



# Part 4

## Financial statements

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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 2020:

- (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 2020 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 2020 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

# 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

28 September 2020

# 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 2020 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

28 September 2020



K MOORE

Chief Finance Officer

28 September 2020

## Statement of comprehensive income

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1A	20,633	19,326	20,918
Suppliers	1B	5,264	5,243	6,315
Depreciation and amortisation	4A	517	584	541
Write-down and impairment of assets		-	1	-
Losses from asset sales		1	3	-
Other expenses		1	-	-
<b>Total expenses</b>		<b>26,416</b>	<b>25,157</b>	<b>27,774</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	2A	90	64	54
Interest	2B	52	70	75
Other revenue	2C	187	123	105
<b>Total own-source revenue</b>		<b>329</b>	<b>257</b>	<b>234</b>
<b>Gains</b>				
Resources received free of charge	2D	2,043	2,003	1,985
<b>Total gains</b>		<b>2,043</b>	<b>2,003</b>	<b>1,985</b>
<b>Total own-source income</b>		<b>2,372</b>	<b>2,260</b>	<b>2,219</b>
<b>Net cost of services</b>		<b>24,044</b>	<b>22,897</b>	<b>25,555</b>
Revenue from government	2E, 10	25,014	24,113	25,014
<b>Surplus/(deficit) on continuing operations</b>		<b>970</b>	<b>1,216</b>	<b>(541)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		-	(429)	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>(429)</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>970</b>	<b>787</b>	<b>(541)</b>

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

# Statement of financial position

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3A	2,855	617	410
Trade and other receivables	3B	21,255	18,044	19,156
Other investments	3C	-	2,546	2,546
<b>Total financial assets</b>		<b>24,110</b>	21,207	22,112
<b>Non-financial assets<sup>1</sup></b>				
Heritage and cultural	4A	454	454	469
Property, plant and equipment	4A	4,569	4,819	4,941
Computer software	4A	219	259	683
Inventories	4B	5	7	21
Other non-financial assets	4C	216	225	197
<b>Total non-financial assets</b>		<b>5,463</b>	5,764	6,311
<b>Total assets</b>		<b>29,573</b>	26,971	28,423
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	5A	418	389	340
Other payables	5B	346	256	468
<b>Total payables</b>		<b>764</b>	645	808
<b>Interest bearing liabilities</b>				
Leases	6	27	-	-
<b>Total Interest bearing liabilities</b>		<b>27</b>	-	-
<b>Provisions</b>				
Employee provisions	7	6,934	6,163	6,270
<b>Total provisions</b>		<b>6,934</b>	6,163	6,270
<b>Total liabilities</b>		<b>7,725</b>	6,808	7,078
<b>Net assets</b>		<b>21,848</b>	20,163	21,345
<b>EQUITY</b>				
Contributed equity		(12,165)	(12,800)	(9,646)
Reserves		13,763	13,763	14,241
Retained earnings		20,250	19,200	16,750
<b>Total equity</b>		<b>21,848</b>	20,163	21,345

1. Right-of-use assets are included in property, plant and equipment.

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

## Statement of changes in equity

for the period ended 30 June 2020

	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	(12,800)	(10,918)	(10,281)
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	635	637	635
Transfer of assets to DPS	-	(2,519)	-
<b>Total transactions with owners</b>	<b>635</b>	<b>(1,882)</b>	<b>635</b>
<b>Closing balance as at 30 June</b>	<b>(12,165)</b>	<b>(12,800)</b>	<b>(9,646)</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	19,200	17,984	17,291
Adjustment on initial application of AASB 15/AASB 1058	80	-	-
<b>Adjusted opening balance</b>	<b>19,280</b>	<b>17,984</b>	<b>17,291</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	970	1,216	(541)
<b>Total comprehensive income</b>	<b>970</b>	<b>1,216</b>	<b>(541)</b>
<b>Closing balance as at 30 June</b>	<b>20,250</b>	<b>19,200</b>	<b>16,750</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	13,763	14,192	14,241
<b>Comprehensive income</b>			
Other comprehensive income	-	(429)	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(429)</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>13,763</b>	<b>13,763</b>	<b>14,241</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	20,163	21,258	21,251
Adjustment on initial application of AASB 15/AASB 1058	80	-	-
<b>Adjusted opening balance</b>	<b>20,243</b>	<b>21,258</b>	<b>21,251</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	970	1,216	(541)
Other comprehensive income	-	(429)	-
<b>Total comprehensive income</b>	<b>970</b>	<b>787</b>	<b>(541)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	635	637	635
Transfer of assets to DPS	-	(2,519)	-
<b>Total transactions with owners</b>	<b>635</b>	<b>(1,882)</b>	<b>635</b>
<b>Closing balance as at 30 June</b>	<b>21,848</b>	<b>20,163</b>	<b>21,345</b>

