



Part 4

Financial statements

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Speaker of the House of Representatives

I have audited the accompanying annual financial statements of the Department of the House of Representatives for the year ended 30 June 2016, which comprise:

- Statement by the Clerk of the House and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, including a Summary of Significant Accounting Policies.

Opinion

In my opinion, the financial statements of the Department of the House of Representatives:

- (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 the Department of the House of Representatives 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 Clerk of the House 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 Clerk of the House 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.

Independent Auditor's Report

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



Sean Benfield
Audit Principal
Delegate of the Auditor-General
Canberra
9 September 2016

Certification

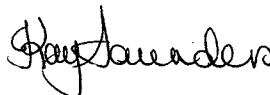
DEPARTMENT OF THE HOUSE OF REPRESENTATIVES STATEMENT BY THE CLERK OF THE HOUSE AND CHIEF FINANCIAL OFFICER

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 the Department of the House of Representatives will be able to pay its debts as and when they fall due.



D ELDER
Clerk of the House
9 September 2016



K SAUNDERS
Chief Financial Officer
9 September 2016

Statement of Comprehensive Income

for the period ended 30 June 2016

		2016	2015	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	19,208	18,039	17,454
Suppliers	1.1B	5,321	5,689	5,714
Depreciation and amortisation	3.2A	896	715	772
Write-Down and Impairment of Assets	1.1C	34	7	-
Losses from asset sales		6	0	9
Total expenses		25,465	24,450	23,949
Own-Source Income				
Own-source revenue				
Sale of Goods and Rendering of Services	1.2A	66	81	35
Other Revenue	1.2B	797	1,120	474
Total own-source revenue		863	1,201	509
Gains				
Other Gains	1.2C	1,895	2,047	2,000
Total gains		1,895	2,047	2,000
Total own-source income		2,758	3,248	2,509
Net (cost of)/contribution by services		22,706	21,202	21,440
Revenue from Government	1.2D	(20,668)	(20,672)	(20,668)
Surplus/(Deficit) before income tax on continuing operations		(2,038)	(530)	(772)
Surplus/(Deficit) after income tax on continuing operations		(2,038)	(530)	(772)

		2016	2015	Original Budget
	Notes	\$'000	\$'000	\$'000
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus ¹	1.3A	772	-	-
Total other comprehensive income after income tax		772	-	-

¹ Detail of reclassification adjustments relating to items of other comprehensive income are disclosed in Note 1.3A. The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	3.1A	570	1,357	445
Trade and Other Receivables	3.1B	14,732	15,611	15,361
Total financial assets		15,302	16,968	15,806
Non-financial assets				
Heritage and cultural	3.2A	422	369	419
Plant and equipment	3.2A	6,505	4,893	6,528
Computer software	3.2A	2,218	2,654	2,453
Inventories	3.2C	16	18	20
Other Non-Financial Assets	3.2D	119	213	150
Total non-financial assets		9,280	8,147	9,570
Total assets		24,582	25,115	25,376
LIABILITIES				
Payables				
Suppliers	3.3A	334	338	619
Other Payables	3.3B	771	1,302	633
Total payables		1,105	1,640	1,252
Provisions				
Employee Provisions	6.1A	6,153	5,527	6,298
Total provisions		6,153	5,527	6,298
Total liabilities		7,258	7,167	7,550
Net assets		17,324	17,947	17,826
EQUITY				
Contributed equity		(11,035)	(11,677)	(11,035)
Reserves		14,210	13,437	13,737
Retained surplus/(Accumulated deficit)		14,150	16,188	15,124
Total equity		17,324	17,948	17,826

