of charge	143	145
Other	1	-
Total other gains	144	145

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 4 Operating Expenses		
<u>Note 4A Employee Expenses</u>		
Wages and salary	44,507	42,869
Superannuation	7,295	8,138
Leave and other entitlements	5,475	5,647
Separation and redundancies	978	38
Total employee expense	58,255	56,692
<u>Note 4B Suppliers</u>		
Provision of goods - related entities	4	9
Provision of goods - external entities	4,933	4,233
Rendering of services - related entities	16,256	17,102
Rendering of services - external entities	18,983	18,581
Operating lease rentals *	1,105	1,239
Workers' compensation premiums	1,024	896
Total supplier expenses	42,305	42,060
* These comprise the minimum lease payments only.		
<u>Note 4C Depreciation and Amortisation</u>		
Depreciation of property, plant and equipment	13,529	14,584
Amortisation of intangibles-Computer software	4,301	4,525
Total depreciation and amortisation	17,830	19,109
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Information technology assets	2,063	3,725
Communication assets	4,010	4,078
Monitoring assets	131	165
Furniture and equipment	1,122	1,134
Library collection	847	907
Security infrastructure	5,356	4,575
Intangibles-Computer software	4,301	4,525
Total depreciation and amortisation	17,830	19,109
<u>Note 4D Finance Costs</u>		
Leases	14	37
Total Finance costs expense	14	37

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 4E Write Down and impairment of Assets		
Plant and equipment revaluation decrement	-	1,204
Plant and equipment write down	-	33
Intangibles-Computer software write down	-	86
Total write-down of assets	Nil	1,323
Note 4F Net Loss from Sale of Assets		
Plant and equipment		
Proceeds from disposal	(34)	(45)
Net book value of assets disposed	313	205
Net loss from disposal of assets	279	160
Note 5 Financial Assets		
Note 5A Cash and cash equivalents		
Cash on hand	4	6
Cash at bank	1,083	312
Total cash and cash equivalents	1,087	318
Note 5B Receivables		
Goods and services	1,518	916
Less: Allowance for doubtful debts	(10)	(10)
	1,508	906
GST receivable from the Australian Taxation Office (net)	508	955
Appropriations receivable	44,865	35,711
Total receivables (net)	46,881	37,572
All receivables are current assets.		
Receivables (gross) are aged as follows:		
Current	46,448	36,878
Overdue by:		
less than 30 days	51	538
30 days to 60 days	4	166
60 days to 90 days	2	-
more than 90 days	386	-
Total receivables (gross)	46,891	37,582
The allowance for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
30 days to 60 days	-	(10)
more than 90 days	(10)	-
Total allowance for doubtful debts	(10)	(10)

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 6 Non-Financial Assets		
<u>Note 6A—Property, plant and equipment</u>		
Information Technology Assets		
At fair value	22,413	22,753
Accumulated depreciation	(16,117)	(15,637)
Total Information Technology Assets	6,296	7,116
Communication Assets		
At fair value	73,138	70,843
Accumulated depreciation	(55,705)	(51,695)
Total Communication Assets	17,433	19,148
Monitoring Assets		
At fair value	3,674	3,538
Accumulated depreciation	(3,044)	(2,936)
Total Monitoring Assets	630	602
Furniture and Equipment		
At fair value	9,123	8,942
Accumulated depreciation	(6,703)	(5,751)
Total Furniture and Equipment	2,420	3,191
Library Collection		
At fair value	7,360	6,450
Accumulated depreciation	(2,430)	(1,406)
Total Library Collection	4,930	5,044
Security Infrastructure		
At fair value	64,799	64,870
Accumulated depreciation	(49,731)	(44,375)
Total Security Infrastructure	15,068	20,495
Total Property, Plant and Equipment (non-current)	46,777	55,596

Plant and equipment under finance leases is subject to revaluation. The carrying amount is included in the valuation figures above and is separately disclosed in Table B below. All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.18. In 2005-06, the formal revaluation was conducted by an independent valuer, K Adams AAPI, Certified Practising Valuer, Australian Valuation Office.