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

## Cash flow statement

for the period ended 30 June 2020

	2020	2019	Original Budget
Notes	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	21,679	22,641	24,910
Sale of goods and rendering of services	221	49	54
Interest	52	4	75
Revenue from external sources	172	42	-
Net GST received	221	224	5
Other	3	-	105
<b>Total cash received</b>	<b>22,348</b>	<b>22,960</b>	<b>25,149</b>
<b>Cash used</b>			
Employees	19,676	19,325	20,804
Suppliers	3,413	3,440	4,340
Net GST paid	-	-	5
<b>Total cash used</b>	<b>23,089</b>	<b>22,765</b>	<b>25,149</b>
<b>Net cash from/(used by) operating activities</b>	<b>(741)</b>	<b>195</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment	-	12	-
Investments	2,546	-	-
<b>Total cash received</b>	<b>2,546</b>	<b>12</b>	<b>-</b>
<b>Cash used</b>			
Purchase of property, plant and equipment	134	98	635
Purchase of intangibles	35	136	-
<b>Total cash used</b>	<b>169</b>	<b>234</b>	<b>635</b>
<b>Net cash from/(used by) investing activities</b>	<b>2,377</b>	<b>(222)</b>	<b>(635)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity-departmental capital budget	635	234	635
<b>Total cash received</b>	<b>635</b>	<b>234</b>	<b>635</b>
<b>Cash used</b>			
Principal payments of lease liabilities	33	-	-
<b>Total cash used</b>	<b>33</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) financing activities</b>	<b>602</b>	<b>234</b>	<b>635</b>
<b>Net increase/(decrease) in cash held</b>	<b>2,238</b>	<b>207</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	617	410	410
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2,855</b>	<b>617</b>	<b>410</b>

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

## Administered schedule of comprehensive income

for the period ended 30 June 2020

	2020	2019	Original Budget
Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Provision of hospitality services	216	310	319
<b>Total expenses</b>	<b>216</b>	<b>310</b>	<b>319</b>
<b>Net (cost of)/contribution by services</b>	<b>(216)</b>	<b>(310)</b>	<b>(319)</b>
<b>Surplus/(deficit)</b>	<b>(216)</b>	<b>(310)</b>	<b>(319)</b>
<b>Total comprehensive income/(loss)</b>	<b>(216)</b>	<b>(310)</b>	<b>(319)</b>

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

## Administered schedule of assets and liabilities

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Trade and other receivables		-	5	2
<b>Total financial assets</b>		-	5	2
<b>Total assets administered on behalf of Government</b>		-	5	2
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers		1	7	27
Other payables		-	5	2
<b>Total payables</b>		1	12	29
<b>Total liabilities administered on behalf of Government</b>		1	12	29
<b>Net assets /(liabilities)</b>		(1)	(7)	(27)

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

	2020	2019
	\$'000	\$'000
<b>Opening assets less liabilities as at 1 July</b>	(7)	(27)
Adjustment for errors	-	-
<b>Adjusted opening assets less liabilities</b>	<b>(7)</b>	<b>(27)</b>
<b>Net (cost of)/contribution by services</b>		
Expenses		
Payments to entities other than corporate Commonwealth entities	<b>(216)</b>	(310)
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from official public account	<b>222</b>	330
<b>Closing assets less liabilities as at 30 June</b>	<b>(1)</b>	<b>(7)</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 2020

	Notes	2020 \$'000	2019 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Net GST received		21	22
<b>Total cash received</b>		<b>21</b>	<b>22</b>
<b>Cash used</b>			
Suppliers		238	355
<b>Total cash used</b>		<b>238</b>	<b>355</b>
<b>Net cash from/(used by) operating activities</b>		<b>(217)</b>	<b>(333)</b>
<b>Cash from official public account</b>			
Appropriations		222	330
GST appropriations		16	25
<b>Total cash from official public account</b>		<b>238</b>	<b>355</b>
<b>Cash to official public account</b>			
GST appropriations		(21)	(22)
<b>Total cash to official public account</b>		<b>217</b>	<b>333</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 previous standard AASB 117 and applies to reporting periods commencing on or after 1 July 2019. The department has recognised the costs of use of leased assets and the associated benefits on its 2019–20 statement of financial position and recognised 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.