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

Statement of Changes in Equity

for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		(11,677)	(12,326)	(11,677)
Adjusted opening balance		(11,677)	(12,326)	(11,677)
Transactions with owners				
Departmental capital budget		642	649	642
Total transactions with owners		642	649	642
Transfers between equity components		-	-	-
Closing balance as at 30 June		(11,035)	(11,677)	(11,035)
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		16,188	16,718	15,896
Adjusted opening balance		16,188	16,718	15,896
Comprehensive income				
Surplus/(Deficit) for the period		(2,038)	(530)	(772)
Other comprehensive income		-	-	-
Total comprehensive income		(2,038)	(530)	(772)
Transfers between equity components		-	-	-
Closing balance as at 30 June		14,150	16,188	15,124
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		13,437	13,437	13,437
Adjusted opening balance		13,437	13,437	13,437
Comprehensive income				
Other comprehensive income		772	-	300
Total comprehensive income		772	-	300
Closing balance as at 30 June		14,209	13,437	13,737
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		17,948	17,828	17,656
Adjusted opening balance		17,948	17,828	17,656
Comprehensive income				
Surplus/(Deficit) for the period		(2,038)	(530)	(772)
Other comprehensive income		772	-	300
Total comprehensive income		(1,267)	(530)	(472)
Transactions with owners				
Contributions by owners				
Departmental capital budget		642	649	642
Total transactions with owners		642	649	642
Closing balance as at 30 June		17,324	17,948	17,826

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

Cash Flow Statement

for the period ended 30 June 2016

	2016	2015	Original Budget
Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	21,781	22,929	22,491
Sale of goods and rendering of services	136	398	35
Revenue from external sources	596	570	474
Net GST received	260	225	51
Other	7	2	-
Total cash received	22,780	24,124	23,051
Cash used			
Employees	19,162	18,057	17,668
Suppliers	3,654	4,520	3,507
Net GST paid	-	-	258
Total cash used	22,816	22,577	21,433
Net cash from/(used by) operating activities	(37)	1,547	1,618
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	1,333	1,043	2,005
Purchase of Intangibles	60	406	85
Total cash used	1,393	1,449	2,090
Net cash from/(used by) investing activities	(1,393)	(1,449)	(2,090)
FINANCING ACTIVITIES			
Cash received			
Contributed equity (DCB)	642	649	642
Total cash received	642	649	642
Cash used			
Net cash from/(used by) financing activities	642	649	642
Net increase/(decrease) in cash held	(788)	747	170
Cash and cash equivalents at the beginning of the reporting period	1,357	610	275
Cash and cash equivalents at the end of the reporting period	570	1,357	445
3.1A			

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

Administered Schedule of Comprehensive Income

for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Suppliers	2.1A	317	330	324
Total expenses		317	330	324
Net (cost of)/contribution by services		(317)	(330)	(324)
Surplus/(Deficit)		(317)	(330)	(324)
Total comprehensive income/(loss)		(317)	(330)	(324)

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

Administered Schedule of Assets and Liabilities

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Trade and Other Receivables	4.1	4	2	5
Total financial assets		4	2	5
Total assets administered on behalf of Government		4	2	5
LIABILITIES				
Payables				
Suppliers	4.2A	-	26	4
Other Payables	4.2B	4	2	5
Total payables		4	28	9
Total liabilities administered on behalf of Government		4	28	9
Net assets/(liabilities)		-	(26)	(4)

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

Administered Reconciliation Schedule

	Notes	2016 \$'000	2015 \$'000
Opening assets less liabilities as at 1 July		(22)	-
Adjustment for errors		(4)	-
Adjusted opening assets less liabilities		<u>(26)</u>	-
Net (cost of)/contribution by services			
Income		-	-
Expenses			
Payments to entities other than corporate Commonwealth entities		(317)	(330)
Appropriation transfers to OPA			
Transfers to OPA		343	308
Closing assets less liabilities as at 30 June		<u>-</u>	<u>(22)</u>

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

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

The Department does not collect Administered revenues. Cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

Administered Cash Flow Statement

for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Net GST received		24	19
Total cash received		24	19
Cash used			
Suppliers		369	330
Total cash used		369	330
Net cash from/(used by) operating activities		(345)	(311)

	Notes	2016 \$'000	2015 \$'000
Cash from Official Public Account			
Appropriations		343	308
GST Appropriations		24	19
Total cash from official public account		367	327
Cash to Official Public Account			
GST Appropriations		(22)	(16)
Total cash to official public account		345	311
Cash and cash equivalents at the end of the reporting period	4.1	-	-

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

Overview

Objectives of the Department of the House of Representatives

The Department is one of four parliamentary Departments supporting the Australian Parliament. It is a not-for-profit entity. The Department provides services to support the efficient conduct of the House of Representatives, its committees and certain joint committees as well as a range of services for Members in Parliament House.

