



# Part 4

## Financial statements

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*Federal Budget 2019: Treasurer, the Hon Josh Frydenberg MP, hands the Budget papers to the Clerk, Mr David Elder, 2 April 2019.  
Image: David Foote, Auspic/DPS.*

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# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

### To the Speaker of the House

#### Opinion

In my opinion, the financial statements of the Department of the House of Representatives ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Clerk of the House and Chief Finance Officer;
- Statement of comprehensive income;
- Statement of financial position;
- Statement of changes in equity;
- Cash flow statement;
- Administered schedule of comprehensive income;
- Administered schedule of assets and liabilities;
- Administered reconciliation schedule;
- Administered cash flow statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Clerk of the House is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Clerk of the House is also responsible for such internal control as the Clerk of the House determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Clerk of the House is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an

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# Independent Auditor's Report

administrative restructure or for any other reason. The Clerk of the House is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

## **Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial  
Senior Director  
Delegate of the Auditor-General

Canberra

30 September 2019

# Certification

**DEPARTMENT OF THE HOUSE OF REPRESENTATIVES  
STATEMENT BY THE CLERK OF THE HOUSE AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2019 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.



C SURTEES  
Clerk of the House  
30 September 2019



K MOORE  
Chief Finance Officer  
30 September 2019

# Statement of comprehensive income

for the period ended 30 June 2019

		2019	2018	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1A	19,326	19,410	20,969
Suppliers	1B	5,243	4,983	5,150
Depreciation and amortisation	4A	584	973	800
Write-down and impairment of other assets		1	22	-
Losses from asset sales		3	0	-
<b>Total expenses</b>		<b>25,157</b>	<b>25,388</b>	<b>26,919</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	2A	64	52	50
Interest	2B	70	64	61
Other revenue	2C	123	562	5
<b>Total own-source revenue</b>		<b>257</b>	<b>678</b>	<b>116</b>
<b>Gains</b>				
Resources received free of charge	2D	2,003	1,986	1,890
<b>Total gains</b>		<b>2,003</b>	<b>1,986</b>	<b>1,890</b>
<b>Total own-source income</b>		<b>2,260</b>	<b>2,664</b>	<b>2,006</b>
<b>Net cost of services</b>		<b>22,897</b>	<b>22,724</b>	<b>24,913</b>
Revenue from government	9	24,113	24,242	24,113
<b>Surplus/(deficit) on continuing operations</b>		<b>1,216</b>	<b>1,518</b>	<b>(800)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus	4A	(429)	-	300
<b>Total other comprehensive income</b>		<b>(429)</b>	<b>-</b>	<b>300</b>
<b>Total comprehensive income/(loss)</b>		<b>787</b>	<b>1,518</b>	<b>(500)</b>

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

# Statement of financial position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3A	617	410	506
Trade and other receivables	3B	18,044	16,097	14,612
Other investments	3C	2,546	2,546	2,546
<b>Total financial assets</b>		<b>21,207</b>	<b>19,053</b>	<b>17,664</b>
<b>Non-financial assets</b>				
Heritage and cultural	4A	454	419	469
Plant and equipment	4A	4,819	8,225	8,143
Computer software	4A	259	203	1,520
Inventories	4B	7	13	9
Other non-financial assets	4C	225	197	156
<b>Total non-financial assets</b>		<b>5,764</b>	<b>9,057</b>	<b>10,297</b>
<b>Total assets</b>		<b>26,971</b>	<b>28,110</b>	<b>27,961</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	5A	389	340	286
Other payables	5B	256	496	149
<b>Total payables</b>		<b>645</b>	<b>836</b>	<b>435</b>
<b>Provisions</b>				
Employee provisions	6A	6,163	6,016	6,563
<b>Total provisions</b>		<b>6,163</b>	<b>6,016</b>	<b>6,563</b>
<b>Total liabilities</b>		<b>6,808</b>	<b>6,852</b>	<b>6,998</b>
<b>Net assets</b>		<b>20,163</b>	<b>21,258</b>	<b>20,963</b>
<b>EQUITY</b>				
Contributed equity		(12,800)	(10,918)	(9,116)
Reserves		13,763	14,192	14,492
Retained surplus/(accumulated deficit)		19,200	17,984	15,587
<b>Total equity</b>		<b>20,163</b>	<b>21,258</b>	<b>20,963</b>