The department has adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

#### Impact on transition

On transition to AASB 16, the entity recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Departmental	1 July 2019	
Debit: Right-of-use assets - property, plant and equipment	67,514	
Credit: Lease liabilities	67,514	
Credit: Retained earnings	Nil	

### **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. The department adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

The department has determined that the agreements with Department of Foreign Affairs (DFAT) are not enforceable and the promises are not 'sufficiently specific', the department has applied the general AASB 1058 principles for revenue recognition.

#### Impact on transition

The impact on transition is summarised below:

Departmental	1 July 2019	
Debit: Unearned revenue	80,000	
Credit: Retained earnings	80,000	

Total adjustment recognised in retained earnings 80,000

## 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 2020.

## Note 1 Expenses

	2020	2019
	\$'000	\$'000
<b>1A: Employee benefits</b>		
Wages and salaries	15,227	14,265
Superannuation		
Defined contribution plans	1,165	1,052
Defined benefit plans	1,670	1,733
Leave and other entitlements	2,571	2,225
Separation and redundancies	-	51
<b>Total employee benefits</b>	<b>20,633</b>	<b>19,326</b>
<b>1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Staff-related services	605	606
Travel	628	683
Office services	3,555	3,511
Communication	169	90
Corporate expenses	264	259
<b>Total goods and services supplied or rendered</b>	<b>5,221</b>	<b>5,149</b>
Goods supplied	131	268
Services rendered	5,090	4,881
<b>Total goods and services supplied or rendered</b>	<b>5,221</b>	<b>5,149</b>
<b>Other suppliers</b>		
Operating lease rentals	1	41
Workers' compensation expenses	42	53
<b>Total other suppliers</b>	<b>43</b>	<b>94</b>
<b>Total suppliers</b>	<b>5,264</b>	<b>5,243</b>

### Accounting policy

#### Short-term leases and leases of low-value assets

The department has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The department recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Note 2 Own-source revenue and gains

	2020	2019
	\$'000	\$'000
<b>2A: Revenue from contracts with customers</b>		
Sale of goods	11	16
Rendering of services	79	48
<b>Total revenue from contracts with customers</b>	<b>90</b>	<b>64</b>
<b>Disaggregation of revenue from contracts with customers</b>		
Major product / service line:		
Services - seminars/conference	79	48
Goods - publications/gift shop	11	16
	<b>90</b>	<b>64</b>
Type of customer:		
Australian Government entities (related parties)	39	54
State and Territory Governments	25	2
Non-government entities	26	8
	<b>90</b>	<b>64</b>
Timing of transfer of goods and services:		
Over time	-	-
Point in time	90	64
	<b>90</b>	<b>64</b>
<b>2B: Interest</b>		
Deposits	52	70
<b>Total interest</b>	<b>52</b>	<b>70</b>
<b>2C: Other revenue</b>		
Royalties	36	12
Funding from external sources	126	111
Memberships	25	-
<b>Total other revenue</b>	<b>187</b>	<b>123</b>
<b>2D: Other gains</b>		
Resources received free of charge		
Remuneration of auditors	87	83
Rent of premises	1,953	1,920
Other gain—other financial income	3	-
<b>Total other gains</b>	<b>2,043</b>	<b>2,003</b>
<b>2E: Revenue from government</b>		
Appropriations		
Departmental appropriations	25,014	24,113
<b>Total revenue from government</b>	<b>25,014</b>	<b>24,113</b>

### *Accounting policy*

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

The department recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The department has assessed its revenues from seminars, conferences and gift shop and considers they are within the scope of AASB 15 as the performance obligations required by an enforceable contract are sufficiently specific.

The department has assessed its funding agreements with the Department of Foreign Affairs and Trade (DFAT) and considers they are not sufficiently specific to determine when the obligation is satisfied. AASB 1058 applies.