The Department is structured to meet one outcome:

Advisory and administrative services support the House of Representatives to fulfil its representative and legislative role.

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

The Department's activities contributing to this outcome are classified as either Departmental or Administered.

Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Parliament, of items controlled or incurred by the Government.

Departmental activities are identified under five outputs:

- » Chamber and Federation Chamber;
- » Community Relations and Awareness;
- » Committee Services;
- » Inter-parliamentary Relations and Capacity Building; and
- » Members' Services and Corporate Support.

Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and are required by:

- » Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

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.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the Department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

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

Subject to the Department serving the Parliament independently of the Executive Government of the Commonwealth, the Department acknowledges that the Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

Early adoption of the amendment to AASB13 Fair Value Disclosures of Not-for-Profit Public Sector Entities (AASB 2015-7) has been applied to note 7.4, Fair Value Measurements.

All other new standards, revised standards, amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the Department's financial statements.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards were issued prior to the signing of the statement by the accountable authority and chief finance officer, were applicable to the current reporting period and had a material effect on the entity's financial statements:

Standard/ Interpretation	Application date	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 124 Related Parties	1 July 2016	DHoR will apply AASB 124 Related Party Disclosures starting from 1 July 2016. This Standard requires the disclosure of significant transactions with related parties. Related parties include key managers of the entity, relevant Ministers, and other Australian Government entities.

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

Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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 below, 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.

Events After the Reporting Period

Departmental

There have been no significant events after balance date that may have an impact on the Department's operations.

Administered

There have been no significant events after balance date that may have an impact on the Department's operations.

Financial Performance

This section analyses the financial performance of the Department of House of Representatives for the year ended 2016.

1.1 Expenses		
	2016	2015
	\$'000	\$'000
1.1A: Employee Benefits		
Wages and salaries	14,139	14,108
Superannuation		
Defined contribution plans	802	787
Defined benefit plans	1,870	1,817
Leave and other entitlements	2,280	1,167
Separation and redundancies	117	160
Total employee benefits	19,208	18,039

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

1.1B: Suppliers		
Goods and services supplied or rendered		
Staff Related Services	603	536
Travel	1,195	1,422
Office Services	2,980	3,305
Communication	117	143
Corporate Expenses	273	102
Grants	-	2
Total goods and services supplied or rendered	5,169	5,510
Goods supplied	356	402
Services rendered	4,813	5,108
Total goods and services supplied or rendered	5,169	5,510
Other suppliers		
Operating lease rentals in connection with		
Minimum lease payments	72	70
Workers compensation expenses	80	109
Total other suppliers	152	179
Total suppliers	5,321	5,689
Leasing commitments		
Operating leases 2015-16 included were effectively non-cancellable and comprise agreements for the provision of motor vehicles to senior executives and for departmental use.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	51	73
Between 1 to 5 years	37	25
Total operating lease commitments	88	98

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	26	29
Rendering of services	40	52
Total sale of goods and rendering of services	66	81

Accounting Policy

Revenue from the sale of goods is recognised when:

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

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 from the transaction will flow to the Department.

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

1.2B: Other Revenue

Royalties	15	-
Funding from external sources	782	1,120
Total other revenue	797	1,120

1.2C: Other Gains

Resources received free of charge		
Remuneration of auditors	85	85
Rent of premises	1,803	1,960
Other financial income	7	2
Total other gains	1,895	2,047

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as gains 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.

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 non-corporate or corporate Commonwealth entity as a consequence of a restructuring of administrative arrangements.

1.2D: Revenue from Government

Appropriations

Departmental appropriations	20,668	20,672
Total Revenue from Government	20,668	20,672

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 the Department 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.

