



Part 4

Financial statements

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Speaker of the House of Representatives

Opinion

In my opinion, the financial statements of the Department of the House of Representatives (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2023 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 as at 30 June 2023 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 (including Independence Standards)* (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 – Simplified Disclosures 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

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

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 scepticism 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



Colin Bienke
Audit Principal

Delegate of the Auditor-General

Canberra
28 September 2023

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 2023 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.



CLARESSA SURTEES

Clerk of the House

26 September 2023



LEISA WARD

Chief Finance Officer

26 September 2023

Statement of comprehensive income

for the period ended 30 June 2023

		2023	2022	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	21,262	20,521	22,265
Suppliers	1B	4,221	4,839	4,302
Depreciation and amortisation	4A	384	555	579
Finance costs	1C	1	1	1
Write-down and impairment of assets	1D	45	35	-
Losses from asset sales	1E	13	49	-
Total expenses		25,926	26,000	27,147
Own-source income				
Own-source revenue				
Revenue from contracts with customers	2A	28	137	53
Interest	2B	76	16	16
Other revenue	2C	8	11	-
Total own-source revenue		112	164	69
Gains				
Other gains	2D	2,089	1,944	2,090
Total gains		2,089	1,944	2,090
Total own-source income		2,201	2,108	2,159
Net cost of services		23,725	23,892	24,988
Revenue from government	2E, 10	25,006	25,024	24,446
Surplus/(deficit) on continuing operations		1,281	1,132	(542)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	(792)	-
Total comprehensive income/(loss)		1,281	340	(542)

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

The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022.

Budget variance explanations are outlined in Note 17.

Statement of financial position

as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3A	2,716	1,121	1,121
Trade and other receivables	3B	23,866	24,377	24,377
Other investments	3C	2,480	2,480	2,480
Total financial assets		29,062	27,978	27,978
Non-financial assets¹				
Heritage and cultural	4A	570	570	454
Property, plant and equipment	4A	2,811	3,102	3,176
Computer software	4A	90	139	284
Inventories	4B	10	10	10
Other non-financial assets	4C	187	211	211
Total non-financial assets		3,668	4,032	4,135
Total assets		32,730	32,010	32,113
LIABILITIES				
Payables				
Suppliers	5A	516	1,297	1,297
Other payables	5B	561	491	492
Total payables		1,077	1,788	1,789
Interest bearing liabilities				
Leases	6	24	38	37
Total interest bearing liabilities		24	38	37
Provisions				
Employee provisions	7	6,338	6,260	6,261
Total provisions		6,338	6,260	6,261
Total liabilities		7,439	8,086	8,087
Net assets		25,291	23,924	24,026
EQUITY				
Contributed equity		(11,207)	(11,293)	(10,647)
Reserves		12,971	12,971	12,971
Retained earnings		23,527	22,246	21,702
Total equity		25,291	23,924	24,026

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

The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022.

Budget variance explanations are outlined in Note 17.

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

Statement of changes in equity

for the period ended 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	(11,293)	(11,933)	(11,293)
Transactions with owners			
Distributions to owners			
Departmental capital budget	(560)	-	-
Contributions by owners			
Departmental capital budget	646	640	646
Total transactions with owners	86	640	646
Closing balance as at 30 June	(11,207)	(11,293)	(10,647)
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	22,246	21,114	22,244
Comprehensive income			
Surplus/(deficit) for the period	1,281	1,132	(542)
Total comprehensive income	1,281	1,132	(542)
Closing balance as at 30 June	23,527	22,246	21,702
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	12,971	13,763	12,971
Comprehensive income			
Other comprehensive income	-	(792)	-
Total comprehensive income	-	(792)	-
Closing balance as at 30 June	12,971	12,971	12,971

Statement of changes in equity (continued)

for the period ended 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	23,924	22,944	23,922
Comprehensive income			
Surplus/(deficit) for the period	1,281	1,132	(542)
Other comprehensive income	-	(792)	-
Total comprehensive income	1,281	340	(542)
Transactions with owners			
Distributions to owners			
Departmental capital budget	(560)	-	-
Contributions by owners			
Departmental capital budget	646	640	646
Total transactions with owners	86	640	646
Closing balance as at 30 June	25,291	23,924	24,026

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

The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022.