The department has disclosed its main product/service lines, type of customers and the timing of transfer of the goods/services.

Receivables for goods and services, which generally have pay up-front payment 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

	2020	2019
	\$'000	\$'000
<b>3A: Cash and cash equivalents</b>		
Cash on hand or on deposit <sup>1</sup>	2,855	617
<b>Total cash and cash equivalents</b>	<b>2,855</b>	<b>617</b>
<b>3B: Trade and other receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	72	214
<b>Total goods and services receivables</b>	<b>72</b>	<b>214</b>
<b>Appropriations receivables</b>		
Appropriation receivable—existing programs	21,114	17,779
<b>Total appropriations receivables</b>	<b>21,114</b>	<b>17,779</b>
<b>Other receivables</b>		
Cash held by salary packaging providers	30	28
GST input credits receivable	39	23
<b>Total other receivables</b>	<b>69</b>	<b>51</b>
<b>Total trade and other receivables (gross)</b>	<b>21,255</b>	<b>18,044</b>
<b>Less impairment allowance</b>	-	-
<b>Total trade and other receivables (net)</b>	<b>21,255</b>	<b>18,044</b>
<b>3C: Other investments</b>		
Deposits <sup>2</sup>	-	2,546
<b>Total other investments</b>	<b>-</b>	<b>2,546</b>

1. The closing balance of cash on hand or on deposit includes the amount matured from the term deposit investment of \$2,546,108 on 29/06/2020. Refer to Note 3C for more information.

2. The department's term deposit of \$2,546,108 matured on 29 June 2020. The department reinvested the funds in a new term deposit on 10 July 2020. 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 initially invested after the release of a new delegation from the Finance Minister in July 2017. Refer to Note 12A 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 heritage and cultural, property, plant and equipment, and computer software

	Heritage and cultural <sup>1</sup>	Property, plant and equipment	Computer software <sup>2</sup>	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2019</b>				
Gross book value	454	4,819	909	6,182
Work in progress	-	-	122	122
Accumulated depreciation, amortisation and impairment	-	-	(772)	(772)
<b>Total as at 1 July 2019</b>	<b>454</b>	<b>4,819</b>	<b>259</b>	<b>5,532</b>
Recognition of right-of-use assets on initial application of AASB 16	-	68	-	68
<b>Adjusted total as at 1 July 2019</b>	<b>454</b>	<b>4,887</b>	<b>259</b>	<b>5,600</b>
Additions				
Purchase	-	134	-	134
Internally developed	-	-	142	142
Work in progress <sup>3</sup>	-	-	(108)	(108)
Depreciation and amortisation	-	(410)	(74)	(484)
Depreciation on right-of-use assets	-	(33)	-	(33)
Disposals				
Write-off (cost)	-	(1)	(279)	(280)
Right-of-use assets (cost)	-	(16)	-	(16)
Accumulated depreciation, amortisation and impairment	-	8	279	287
<b>Total as at 30 June 2020</b>	<b>454</b>	<b>4,569</b>	<b>219</b>	<b>5,242</b>
<b>Total as at 30 June 2020 represented by</b>				
Gross book value	454	5,004	772	6,230
Work in progress	-	-	14	14
Accumulated depreciation, amortisation and impairment	-	(435)	(567)	(1,002)
<b>Total as at 30 June 2020</b>	<b>454</b>	<b>4,569</b>	<b>219</b>	<b>5,242</b>
<b>Carrying amount of right-of-use assets<sup>4</sup></b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</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 value of computer software includes purchased software of \$29,131, internally generated software of \$76,820 and \$13,422 of work in progress towards purchased software.

3. \$108,724 of work in progress assets were completed and capitalised during the 2019-20 financial year.

4. The carrying amount of right-of-use assets is disclosed individually, however it is included in the property, plant & equipment total as at 30 June 2020.

#### Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 15. On 30 June 2020 an independent valuer conducted a materiality assessment.

**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.

**Lease Right of Use (ROU) Assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received (if applicable). These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the Department has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

**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.

## Note 4 Non-financial assets (continued)

### 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:

	2020	2019
Property, plant and equipment	1 to 50 years	1 to 50 years

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

### Impairment

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 (2019: \$454,000):

- » 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.