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

## Statement of changes in equity

for the period ended 30 June 2019

	2019	2018	Original Budget
	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	(10,918)	(10,393)	(9,753)
<b>Transactions with owners</b>			
Departmental capital budget	637	640	637
Transfer of assets to DPS	(2,519)	(1,165)	-
<b>Total transactions with owners</b>	<b>(1,882)</b>	<b>(525)</b>	<b>637</b>
Transfers between equity components	-	-	-
<b>Closing balance as at 30 June</b>	<b>(12,800)</b>	<b>(10,918)</b>	<b>(9,116)</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	17,984	16,466	16,387
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	1,216	1,518	(800)
<b>Total comprehensive income</b>	<b>1,216</b>	<b>1,518</b>	<b>(800)</b>
<b>Closing balance as at 30 June</b>	<b>19,200</b>	<b>17,984</b>	<b>15,587</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	14,192	14,192	14,192
<b>Comprehensive income</b>			
Other comprehensive income	(429)	-	300
<b>Total comprehensive income</b>	<b>(429)</b>	<b>-</b>	<b>300</b>
<b>Closing balance as at 30 June</b>	<b>13,763</b>	<b>14,192</b>	<b>14,492</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	21,258	20,265	20,826
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	1,216	1,518	(800)
Other comprehensive income	(429)	-	300
<b>Total comprehensive income</b>	<b>787</b>	<b>1,518</b>	<b>(500)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	637	640	637
Transfer of assets to DPS	(2,519)	(1,165)	-
<b>Total transactions with owners</b>	<b>(1,882)</b>	<b>(525)</b>	<b>637</b>
<b>Closing balance as at 30 June</b>	<b>20,163</b>	<b>21,258</b>	<b>20,963</b>

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

## Cash flow statement

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		22,641	23,080	23,998
Sale of goods and rendering of services		49	140	50
Interest		4	-	61
Revenue from external sources		42	71	443
Net GST received		224	118	5
Other		-	98	-
<b>Total cash received</b>		<b>22,960</b>	<b>23,507</b>	<b>24,557</b>
<b>Cash used</b>				
Employees		19,325	19,558	20,857
Suppliers		3,440	3,324	3,257
Net GST paid		-	-	443
<b>Total cash used</b>		<b>22,765</b>	<b>22,882</b>	<b>24,557</b>
<b>Net cash from/(used by) operating activities</b>		<b>195</b>	<b>625</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		12	-	-
<b>Total cash received</b>		<b>12</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		98	1,333	637
Purchase of intangibles		136	33	-
Investments		-	2,546	-
<b>Total cash used</b>		<b>234</b>	<b>3,912</b>	<b>637</b>
<b>Net cash from/(used by) investing activities</b>		<b>(222)</b>	<b>(3,912)</b>	<b>(637)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity (departmental capital budget)		234	640	637
<b>Total cash received</b>		<b>234</b>	<b>640</b>	<b>637</b>
<b>Cash used</b>				
<b>Net cash from/(used by) financing activities</b>		<b>234</b>	<b>640</b>	<b>637</b>
<b>Net increase/(decrease) in cash held</b>		<b>207</b>	<b>(2,647)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		410	3,057	506
<b>Cash and cash equivalents at the end of the reporting period</b>	3A	<b>617</b>	<b>410</b>	<b>506</b>

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

## Administered schedule of comprehensive income

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Provision of hospitality services		310	313	313
<b>Total expenses</b>		<b>310</b>	313	313
<b>Net (cost of)/contribution by services</b>		<b>(310)</b>	(313)	(313)
<b>Surplus/(deficit)</b>		<b>(310)</b>	(313)	(313)
<b>Total comprehensive income/(loss)</b>		<b>(310)</b>	(313)	(313)

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

## Administered schedule of assets and liabilities

as at 30 June 2019

	2019	2018	Original Budget
Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Trade and other receivables	5	2	4
<b>Total financial assets</b>	<b>5</b>	<b>2</b>	<b>4</b>
<b>Total assets administered on behalf of government</b>	<b>5</b>	<b>2</b>	<b>4</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7	27	26
Other payables	5	2	4
<b>Total payables</b>	<b>12</b>	<b>29</b>	<b>30</b>
<b>Government</b>	<b>12</b>	<b>29</b>	<b>30</b>
<b>Net assets/(liabilities)</b>	<b>(7)</b>	<b>(27)</b>	<b>(26)</b>

Administered assets and liabilities consist of trade creditors and/or accrued expenses and amounts owed to/from the Australian Taxation Office. All assets and liabilities are considered current and are expected to be recovered/settled within 12 months.