Revaluation increment of \$313,285 for Library Collection (2005 increment: \$1,032,782 for Security Assets) was made to the Asset Revaluation Reserve. There was no revaluation decrement (2005 decrement: \$1,203,675 for System Assets and Furniture and Equipment was expensed).

Financial statements**Notes to and forming part of the Financial Statements**

Note 6B Analysis of Property, Plant and Equipment

TABLE A—Reconciliation of the opening and closing balances of property, plant and equipment (including Library Collection)

Item	Property, Plant and Equipment \$'000
As at 1 July 2005	
Gross book value	177,394
Accumulated depreciation/amortisation	(121,798)
<i>Opening Net book value</i>	55,596
Additions	
By purchase	4,686
Net revaluation increment/(decrement)	
Write down	-
Depreciation	(13,529)
Disposals:	
Value of assets sold	(290)
Other transfers	-
As at 30 June 2006	
Gross book value	180,506
Accumulated Depreciation	(133,729)
Closing Net book value	46,777

Financial statements

Notes to and forming part of the Financial Statements

Note 6B (continued) Analysis of Property, Plant and Equipment

TABLE B — Property, plant and equipment held under finance lease

Item	Property, Plant and Equipment \$'000
As at 30 June 2006	
Gross Value	860
Accumulated depreciation/amortisation	(809)
Net book value	51
As at 30 June 2005	
Gross Value	860
Accumulated depreciation/amortisation	(516)
Net book value	344

TABLE C — Property, plant and equipment under construction

Item	Property, Plant and Equipment \$'000
Carrying amount as at 30 June 2006	3,105
Carrying amount as at 30 June 2005	4,582

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
<u>Note 6C Intangible Assets</u>		
Computer software		
—Internally developed—in progress	1,935	2,959
—Internally developed—in use	26,232	21,842
Accumulated amortisation	(17,421)	(13,145)
Total intangibles (non-current)	10,746	11,656

TABLE A - Reconciliation of the opening and closing balances of intangibles

Item	Computer Software \$'000
As at 1 July 2005	
Gross book value	24,801
Accumulated amortisation	(13,145)
Net book value	11,656
Additions	3,413
Amortisation expense	(4,301)
Write downs	-
Disposals	(23)
As at 30 June 2006	
Gross book value	28,167
Accumulated amortisation	(17,421)
Closing Net book value	10,746

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
<u>Note 6D Inventories</u>		
Inventories held for sale—The Parliament Shop	209	204
Total inventories	209	204

All departmental inventories are current assets.

	2006	2005
<u>Note 6E Other Non-Financial Assets</u>		
Prepayments	993	1,100
Other	-	25
Total other non-financial assets	993	1,125

All other non-financial assets are current assets.

Note 7 PayablesNote 7A Suppliers

Trade creditors	2,792	3,576
Total Supplier Payables	2,792	3,576

Supplier Payables are all current liabilities.

Note 7B Other Payables

Revenue received in advance	198	797
Total Other Payables	198	797

Other payables are represented by:

Current	155	618
Non-current	43	179

Note 8 Interest Bearing Liabilities

Finance lease commitments payable:

Within one year

Minimum lease payments	56	320
Deduct: future finance charges	(1)	(14)
	55	306

In one to five years

Minimum lease payments	-	58
Deduct: future finance charges	-	(1)
	-	57

Finance lease recognised in balance sheet

	55	363
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Rental contracts for the hire of computer equipment, peripherals and other equipment have been treated as finance leases. The hire contracts are effectively non-cancellable. While ownership will never pass to DPS, all the risks and benefits of ownership do pass to DPS for the duration of the rental period. The agreement periods ranged from three to five years. There are no contingent rentals.

