





FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

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

- Statement by the Secretary and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- 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.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
<p data-bbox="270 316 471 338">Valuation of Buildings</p> <p data-bbox="270 354 678 477">Refer to Note 4.1 Administered - Non-Financial Assets</p> <p data-bbox="270 386 678 477">This was an area of focus due to the complexities in the judgements underpinning the calculation of the fair value of buildings, being Parliament House. As at 30 June 2019 buildings were valued at \$2.35 billion.</p> <p data-bbox="270 491 678 666">The valuation is complex due to the unique nature of each building component that comprises Parliament House. Significant judgement is exercised in making the estimation, which is based on to current replacement cost. This includes determining: the most appropriate valuation model; selecting appropriate labour and construction indices to reflect current replacement cost; and useful lives.</p>	<p data-bbox="696 316 959 338">To address the key audit matter, I:</p> <ul data-bbox="696 354 1106 618" style="list-style-type: none"> <li data-bbox="696 354 1106 401">• examined the data used in the Entity's valuation model for accuracy and completeness; <li data-bbox="696 407 1106 498">• evaluated the effectiveness of management's review and approval process to assess the reasonableness of assumptions and judgements used in calculating the estimated fair value; and <li data-bbox="696 504 1106 618">• assessed the appropriateness of the valuation model and reasonableness of key assumptions, by comparing key inputs used in the valuation model against comparable external data, where it was available.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary 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 Secretary is also responsible for such internal control as the Secretary 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 Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account Secretary 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.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Mark Vial
Senior Director

Delegate of the Auditor-General

Canberra

6 September 2019

**Department of Parliamentary Services
Financial Statements for the period ended 30 June 2019**

Statement by the Secretary and the Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Parliamentary Services will be able to pay its debts as and when they fall due.

Signed.....
Robert Stefanic
Secretary
6 September 2019

Signed.....
Nicholas Creagh
Chief Finance Officer
6 September 2019

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STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	6.1A	93,986	86,397	87,342
Suppliers	1.1A	47,821	49,808	56,059
Depreciation and amortisation	3.2A	20,226	22,317	16,398
Impairment loss allowance on financial instruments		43	-	-
Write-down and impairment of other assets		27	446	-
Losses from asset sales		16	95	-
Total expenses		<u>162,119</u>	<u>159,063</u>	<u>159,799</u>
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	12,924	13,634	17,484
Other revenue		736	513	670
Total own-source revenue		<u>13,660</u>	<u>14,147</u>	<u>18,154</u>
Net cost of services		<u>148,459</u>	<u>144,916</u>	<u>141,645</u>
Revenue from Government – appropriation	5.1A	126,347	122,978	125,247
Deficit attributable to the Australian Government		<u>(22,112)</u>	<u>(21,938)</u>	<u>(16,398)</u>
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		433	688	-
Total other comprehensive income		<u>433</u>	<u>688</u>	<u>-</u>
Total comprehensive loss		<u>(21,679)</u>	<u>(21,250)</u>	<u>(16,398)</u>

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget 2019 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		1,143	1,097	981
Trade and other receivables	3.1A	<u>30,760</u>	<u>27,763</u>	<u>21,377</u>
Total financial assets		<u>31,903</u>	<u>28,860</u>	<u>22,358</u>
Non-financial assets				
Plant and equipment:				
Information and communication technology	3.2A	39,790	42,327	39,952
Other plant and equipment	3.2A	8,026	8,427	7,347
Library collection	3.2A	7,285	7,752	8,359
Intangibles	3.2A	40,033	38,006	43,465
Inventories	3.2B	424	417	520
Prepayments		<u>4,533</u>	<u>4,811</u>	<u>7,009</u>
Total non-financial assets		<u>100,091</u>	<u>101,740</u>	<u>106,652</u>
Total assets		<u>131,994</u>	<u>130,600</u>	<u>129,010</u>
LIABILITIES				
Payables				
Trade creditors and accruals		3,590	4,250	4,150
Other payables	3.3A	<u>1,391</u>	<u>1,197</u>	<u>1,069</u>
Total payables		<u>4,981</u>	<u>5,447</u>	<u>5,219</u>
Provisions				
Employee provisions	6.1B	<u>27,017</u>	<u>24,004</u>	<u>23,631</u>
Total provisions		<u>27,017</u>	<u>24,004</u>	<u>23,631</u>
Total liabilities		<u>31,998</u>	<u>29,451</u>	<u>28,850</u>
Net assets		<u>99,996</u>	<u>101,149</u>	<u>100,160</u>
EQUITY				
Contributed equity		284,634	264,108	279,645
Reserves		21,430	20,997	20,309
Accumulated deficit		<u>(206,068)</u>	<u>(183,956)</u>	<u>(199,794)</u>
Total equity		<u>99,996</u>	<u>101,149</u>	<u>100,160</u>