1.3 Other Comprehensive Income

	2016	2015
	\$'000	\$'000
1.3A: Reclassification Adjustments		
Changes in asset revaluation surplus	772	-
Total reclassification adjustments	772	-

Income and Expenses Administered on Behalf of Government

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

2.1 Administered - Expenses		
	2016	2015
	\$'000	\$'000
2.1A: Suppliers		
Goods and services supplied or rendered		
Hospitality Services	317	330
Total goods and services supplied or rendered	317	330
Services rendered	317	330
Total goods and services supplied or rendered	317	330
Total suppliers	317	330

Financial Position

This section analyses the Department of the House of Representatives 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: Cash and Cash Equivalents		
Cash on hand or on deposit	570	1,357
Total cash and cash equivalents	570	1,357

Accounting Policy

Revenue from Government

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts.

3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	290	67
Total goods and services receivables	290	67
Appropriations receivables		
Appropriation receivable - existing programs	11,801	12,459
Appropriation receivable - for departmental supplementation	-	500
Appropriation receivable - special account	2,547	2,501
Total appropriations receivables	14,348	15,460
Other receivables		
Cash held by salary packaging providers	46	35
GST inputs credits receivable	47	54
Total other receivables	94	89
Total trade and other receivables (gross)	14,732	15,617
Less impairment allowance	-	(5)
Total trade and other receivables (net)	14,732	15,611
Trade and other receivables (net) expected to be recovered		
No more than 12 months	14,732	15,611
Total trade and other receivables (net)	14,732	15,611
Trade and other receivables (gross) aged as follows		
Not overdue	14,449	15,599
Overdue by		
0 to 30 days	280	-
31 to 60 days	-	13
61 to 90 days	-	-
More than 90 days	2	5
Total trade and other receivables (gross)	14,732	15,617

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

3.1 Financial Assets (continued)

Reconciliation of the Impairment Allowance

Movements in relation to 2016

	Goods and services	Total
	\$'000	\$'000
As at 1 July 2015	(5)	(5)
Amounts written off	3	3
Amounts recovered and reversed	2	2
Increase/(Decrease) recognised in net cost of services	-	-
Total as at 30 June 2016	-	-

Movements in relation to 2015

	Goods and services	Total
	\$'000	\$'000
As at 1 July 2014	-	-
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase/(Decrease) recognised in net cost of services	(5)	(5)
Total as at 30 June 2015	(5)	(5)

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 for 2016

	Heritage and cultural ¹ \$'000	Property, Plant and equipment \$'000	Computer Software ² \$'000	Total \$'000
As at 1 July 2015				
Gross book value	369	5,522	3,914	9,805
Accumulated depreciation, amortisation and impairment	-	(629)	(1,260)	(1,889)
Total as at 1 July 2015	369	4,893	2,654	7,916
Additions				
Purchase	-	1,333	5	1,338
Internally developed	-	-	55	55
Revaluations and impairments recognised in other comprehensive income	53	719	-	772
Depreciation and amortisation	-	(426)	(470)	(896)
Disposals				
Other	-	(14)	(26)	(40)
Total as at 30 June 2016	422	6,505	2,218	9,145
Total as at 30 June 2016 represented by				
Gross book value	422	6,505	3,665	10,592
Accumulated depreciation, amortisation and impairment	-	-	(1,447)	(1,447)
Total as at 30 June 2016	422	6,505	2,218	9,145

- Other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.
- The carrying amount of computer software included \$12,948 (2015: \$46,091) of purchased software and \$2,205,915 (2015: \$ 2,607,934) of internally generated software.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.3. On 30 June 2016, an independent valuer conducted the revaluations.

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

	Heritage and cultural ¹ \$'000	Property, Plant and equipment \$'000	Computer Software \$'000	Total \$'000
As at 1 July 2014				
Gross book value	369	4,480	3,508	8,357
Accumulated depreciation, amortisation and impairment	-	(287)	(887)	(1,174)
Total as at 1 July 2014	369	4,193	2,621	7,183
Additions				
Purchase	-	1,043	12	1,055
Internally developed	-	-	394	394
Depreciation and amortisation	-	(342)	(373)	(715)
Disposals				
Other	-	(1)	-	(1)
Total as at 30 June 2015	369	4,893	2,654	7,916
Total as at 30 June 2015 represented by				
Gross book value	369	5,522	3,914	9,805
Accumulated depreciation, amortisation and impairment	-	(629)	(1,260)	(1,889)
Total as at 30 June 2015	369	4,893	2,654	7,916

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.