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 9		
Provisions		
<u>Employee provisions</u>		
Salaries and wages	580	309
Leave and other entitlements	14,974	14,726
Superannuation	1,081	1,562
Separations and redundancies	146	-
Total employee provisions	16,781	16,597
 Provisions are represented by:		
Current	14,839	14,932
Non-current	1,942	1,665
Total employee provisions	16,781	16,597

Note 10 **Restructuring**Departmental restructuring

Effective from 1 July 2004 the funding and assets associated with the security function of Parliament House were formally transferred from the Department of the Senate and the Department of the House of Representatives to the Department of Parliamentary Services.

There were no net assets received or relinquished to another Commonwealth agency or authority under a restructure of administrative arrangements in 2005-06.

In respect of functions assumed, the net book values of assets and liabilities transferred to DPS, for no consideration, and recognised at the date of transfer were:

Total assets recognised	-	26,693
Total liabilities recognised	-	-
Net assets assumed	Nil	26,693

Financial statements**Notes to and forming part of the Financial Statements****Note 11 Cash Flow Reconciliation**

	2006	2005
	\$'000	\$'000
Reconciliation of cash as per Income Statement to Statement of Cash Flows		
Cash at year end as per Statement of Cash Flows	1,087	318
Balance Sheet items comprising above cash: "Financial Asset—Cash"	1,087	318
Reconciliation of operating result to net cash from operating activities:		
Operating result	939	769
Depreciation/amortisation	17,830	19,109
Net write down of non-financial assets	-	1,323
(Gain) / Loss on disposal of assets	279	160
(Increase) / decrease in net receivables	(9,556)	(10,332)
(Increase) / decrease in inventories	(5)	(14)
(Increase) / decrease in prepayments	151	(395)
(Increase) / decrease in GST receivable	442	(696)
Increase / (decrease) in employee provisions	182	(1,566)
Increase / (decrease) in other provisions and payables	(1,610)	(1,135)
Net cash from / (used by) operating activities	8,652	7,223

Note 12 Contingent Liabilities and Assets*Quantifiable Contingencies*

As at 30 June 2006 DPS had no quantifiable contingencies.

Unquantifiable Contingencies

As at 30 June 2006 DPS had no unquantifiable contingencies.

Remote Contingencies

As at 30 June 2006 DPS had no remote contingencies.

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
Note 13 Executive Remuneration		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	-	1
\$145,000 to \$159,999	1	2
\$160,000 to \$174,999	3	-
\$175,000 to \$189,999	4	3
\$220,000 to \$234,999	1	-
\$280,000 to \$294,999	1	1
Total	10	7

The aggregate amount of total remuneration of executives shown above.

\$1,902,852	\$1,253,676
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The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.

\$150,743	Nil
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Note 14 Remuneration of Auditors

Financial statement audit services are provided free of charge to DPS.

The fair value of services provided was:

\$118,000	\$105,000
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No other services were provided by the Auditor-General.

Note 15 Average Staffing Levels

The average staffing levels for DPS during the year were

767	864
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Financial statements

Notes to and forming part of the Financial Statements

Note 16 Financial Instruments

Note 16A Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		Interest Rate		1 Year or Less		1 to 5 Years		> 5 Years		Interest Bearing		Total		Effective Interest Rate		
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets																
Cash on Hand	5A	-	-	-	-	-	-	-	-	4	6	4	6	N/A	N/A	N/A
Cash at Bank	5A	-	-	-	-	-	-	-	-	1,083	312	1,083	312	N/A	N/A	N/A
Receivables for goods and services (gross)	5B	-	-	-	-	-	-	-	-	1,518	916	1,518	916	N/A	N/A	N/A
Total		-	-	-	-	-	-	-	-	2,605	1,234	2,605	1,234			
Total Assets										106,693	106,471					
Financial Liabilities																
Finance lease liabilities	8	-	55	363	-	-	-	-	-	-	-	55	363	6.57	6.57	6.57
Trade creditors		-	-	-	-	-	-	-	-	248	108	248	108	N/A	N/A	N/A
Total		-	55	363	-	-	-	-	-	248	108	303	471			
Total Liabilities										18,687	21,333					