#### 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 (2019: 3 to 20 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

## Note 4 Non-financial assets (continued)

	2020	2019
	\$'000	\$'000
<b>4B: Inventories</b>		
<b>Inventories held for sale</b>		
Finished goods	5	7
<b>Total inventories held for sale</b>	<b>5</b>	<b>7</b>
<b>Total inventories</b>	<b>5</b>	<b>7</b>

During 2019-20, \$2,054 worth of inventory held for sale was recognised as an expense (2019: \$2,246).

\$28 of inventory was written off due to damage during 2019-20.

All inventories are expected to be sold or distributed in the next 12 months.

<b>4C: Other non-financial assets</b>		
Prepayments	216	225
<b>Total other non-financial assets</b>	<b>216</b>	<b>225</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

	2020	2019
	\$'000	\$'000
<b>5A: Suppliers</b>		
Trade creditors and accruals	418	389
<b>Total suppliers</b>	<b>418</b>	<b>389</b>

Settlement was usually made within 20 days.

<b>5A: Suppliers</b>		
Trade creditors and accruals	418	389
<b>Total suppliers</b>	<b>418</b>	<b>389</b>

Settlement was usually made within 20 days.

<b>5B: Other payables</b>		
Salaries and wages	234	109
Superannuation	44	22
Salary sacrifice payable	30	28
Unearned income	-	95
Input tax credit (GST) payment to the Australian Taxation Office	-	1
Other payables	38	1
<b>Total other payables</b>	<b>346</b>	<b>256</b>

## Note 6 Interest bearing liabilities

	2020	2019
<b>6: Leases</b>		
Lease liabilities	<u>27</u>	-
<b>Total leases</b>	<u>27</u>	-

1 The Department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$32,546.

# 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 7 Employee provisions

	2020 \$'000	2019 \$'000
Leave	6,934	6,163
<b>Total employee provisions</b>	<b>6,934</b>	<b>6,163</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	1,843	1,627
More than 12 months	5,091	4,536
<b>Total employee provisions</b>	<b>6,934</b>	<b>6,163</b>

### *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 2020. The estimate of the present value of the liability takes into account attrition rates, increments within level 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 8 Key management personnel remuneration

	2020 \$'000	2019 \$'000
<b>Short-term employee benefits</b>		
Base salary	1,400	1,359
Other benefits and allowances	147	143
<b>Total short-term employee benefits</b>	<b>1,547</b>	1,502
<b>Post-employment benefits</b>		
Superannuation contribution	216	237
<b>Total post-employment benefits</b>	<b>216</b>	237
<b>Other long-term employee benefits</b>		
Long-service leave	225	62
<b>Total other long-term employee benefits</b>	<b>225</b>	62
<b>Total key management personnel remuneration expenses</b>	<b>1,988</b>	1,801

The total number of key management personnel that are included in the above table is 7. (2019: 7)

### *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 9 Related party disclosures

### Transactions with related parties

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 10 Appropriations

### Annual appropriations for 2020

	Appropriation Act		PGPA Act		Total appropriation <sup>2</sup> \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
	Annual appropriation <sup>1</sup> \$'000	Section 74 receipts \$'000					
<b>Departmental</b>							
Operating budget	25,014	3,902			28,916	(23,193)	5,723
Capital budget	635	-			635	(173)	462
<b>Total departmental</b>	<b>25,649</b>	<b>3,902</b>			<b>29,551</b>	<b>(23,366)</b>	<b>6,185</b>
<b>Administered</b>							
Operating budget	319	-			319	(222)	97
<b>Total administered</b>	<b>319</b>	<b>-</b>			<b>319</b>	<b>(222)</b>	<b>97</b>

1. In 2019–20, there were no appropriations subject to quarantine and no reductions. The departmental and administered appropriation are automatically repealed three years after they are passed by parliament.

2. The departmental variance primarily relates to:

- a) operating budget:
  - lower catering and incidental expenses, travel and office services from March to June 2020 due to the pandemic.
  - the department's term deposit of \$2,546,108.00 matured on 29 June 2020 and was not reinvested until July. This amount was held in the department's bank account and not applied until reinvestment in July 2020.
- b) capital budget—a number of procurements of new equipment for the print room were delayed and not completed or delivered by 30 June 2020, it is anticipated these will be completed in the first half of 2020–21. In addition, the department had budgeted to pay for replacement of the Parliamentary Relations Office database, but this was subsequently identified to be funded through the Department of Parliamentary Services capital works plan.