Budget variance explanations are outlined in Note 17.

Accounting policy

Equity Injections

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

Cash flow statement

for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		26,065	21,357	24,446
Sale of goods and rendering of services		31	208	53
Interest		22	16	16
Revenue from external sources		8	11	-
Net GST received		216	3	5
Other		-	30	-
Total cash received		26,342	21,625	24,520
Cash used				
Employees		21,110	20,546	22,265
Suppliers		3,164	2,027	2,212
Net GST paid		-	-	5
Interest payments on lease liabilities		1	1	1
Total cash used		24,275	22,574	24,483
Net cash from/(used by) operating activities		1,067	(949)	37
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		-	2	-
Investments		-	87	-
Total cash received		-	89	-
Cash used				
Purchase of property, plant and equipment		103	98	646
Purchase of intangibles		-	14	-
Total cash used		103	112	646
Net cash from/(used by) investing activities		(103)	(23)	(646)
FINANCING ACTIVITIES				
Cash received				
Contributed equity-departmental capital budget		646	640	646
Total cash received		646	640	646
Cash used				
Principal payments of lease liabilities		15	15	37
Total cash used		15	15	37
Net cash from/(used by) financing activities		631	625	609
Net increase/(decrease) in cash held		1,595	(347)	-
Cash and cash equivalents at the beginning of the reporting period		1,121	1,468	1,121
Cash and cash equivalents at the end of the reporting period	3A	2,716	1,121	1,121

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

The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022. Budget variance explanations are outlined in Note 17.

Administered schedule of comprehensive income

for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Provision of hospitality services		158	87	334
Total expenses		158	87	334
Net (cost of)/contribution by services		(158)	(87)	(334)
Surplus/(deficit)		(158)	(87)	(334)
Total comprehensive income/(loss)		(158)	(87)	(334)

The above schedule should be read in conjunction with the accompanying notes.
The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022.
Budget variance explanations are outlined in Note 18.

Administered schedule of assets and liabilities

as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
GST receivable		2	1	1
Total financial assets		<u>2</u>	<u>1</u>	<u>1</u>
Total assets administered on behalf of Government		<u>2</u>	<u>1</u>	<u>1</u>
LIABILITIES				
Payables				
Suppliers		14	31	30
Other payables		2	1	1
Total payables		<u>16</u>	<u>32</u>	<u>31</u>
Total liabilities administered on behalf of Government		<u>16</u>	<u>32</u>	<u>31</u>
Net assets/(liabilities)		<u>(14)</u>	<u>(31)</u>	<u>(30)</u>

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.

The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022.

Budget variance explanations are outlined in Note 18.

Administered reconciliation schedule

	2023	2022
	\$'000	\$'000
Opening assets less liabilities as at 1 July	(31)	(15)
Net (cost of)/contribution by services		
Expenses		
Payments to entities other than corporate Commonwealth entities	(158)	(87)
Transfers (to)/from the Australian Government		
Appropriation transfers from official public account	175	71
Closing assets less liabilities as at 30 June	(14)	(31)

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)

Revenue collected by the department for use by the Government rather than the department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. 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 flows and in the administered reconciliation schedule.

Administered cash flow statement

for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Net GST received		12	5	-
Total cash received		12	5	-
Cash used				
Suppliers		188	73	334
Total cash used		188	73	334
Net cash from/(used by) operating activities		(176)	(68)	(334)
Cash from official public account				
Appropriations		175	71	334
GST appropriations		13	2	-
Total cash from official public account		188	73	334
Cash to official public account				
GST appropriations		(12)	(5)	-
Total cash to official public account		176	68	334
Cash and cash equivalents at the end of the reporting period		-	-	-

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

The Original Budget was published in the Portfolio Budget Statements 2022-23 - October 2022.

Budget variance explanations are outlined in Note 18.

Overview

The department is one of four parliamentary departments supporting the Australian Parliament. 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 conducts the following administered activities:

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

The department is a not-for-profit entity and a non-corporate Commonwealth entity and is domiciled in Australia. The registered office is Parliament House, Canberra in the Australian Capital Territory.

Basis of preparation of the financial report

The financial statements 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 – including simplified disclosures for Tier 2 Entities under AASB 1060 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 reported at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollar unless otherwise specified.