Financial statements**Notes to and forming part of the Financial Statements****Note 16 Financial Instruments (continued)****Note 16B Net Fair Values of Financial Assets and Liabilities**

Departmental		2006		2005	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets					
Cash on hand	5A	4	4	6	6
Cash at bank	5A	1,083	1,083	312	312
Receivables for goods and services(net)	5B	1,508	1,508	906	906
Total Financial Assets		2,595	2,595	1,224	1,224
Financial Liabilities (Recognised)					
Finance lease liability	8	55	55	363	363
Trade creditors		248	248	108	108
Total Financial Liabilities (Recognised)		303	303	471	471

Note 16C Credit Risk Exposures

DPS's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

DPS has no significant exposures to any concentrations of credit risk.

This note also applies to DPS's administered financial instruments and is therefore not produced at Note 22.

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 17 Income Administered on Behalf of Government		
Heritage and cultural assets donated to the Parliament of Australia	2	372
Proceeds on sale of assets	1	1
Total Income Administered on Behalf of Government	3	373

Note 18 Expenses Administered on Behalf of Government		
Depreciation		
Buildings	38,589	37,543
Other Property, Plant and Equipment	2,447	2,310
Total Depreciation	41,036	39,853
Value of Assets Written-down		
Artworks	4,001 ¹	22,746
Buildings	105	-
Total Value of Assets Written-down	4,106	22,746
Value of assets sold		
Other Property, Plant and Equipment	19	56
Total Expenses Administered on Behalf of Government	45,161	62,655

¹ Adjustment for assets found to be held in trust

Note 19 Assets Administered on Behalf of Government		
Financial Assets		
Receivables		
GST receivable from ATO	81	467
Total Financial Assets Administered on Behalf of Government	81	467

All receivables are not overdue.

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 19 Assets Administered on Behalf of Government (<i>continued</i>)		
Non-Financial Assets		
Land and Buildings		
Land		
At fair value	25,000	22,500
Total Land	25,000	22,500
Buildings		
At fair value	1,605,812	1,234,131
At cost	-	17,328
Work in Progress – at cost	10,370	19,558
Total Buildings	1,616,182	1,271,017
Total Land and Buildings	1,641,182	1,293,517
Property, Plant and Equipment		
Furniture, Fittings and Equipment		
At fair value	796	614
Total Furniture, Fittings and Equipment	796	614
Plant and Equipment		
At fair value	27,363	28,825
Total Plant and Equipment	27,363	28,825
Total Property, Plant and Equipment	28,159	29,439
Heritage and Cultural Assets		
At fair value	58,192	61,748
Work in progress—at cost	432	385
Total heritage and cultural assets	58,624	62,133
Total Non-Financial Assets administered on behalf of Government	1,727,965	1,385,089
Total Assets Administered on Behalf of Government	1,728,046	1,385,556

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.18. In 2005-06, the formal revaluation was conducted by an independent valuer, A F Graham, Certified Practising Valuer, Australian Valuation Office.

Financial statements

Notes to and forming part of the Financial Statements

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2005				
Gross book value	1,368,447	34,016	62,133	1,464,596
Accumulated depreciation/amortisation	(74,930)	(4,577)	n/a	(79,507)
Opening Net Book Value	1,293,517	29,439	62,133	1,385,089
Additions:				
By donation			2	2
By purchase	8,974	80	490	9,544
By transfer from WIP	(951)	951	-	Nil
Depreciation/amortisation expense	(38,589)	(2,447)	-	(41,036)
Net revaluation / (decrement)	378,336	155 ¹	-	378,491
Disposals				
By sale	(105)	(19)	-	(124)
By adjustment for assets held in trust			(4,001)	(4,001)
As at 30 June 2006				
Gross book value	1,763,271	55,874 ¹	58,624	1,877,769
Accumulated depreciation	(122,089)	(27,715) ¹	n/a	(149,804)
Closing Net Book Value	1,641,182	28,159	58,624	1,727,965

¹ Prior to 2005-06, PP&E assets were held at the net revalued figure. The 2005-06 revaluation adjustment was recorded at the gross amount (gross book value increase of \$20.886m and accumulated depreciation increase of \$20.731m).