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

## Administered reconciliation schedule

	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Opening assets less liabilities as at 1 July</b>	(27)	(26)
Adjustment for errors	-	-
<b>Adjusted opening assets less liabilities</b>	<b>(27)</b>	<b>(26)</b>
<b>Net (cost of)/contribution by services</b>		
Expenses		
Payments to entities other than corporate Commonwealth entities	<b>(310)</b>	(313)
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from official public account	<b>330</b>	312
<b>Closing assets less liabilities as at 30 June</b>	<b>(7)</b>	<b>(27)</b>

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

### Accounting policy

#### Administered cash transfers to and from the official public account (OPA)

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 government and reported as such in the administered cash flow statement.

## Administered cash flow statement

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Net GST received		22	25
<b>Total cash received</b>		<b>22</b>	<b>25</b>
<b>Cash used</b>			
Suppliers		355	336
<b>Total cash used</b>		<b>355</b>	<b>336</b>
<b>Net cash from/(used by) operating activities</b>		<b>(333)</b>	<b>(311)</b>
<b>Cash from official public account</b>			
Appropriations		330	312
GST appropriations		25	24
<b>Total cash from official public account</b>		<b>355</b>	<b>336</b>
<b>Cash to official public account</b>			
GST appropriations		(22)	(25)
<b>Total cash to official public account</b>		<b>333</b>	<b>311</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>-</b>	<b>-</b>

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 also supports the parliament by providing advice and services to support the parliament's national, international and regional relationships and by assisting other parliaments, primarily within the Indo–Pacific region, by partnering in capacity-building activities.

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.

### Administered objectives

The department receives administered funding in order to support the parliament by:

- » providing a booking service for school groups visiting Parliament House
- » coordinating provision of hospitality for these groups.

## 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); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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.

## New accounting standards

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

### AASB 16 Leases

This new standard replaces the current standard AASB 117 and applies to reporting periods commencing on or after 1 July 2019. On implementation the department will be required to recognise the costs of use of leased assets and the associated benefits on its statement of financial position and expense an interest charge on the lease liability through the statement of comprehensive income. The department currently has leases which will be recorded in accordance with the new standard therefore the implementation of AASB 16 Leases will have ongoing financial impacts on the department's financial statements from the 2019–20 financial year onwards.

### AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

Commonwealth not-for-profit entities with a 30 June financial year-end are required to apply AASB 1058 and AASB 15 from the 2019–20 annual reporting period. AASB 1058 replaces most of the not-for-profit provisions of AASB 1004 by clarifying and simplifying income recognition requirements for these entities. AASB 15 replaces AASB 118 Revenue and outlines the principles that a for-profit entity must apply to recognise and measure revenue. As the department's revenue recognition process for its existing revenue is broadly consistent with the requirements of the new standards, there is likely to be minimal impact on future financial reporting periods.

## 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 the House of Representatives for the year ended 30 June 2019.

## Note 1 Expenses

	2019	2018
	\$'000	\$'000
<b>1A: Employee benefits</b>		
Wages and salaries	14,265	14,733
Superannuation		
Defined contribution plans	1,052	967
Defined benefit plans	1,733	1,898
Leave and other entitlements	2,225	1,622
Separation and redundancies	51	190
<b>Total employee benefits</b>	<b>19,326</b>	<b>19,410</b>
<b>1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Staff-related services	606	373
Travel	683	1,094
Office services	3,511	3,092
Communication	90	86
Corporate expenses	259	243
<b>Total goods and services supplied or rendered</b>	<b>5,149</b>	<b>4,888</b>
Goods supplied	268	218
Services rendered	4,881	4,670
<b>Total goods and services supplied or rendered</b>	<b>5,149</b>	<b>4,888</b>
<b>Other suppliers</b>		
Operating lease rentals	41	39
Workers' compensation expenses	53	56
<b>Total other suppliers</b>	<b>94</b>	<b>95</b>
<b>Total suppliers</b>	<b>5,243</b>	<b>4,983</b>
<b>Leasing commitments</b>		
Operating leases 2018–19 included were effectively non-cancellable and comprise agreements for the provision of motor vehicles to senior executives and for departmental use.		
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within 1 year	41	27
Between 1 to 5 years	34	41
<b>Total operating lease commitments</b>	<b>75</b>	<b>68</b>