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2019

	Contributed equity		Asset revaluation reserve		Accumulated deficit		Total equity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
CONTRIBUTED EQUITY								
Opening balance								
Balance carried forward from previous period	264,108	244,538	20,997	20,309	(183,956)	(162,018)	101,149	102,829
Adjusted opening balance	264,108	244,538	20,997	20,309	(183,956)	(162,018)	101,149	102,829
Comprehensive income								
Surplus/(deficit) for the period	-	-	-	-	(22,112)	(21,938)	(22,112)	(21,938)
Other comprehensive income	-	-	433	688	-	-	433	688
Total comprehensive income	-	-	433	688	(22,112)	(21,938)	(21,679)	(21,250)
Transactions with owners								
Contributions and distributions by owners								
Departmental capital budget ¹	19,609	17,648	-	-	-	-	19,609	17,648
Return of contributed equity	-	(822)	-	-	-	-	-	(822)
Transfer of assets ²	917	2,744	-	-	-	-	917	2,744
Total transactions with owners	20,526	19,570	-	-	-	-	20,526	19,570
Closing balance as at 30 June	284,634	264,108	21,430	20,997	(206,068)	(183,956)	99,996	101,149
<i>Budget 30 June 2018</i>								
Opening balance	262,186	244,538	20,309	20,331	(183,396)	(164,686)	99,099	100,183
Total comprehensive income	-	-	-	-	(16,398)	(23,000)	(16,398)	(23,000)
Total transactions with owners	17,459	17,648	-	-	-	-	17,459	17,648
Closing balance	279,645	262,186	20,309	20,331	(199,794)	(187,686)	100,160	94,831

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

¹ Additional departmental capital budget funding of \$2.15m was received through Portfolio Additional Estimates in *Parliamentary Appropriation Act (No. 2)*.

² In 2018-19, non-financial assets were transferred from the Department of the Senate (\$0.92m). The Department of the Senate recognised this transfer in their 2017-18 financial statements. In 2017-18, non-financial assets were transferred from the Department of the House of Representatives (\$1.16m), the Department of the Senate (\$0.72m) and the Parliamentary Budget Office (\$0.86m).

Accounting Policy

Departmental Capital Budget

Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in the year in which it was appropriated.

STATEMENT OF CASH FLOWS
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget 2019 \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		143,540	135,250	125,247
Sale of goods and rendering of services		13,242	15,525	19,285
GST received from ATO		5,294	6,037	5,483
Other		538	506	530
Total cash received		162,614	157,318	150,545
Cash used				
Employees		90,963	85,942	87,342
Suppliers		53,900	53,952	63,203
Section 74 receipts transferred to OPA		17,818	16,870	-
Total cash used		162,681	156,764	150,545
Net cash from/(used by) operating activities		(67)	554	-
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of plant and equipment		70	12	-
Total cash received		70	12	-
Cash used				
Purchase of property, plant and equipment		10,971	8,960	8,316
Purchase of intangibles		6,535	5,190	9,143
Total cash used		17,506	14,150	17,459
Net cash used by investing activities		(17,436)	(14,138)	(17,459)
FINANCING ACTIVITIES				
Cash received				
Departmental capital budget		17,549	13,700	17,459
Total cash received		17,549	13,700	17,459
Net cash from financing activities		17,549	13,700	17,459
Net increase in cash held		46	116	-
Cash and cash equivalents at the beginning of the reporting period		1,097	981	981
Cash and cash equivalents at the end of the reporting period		1,143	1,097	981

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME*for the period ended 30 June 2019*

		2019	2018	<i>Original Budget 2019</i>
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Suppliers	2.1A	5,121	5,861	5,188
Depreciation and amortisation	4.1A	41,180	37,062	34,606
Write-down and impairment of non-financial assets	4.1A	4,590	43	-
Total expenses		50,891	42,966	39,794
Income				
Revenue				
Non-taxation revenue				
Donations		1	1	-
Total non-taxation revenue		1	1	-
Total revenue		1	1	-
Gains				
Other gains		-	44	-
Total gains		-	44	-
Total income		1	45	-
Net cost of services		50,890	42,921	39,794
Deficit		(50,890)	(42,921)	(39,794)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus	4.1A	87,955	84,560	-
Total other comprehensive income		87,955	84,560	-
Total comprehensive income/(loss)		37,065	41,639	(39,794)

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
GST receivable		<u>786</u>	<u>1,494</u>	<u>887</u>
Total financial assets		<u>786</u>	<u>1,494</u>	<u>887</u>
Non-financial assets				
Property, plant and equipment:				
Land	4.1A	<u>91,000</u>	<u>80,000</u>	<u>80,000</u>
Buildings	4.1A	<u>2,349,407</u>	<u>2,229,479</u>	<u>2,226,547</u>
Heritage and cultural	4.1A	<u>112,839</u>	<u>113,261</u>	<u>113,356</u>
Other plant and equipment	4.1A	<u>35,860</u>	<u>47,363</u>	<u>15,445</u>
Intangibles	4.1A	<u>6,266</u>	<u>3,046</u>	<u>922</u>
Total non-financial assets		<u>2,595,372</u>	<u>2,473,149</u>	<u>2,436,270</u>
Total assets administered on behalf of Government		<u>2,596,158</u>	<u>2,474,643</u>	<u>2,437,157</u>
LIABILITIES				
Payables				
Trade creditors and accruals		<u>5,123</u>	<u>551</u>	<u>724</u>
GST funding		<u>717</u>	<u>1,489</u>	<u>843</u>
Total payables		<u>5,840</u>	<u>2,040</u>	<u>1,567</u>
Total liabilities administered on behalf of government		<u>5,840</u>	<u>2,040</u>	<u>1,567</u>
Net assets		<u>2,590,318</u>	<u>2,472,603</u>	<u>2,435,590</u>

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July		2,472,603	2,335,505
Adjusted opening assets less liabilities		2,472,603	2,335,505
Net (cost of)/contribution by services			
Income		1	45
Expenses		(50,891)	(42,966)
Other comprehensive income			
Revaluations transferred to reserves	4.1A	87,955	84,560
Transfers (to)/from Australian Government			
Appropriation transfers from Official Public Account			
Administered assets and liabilities appropriations		73,317	88,849
Administered annual appropriations		4,815	5,994
Appropriation transfers to OPA			
Administered receipts		-	-
Transfer from other agencies ¹	4.1A	2,519	616
Closing assets less liabilities as at 30 June		2,590,319	2,472,603

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

¹ In 2018-19, furniture assets of \$2.52m were transferred from the Department of the House of Representatives. In 2017-18 furniture assets of \$0.62m were transferred from the Department of the Senate.