Notes to and forming part of the Financial Statements

TABLE B Assets under construction

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Gross value at 30 June 2006	10,370	-	432	10,802
Gross value at 1 July 2005	19,558	Nil	385	19,943

TABLE C Assets held in trust

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Gross value at 30 June 2006	-	-	4,001¹	4,001
Gross value at 1 July 2005	-	-	-	Nil

¹ Heritage and cultural assets on permanent loan to enhance the Parliament House art collection.

Financial statements**Notes to and forming part of the Financial Statements**

	2006	2005
	\$'000	\$'000
Note 20		
Liabilities Administered on Behalf of Government		
Payables		
Suppliers—trade creditors	107	520
Total Liabilities Administered on behalf of Government	107	520

All payables are current.

Note 21	Administered Reconciliation Table	
Opening administered assets less administered liabilities at 1 July	1,385,036	1,429,637
Plus: Administered revenues	3	373
Asset Revaluations	378,491	-
Less: Administered expenses	(45,161)	(62,655)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriations	6,357	9,770
Administered assets and liability appropriation	3,214	8,118
Transfers to OPA:		
Administered Receipts	(1)	(2)
Lapsing Appropriation	-	(205)
Closing administered assets less administered liabilities as at 30 June	1,727,939	1,385,036

Notes to and forming part of the Financial Statements

Note 22 Administered Financial Instruments

Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate					Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
				1 Year or Less		1 to 5 Years		> 5 Years							
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %		
Financial Assets															
Cash		-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Total		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	19											1,728,046	1,385,556		
Financial Liabilities															
Trade creditors		-	-	-	-	-	-	-	-	24	53	24	53	N/A	N/A
Total		-	-	-	-	-	-	-	-	24	53	24	53		
Total Liabilities	20									107	520	107	520		

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Notes to and forming part of the Financial Statements

Note 23 Appropriations

Note 23A. Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations

Particulars	Administered Expenses		Departmental Outputs		Total	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Balance carried from previous year	11,056,556	10,253,314	36,853,729	22,649,220	47,910,285	32,902,534
Correction of GST owing prior years	-	(26,750)	-	-	-	(26,750)
Reductions of appropriations (prior years)	-	(195,320)	-	-	-	(195,320)
Adjusted Balance carried for previous period	11,056,556	10,031,244	36,853,729	22,649,220	47,910,285	32,680,464
Appropriation Parliamentary Departments Act (No.1) 2005-2006	10,630,000	10,600,000	113,326,000	93,224,000	123,956,000	103,824,000
Departmental Adjustments by the Finance Minister (Appropriation Acts)	(3,000,000)	-	-	-	(3,000,000)	-
Comcover receipts (Appropriation Act s13)	-	-	-	69,086	-	69,086
Adjustment of appropriations on change of entity functions (FMA Act s32)	-	-	-	24,933,000	-	24,933,000
Refunds credited (FMA s30)	-	-	623,570	1,295,612	623,570	1,295,612
Appropriation reduced by section 8 determinations (current year) ¹	(10,600,000)	(10,134)	-	-	(10,600,000)	(10,134)
Sub-total Annual Appropriation	(2,970,000)	10,589,866	113,949,570	119,521,698	110,979,570	130,111,564