## Note 2 Own-source revenue and gains

	2019	2018
	\$'000	\$'000
<b>2A: Sale of goods and rendering of services</b>		
Sale of goods	16	25
Rendering of services	48	27
<b>Total sale of goods and rendering of services</b>	<b>64</b>	<b>52</b>
<b>2B: Interest</b>		
Deposits	70	64
<b>Total interest</b>	<b>70</b>	<b>64</b>
<b>2C: Other revenue</b>		
Royalties	12	6
Funding from external sources	111	520
Comcare refunds	-	36
<b>Total other revenue</b>	<b>123</b>	<b>562</b>
<b>2D: Other gains</b>		
Resources received free of charge		
Remuneration of auditors	83	83
Rent of premises	1,920	1,869
Other gain—asset first time recognition	-	34
<b>Total other gains</b>	<b>2,003</b>	<b>1,986</b>

## Accounting policy

### Revenue from the sale of goods

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
- » 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.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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

### Interest

Interest revenue is recognised using the effective interest method.

### 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.

### 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.

# 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.

## Note 3 Financial assets

	2019	2018
	\$'000	\$'000
<b>3A: Cash and cash equivalents</b>		
Cash on hand or on deposit	617	410
<b>Total cash and cash equivalents</b>	<b>617</b>	<b>410</b>
<b>3B: Trade and other receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	214	122
<b>Total goods and services receivables</b>	<b>214</b>	<b>122</b>
<b>Appropriations receivables</b>		
Appropriation receivable—existing programs	17,779	15,903
<b>Total appropriations receivables</b>	<b>17,779</b>	<b>15,903</b>
<b>Other receivables</b>		
Cash held by salary packaging providers	28	34
GST input credits receivable	23	38
<b>Total other receivables</b>	<b>51</b>	<b>72</b>
<b>Total trade and other receivables (gross)</b>	<b>18,044</b>	<b>16,097</b>
<b>Less impairment allowance</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables (net)</b>	<b>18,044</b>	<b>16,097</b>
<b>3C: Other investments</b>		
Deposits <sup>1</sup>	2,546	2,546
<b>Total other investments</b>	<b>2,546</b>	<b>2,546</b>

1. The department has a one-year term deposit of \$2,546,108. The interest rate is 2.05 per cent. The maturity date of the term deposit is 29 June 2020. The department intends to roll over the investment on maturity. The source of the deposit was the former Inter-parliamentary Relations Special Account which was subject to a sun-setting provision. The balance of the account was invested after the release of a new delegation from the Finance Minister in July 2017. Refer to Note 11A for further details.

### Accounting policy

#### Financial assets

Trade receivables are recognised where the department becomes party to a contract and has a legal right to receive cash. Loans and receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable. Trade receivables are derecognised on payment.

Appropriations receivable are appropriations controlled by the department but held in the Official Public Account. Appropriations receivable are recognised at their nominal amounts.

## Note 4 Non-financial assets

### 4A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Heritage and cultural <sup>1</sup> \$'000	Property, plant and equipment \$'000	Computer software <sup>2</sup> \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	419	9,188	950	10,557
Accumulated depreciation, amortisation and impairment	-	(963)	(747)	(1,710)
<b>Total as at 1 July 2018</b>	<b>419</b>	<b>8,225</b>	<b>203</b>	<b>8,847</b>
Additions				
Purchase	-	98	136	234
Revaluations and impairments recognised in other comprehensive income	35	(464)	-	(429)
Depreciation and amortisation	-	(504)	(80)	(584)
Transfer of assets to DPS <sup>3</sup>	-	(2,519)	-	(2,519)
Other	-	(17)	-	(17)
<b>Total as at 30 June 2019</b>	<b>454</b>	<b>4,819</b>	<b>259</b>	<b>5,532</b>
<b>Total as at 30 June 2019 represented by</b>				
Gross book value	454	4,819	1,031	6,304
Accumulated depreciation, amortisation and impairment	-	-	(772)	(772)
<b>Total as at 30 June 2019</b>	<b>454</b>	<b>4,819</b>	<b>259</b>	<b>5,532</b>

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

2. The carrying amount of computer software included \$42,336 (2018: \$36,245) of purchased software and \$94,607 (2018: \$167,210) of internally generated software.

3. On 1 December 2018 the department transferred assets to the Department of Parliamentary Services (DPS) as part of the consolidation of 'status B' furniture across the parliamentary departments. The total net book value by class of the transfers is as follows:

Property, plant and equipment      \$2,519,220.25

The assets were transferred to DPS for no consideration, and were recognised as a distribution resulting in a reduction in equity of \$2,519,220.25.

#### Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 14. On 30 June 2019 an independent valuer conducted the revaluations.

**Note 4 Non-financial assets (continued)****Accounting policy**

Assets are recorded at cost on acquisition except as stated below. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. The cost of acquisition includes the initial costs to acquire or construct an item as well as subsequent costs. 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 that 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.

## Note 4 Non-financial assets (continued)

### Depreciation (continued)

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

	2019	2018
Property, plant and equipment	1 to 50 years	5 to 50 years

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 2019. Where indications of impairment exist, each asset's recoverable amount is estimated and an impairment adjustment made if each 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 \$454,000 (2018: \$419,000):

- » Mace—Garrard engraved silver
- » Dispatch boxes (2), rosewood with silver and enamel embossing
- » Yirrkala bark petition 14 Aug 1963, 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
- » Rituals—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 that relate to their heritage value and cultural significance.

Heritage and cultural assets have an indefinite useful life which is maintained through the department's adoption of appropriate curatorial and preservation activities. Where required, advice on preservation and restoration activities is sought from the parliament's Design Integrity and Archives Unit which is operated by the Department of Parliamentary Services.

## Note 4 Non-financial assets (continued)

### 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 20 years (2018: 2 to 13 years).

All software assets were assessed for indications of impairment as at 30 June 2019.

	2019	2018
	\$'000	\$'000
<b>4B: Inventories</b>		
<b>Inventories held for sale</b>		
Finished goods	7	13
<b>Total inventories held for sale</b>	<b>7</b>	<b>13</b>
<b>Total inventories</b>	<b>7</b>	<b>13</b>

During 2019, \$2,246 worth of inventory held for sale was recognised as an expense (2018: \$2,532).

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

### 4C: Other non-financial assets

Prepayments	225	197
<b>Total other non-financial assets</b>	<b>225</b>	<b>197</b>

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

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

## Note 5 Payables

	2019 \$'000	2018 \$'000
<b>5A: Suppliers</b>		
Trade creditors and accruals	389	340
<b>Total suppliers</b>	<b>389</b>	<b>340</b>
Settlement was usually made within 30 days.		
<b>5B: Other payables</b>		
Salaries and wages	109	131
Superannuation	22	23
Salary sacrifice payable	28	34
Unearned income <sup>1</sup>	95	191
Input tax credit (GST) payment to the Australian Taxation Office	1	0
Other payables	1	117
<b>Total other payables</b>	<b>256</b>	<b>496</b>

1. \$80,109 of the unearned income relates to payments from the Department of Foreign Affairs and Trade (DFAT) funding for Pacific parliamentary development programs. Payment is made in advance of work being performed, and unspent funds are acquitted to DFAT. The other \$15,318 relates to payments received in advance for seminar and assent print subscription services renewal.

# 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.

## Note 6 Employee provisions

	2019 \$'000	2018 \$'000
<b>6A: Employee provisions</b>		
Leave	<b>6,163</b>	6,016
<b>Total employee provisions</b>	<b>6,163</b>	6,016
<b>Employee provisions expected to be settled</b>		
No more than 12 months	<b>1,627</b>	1,720
More than 12 months	<b>4,536</b>	4,295
<b>Total employee provisions</b>	<b>6,163</b>	6,016

**Note 6 Employee provisions (continued)****Accounting policy**

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of the 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 the short-hand method as at 30 June 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

**Superannuation**

The department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), 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 employee's 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.

### Note 7 Key management personnel remuneration

	2019	2018
	\$'000	\$'000
<b>Short-term employee benefits</b>		
Base salary	1,359	1,428
Other benefits and allowances	143	106
<b>Total short-term employee benefits</b>	<b>1,502</b>	1,534
<b>Post-employment benefits</b>		
Superannuation contribution	237	238
<b>Total post-employment benefits</b>	<b>237</b>	238
<b>Other long-term employee benefits</b>		
Long-service leave	62	31
<b>Total other long-term employee benefits</b>	<b>62</b>	31
<b>Total key management personnel remuneration expenses</b>	<b>1,801</b>	1,803

The total number of key management personnel that are included in the above table is 7 (2018:6).

#### *Accounting policy*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly, including any director (whether executive or otherwise) of the department. The department has determined the key management personnel to be the Clerk of the House, Deputy Clerk of the House, the three Clerk's Assistants and the Serjeant-at-Arms.