3.2 Non-Financial Assets (continued)

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 \$2,000, 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).

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.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. 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.

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
Property, plant & equipment	5 to 50 years	2 to 50 years

3.2 Non-Financial Assets (continued)

The entity has items of property, plant and equipment that are heritage and cultural assets that are not depreciated.

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.

Accounting Policy

Heritage and Cultural Assets

The Department has the following heritage and cultural assets with an aggregated fair value of \$422,000 (2015: \$369,000).

- » Gold Key 1927 Parliament
- » Mace - Garrard Engraved Silver
- » Gold Key 1988 Parliament
- » Yirrkala Bark Petition 14 Aug 1963, Wood Bark 59.1cm X 33.2cm
- » Yirrkala Bark Petition 28 Aug 1963, Wood Bark 49.1cm X 30cm
- » Yirrkala Bark Petition 8 Oct 1968, Wood Bark 59.1cm X 34cm
- » Ritual Stick - Yirrkala People 1976, Wood Feathers 47.1cm X 24.2cm

The Department has classified these items as heritage and cultural assets as they are primarily used for purposes which relate to their heritage value and cultural significance.

Intangibles

The entity's intangibles comprise internally developed software for internal use. These assets 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 the entity's software are 3 to 13 years (2015: 3 to 7 years).

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

3.2 Non-Financial Assets (continued)

	2016	2015
	\$'000	\$'000
3.2C: Inventories		
Inventories held for sale		
Finished goods	16	18
Total inventories held for sale	<u>16</u>	<u>18</u>
Total inventories	<u>16</u>	<u>18</u>

During 2016, \$1,815.66 of inventory held for sale was recognised as an expense (2015: \$3,170.84).

No items of inventory were recognised at fair value less cost to sell.

Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis; and
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

3.2D: Other Non-Financial Assets

Prepayments	119	213
Total other non-financial assets	<u>119</u>	<u>213</u>
Other non-financial assets expected to be recovered		
No more than 12 months	119	213
Total other non-financial assets	<u>119</u>	<u>213</u>

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

3.3 Payables		
	2016	2015
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors and accruals	334	338
Total suppliers	334	338
Suppliers expected to be settled		
No more than 12 months	334	338
Total suppliers	334	338
3.3B: Other Payables		
Salaries and wages	49	554
Superannuation	10	95
Salary Sacrifice Payable	46	35
Paid Parental Leave Payable	-	1
Prepayments received/unearned income ¹	665	616
Input Tax Credit (GST) Payment to ATO	1	1
Total other payables	771	1,302
Other payables to be settled		
No more than 12 months	771	1,302
Total other payables	771	1,302

¹ Unearned income relates to payments for seminars to be undertaken in 2016-17 and Department of Foreign Affairs (DFAT) (AusAid) funding for Pacific Parliamentary Development programs. Payment is made in advance of work being performed, and unspent funds are acquitted to DFAT.

Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result the Department of House of Representatives does not control but administers on behalf of Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered - Financial Assets		
	2016	2015
	\$'000	\$'000
Other receivables		
GST Receivable from Australian Taxation Office	4	2
Total other receivables	4	2
Total trade and other receivables (gross)	4	2
Total trade and other receivables (net)	4	2
Trade and other receivables (net) expected to be recovered		
No more than 12 months	4	2
Total trade and other receivables (net)	4	2
Trade and other receivables (gross) aged as follows		
Not overdue	4	2
Total trade and other receivables (net)	4	2

The only receivable is GST receivable. There was no impairment allowance.