Financial statements

Notes to and forming part of the Financial Statements

Note 23A. Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses		Departmental Outputs		Total	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Appropriations to take account of recoverable GST (FMA Act s30A)	628,731	955,439	4,558,816	5,105,060	5,187,547	6,060,499
Annotations to 'net appropriations' (FMA Act s31)		-	5,563,517	8,577,710	5,563,517	8,577,710
Total appropriations available for payments	8,715,287	21,576,549	160,925,632	155,853,689	169,640,919	177,430,238
Cash payments made during the year (GST inclusive)	(6,985,967)	(10,519,933)	(114,640,831)	(118,999,960)	(121,626,798)	(129,519,953)
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-	-
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	1,729,320	11,056,556	46,284,801	36,853,729	48,014,121	47,910,285
Represented by:						
Cash at bank and on hand	-	-	1,086,950	318,024	1,086,950	318,024
Receivable-departmental appropriations	-	-	44,865,145	35,711,000	44,865,145	35,711,000
Receivables-GST receivable from the ATO	-	-	332,706	733,704	332,706	733,704
Formal reductions of appropriations	-	-	-	91,000	-	91,000
Undrawn, unexpired administered appropriations	1,729,320	11,056,556	-	-	1,729,320	11,056,556
Total	1,729,320	11,056,556	46,284,801	36,853,729	48,014,121	47,910,285

¹ The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. On 16 February the Finance Minister lapsed \$10.6m of prior year administered appropriations.

Financial statements**Notes to and forming part of the Financial Statements****Note 23 Appropriations (continued)**

Note 23B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations

Particulars	Administered	
	2006	2005
	Equity	Equity
	\$	\$
Year ended 30 June		
Balance carried from previous year	3,581,848	Nil
Appropriation Parliamentary Departments Act (No.1)	-	11,700,000
Appropriations to take account of recoverable GST (FMAAs 30A)	321,389	811,815
Total appropriations available for payments	3,903,237	12,511,815
Cash payments made during the year (GST inclusive)	(3,535,279)	8,929,967
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	367,958	3,581,848
Represented by:		
Undrawn, unlapsd administered appropriations	367,958	3,581,848
Total	Nil	Nil

Financial statements**Notes to and forming part of the Financial Statements****Note 24 Special Accounts***Services for Other Governments and Non-Agency Bodies Special Account*

This account was established under section 20 of the *Financial Management and Accountability Act 1997* for expenditure in connection with services performed on behalf of other governments and bodies that are not agencies under the *Financial Management and Accountability Act 1997*. For the period ending 30 June 2006 this special account had a \$Nil balance and there were no transactions debited or credited for the purposes of the account.

However, this special account is considered to provide the legal basis for the monies advanced by Comcare and held by DPS and the payments made against accrued sick leave entitlements. Pending determination of an employee's claim, permission is obtained in writing from each individual to allow DPS to recover the payments from the monies in the account.

Comcare Account	2006	2005
	\$	\$
<i>Legal Authority: Safety, Rehabilitation and Compensation Act 1998</i>		
<i>Purpose: for the purpose of distributing compensation payments in accordance with this Act.</i>		
Balance carried from previous period	17,092	32,139
Receipts	205,553	334,700
Available for payments	222,645	366,839
Payments made	(165,101)	(349,747)
Balance carried to next year held by DPS	57,544	17,092
<i>Represented by:</i>		
Cash - held by DPS	57,544	17,092

Financial statements

Notes to and forming part of the Financial Statements

Note 25 Specific Payment Disclosures

	2006	2005
	\$	\$
No Act of Grace Payments were made during the reporting period, pursuant to subsection 33(1) of the <i>Financial Management and Accountability Act 1997</i> (2005: No payments).	<u>Nil</u>	<u>Nil</u>
No waivers of an amount owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2005: No waivers).	<u>Nil</u>	<u>Nil</u>
No payments were made under the "Scheme for Compensation for Detriment caused by Defective Administration" during the reporting period (2005: No payments).	<u>Nil</u>	<u>Nil</u>
No ex-gratia payments were provided for during the reporting period. (2005: No payments)	<u>Nil</u>	<u>Nil</u>
No payments were made during the reporting period under section 66 of the <i>Parliamentary Service Act 1999</i> (2005: 3 payments).	<u>Nil</u>	<u>98,478</u>

Financial statements**Notes to and forming part of the Financial Statements****Note 26 Reporting of Outcomes**

The department uses activity-based costing principles to attribute its shared items. Personnel costs are allocated to output groups based on the number of staff, other corporate costs are allocated on an equal share. The model also attributes the costs of providing other internal services between output groups. These are computing services, telecommunication services and accommodation services. Costs are allocated to other output groups based on the number of computing connections, the number of phone connections and the floor space occupied respectively.