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 department's financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
ASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021- 6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on the departments's financial statements for the current reporting period or future reporting periods.

Material accounting judgements and estimates

The department has made assumptions and estimates in the following areas that have the most material impact on amounts recorded in the financial statements:

- » The fair value of property, plant and equipment is assessed at market value or current replacement cost as determined by an independent valuer, with a materially assessment performed at 30 June 2023.
- » Leave provision involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

No other accounting assumptions or estimates have been identified that have significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next 12 months.

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 2023.

Note 1 Expenses

	2023	2022
	\$'000	\$'000
1A: Employee benefits		
Wages and salaries	16,092	15,745
Superannuation		
Defined contribution plans	1,447	1,414
Defined benefit plans	1,522	1,532
Leave and other entitlements	2,201	1,694
Separation and redundancies	-	136
Total employee benefits	21,262	20,521
1B: Suppliers		
Goods and services supplied or rendered		
Staff-related services	46	1,559
Travel	569	34
Office services	3,438	3,150
Communication	53	35
Corporate expenses	4	5
Total goods and services supplied or rendered	4,110	4,783
Goods supplied	194	172
Services rendered	3,916	4,611
Total goods and services supplied or rendered	4,110	4,783
Other suppliers		
Workers' compensation expenses	111	56
Total other suppliers	111	56
Total suppliers	4,221	4,839

Accounting policy

Employee Benefits

Accounting policies for employee related expenses are contained in the people and relationships section.

Note 1 Expenses (continued)

	2023	2022
	\$'000	\$'000
1C: Finance costs		
Interest on lease liabilities	1	1
Total finance costs	1	1
1D: Write-down and impairment assets		
Impairment of property, plant and equipment	45	35
Total write-down and impairment of assets	45	35
1E: Losses from asset sales		
Losses arising from sale of non-financial assets	13	49
Total losses from asset sales	13	49

*Accounting policy***Finance Costs**

All borrowing costs on lease liabilities are expensed as incurred.

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 per asset). 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

	2023	2022
	\$'000	\$'000
2A: Revenue from contracts with customers		
Sale of goods	14	14
Rendering of services	14	123
Total revenue from contracts with customers	28	137
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Services - seminars/conference	14	123
Goods - publications/gift shop	14	14
	28	137
Type of customer:		
Australian Government entities (related parties)	16	124
State and Territory Governments	1	1
Non-government entities	11	12
	28	137
Timing of transfer of goods and services:		
Over time	-	-
Point in time	28	137
	28	137
2B: Interest		
Interest on deposits	76	16
Total interest	76	16
2C: Other revenue		
Royalties	7	11
Rebates	1	-
Total other revenue	8	11

Note 2 Own-source revenue and gains (continued)

	2023	2022
	\$'000	\$'000
2D: Other gains		
Resources received free of charge		
Remuneration of auditors	90	87
Rent of premises	1,999	1,827
Other gain—other financial income	-	30
Total other gains	2,089	1,944
2E: Revenue from government		
Appropriations		
Departmental appropriations	25,006	25,024
Total revenue from government	25,006	25,024

Accounting policy

The department receives revenue from appropriations, the rendering of services and the sale of goods.

Revenue from the sale of goods is recognised when control has been transferred to the buyer. The department reviews contracts with customers to ascertain if the contract is in the scope of AASB 15 and if the performance obligations are required by an enforceable contract.

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

The principal activities from which the department generates its revenue are:

- sale of merchandise and procedural materials based on customary business practices – revenue is recognised at point of time when payment is received and control passes to customer, i.e., upon shipment to customer.
- conducting seminars on parliamentary procedure and process – revenue is recognised at point of time when payment is received and the service is provided to the customer, i.e., upon holding each seminar.

The transaction price is the total amount of consideration to which the department expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

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.

Accounting policy (continued)

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.