ADMINISTERED CASH FLOW STATEMENT
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget 2019 \$'000
OPERATING ACTIVITIES				
Cash received				
GST received from ATO		7,992	7,334	4,976
Donations		1	1	-
Total cash received		7,993	7,335	4,976
Cash used				
Suppliers		12,037	13,976	10,164
Total cash used		12,037	13,976	10,164
Net cash used by operating activities		(4,044)	(6,641)	(5,188)
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		71,241	86,752	45,426
Purchase of computer software		2,075	2,097	-
Total cash used		73,316	88,849	45,426
Net cash used by investing activities		(73,316)	(88,849)	(45,426)
Net decrease in cash held		(77,360)	(95,490)	(50,614)
Cash from Official Public Account				
Appropriations		78,132	94,843	55,590
Total cash from official public account		78,132	94,843	55,590
Cash to official public account				
Appropriations		(772)	647	(4,976)
Administered receipts		-	-	-
Total cash to official public account		(772)	647	(4,976)
Cash and cash equivalents at the end of the reporting period		-	-	-

The above statement should be read in conjunction with the accompanying notes, including budget variance commentary.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the Department of Parliamentary Services (DPS)

The Department of Parliamentary Services (the department) is an Australian Commonwealth controlled entity. It is a not-for-profit entity. The department is structured to meet the following outcome:

- Support the functions of Parliament and parliamentarians through the provision of professional services, advice and facilities, and maintain Australian Parliament House.

The continued existence of the department in its present form and with its present programs is dependent on continuing funding by Parliament.

The department's activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income 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 and the Presiding Officers, of items controlled or incurred by the Parliament.

The department conducts the following administered activities on behalf of the Parliament:

- Parliament House Works Program: Effective stewardship of Australian Parliament House, including effectively managing the Australian Parliament House capital works plan, and effectively delivering the Security Upgrade Implementation Plan.

Basis of preparation

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:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR), and
- 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 are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Basis of accounting

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value.

All assets have been assessed for impairment at the end of the reporting period, and no impairment indicators exist unless otherwise stated.

New Australian Accounting Standards (AAS)

Adoption of new AAS requirements

During 2018-19, DPS adopted all applicable AAS that became effective during 2018-19. The application of new standards did not materially impact the operations of DPS.

Future AAS requirements

The AASB has issued a number of new standards, amendments to standards and interpretations that are effective for future reporting periods. These new standards are as follows:

- *AASB 15 Revenue from Contracts with Customers* (effective 1 July 2019) requires revenue to be recognised in accordance with the satisfaction of performance obligations under a contract. Depending on whether certain criteria are met, revenue is recognised either over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. Certain costs to fulfil a contract or incremental costs of obtaining a contract may qualify for capitalisation under the new standard. A five-step model is applied to determine when to recognise revenue, and at what amount. Additional disclosures are required for qualitative and quantitative information on DPS' contracts with customers, significant judgements and any asset recognised. DPS does not consider that the application of the new standard will have a material impact.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- *AASB 16 Leases* (effective 1 July 2019) will require lessees to recognise a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. DPS has forward year departmental operating lease commitments of \$0.95m (refer to Note 1.1A).

Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- b) for receivables and payables.

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, 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.

Prior year adjustments

No changes have been made to prior year disclosures.

Events after the reporting period

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the department.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variance Commentary