The administered variance relates to reduced school visits because of the pandemic shutdown from March to June 2020.

## Note 10 Appropriations (continued)

	Appropriation Act		PGPA Act		Total appropriation <sup>2</sup> \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
	Annual appropriation <sup>1</sup> \$'000	Section 74 receipts \$'000					
<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 appropriation are automatically repealed three years after they are passed by parliament.

2. The departmental variance primarily relates to:

- a) operating budget—lower employee benefits expense due to a number of positions remaining vacant throughout the reporting period
- b) 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 11 Unspent annual appropriations ('recoverable GST exclusive')**

	2020 \$'000	2019 \$'000
<b>Departmental</b>		
Appropriation (Parliamentary Departments) Act (No. 1) 2018-19	235	17,779
Appropriation - Operating Supply (Parliamentary Departments) Act (No. 1) 2019-20	15,455	-
Appropriation - Operating (Parliamentary Departments) Act (No. 1) 2019-20	5,423	-
Cash at bank	2,855	617
<b>Total departmental</b>	<b>23,968</b>	<b>18,396</b>
<b>Administered</b>		
Appropriation (Parliamentary Departments) Act (No. 1) 2018-19	-	17
Appropriation (Parliamentary Departments) Act (No. 1) 2019-20	114	-
<b>Total administered</b>	<b>114</b>	<b>17</b>

### Note 12A Special appropriations ('recoverable GST exclusive')

	2020	2019
Authority	\$'000	\$'000
<i>Public Governance, Performance and Accountability Act 2013—section 58</i>	-	5,092
<b>Total special appropriations applied</b>	-	<u>5,092</u>

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 were as follows:

2019–20 amount applied	Date	\$'000
Term deposit matured	29 June 2020	-
<b>Total applied</b>		<u>-</u>

2018–19 amount applied	Date	\$'000
Term deposit matured and principal reinvested	20 July 2018	2,546
Term deposit matured and principal reinvested	28 June 2019	2,546
<b>Total applied</b>		<u>5,092</u>

The department's term deposit of \$2,546,108 matured on 29 June 2020. This amount was held in cash at bank as at 30 June 2020. The department reinvested the funds to a new term deposit with a different financial institution on 10 July 2020 for a period of 12 months at 1.5% interest payable on maturity. The source of the initial deposit was the former Inter-parliamentary Relations Special Account which was subject to a sun-setting provision. The balance of the account was initially invested after the release of a new delegation from the Finance Minister in July 2017. The balance of this account is disclosed in Note 3C and interest earned is recorded on an accrual basis in Note 2B.

### Note 12B Disclosures by agent in relation to special appropriations ('recoverable GST exclusive')

	Department of Finance (third party access)	
	2020	2019
	\$'000	\$'000
Total receipts	<b>50,794</b>	48,534
Total payments	<b>50,794</b>	48,534

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.

### Note 12 Net cash appropriation arrangements

	2020	2019
	\$'000	\$'000
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>1,487</b>	1,371
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(517)</b>	(584)
Plus: depreciation right-of-use assets	<b>33</b>	-
Less: principal repayments - leased assets	<b>(33)</b>	-
<b>Total comprehensive income/(loss)—as per the statement of comprehensive income</b>	<b>970</b>	787

# Managing uncertainties

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

## Note 14 Financial instruments

	2020	2019
	\$'000	\$'000
<b>Categories of financial instruments</b>		
<b>Financial assets at amortised cost</b>		
Term deposit	-	2,546
Cash and cash equivalents	2,855	617
Trade and other receivables	102	242
<b>Total financial assets at amortised cost</b>	<b>2,957</b>	<b>3,405</b>
<b>Total financial assets</b>	<b>2,957</b>	<b>3,405</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	418	389
Other payables	-	95
<b>Total financial liabilities measured at amortised cost</b>	<b>418</b>	<b>484</b>
<b>Total financial liabilities</b>	<b>418</b>	<b>484</b>

**Note 14 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 15 Fair value

	Fair value measurements at the end of the reporting period	
	2020 \$'000	2019 \$'000
<b>Non-financial assets<sup>1</sup></b>		
Property, plant and equipment <sup>2</sup>	<b>4,542</b>	4,819
Heritage and cultural <sup>2</sup>	<b>454</b>	454

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 2020.