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

	2023	2022
	\$'000	\$'000
3A: Cash and cash equivalents		
Cash on hand or on deposit	2,716	1,121
Total cash and cash equivalents	2,716	1,121
3B: Trade and other receivables		
Goods and services receivables		
Goods and services	166	39
Total goods and services receivables	166	39
Appropriations receivables		
Appropriation receivable—existing programs	23,632	24,251
Total appropriations receivables	23,632	24,251
Other receivables		
Cash held by salary packaging providers	48	55
GST input credits receivable	20	32
Total other receivables	68	87
Total trade and other receivables (gross)	23,866	24,377
Less impairment allowance	-	-
Total trade and other receivables (net)	23,866	24,377
3C: Other investments		
Deposits	2,480	2,480
Total other investments	2,480	2,480

Accounting policy

Financial assets

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

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

Trade receivables are recognised where the department becomes party to a contract and has a legal right to receive cash. 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.

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

Note 4 Non-Financial assets

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

	Heritage and cultural ¹ \$'000	Property, plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2022				
Gross book value	570	3,116	807	4,493
Accumulated depreciation, amortisation and impairment	-	(14)	(668)	(682)
Total as at 1 July 2022	570	3,102	139	3,811
Additions				
Purchase or internally developed ²	-	103	-	103
Right-of-use assets (cost)	-	-	-	-
Revaluations and impairments recognised in other comprehensive income	-	-	-	-
Depreciation and amortisation	-	(320)	(49)	(369)
Depreciation on right-of-use assets	-	(15)	-	(15)
Disposals				
Sale or trade-in	-	(14)	-	(14)
Write-off	-	(46)	(8)	(54)
Accumulated depreciation, amortisation and impairment	-	1	8	9
Total as at 30 June 2023	570	2,811	90	3,471
Total as at 30 June 2023 represented by				
Gross book value	570	3,159	799	4,528
Accumulated depreciation, amortisation and impairment	-	(348)	(709)	(1,057)
Total as at 30 June 2023	570	2,811	90	3,471
Carrying amount of right-of-use assets	-	23	-	23

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. There was no work in progress asset completed or capitalised during the 2022-23 financial year.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 15. On 30 June 2023 an independent valuer conducted materiality review.

Accounting policy

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where these items form part of a group of similar assets 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.

Right of Use (ROU) Assets

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 these items were owned.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from 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 depends 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 the amount 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 these amounts 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.

Accounting policy (continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department 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:

	2023	2022
Property, plant and equipment	1 to 50 years	1 to 50 years

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

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2023. Where indications of impairment exist, the assets recoverable amount is estimated, and an impairment adjustment made if the assets 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 department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

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

Heritage and cultural assets

The department has the following heritage and cultural assets with an aggregated fair value at 30 June 2023 of \$570,000 (2022: \$570,000):

- » 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

Accounting policy (continued)

- » 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 these items 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. The department's heritage items are deemed part of the Parliament House Art Collection and are maintained in accordance with policies managed by the Department of Parliamentary Services. The Parliament's policy on the preservation of the Parliament House Art Collection can be found at:

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Department_of_Parliamentary_Services/policies

Intangible Assets

The department's intangible assets 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 department's software are 3 to 20 years (2022: 3 to 20 years).

All software assets were assessed for indications of impairment as at 30 June 2023.

Note 4 Non-financial assets (continued)

	2023	2022
	\$'000	\$'000
4B: Inventories		
Inventories held for sale		
Finished goods	10	10
Total inventories held for sale	10	10
Total inventories	10	10

During 2022-23, \$2,912 of inventory was recognised as an expense (2022: \$2,756).

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

4C: Other non-financial assets

Prepayments	187	211
Total other non-financial assets	187	211

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

	2023	2022
	\$'000	\$'000
5A: Suppliers		
Trade creditors and accruals	516	1,297
Total suppliers	516	1,297

Settlement is usually made within 20 days.

5B: Other payables

Salaries and wages	415	355
Superannuation	80	67
Salary sacrifice payable	48	55
Unearned income	8	8
Input tax credit (GST) payment to the Australian Taxation Office	-	-
Other payables	10	6
Total other payables	561	491

Note 6 Interest bearing liabilities

	2023 \$'000	2022 \$'000
6: Leases		
Lease liabilities	24	38
Total leases	24	38
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	16	14
Between 1 to 5 years	8	24
More than 5 years	-	-
Total leases	24	38

Total cash outflow for leases for the year ended 30 June 2023 was \$20,821. (2022: \$21,356).

The department in its capacity as a lessee has entered into a contractual arrangement with SG Fleet for the provision of motor vehicles. At 30 June 2023 there were two leases.