DEPARTMENTAL	
Explanation of major variances	Affected statements and line items
<p><u>Catering and Events</u> Revenue and corresponding expenditure in relation to catering and events functions at Australian Parliament House was lower than anticipated as a result of reduced sitting days due to 2018-19 being an election year.</p>	<p><i>Statement of Comprehensive Income:</i></p> <ul style="list-style-type: none"> • Sale of goods and rendering of services • Suppliers <p><i>Statement of Cash Flows – Operating activities:</i></p> <ul style="list-style-type: none"> • Cash received - sale of goods and rendering of services • Cash used - suppliers
<p><u>Non-Financial Assets</u> The budget for non-financial assets is set with reference to the 2016-17 financial results. Other factors contributing to the variances are the following: <u>Valuations:</u> Actual results included the impact of asset revaluations for both 2017-18 and 2018-19 which are difficult to predict for budget purposes.</p> <ul style="list-style-type: none"> • 2018-19 valuation resulted in an increment of \$0.43m for Other plant and Equipment. • 2017-18 valuation resulted in an increment of \$0.69m for Library Collection. <p><u>Acquisition of Assets:</u></p> <ul style="list-style-type: none"> • In 2018-19 non-financial assets were transferred from the Department of the Senate of \$0.92m. • In 2017-18 non-financial assets were transferred from the Department of House of Representatives (\$1.16m), the Department of the Senate (\$0.72m) and the Parliamentary Budget Office (\$0.86m). <p><u>Capital Program of Works:</u></p> <ul style="list-style-type: none"> • Capital expenditure was under budget by \$8.9m due to project delays and complexities across a number of material projects. 	<p><i>Statement of Comprehensive Income:</i></p> <ul style="list-style-type: none"> • Depreciation and amortisation <p><i>Statement of Financial Position:</i></p> <ul style="list-style-type: none"> • Financial assets – trade and other receivables • Information and communication technology • Other plant and equipment • Library collection • Intangibles <p><i>Statement of Changes in Equity:</i></p> <ul style="list-style-type: none"> • Contributed equity – transfer of assets • Asset revaluation reserve – Other comprehensive income <p><i>Statement of Cash Flows – Investing activities:</i></p> <ul style="list-style-type: none"> • Cash used – purchase of intangibles <p><i>Statement of Cash Flows – Financing activities:</i></p> <ul style="list-style-type: none"> • Cash received – departmental capital budget
<p><u>Employee Costs</u> The budget for employee provisions is set with reference to the 2016-17 financial results. The other factor contributing to the variance is employee provision valuation which resulted in an increment of \$1.77m due to movements in the bond rate.</p>	<p><i>Statement of Comprehensive Income:</i></p> <ul style="list-style-type: none"> • Employee benefits <p><i>Statement of Financial Position:</i></p> <ul style="list-style-type: none"> • Employee provisions <p><i>Statement of Cash Flows – Operating activities:</i></p> <ul style="list-style-type: none"> • Cash used – Employees

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other differences

- Transfer of Section 74 receipts (\$17.82m) to the Official Public Account and subsequent drawdown is grossed up, while this has been netted off in the budget.
- Internal cost recoveries had been reported as revenue in the budget, while internal transactions are eliminated in the financial statements. This was corrected in the 2019-20 Portfolio Budget Statements
- Depreciation budget was based on historical estimates which were structurally lower than actual. This was addressed in the 2019-20 Portfolio Budget Statements.
- The classification of expenditure between Supplier expense and Employee cost in the budget does not reflect expenditure profile in the financial statements.

Statement of Comprehensive Income:

- Employee benefits
- Depreciation and amortisation
- Sale of goods and rendering of services

Statement of Cash Flows:

- Appropriations
- Section 74 receipts transferred to the OPA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

ADMINISTERED	
Explanation of major variances	Affected statements and line items
<p><u>Non-Financial Assets</u></p> <p>The budget for non-financial assets is set with reference to the 2016-17 financial results. Other factors contributing to variances are the following:</p> <p><u>Valuations:</u></p> <p>Actual results included the impact of asset revaluations for both 2017-18 and 2018-19 which are difficult to predict for budget purposes.</p> <ul style="list-style-type: none"> • 2018-19 valuation resulted in increments of \$11.00m for Land, \$51.35m for Buildings and \$25.61m for Other plant and equipment. • 2017-18 valuation resulted in an increment of \$84.56m for Buildings. <p><u>Capital Program of Works:</u></p> <p>Administered capital expenditure was \$32.09m higher than estimates at 2018-19 Budget. A movement of funds was sought and approved during 2018-19.</p> <p><u>Acquisition of Assets:</u></p> <p>Non-financial assets were transferred from the Department of the House of Representatives (\$2.52m).</p>	<p>Administered Schedule of Comprehensive Income</p> <ul style="list-style-type: none"> • Depreciation and amortisation • Other comprehensive income – changes in asset revaluation surplus <p>Administered Schedule of Assets and Liabilities:</p> <ul style="list-style-type: none"> • Land • Buildings • Other Plant and Equipment • Trade creditors and accruals <p>Cash Flow Statement – Investing activities</p> <ul style="list-style-type: none"> • Cash used – purchase of property, plant and equipment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial performance

This section analyses the financial performance of the department.

1.1. Expenses

Employee related information is disclosed in the People section in Note 6.1A.

	2019	2018
	\$'000	\$'000
Note 1.1A: Suppliers		
Goods and services supplied or rendered		
Contractors and professional services	6,542	8,195
Catering labour hire	3,880	5,202
Information communication and technology	12,941	12,690
Property operating expenses	14,256	13,035
Office equipment and supplies	1,290	1,644
Employee related expenses	2,937	2,794
Cost of goods sold	3,468	4,283
Other	217	203
Total goods and services supplied or rendered	45,531	48,046
Goods supplied	9,392	10,250
Services rendered	36,139	37,796
Total goods and services supplied or rendered	45,531	48,046
Other suppliers		
Operating lease rentals	902	770
Workers compensation expenses	1,388	992
Total other suppliers	2,290	1,762
Total suppliers	47,821	49,808
Leasing commitments		
The department in its capacity as lessee has leasing agreements for equipment, accommodation and motor vehicles. No contingent rent is payable, the agreements are effectively non-cancellable and some are options for extension but no options for purchase.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	933	746
Between 1 to 5 years	18	11
Total operating lease commitments	951	757

All lease payable commitments are disclosed as GST inclusive amounts.