4.2 Administered - Payables		
	2016	2015
	\$'000	\$'000
4.2A: Suppliers		
Trade creditors and accruals	-	26
Total suppliers	-	26
Suppliers expected to be settled		
No more than 12 months	-	26
Total suppliers	-	26
Settlement was usually within 30 days.		
	2016	2015
	\$'000	\$'000
4.2B: Other Payables		
GST Appropriation payable to OPA	4	2
Total other payables	4	2
Other payables expected to be settled		
No more than 12 months	4	2
Total other payables	4	2

Funding

This section identifies the Department of the House of Representatives' funding structure.

5.1 Appropriations

5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2016

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2016 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
Departmental							
Ordinary annual services	21,168	-	820	-	21,988	22,646	(658)
Capital Budget	642	-	-	-	642	642	-
Total departmental	21,810	-	820	-	22,630	23,288	(658)
Administered							
Ordinary annual services	324	-	-	-	324	322	2
Total administered	324	-	-	-	324	322	2

Annual Appropriations for 2015

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
Departmental							
Ordinary annual services	20,821	-	1,090	-	21,911	(24,666)	(2,755)
Total departmental	20,821	-	1,090	-	21,911	(24,666)	(2,755)
Administered							
Ordinary annual services	325	-	-	-	325	(304)	21
Total administered	325	-	-	-	325	(304)	21

1. In 2014-15, there were no appropriations subject to quarantine and no reductions. The Departmental and Administered Appropriation ceases to be in force on 1 July 2017.

2. The Departmental variance relates to capital expenditure funded from undrawn 2013-14 appropriation. The Department draws from the prior year unspent amounts to fund capital projects in excess of the Departmental Capital appropriation. The Administered variance relates to balance undrawn for accrued expenses payable in 2015-16.

5.1 Appropriations (continued)

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2016 \$'000	2015 \$'000
Departmental		
Appropriation (Parliamentary Departments) Act (No. 1) 2013-14	-	80
Appropriation (Parliamentary Departments) Act (No. 1) 2014-15	-	12,459
Appropriation (Parliamentary Departments) Act (No. 1) 2015-16	11,801	-
Total departmental	11,801	12,539
Administered		
Appropriation Act (Parliamentary Departments) (No. 1) 2014-15	-	21
Appropriation Act (Parliamentary Departments) (No. 1) 2015-16	2	-
Total administered	2	21

5.1C: Disclosures by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Finance (third party drawing rights) \$'000	Australian Public Service Commission (third party drawing rights) \$'000
2016		
Total receipts	7,415	37,402
Total payments	7,415	37,402
2015		
Total receipts	7,326	38,104
Total payments	7,326	38,104

5.2 Special Accounts

	Inter-Parliamentary Relations Special Account (Departmental) ¹	
	2016 \$'000	2015 \$'000
Balance brought forward from previous period	2,550	2,503
Increases	60	63
Total increases	60	63
Available for payments	2,610	2,566
Decreases		
Departmental	(50)	(16)
Total departmental	(50)	(16)
Total decreases	(50)	(16)
Total balance carried to the next period	2,560	2,550

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.
Establishing Instrument: 2004/08.

Purpose: For the receipt of all moneys and the payment of all expenditure related to the operation of the Commonwealth Parliamentary Association on behalf of the States, Territories and Commonwealth Branches of the Commonwealth Parliamentary Association, inter-parliamentary training, education and development services provided to support other governments and bodies that are not non-corporate Commonwealth entities within the meaning of the *Public Governance, Performance and Accountability Act 2013*.

The Minister for Finance has approved the earning of interest for this account under section 20 of the *Financial Management and Accountability Act 1997*. Interest is appropriated under this section of the Act.