The above lease disclosures should be read in conjunction with the accompanying notes: 1B, 1C, 4A.

Accounting policy

For all new contracts entered into, the department considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

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

	2023 \$'000	2022 \$'000
7: Employee provisions		
Leave and other entitlements	6,338	6,260
Total employee provisions	6,338	6,260
Employee provisions expected to be settled		
No more than 12 months	1,758	1,691
More than 12 months	4,580	4,569
Total employee provisions	6,338	6,260

Accounting policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave

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

The annual leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, plus the departments employer superannuation contribution rates and applicable on-costs, 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 (LSL) has been determined using the LSL shorthand model issued by the Department of Finance (2022: LSL shorthand method). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and enterprise agreements.

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 eligible, elected defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australia Government. The PSSap is a defined contribution scheme.

Accounting policy (continued)

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 department accounts for the contributions as if these amounts were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2023 represents outstanding contributions.

Note 8 Key Management Personnel remuneration

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly. The department has determined the key management personnel to be the Clerk of the House, the Deputy Clerk, three Clerk Assistants and the Serjeant-at-Arms. Key management personnel remuneration is reported in the table below:

	2023	2022
	\$'000	\$'000
8: Key Management Personnel Remuneration		
Short-term employee benefits	1,613	1,555
Post-employment benefits	271	244
Other long-term employee benefits	53	92
Total key management personnel remuneration expenses	1,937	1,891

The total number of key management personnel that are included in the above table is six. (2022: six)

During 2022-23 a minor overpayment to KMP was identified, totalling approximately \$12,000. The overpayment was calculated with reference to the *Remuneration Tribunal Act 1973* and its associated Determinations. The amount relates to the inclusion of reportable fringe benefits (non-cash), in respect of provision of access to a motor vehicle. Overpayments are recoverable under s16A(1) of the *Remuneration Tribunal Act 1973*. The KMP was not aware of the overpayment until it was identified during the financial statements audit, and has committed to repaying the overpaid amount. The department is continuing investigations to determine the extent of any overpayments in relation to prior financial years.

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 7 Employee benefits for details on superannuation arrangements with the Commonwealth.

Considering 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

Note 10: Annual appropriations ('Recoverable GST exclusive')					
Annual appropriations for 2023					
	Appropriation Act		Total appropriation	Appropriation applied in 2023 (current and prior years)	Variance ³
	Annual appropriation ¹	PGPA Act Section 74 receipts ²			
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Operating	25,006	655	25,661	(24,730)	931
Capital budget ⁴	646	-	646	(40)	606
Total	25,652	655	26,307	(24,770)	1,537
Administered					
Operating	334	-	334	(175)	159
Total	334	-	334	(175)	159

1. The departmental and administered appropriations are automatically repealed three years after they are passed by Parliament.

2. Adjustments to appropriations include adjustments to current year annual appropriations for PGPA Act section 74 receipts.

3. The departmental appropriation variances primarily relates to:

a) operating budget - lower staffing costs due to vacancies across the department.

b) capital budget - there has been less of a requirement for a capital budget due to the transition of systems to the Cloud and the associated accounting treatment of these expenses.

The administered appropriation variance relates to reduced school visits in the first quarter of 2022-23.

4. Departmental Capital Budgets are appropriated through *Appropriation (Parliamentary Departments) Bill (No. 1) 2022-2023* and *Supply (Parliamentary Departments) Bill (No. 2) 2022-2023*. They form part of ordinary annual services, and are not separately identified in the Appropriation Bill. Departmental Capital Budget 2022-23: \$646k.

During 2022-23 the department chose to no longer receive a contribution through equity for its departmental capital budget and for these amounts to be received as departmental appropriations. All unused capital budget appropriations from prior years have been moved to future years' departmental appropriations, except for the 2020-21 appropriation which was moved to the current year through Appropriation (Parliamentary Departments) Act (No. 2) 2022-2023.

The department applied \$40k of capital budget appropriation during the 2022-23 year. Total capital purchases for the year totalled \$103k. The department ceased drawing down the capital budget for capital purchases in January 2023 when an agreement had been reached with the Department of Finance that remaining capital funds would be moved to future years operating budget.