Accounting policy

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2. Own-source revenue and gains

	2019	2018
OWN SOURCE REVENUE	\$'000	\$'000

Note 1.2A: Sale of goods and rendering of services

Parliament shop	1,287	1,268
Catering	7,855	8,864
Rendering of other services	1,347	1,080
Licence revenue	2,049	2,014
Public carpark	386	408
Total sale of goods and rendering of services	12,924	13,634

Accounting policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- the department retains no involvement or effective control over the goods
- the revenue and transaction costs incurred can be reliably measured, and
- it is probable that the economic benefits associated with the transaction will flow to the department.

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

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

The stage of completion of contracts at the reporting date is determined by reference to:

- surveys of work performed
- services performed to date as a percentage of total services to be performed, or
- the proportion that costs incurred to date bear to the estimated total costs of the transaction.

2. Income and expenses administered on behalf of Government

This section analyses the financial performance of the activities that the department does not control but administers on behalf of the Government.

2.1. Administered – Expenses

	2019	2018
	\$'000	\$'000

Note 2.1A: Suppliers

Goods and services supplied or rendered

Contractors and professional services	699	486
Security project administration costs	848	588
Maintenance	3,574	4,751
Information communication and technology	-	36
Total goods and services supplied or rendered	5,121	5,861
Goods supplied	180	22
Services rendered	4,941	5,840
Total goods and services supplied or rendered	5,121	5,862

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Financial position

This section analyses the department's assets used to conduct its operations and the operating liabilities incurred as a result.

3.1. Financial assets

Employee related information is disclosed in the People section in Note 6.1B.

	2019	2018
	\$'000	\$'000
Note 3.1A: Trade and other receivables		
Goods and services receivables		
Goods and services	960	617
Total goods and services receivables	960	617
Appropriations receivables		
Operating funding for existing programs	19,098	18,473
Departmental Capital Budget	10,031	7,971
Total appropriations receivables	29,129	26,444
Other receivables		
GST receivable from ATO	686	669
Other	28	33
Total other receivables	714	702
Total trade and other receivables (gross)	30,803	27,763
Less impairment loss allowance	(43)	-
Total trade and other receivables (net)	30,760	27,763

Credit terms for goods and services were within 30 days (2018: 30 days).

Accounting policy

Trade and other receivables

Refer to accounting policy in Note 7.2 Financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2. Non-financial assets**Note 3.2A: Reconciliation of the opening and closing balances of plant and equipment and intangibles**

	Plant and equipment			Intangibles ¹	
	Information communication technology \$'000	Other plant and equipment collection \$'000	Library collection \$'000	\$'000	Total \$'000
As at 1 July 2018					
Gross book value	56,595	16,284	7,752	79,012	159,643
Accumulated depreciation, amortisation and impairment	(14,268)	(7,857)	-	(41,006)	(63,131)
Total as at 1 July 2018	42,327	8,427	7,752	38,006	96,512
Additions					
By purchase	8,987	1,104	940	3,967	14,998
Internally developed	-	-	-	2,568	2,568
Transfer from other agencies ²	-	-	-	917	917
Revaluations recognised in other comprehensive income	-	433	-	-	433
Depreciation and amortisation	(11,248)	(1,875)	(482)	(6,621)	(20,226)
Reclassification	(271)	-	(925)	1,196	-
Write-offs	-	-	-	-	-
Disposals	(5)	(63)	-	-	(68)
Total as at 30 June 2019	39,790	8,026	7,285	40,033	95,134
Total as at 30 June 2019 represented by					
Gross book value	65,083	8,026	7,767	84,602	165,478
Accumulated depreciation and amortisation	(25,293)	-	(482)	(44,569)	(70,344)
Total as at 30 June 2019	39,790	8,026	7,285	40,033	95,134

¹ Internally developed component of intangibles total value consists of \$10.80m gross value and \$2.19m accumulated amortisation.

² ICT assets were transferred from the Department of the Senate (\$0.92m). The Department of the Senate recognised this transfer in their 2017-18 financial statements.

No material indicators of impairment were found for plant and equipment or intangibles. All revaluations are conducted in accordance with the revaluation policy stated below.

An independent valuation was performed for the Other plant and equipment asset class as at 30 June 2019 by Jones Lang LaSalle Advisory Services Pty Ltd and a revaluation increment of \$0.43m was adjusted in the asset revaluation reserve (2017-18: \$0.69m for the Library collection asset class).

Contractual commitments for the acquisition of plant and equipment and intangible assets

The nature of capital commitments is for the acquisition of plant and equipment and intangible assets.

	2019	2018
	\$'000	\$'000
Commitments are payable as follows:		
Within 1 year	2,737	5,079
Between 1 to 5 years	3,002	2,035
More than 5 years	-	26
Total commitments	5,739	7,140

Plant and equipment and intangible asset commitments payable are GST inclusive amounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy and measurement at fair value

DPS has a number of asset classes. The recognition and measurement policy is included in the table below:

Asset class	Initial recognition	Subsequent recognition	Fair value predominantly measured at	Last Comprehensive Valuation
Information and communication technology	At cost.	Fair value.	Current replacement cost	2017
Other plant and equipment			Market selling price	2019
Library collection			Market selling price	2018
Land			Market selling price	2019
Buildings			Current replacement cost	2019
Heritage and cultural			Adjusted market transactions	2017
Other plant and equipment (furniture)			Adjusted market transactions	2019
Intangibles			Cost less accumulated amortisation and accumulated impairment losses.	N/A

Fair value is equal to the asset movement table (Note 3.2A and Note 4.1A) with the exception of intangibles which are valued at cost.