5.4 Cash Flow Reconciliation

5.3A: 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	570	1,357
Statement of financial position	570	1,357
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net(cost of)/contribution by services	(22,706)	(21,202)
Revenue from Government	20,668	20,672
Adjustments for non-cash items		
Depreciation/amortisation	896	714
Net write down of non-financial assets	34	7
Loss on disposal of assets	6	-
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	878	2,462
(Increase)/Decrease in inventories	2	4
(Increase)/Decrease in prepayments	94	(70)
Liabilities		
Increase/(Decrease) in prepayments	49	(551)
Increase/(Decrease) in employee provisions	626	(137)
Increase/(Decrease) in suppliers payables	(4)	(467)
Increase/(Decrease) in other payables	(578)	119
Increase/(Decrease) in tax liabilities	-	(5)
Net cash from/(used by) operating activities	(37)	1,547

5.4 Cash Flow Reconciliation (continued)		
5.3B: 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	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net(cost of)/contribution by services	(317)	(330)
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	(2)	(3)
Liabilities		
Increase/(Decrease) in suppliers payables	(26)	22
Net cash from/(used by) operating activities	<u>(345)</u>	<u>(311)</u>

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions		
	2016	2015
	\$'000	\$'000
6.1A: Employee Provisions		
Leave	6,153	5,527
Total employee provisions	6,153	5,527
Employee provisions expected to be settled		
No more than 12 months	5,202	4,895
More than 12 months	951	632
Total employee provisions	6,153	5,527

6.2 Senior Management Personnel Remuneration		
	2016	2015
	\$'000	\$'000
Short-term employee benefits		
Salary	1,171	1,227
Motor vehicle and other allowances	66	58
Total short-term employee benefits	1,237	1,285
Post-employment benefits		
Superannuation	206	217
Total post-employment benefits	206	217
Other long-term employee benefits		
Annual leave	89	97
Long-service leave	29	32
Total other long-term employee benefits	118	129
Total senior executive remuneration expenses	1,561	1,631

The total number of senior management personnel that are included in the above table is 7. (2015: 6)

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.

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 the entity's employer superannuation contribution rates and additional oncosts (annual leave and long service leave) 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 reference to the work of an actuary allowable short-hand method as 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. The entity 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

The Department'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.

The Department 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. The entity 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.

Managing Uncertainties

This section analyses how the Department of the House of Representatives manages financial risks within its operating environment.

7.1 Financial Instruments		
	2016	2015
	\$'000	\$'000
7.1A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	570	1,357
Trade and other receivables	337	97
Total loans and receivables	907	1,454
Total financial assets	907	1,454
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	334	338
Other Payables	665	616
Total financial liabilities measured at amortised cost	999	954
Total financial liabilities	999	954

Accounting Policy

Financial assets

The department classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

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

Loans and receivables

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

Impairment of Financial Assets

Financial assets are assessed for impairment at 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 liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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).

7.1 Financial Instruments (continued)

7.1B: Fair Value of Financial Instruments

The fair value of the Department's financial assets and the liabilities equal the carrying amount in the current and preceding financial year.

7.1C: Credit Risk

The department is exposed to minimal credit risk as receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total trade receivables: (2016: \$337,000 and 2015: \$97,000).

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	570	1357	-	-
Trade and other receivables	337	97	-	5
Total	907	1,454	-	5

Ageing of financial assets that were past due but not impaired in 2016

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	-	-	-	2	2
Total	-	-	-	2	2

Ageing of financial assets that were past due but not impaired in 2015

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	-	13	-	-	13
Total	-	13	-	-	13

7.1 Financial Instruments (continued)

7.1D: Liquidity Risk

Liquidity risk is the risk that the Department of the House of Representatives will not be able to meet its obligations as they fall due.

The department's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the department will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely as the department is appropriated funding from the Australian Government and manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due.

In addition, the department has internal policies and procedures in place to ensure timely payment is made when due and has no past experience of default.

Maturities for non-derivative financial liabilities in 2016

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Suppliers	-	334	-	-	-	334
Other Payables	-	665	-	-	-	665
Total	-	999	-	-	-	999

Maturities for non-derivative financial liabilities in 2015

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Suppliers	-	338	-	-	-	338
Other Payables	-	616	-	-	-	616
Total	-	954	-	-	-	954

7.2 Administered - Financial Instruments

	2016 \$'000	2015 \$'000
7.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Other receivables	4	2
Total loans and receivables	4	2
Total financial assets	4	2
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	-	26
Total financial liabilities measured at amortised cost	-	26
Total financial liabilities	-	26

7.3 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

The Department tests the procedures of the valuation model as an asset materiality review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. For the period ended 30 June 2016, The Department engaged Australian Valuation Solutions (AVS) to undertake a revaluation of all plant and equipment assets and confirm that the models developed comply with AASB 13.