Note 10 Appropriations (continued)

Annual appropriations for 2022					
	Appropriation Act		Total appropriation	applied in 2022 (current and prior years)	Variance ³
	Annual appropriation ¹	PGPA Act Section 74 receipts ²			
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Operating	25,024	1,484	26,508	(23,718)	2,789
Capital budget ^a	640	-	640	(111)	529
Total	25,664	1,484	27,148	(23,829)	3,318
Administered					
Operating	327	-	327	(71)	256
Total administered	327	-	327	(71)	256

1. In 2021-22, 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. Adjustments to appropriations include adjustments to current year annual appropriations for PGPA Act section 74 receipts.

3. The departmental appropriation variances primarily relates to:

a) operating budget - lower staffing costs due to vacancies across the department.

b) capital budget - the only requirement for capital was the purchase of surface hubs for video conferencing.

The administered appropriation variance relates to reduced school visits due to Parliament House being closed to the public for a number of parliamentary sitting periods throughout the financial year due to the impact of the COVID-19 pandemic.

4. Departmental and Administered Capital Budgets are appropriated through *Appropriation (Parliamentary Departments) Bill (No. 1) 2021-2022*. They form part of ordinary annual services, and are not separately identified in the Appropriation Bill.

Departmental Capital Budget 2021-22: \$640k.

Note 11 Unspent annual appropriations

Note 11: Unspent annual appropriations ('recoverable GST exclusive')

	2023	2022
	\$'000	\$'000
11: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
Appropriation (Parliamentary Departments) Act (No. 1) 2020-2021 ¹	266	266
Supply (Parliamentary Departments) Act (No. 1) 2020-2021 ¹	294	334
Appropriation (Parliamentary Departments) Act (No. 1) 2021-2022	640	23,651
Supply (Parliamentary Departments) Act (No. 1) 2022 2023	8,355	-
Supply (Parliamentary Departments) Act (No. 2) 2022 2023	14,637	-
Cash at bank	2,716	1,121
Total departmental	26,908	25,372
Administered		
Appropriation (Parliamentary Departments) Act (No. 1) 2020-2021 ²	105	280
Appropriation (Parliamentary Departments) Act (No. 1) 2021-2022	327	327
Supply (Parliamentary Departments) Act (No. 1) 2022 2023	139	-
Supply (Parliamentary Departments) Act (No. 2) 2022 2023	195	-
Total administered	766	607

1. The unspent departmental appropriations from A appropriation (Parliamentary Departments) Act (No. 1) 2020-2021 and Supply (Parliamentary Departments) Act (No. 1) 2020-2021 will lapse on 1 July 2023 - \$560k.

2. The unspent administered appropriations from A appropriation (Parliamentary Departments) Act (No. 1) 2020-2021 will lapse on 1 July 2023 - \$105k.

Note 12A Special appropriations

	2023	2022
	\$'000	\$'000
12A: Special Appropriations ('recoverable GST exclusive')		
Authority		
<i>Public Governance, Performance and Accountability Act 2013—section 58</i>	2,480	5,047
Total special appropriations applied	2,480	5,047

The *Public Governance, Performance and Accountability (Finance Minister to Accountable Authorities of Non-Corporate Commonwealth Entities) Delegation 2022* 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:

2022-23 amount applied	Date	\$'000
Term deposit matured and principal reinvested	10 October 2022	2,480
Total applied		2,480
2021-22 amount applied	Date	\$'000
Term deposit matured and principal reinvested	10 July 2021	2,567
Term deposit matured and principal reinvested	10 October 2021	2,480
Total applied		5,047

The department's term deposit of \$2,480,000 matured on 10 October 2022. This amount was reinvested on 10 October 2022 for 12 months at 3.65% p.a. maturing on 10th October 2023. 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

	2023	2022
	\$'000	\$'000
Note 12B: Disclosures by agent in relation to annual and special appropriations ('recoverable GST exclusive')		
Department of Finance (third party access)		
Total receipts	53,271	49,987
Total payments	53,271	49,987

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 13 Net cash appropriation arrangements

	2023	2022
	\$'000	\$'000
13: Net cash appropriation arrangements		
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	1,281	1,132
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	369	539
Plus: depreciation right-of-use assets ²	15	16
Less: principal repayments - leased assets ²	15	15
Net Cash Operating Surplus/ (Deficit)	1,650	1,672

1. From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

No depreciation/amortisation amounts are excluded from this calculation.