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

	2019	2018
<u>Departmental</u>		
Information and communication technology	1 – 40 years	1 – 40 years
Other plant and equipment	5 – 30 years	5 – 30 years
Library collection	3 – 30 years	3 – 30 years
Computer software	2 – 14 years	2 – 14 years
Intangibles	100 years	100 years
<u>Administered</u>		
Land	indefinite	indefinite
Buildings	5 – 200 years	5 – 200 years
Heritage & cultural	indefinite	indefinite
Other plant and equipment	2 – 47 years	2 – 47 years
Computer software	2 – 14 years	2 – 14 years
Intangibles	100 years	100 years

Impairment

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

Derecognition

An item of any asset class is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains or losses from disposal of assets are recognised when control of the asset has been passed to the buyer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Heritage and cultural assets

The department has a number of stand-alone collections, managed as the Parliament House Art Collection (PHAC) including:

- the rotational collection, consisting largely of contemporary Australian artwork
- the architectural commissions, consisting of artworks that were commissioned as an integrated part of the architectural design of the building (including commissioned artist-made furniture)
- the historic memorials collection, consisting of historical portraits and paintings of significant events
- the gift collection, consisting of gifts that have been made to the Parliament
- the constitutional documents, a group of significant archival documents managed as part of the PHAC, and
- the archive, a range of historic and archival materials about Parliament, the PHAC and the construction of Parliament House.

Heritage and Cultural assets have an indefinite useful life which is maintained through the department's adoption of appropriate curatorial and preservation policies in respect of the PHAC, which are available via the following link:

http://www.aph.gov.au/About_Parliament/Parliamentary_departments/department_of_Parliamentary_Services/policies.

Judgements and estimates

An annual assessment is undertaken by an independent valuer each year to determine whether the carrying amount of assets are materially different from the fair value, with comprehensive valuations carried out at least once every three to four years. Where assets materially differ a valuation is undertaken. DPS engaged the services of Jones Lang LaSalle Advisory Services Pty Ltd (JLL) to conduct the materiality review, desktop and/or comprehensive valuation. Comprehensive valuations were undertaken for Land, Buildings and Other plant and equipment.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows.

Current replacement cost – Assets that do not transact with enough frequency or transparency to determine fair value from directly observable market evidence have been measured utilising the current replacement cost (CRC) approach. Significant judgement and estimates include the valuation of Australian Parliament House under this approach.

In determining replacement costs, unit rates have been applied to the individual asset components to determine current replacement cost. Unit rates have been based on "Greenfield" project costs and include all materials, labour and direct costs. These unit rates have been developed based on advice from Quantity Surveyors, Rider Levett Bucknall Canberra.

In determining physical depreciation and obsolescence adjustments, a range of inputs have been considered including internal capital and maintenance programs and reports as well as proposed asset retirements and replacements. JLL has conducted inspections of material building components to verify the inputs utilised.

Market selling price – Fair value measurement has been determined using the market approach. Significant judgement and estimates for asset classes utilising this approach have included the Land asset, where fair value was determined with reference to recent sales of land with a limited level of comparability due to the restricted nature, distance and unique characteristics of the Land asset.

Adjusted market transactions – Fair value measurement has been determined using the market approach, with adjustments made with regard to the unique characteristics or historic nature of assets within the asset class, resulting in limited directly observable market transactions. Significant judgement and estimates for assets utilising this approach have included the valuation of the 1297 Insepimus copy of the Magna Carta, undertaken by a specialist valuer who applied significant professional judgement due to the historic nature of the asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 3.2B: Inventories		
Inventories held for sale		
Parliament shop	275	279
Catering	149	138
Total inventories held for sale	424	417
Total inventories	424	417

During 2019, \$3.47m of inventory held for sale was recognised as cost of goods sold (2018: \$4.28m), refer to Note 1.1A Suppliers.

Accounting policy

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

3.3. Payables

	2019	2018
	\$'000	\$'000
Note 3.3A: Other payables		
Wages and salaries	533	531
Superannuation	108	107
Revenue received in advance	78	71
Deposits received/held	512	320
Other	160	168
Total other payables	1,391	1,197

Notes to and forming part of the financial statements

4. Assets and liabilities administered on behalf of Government

This section analyses assets used to conduct operations and the liabilities incurred for activities that the department administers on behalf of Government.

4.1. Administered – Non-financial assets

Note 4.1A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Property, plant and equipment				Intangibles \$'000	Total \$'000
	Land \$'000	Buildings \$'000	Heritage and cultural equipment \$'000	Other plant and equipment \$'000		
As at 1 July 2018						
Gross book value	80,000	2,229,479	113,261	50,466	3,046	2,476,252
Accumulated depreciation, amortisation and impairment	-	-	-	(3,103)	-	(3,103)
Net book value 1 July 2018	80,000	2,229,479	113,261	47,363	3,046	2,473,149
Additions						
By purchase	-	72,535	724	2,185	2,075	77,519
Gifted assets	-	-	-	-	-	-
Revaluations recognised in other comprehensive income	11,000	51,348	-	25,607	-	87,955
Depreciation and amortisation	-	(40,485)	-	(694)	(1)	(41,180)
Reclassification	-	41,110	(1,146)	(41,110)	1,146	-
Transfer from other agencies ¹	-	-	-	2,519	-	2,519
Impairment	-	(228)	-	-	-	(228)
Write-offs	-	(886)	-	-	-	(886)
Disposals	-	(3,466)	-	(10)	-	(3,476)
Total as at 30 June 2019	91,000	2,349,407	112,839	35,860	6,266	2,595,372
Total as at 30 June 2019 represented by						
Gross book value	91,000	2,349,635	112,839	35,860	6,267	2,595,601
Accumulated depreciation, amortisation and impairment	-	(228)	-	-	(1)	(229)
Total as at 30 June 2019	91,000	2,349,407	112,839	35,860	6,266	2,595,372

¹ Furniture assets were transferred from the Department of the House of Representatives (\$2.52m).