There have been changes to the valuation techniques for assets controlled by the Department. In instances where sufficient observable inputs, such as market transactions of similar assets, were (not) identified at 30 June 2016, the valuation technique was changed from a Depreciated Replacement Cost (Market) approach to a Market (Depreciated Replacement Cost) approach.

7.3A: Fair Value Measurement

	Fair value measurements at the end of the reporting		Category	Valuation Technique(s) and Inputs Used
	2016	2015		
	\$'000	\$'000		
Non-financial assets²				
Property, Plant and Equipment ¹	3,768	3,343	Level 2	Market Approach - Adjusted market transactions
Property, Plant and Equipment ¹	2,737	1,550	Level 3	Depreciated Replacement - Replacement Cost New Cost
Heritage & Cultural ¹	422	369	Level 2	Market Approach - Adjusted market transactions

1. The Department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2016.
2. The Department's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all NFAs is considered their highest and best use.
3. No assets were transferred between level 1 and level 2 during the year ending 30 June 2016.
4. The remaining assets and liabilities reported by the Department are not measured at fair value in the Statement of Financial Position.

7.3B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-financial assets Property, Plant and Equipment	
	2016	2015
	\$'000	\$'000
As at 1 July	1,550	1,613
Total gains/(losses) recognised in net cost of services ¹	(65)	(63)
Total gains/(losses) recognised in other comprehensive income ²	94	-
Transfers into Level 3 ³	1,157	-
Total as at 30 June	2,737	1,550

1. These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation expense.
2. These gains/(losses) are presented in the Statement of Comprehensive Income under asset revaluation reserve.
3. Transfers of assets into level 3 during the year due to lack of reliable market evidence, requiring a change in valuation technique from a market approach to Depreciated Replacement Cost, and reliance upon the valuer's professional judgement.

Major Budget Variances

This section provides explanations for major variances between the Department's budget and actual results for the year ended 2016.

8.1 Departmental Budget Variances Commentary

Explanations of major variances

Affected line items (and statement)

Employees

The variances were caused by a number of factors; differences in the discount rates used between budget and actual, staff movements at the Senior Executive level, the inclusion of accrued recreation leave and long service leave in the calculation of on-costs for employee benefits for the first time.

Employee benefits expense (Statement of Comprehensive Income), Employee Provisions (Statement of Financial Position), Operating cash used - employees (Cash Flow Statement).

Own Source Revenue

The variances were caused by a number of factors; additional funds were received from DFAT (AusAID) for the extension of existing programs, this was not known at the time of setting the budget, the department did not budget for revenue from Royalties and the department held an increased number of seminars which were not forecast in the budget.

Sales of Goods and Rendering of Services (Statement of Comprehensive Income), Other revenue (Statement of Comprehensive Income), Other Payables (Statement of Financial Position), Operating cash received - Sale of goods and rendering of services, Net GST received, Revenue from external sources, Other (Cash Flow Statement)

Financial Assets

The variance was caused by a reduction in the appropriation receivable as additional cash was used to fund asset acquisitions.

Trade and other receivables (Statement of Financial Position).

Non-Financial Assets

The variance was caused by decommissioning of obsolete intangibles which was not forecast in the budget and a decrease in prepayments relating to non-renewal of extended warranty for the Table Office Production System (TOPS) and non-renewal of Adobe Publishing software licences.

Computer Software and Other Non-Financial Assets (Statement of Financial Position), Investing activities - cash used (Cash Flow Statement).

8.2 Administered Budget Variances Commentary

Explanations of major variances

Affected line items (and statement)

Suppliers

The variance was caused by all expenses recorded and invoices paid by 30 June (i.e. no accruals)

Supplier expenses (Administered Schedule of Comprehensive Income)