## Note 8 Related party disclosures

### Transactions with related parties

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the department, it has been determined that there are no related party transactions to be separately disclosed. Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions are not considered to be related party transactions.

The department transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers' compensation and insurance premiums, transactions between the other parliamentary departments and the Department of Finance. These are not considered individually significant to warrant separate disclosure as related party transactions. Refer to Note 1A Employee benefits for details on superannuation arrangements with the Commonwealth.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the department, it has been determined that there are no related party transactions to be separately disclosed.

# Funding

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

## Note 9 Appropriations

	Appropriation Act		Section 74 receipts \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
	Annual appropriation <sup>1</sup> \$'000	PGPA Act				
<b>Departmental</b>						
Operating budget	24,113		314	24,427	(22,955)	1,472
Capital budget	637		-	637	(234)	403
<b>Total departmental</b>	<b>24,750</b>		<b>314</b>	<b>25,064</b>	<b>(23,189)</b>	<b>1,875</b>
<b>Administered</b>						
Operating budget	313		-	313	(330)	(17)
<b>Total administered</b>	<b>313</b>		<b>-</b>	<b>313</b>	<b>(330)</b>	<b>(17)</b>

1. In 2018–19, there were no appropriations subject to quarantine and no reductions. The departmental and administered appropriations are automatically repealed three years after they are passed by parliament.

2. The departmental variance primarily relates to:

- operating budget—lower employee benefits expense due to a number of positions remaining vacant throughout the reporting period
- capital budget—a number of bespoke software projects remained incomplete at balance date.

The administered variance relates to accrued expenses in 2017–18 which were drawn and paid in 2018–19.

## Note 9 Appropriations (continued)

Annual appropriations for 2018	Appropriation Act		Section 74 receipts \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
	Annual appropriation <sup>1</sup> \$'000	PGPA Act				
Departmental						
Operating budget	24,242		476	24,718	(23,557)	1,162
Capital budget	640		-	640	(640)	-
Total departmental	24,882		476	25,358	(24,197)	1,162
Administered						
Operating budget	320		-	320	(312)	8
Total administered	320		-	320	(312)	8

1. In 2017–18, there were no appropriations subject to quarantine and no reductions. The departmental and administered appropriations cease to be in force on 1 July 2020.

2. The departmental variance relates to:

- lower employee benefits because a number of positions remained vacant throughout the reporting period
- less requirement to travel for the year
- the balance undrawn for accrued expenses payable in 2018–19.

The administered variance relates to balance undrawn for accrued expenses payable in 2018–19.

**Note 10 Unspent annual appropriations ('recoverable GST exclusive')**

	2019 \$'000	2018 \$'000
<b>Departmental</b>		
Appropriation (Parliamentary Departments) Act (No. 1) 2017–18	-	15,903
Appropriation (Parliamentary Departments) Act (No. 1) 2018–19	<b>17,779</b>	-
Appropriation (Parliamentary Departments) Act (No. 1) 2018–19 Cash at bank	<b>617</b>	410
<b>Total departmental</b>	<b>18,396</b>	16,313
<b>Administered</b>		
Appropriation (Parliamentary Departments) Act (No. 1) 2017–18	-	34
Appropriation (Parliamentary Departments) Act (No. 1) 2018–19	<b>17</b>	-
<b>Total administered</b>	<b>17</b>	34

**Note 11A Special appropriations ('recoverable GST exclusive')**

	2019 \$'000	2018 \$'000
<b>Authority</b>		
Public Governance, Performance and Accountability Act 2013–section 58	<b>5,092</b>	2,546
<b>Total special appropriations applied</b>	<b>5,092</b>	2,546

The *Public Governance, Performance and Accountability (Finance Minister to Accountable Authorities of Non-Corporate Commonwealth Entities) Delegation 2014* provides the department the delegation to invest relevant money in any authorised investment on behalf of the Commonwealth or to authorise the reinvestment upon maturity of the proceeds of an authorised investment. The delegation is made under section 58 of the *Public Governance, Performance and Accountability Act 2013*. Investments made in accordance with this delegation throughout the year are as follows:

2018–19 amount applied	Date	\$('000)
Term deposit matures and principal reinvested	20 July 2018	2,546
Term deposit matures and principal reinvested	28 June 2019	2,546
<b>Total applied</b>		<b>5,092</b>
2017–18 amount applied	Date	\$('000)
Term deposit investment	20 July 2017	2,546
<b>Total applied</b>		<b>2,546</b>

The balance of this account is disclosed in Note 3C and interest earned is recorded on an accrual basis in Note 2B.