An impairment allowance of \$0.23m has been recognised for Buildings. No material indicators of impairment were found for the remainder of assets in property, plant and equipment or intangibles asset classes.

A number of items of property, plant and equipment, and intangibles are expected to be sold or disposed of as part of ordinary course of business.

Independent valuations were performed as at 30 June 2019 by Jones Lang LaSalle Advisory Services Pty Ltd. A revaluation increment of \$11.00m for Land, \$51.35m for Buildings and \$25.61m for Other plant and equipment was adjusted in the assets revaluation reserve (2017-18: \$84.56m for Buildings).

Contractual commitments for the acquisition of property, plant and equipment and intangibles

The nature of capital commitments is for the acquisition of property, plant and equipment and intangibles assets.

	2019 \$'000	2018 \$'000
Commitments are payable as follows:		
Within 1 year	28,927	19,580
Between 1 to 5 years	8,996	11,775
More than 5 years	26	1,104
Total commitments	37,949	32,459

Property, plant and equipment and intangible asset commitments payable are GST inclusive amounts.

Accounting Policy

Refer to policy and judgements in departmental non-financial assets (Note 3.2).

Fair value is equal to the asset movement table in Note 4.1A with the exception of intangibles which are valued at cost.

Notes to and forming part of the financial statements

5. Funding

This section identifies the department's funding structure.

5.1. Appropriations

	2019	2018
	\$'000	\$'000
Note 5.1A: Annual appropriations ('Recoverable GST exclusive')		
Departmental appropriation		
Ordinary annual services	126,347	122,978
Capital budget ¹	19,609	17,648
Section 74 receipts ²	17,818	16,870
Total appropriation available	163,774	157,496
Appropriation applied	(161,089)	(149,930)
Variance³	2,685	7,566

¹ Departmental Capital Budgets are appropriated through *Parliamentary Appropriation Act (No.1)* and *Parliamentary Appropriation Act (No.2)*. They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

² The departmental operating appropriation is adjusted to include PGPA Act Section 74 receipts.

³ The variance is due to lower capital expenditure as a result of delays in key capital projects as well as movements in prepayments and trade receivables.

Note 5.1B: Unspent annual appropriations ('Recoverable GST exclusive')

	2019	2018
	\$'000	\$'000
Departmental		
<i>Opening unspent appropriation balance</i>	26,444	19,700
Annual appropriation	145,956	140,626
Section 74 receipts	17,818	16,870
Lapsed appropriation ¹	-	(822)
Available appropriation	190,218	176,374
Appropriation applied	(161,089)	(149,930)
Closing unspent appropriation	29,129	26,444
Balance comprises of:		
Ordinary annual services	19,098	18,473
Capital Budget	10,031	7,971
Closing unspent appropriation	29,129	26,444
<i>Represented by:</i>		
Appropriation (Parliamentary Departments) Act (No. 2) 2018-19	2,510	-
Appropriation (Parliamentary Departments) Act (No. 1) 2018-19	26,619	-
Appropriation (Parliamentary Departments) Act (No. 1) 2017-18	-	26,444
Total departmental	29,129	26,444

¹ Undrawn amount was ceased under section 14 of *Appropriation (Parliamentary Departments) Act (No. 1) 2014-15*.

Accounting policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Notes to and forming part of the financial statements

Note 5.1C: Annual appropriations ('Recoverable GST exclusive')		
	2019	2018
	\$'000	\$'000
Administered appropriation		
Ordinary annual services	6,249	5,346
Assets and liabilities	45,426	123,901
Total appropriation available¹	51,675	129,247
Appropriation applied	(78,132)	(94,843)
Variance²	(26,457)	34,404
<p>¹ Administered assets and liabilities are appropriated through <i>Parliamentary Appropriation Act (No. 1)</i> and <i>Parliamentary Appropriation Act (No. 2)</i>. They form part of ordinary annual services and are not separately identified in the Appropriation Acts.</p> <p>² The variance primarily relates to expenditure in relation to delays in key capital works projects funded from prior year appropriations.</p>		
Note 5.1D: Unspent annual appropriations ('Recoverable GST exclusive')		
	2019	2018
	\$'000	\$'000
Administered		
<i>Opening unspent appropriation balance</i>	81,774	142,910
Annual appropriation	51,675	129,247
Lapsed appropriation ¹	-	(95,540)
Available appropriation	133,449	176,617
Appropriation applied	(78,132)	(94,843)
Closing unspent appropriation	55,317	81,774
Balance comprises of:		
Ordinary annual services	4,675	3,241
Assets and liabilities	50,642	78,533
Closing unspent appropriation	55,317	81,774
<i>Represented by:</i>		
Appropriation (Parliamentary Departments) Act (No. 2) 2018-19	1,061	-
Appropriation (Parliamentary Departments) Act (No. 1) 2018-19	49,040	-
Appropriation (Parliamentary Departments) Act (No. 1) 2017-18	5,216	81,774
Total administered	55,317	81,774
<p>¹ Undrawn amount was ceased under section 14 of <i>Appropriation (Parliamentary Departments) Act (No. 1) 2014-15</i>.</p>		