Note 26A Net cost of Outcome Delivery

	Outcome 1	
	2006	2005
	\$'000	\$'000
Administered expenses	45,161	62,655
Departmental expenses	118,683	119,381
Total expenses	163,844	182,036
<i>Costs recovered from provision of goods and services to the non-government sector</i>		
Administered	3	2
Departmental	2,098	2,095
Total costs recovered	2,101	2,097
<i>Other external revenues</i>		
Departmental		
Other	113	500
Goods and Services Revenue from Related Entities	4,417	4,639
Total other external revenues	4,530	5,139
Net cost of outcome	157,213	174,800

The outcome is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. Refer to the Outcome Resourcing Table in the Departmental Overview of this Annual Report.

Financial statements

Notes to and forming part of the Financial Statements

Note 26 Reporting of Outcomes (continued)

Note 26B Major Classes of Departmental Revenue and Expenses by Outputs

	Output 1				Output 2			
	Output Group 1.1		Output Group 1.2		Output Group 2.1		Output Group 2.2	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses								
Employees	9,353	9,079	4,360	4,111	12,495	12,916	7,295	6,782
Suppliers	1,296	1,318	2,031	1,974	3,401	2,834	5,873	6,155
Depreciation and amortisation	413	655	1,559	1,723	1,269	1,579	7,554	8,816
Other expenses	7	213	176	372	3	221	16	217
Total departmental expenses	11,069	11,265	8,126	8,180	17,168	17,550	20,738	21,970
Funded by:								
Revenues from government	11,743	11,763	8,344	8,036	16,442	16,952	21,165	20,479
Sale of goods and services	57	67	30	38	1,130	1,108	1,743	2,195
Other operating revenue	19	19	51	19	18	21	19	21
Total departmental revenues	11,819	11,849	8,425	8,093	17,590	18,081	22,927	22,695

Notes to and forming part of the Financial Statements

Note 26 Reporting of Outcomes (continued)

Note 26B Major Classes of Departmental Revenue and Expenses by Outputs (continued)

Outcome 1	Output 3						Total	
	Output Group 3.1		Output Group 3.2		Output Group 3.3		Outcome 1	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses								
Employees	13,166	12,046	1,529	1,398	10,057	10,360	58,255	56,692
Suppliers	19,106	18,716	900	882	9,711	10,181	42,319	42,060
Depreciation and amortisation	6,051	5,269	7	6	977	1,061	17,830	19,109
Other expenses	18	248	1	20	58	230	279	1,520
Total departmental expenses	38,341	36,279	2,437	2,306	20,802	21,832	118,683	119,381
Funded by:								
Revenues from government	32,048	32,254	992	991	22,116	22,256	112,850	112,731
Sale of goods and services	2,038	1,920	1,379	1,297	138	109	6,515	6,734
Other operating revenue	18	451	1	37	131	77	257	645
Total departmental revenues	34,104	34,625	2,372	2,324	22,385	22,442	119,622	120,110

Financial statements

Notes to and forming part of the Financial Statements

Note 26 Reporting of Outcomes (continued)

Note 26C Major Classes of Administered Revenue and Expenses by Outcome

	Outcome 1	
	2006	2005
	\$'000	\$'000
Administered Revenues		
Revenue from sale of assets	1	2
Heritage and cultural assets donated to the Parliament of Australia	2	371
Total Administered Revenues	3	373
Administered expenses		
Depreciation and amortisation	41,036	39,853
Write down of assets	4,106	22,746
Value of assets sold	19	56
Total Administered Expenses	45,161	62,655

DPS's Outcome is described in Note 1.1.

Net costs shown include intra-government costs that are eliminated in calculating the Budget outcome.