## Note 11B Disclosures by agent in relation to special appropriations ('recoverable GST exclusive')

	Department of Finance (third party access)	
<b>2019</b>	<b>\$'000</b>	
Total receipts	<b>48,534</b>	
Total payments	<b>48,534</b>	

  

	Department of Finance (third party access)	Australian Public Service Commission (third party access)
<b>2018</b>	<b>\$'000</b>	
Total receipts	27,948	19,637
Total payments	27,948	19,637

Throughout the financial year, the department made payments via special appropriations in accordance with third party access agreements with the Department of Finance. The agreement facilitates payments under the following Acts for the purposes described:

*Parliamentary Superannuation Act 2004*—For the purposes necessary to administer the special appropriation in section 18 of the Act.

*Commonwealth of Australia Constitution Act*—For the purposes necessary to administer the special appropriation in section 66 of the Act.

*Parliamentary Business Resources Act 2017*—For the appropriation in section 59 of the Act.

In the 2018-19 financial year the department made payments under a third party access arrangement with the Australian Public Service Commission for payments under s7(13) of the *Remuneration Tribunal Act 1973*. This arrangement ceased when the *Parliamentary Business Resources Act 2017 (PBR Act)* came into effect on 1 January 2018. The PBR Act replaced the department's special appropriation arrangements under the *Parliamentary Entitlements Act 1990* and the *Remuneration Tribunal Act 1973*.

## Note 12 Net cash appropriation arrangements

	2019 \$'000	2018 \$'000
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>1,371</b>	2,490
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(584)</b>	(972)
<b>Total comprehensive income/(loss)—as per the statement of comprehensive income</b>	<b>787</b>	1,518

# Managing uncertainties

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

## Note 13 Financial instruments

	2019	2018
	\$'000	\$'000
<b>Categories of financial instruments</b>		
<b>Financial assets under AASB 139</b>		
<b>Held-to-maturity investments</b>		
Term deposit		2,546
<b>Total held-to-maturity investments</b>		<u>2,546</u>
<b>Loans and receivables</b>		
Cash and cash equivalents		410
Trade and other receivables		157
<b>Total loans and receivables</b>		<u>567</u>
<b>Financial assets under AASB 9</b>		
<b>Financial assets at amortised cost</b>		
Term deposit	2,546	
Cash and cash equivalents	617	
Trade and other receivables	242	
<b>Total financial assets at amortised cost</b>	<u>3,405</u>	
<b>Total financial assets</b>	<u>3,405</u>	3,113
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	389	340
Other payables	95	191
<b>Total financial liabilities measured at amortised cost</b>	<u>484</u>	531
<b>Total financial liabilities</b>	<u>484</u>	531

### Note 13 Financial instruments (continued)

Classification of financial assets on the date of initial application of AASB 9					
Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018	AASB 9 carrying amount at 1 July 2018
				\$'000	\$'000
Cash and cash equivalents	3A	Held-to-maturity	Amortised cost	410	410
Trade receivables	3B	Held-to-maturity	Amortised cost	157	157
Term deposit	3C	Held-to-maturity	Amortised cost	2,546	2,546
<b>Total financial assets</b>				<b>3,113</b>	<b>3,113</b>

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9				
Financial assets at amortised cost	AASB 139 carrying amount at 30 June 2018	Reclassification	Remeasurement	AASB 9 carrying amount at 1 July 2018
	\$'000	\$'000	\$'000	\$'000
Held to maturity				
Term deposit	2,546	-	-	2,546
Loans and receivables				
Cash and cash equivalents	410	-	-	410
Trade and other receivables	157	-	-	157
<b>Total amortised cost</b>	<b>3,113</b>	<b>-</b>	<b>-</b>	<b>3,113</b>

The change in carrying amount for held to maturity and loans and receivables based on measurement under AASB 139 is \$0. The change in measurement on transition to AASB 9 is \$0.

## Note 13 Financial instruments (continued)

### **Accounting policy**

#### **Financial assets**

With the implementation of AASB 9 Financial Instruments, for the first time in 2019 the department classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss
- b) financial assets at fair value through other comprehensive income and
- c) financial assets measured at amortised cost.