2. The inclusion of depreciation/amortisation expenses relating to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements. No right-of-use assets or lease principal repayments are excluded from this calculation.

Managing uncertainties

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

Note 14 Financial instruments

14A: Contingent assets and liabilities

The department does not have any significant quantifiable contingent assets or liabilities, nor does it have any significant unquantifiable contingent assets or liabilities.

Unquantifiable or remote contingent liabilities/assets

In the normal course of business, the department has a number of items that are either unquantifiable or are not considered probable. At the date of this report, the department does not consider the outcome of any such matters likely to have a significant effect on its operations or financial position.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

	2023 \$'000	2022 \$'000
14B: Categories of financial instruments		
Financial assets at amortised cost		
Term deposit	2,480	2,480
Cash and cash equivalents	2,716	1,121
Trade and other receivables	214	94
Total financial assets at amortised cost	5,410	3,695
Total financial assets	5,410	3,695
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers	516	1,297
Other payables	8	8
Total financial liabilities measured at amortised cost	524	1,305
Total financial liabilities	524	1,305

Accounting policy

Financial assets

In accordance with AASB 9 *Financial Instruments*, 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
- 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 department 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

	2023	2022
	\$'000	\$'000
15: Fair value measurements at the end of the reporting period		
Non-financial assets¹		
Property, plant and equipment ²	2,811	3,102
Heritage and cultural ²	570	570

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 non-financial assets at fair value on a non-recurring basis as at 30 June 2023.

Accounting policy

The department conducts an asset materiality review at least once every 12 months with a full revaluation assessment 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

	2023	2022
	\$'000	\$'000
16: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	2,716	1,121
Trade and other receivables	23,866	24,377
Other Investments	2,480	2,480
Inventories	10	10
Other non-financial assets	187	211
Total no more than 12 months	29,259	28,199
More than 12 months		
Heritage and cultural	570	570
Property, plant and equipment	2,811	3,102
Computer software	90	139
Total more than 12 months	3,471	3,811
Total assets	32,730	32,010
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	516	1,297
Other payables	561	491
Leases	16	-
Employee provisions	1,758	1,691
Total no more than 12 months	2,851	3,479
More than 12 months		
Leases	8	38
Employee provisions	4,580	4,569
Total more than 12 months	4,588	4,607
Total liabilities	7,439	8,086

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 2023.

Note 17 Departmental budget variances commentary

Explanations of major variances	Affected statements and line items
Asset Management	
The department identified excess furniture for disposal that was no longer required and was not economical to store.	Statement of comprehensive income: <ul style="list-style-type: none"> » depreciation » write-down and impairment of assets » losses from asset sales
Due to the move to IT cloud based services for software licences, intangible assets purchased are lower than expected.	Statement of financial position: <ul style="list-style-type: none"> » non-financial assets Statement of cash flow: <ul style="list-style-type: none"> » purchase of property, plant and equipment
Interest	
The term deposit interest revenue was higher than budget as interest rates increased above forecast estimates.	Statement of comprehensive income: <ul style="list-style-type: none"> » interest Statement of financial position <ul style="list-style-type: none"> » financial assets
Seminars Program	
Due to low attendance rates, one seminar in the program was cancelled. There were no customised seminars held in 2022-23.	Statement of comprehensive income: <ul style="list-style-type: none"> » sale of goods and rendering of services Statement of cash flow <ul style="list-style-type: none"> » sale of goods and rendering of services
Employment matters	
Vacancies were open for extended periods due to difficulty recruiting and filling roles. Average staffing levels were 155 compared to the budget of 166.	Statement of comprehensive income: <ul style="list-style-type: none"> » employee benefits Statement of financial position: <ul style="list-style-type: none"> » employee provisions

Note 18 Administered budget variances commentary

Explanations of major variances	Affected statements and line items
Hospitality Services	
School visits to Parliament House were low at the start of the financial year. Bookings have now returned to capacity and forecast costs are expected to align with budget.	Statement of comprehensive income: <ul style="list-style-type: none"> » suppliers expenses Cash flow statement: <ul style="list-style-type: none"> » cash used—suppliers