### *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.

# Other information

## Note 16 Aggregate assets and liabilities

	2020	2019
	\$'000	\$'000
<b>Assets expected to be recovered in:</b>		
No more than 12 months	<b>24,331</b>	21,439
More than 12 months	<b>5,242</b>	5,532
<b>Total assets</b>	<b>29,573</b>	26,971
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	<b>2,634</b>	2,273
More than 12 months	<b>5,091</b>	4,535
<b>Total liabilities</b>	<b>7,725</b>	6,808

# 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 17 Departmental budget variances commentary

Explanations of major variances	Affected statements and line items
<b>COVID-19 pandemic</b>	
<p>The COVID-19 pandemic impacted the department's financial statements in the following ways:</p> <ul style="list-style-type: none"> <li>» International delegations, both incoming and outgoing, ceased from March and as at reporting date had not recommenced. This resulted in reductions in travel costs for staff supporting the delegations, along with catering, printing and overtime to support delegations outside of normal working hours.</li> <li>» All committee office travel to support parliamentary inquiries ceased from March. Associated costs relating to catering, venue hire, meals and incidentals were significantly reduced during the period.</li> <li>» Due to reduced sittings of the House, normal costs associated with supporting the chamber, were reduced, this includes overtime for staff who would ordinarily support the chamber outside of hours, casual staff wages for attendants who are primarily employed during sitting weeks, and printing to support bills and papers.</li> <li>» Sourcing of equipment was difficult during March – June. This resulted in delays in procuring a number of assets including print room equipment.</li> </ul>	<p><b>Statement of comprehensive income:</b></p> <ul style="list-style-type: none"> <li>» suppliers expenses</li> <li>» employee benefits</li> <li>» depreciation and amortisation</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> <li>» non-financial assets</li> </ul> <p><b>Cash flow statement:</b></p> <ul style="list-style-type: none"> <li>» operating cash used—suppliers</li> <li>» operating cash used—employees</li> <li>» operating cash received—appropriations</li> <li>» investing cash used – purchase of property, plant and equipment</li> </ul>

## Note 17 Departmental budget variances commentary (continued)

Affected statements and line items	
<b>Term Deposit Maturity</b>	
<p>The department's term deposit held with Westpac of \$2,546,108 matured on 29 June 2020. In order to obtain a better rate of return the amount was not immediately reinvested while paperwork to setup new authorities with ME Bank was completed and accepted. The amount was held in cash at bank as at 30 June 2020.</p>	<p><b>Statement of financial position:</b></p> <ul style="list-style-type: none"> <li>» cash and cash equivalents</li> <li>» other investments</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> <p><b>Cash flow statement:</b></p> <ul style="list-style-type: none"> <li>» investing cash used—investments</li> </ul>
<b>Parliamentary conferences</b>	
<p>The department sought and received funding from the Department of Foreign Affairs and Trade to support the participation of a number of Pacific nations at the Asia Pacific Parliamentary Forum in January 2020. This amount was fully offset by expenditure incurred to complete the activity. The net amount of funding after returning unspent funds was \$126,000 This funding and expenditure was not known at the time of budgeting.</p>	<p><b>Statement of comprehensive income:</b></p> <ul style="list-style-type: none"> <li>» other revenue</li> <li>» suppliers expenses</li> </ul> <p><b>Cash flow statement:</b></p> <ul style="list-style-type: none"> <li>» operating cash used—investments</li> <li>» operating cash received—revenue from external sources</li> </ul>

## Note 18 Administered budget variances commentary

Explanations of major variances	Affected statements and line items
<b>COVID-19 pandemic</b>	
<p>The COVID-19 pandemic impacted the administered financial statements in the following ways:</p> <ul style="list-style-type: none"> <li>» School visits to Parliament House ceased from March 2020 through June 2020. This meant no hospitality costs were incurred. Costs attributable to the departmental staff member working on the bookings continued as large volumes of cancellations, inquiries and future bookings continued during the period.</li> </ul>	<p><b>Statement of comprehensive income:</b></p> <ul style="list-style-type: none"> <li>» suppliers expenses</li> </ul> <p><b>Cash flow statement:</b></p> <ul style="list-style-type: none"> <li>» cash used—suppliers</li> </ul>