The classification depends on both the department's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

#### **Financial assets at amortised cost**

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

#### **Effective interest method**

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

#### **Impairment of financial assets**

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

#### **Financial liabilities at amortised cost**

Supplier and other payables are recognised at amortised cost and consist of trade creditors, accruals and unearned income. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## Note 14 Fair value

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
<b>Non-financial assets<sup>1</sup></b>		
Property, plant and equipment <sup>2</sup>	<b>4,819</b>	8,225
Heritage and cultural <sup>2</sup>	<b>454</b>	419

1. The department's assets are held for operational purposes and not held for the purposes of deriving profit. The current use of all non-financial assets is considered their highest and best use.

2. The department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2019.

### **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 2019, the department engaged JLL Public Sector Valuations Pty Ltd (JLL) to undertake a revaluation of all tangible assets at 30 June 2019 and relied on those outcomes to establish carrying amounts. JLL provided written assurance that the models developed are in compliance with AASB 13.

# Other information

## Note 15 Aggregate assets and liabilities

	2019 \$'000	2018 \$'000
<b>Assets expected to be recovered in:</b>		
No more than 12 months	21,439	19,263
More than 12 months	5,532	8,847
<b>Total assets</b>	<u>26,971</u>	<u>28,110</u>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	2,272	2,556
More than 12 months	4,536	4,295
<b>Total liabilities</b>	<u>6,808</u>	<u>6,852</u>

# Major budget variances

This section provides explanations for major budget variances between the department's budget and actual results for the year ended 30 June 2019.

## Note 16 Departmental budget variances commentary

Explanations of major variances	Affected statements and line items
<b>Employee benefits</b>	
<p>Employee benefits were lower than originally budgeted as a number of positions remained vacant throughout the reporting period due to delays in recruitment processes. In addition, the staffing complement required throughout the final year of the parliamentary cycle and leading up to and during the federal election was less than anticipated at the time of budgeting. This resulted in a lower average staffing level than was budgeted.</p>	<p><b>Statement of comprehensive income:</b></p> <ul style="list-style-type: none"> <li>» employee benefits expense</li> </ul> <p><b>Statement of financial position:</b></p> <ul style="list-style-type: none"> <li>» employee provisions</li> <li>» trade and other receivables (in respect of undrawn appropriation)</li> </ul> <p><b>Cash flow statement:</b></p> <ul style="list-style-type: none"> <li>» operating cash used—employees</li> <li>» operating cash received—appropriations</li> </ul>
<b>Extension of parliamentary capacity-building program funding</b>	
<p>On 31 May 2018 the department agreed to an extension of its memorandum of understanding with the Department of Foreign Affairs and Trade for capacity-building work in Fiji. This work was originally due to complete on 30 June 2018 and as such no revenue was budgeted for the 2018–19 financial year. The extension of the contract has resulted in unbudgeted revenue being attributed against relevant expenses (primarily travel) during the 2018–19 financial year. The unspent portion of the funding remains unearned as at balance date and is recorded as unearned revenue.</p>	<p><b>Statement of comprehensive income:</b></p> <ul style="list-style-type: none"> <li>» other revenue</li> <li>» suppliers</li> </ul> <p><b>Statement of financial position:</b></p> <ul style="list-style-type: none"> <li>» payables—other payables (unearned revenue)</li> </ul> <p><b>Cash flow statement:</b></p> <ul style="list-style-type: none"> <li>» operating cash used—suppliers</li> <li>» operating cash received—revenue from external sources</li> </ul>

### Note 16 Departmental budget variances commentary (continued)

Explanations of major variances	Affected statements and line items
<b>Transfer of assets to DPS</b>	
<p>In June 2018 the department transferred computer software assets to DPS under an arrangement to consolidate information and communications technology assets across the parliament. This transfer was not confirmed at the time of budgeting for the 2018–19 financial year in March 2018 and was therefore not included in budgeted figures.</p> <p>On 1 December 2018 the department transferred furniture to DPS as part of the consolidation of status B furniture across the parliamentary departments. This transfer was not known at the time of budgeting and was therefore not included in budgeted figures. This transfer has also impacted the department’s budgeted revaluation surplus as it was anticipated that the now transferred furniture items would increase in value and offset any other decrements.</p>	<p><b>Statement of financial position:</b></p> <ul style="list-style-type: none"> <li>» computer software</li> <li>» plant and equipment</li> </ul> <p><b>Statement of changes in equity:</b></p> <ul style="list-style-type: none"> <li>» contributed equity—transactions with owners</li> </ul> <p><b>Statement of comprehensive income:</b></p> <ul style="list-style-type: none"> <li>» depreciation and amortisation</li> <li>» changes in asset revaluation surplus</li> </ul>