Note 5.1E: Disclosure by agent in relation to annual and special appropriations ('Recoverable GST exclusive')

Department of Finance	Relationship	Appropriations applied	
		2019	2018
		\$'000	\$'000
Total receipts	Provision of electorate office	21,942	17,666
Total payments	Information Technology services	(21,942)	(17,666)
Total receipts	Provision of Auspic services	244	250
Total payments		(244)	(250)
Total receipts	Information Technology services for	49	72
Total payments	former Prime Ministers	(49)	(72)

Notes to and forming part of the financial statements

6. People

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

6.1. Employees

	2019	2018
	\$'000	\$'000
Note 6.1A: Employee benefits		
Wages and salaries	66,527	62,963
Superannuation		
Defined contribution plans	7,331	6,646
Defined benefit plans	6,989	6,624
Leave and other entitlements	10,598	7,844
Separation and redundancies	1,414	1,028
Other	1,127	1,292
Total employee benefits	93,986	86,397
Note 6.1B: Employee provisions		
Annual leave	9,019	8,467
Long service leave	17,998	15,537
Total employee provisions	27,017	24,004

Accounting policy

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

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

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the department is estimated to be less than the annual entitlement for sick 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 department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary (using the short-hand method) as at 30 June 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Commonwealth.

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. The department 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.

Notes to and forming part of the financial statements

6.2. Related party disclosures

Related party relationships:

The department is an Australian Government controlled entity. The related parties to the department are key management personnel as defined below in Note 6.3 and their close family members and/or controlled or joint controlled entities as well as other Australian Government entities.

Transactions with related parties:

The department undertakes a number of functions on behalf of the Australian Parliament, as detailed in the financial statements. In performing these functions, the department transacts with all other Australian Government controlled entities for normal day-to-day business operations provided under normal terms and conditions. These transactions are not considered significant individually to warrant separate disclosure as related party transactions (2017-18: Nil).

6.3. Key management personnel remuneration

AASB 124 defines key management personnel (KMP) as those persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly (excluding those subject to a fee-for-service contract arrangement where the department is not the direct employer).

The department has determined the KMP to be the Presiding Officers, the Secretary, the Deputy Secretary, the Parliamentary Librarian, the First Assistant Secretary Building and Security, the Chief Information Officer, the Chief Operating Officer and the Chief Finance Officer.

The KMP remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,842	1,728
Post-employment benefits	267	262
Other long-term employee benefits	73	42
Termination benefits	289	-
Total KMP remuneration expenses¹	2,471	2,032

The total number of KMP included in the above table is 8 individuals (2018: 8 individuals).

¹ The above KMP remuneration does not include the remuneration and other benefits of the Presiding Officers. The Presiding Officers' remuneration and other benefits are not paid by DPS.

Accounting policy

The department has included all key management personnel that were in acting arrangements throughout the financial year for a minimum period of three months.

Notes to and forming part of the financial statements

7. Managing uncertainties

This section analyses how the department manages financial risks within its operating environment.

7.1. 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.

7.2. Financial instruments

	2019 \$'000	2018 \$'000
Note 7.2A: Categories of financial instruments		
Financial assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		1,097
Trade and other receivables		617
Total loans and receivables		1,714
Financial assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	1,143	
Trade and other receivables	960	
Total financial assets at amortised cost	2,103	
Total financial assets	2,103	1,714
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	3,590	4,250
Total financial liabilities measured at amortised cost	3,590	4,250
Total financial liabilities	3,590	4,250

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents		Loans and receivable	Amortised Cost	1,097	1,097
Trade receivables	3.1A	Loans and receivable	Amortised Cost	617	617
Total financial assets				1,714	1,714

Notes to and forming part of the financial statements

Accounting policy

Financial assets

AASB 9 came into effect on 1 July 2018, superseding AASB 139. Under the new accounting standard, the classification of the department's financial assets have changed to amortised cost

Financial assets are recognised when the department becomes a party to a 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:

- a) the financial asset is held in order to collect the contractual cash flows, and
- b) 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 the 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

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at amortised cost

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

Supplier and other payables are recognised at amortised cost.

Liabilities are recognised to the extent that the goods or services have been received, irrespective of having been invoiced.

Notes to and forming part of the financial statements

7.3. Administered – Financial instruments

	2019	2018
	\$'000	\$'000
Note 7.3A: Categories of financial instruments		
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	5,123	551
Total financial liabilities measured at amortised cost	5,123	551
Total financial liabilities	5,123	551

8. Other information

8.1. Aggregate assets and liabilities

	2019	2018
	\$'000	\$'000
Note 8.1A: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months	35,949	32,968
More than 12 months	96,045	97,632
Total assets	131,994	130,600
Liabilities expected to be settled in:		
No more than 12 months	14,000	13,914
More than 12 months	17,998	15,537
Total liabilities	31,998	29,451

Assets expected to be recovered in:		
No more than 12 months	786	1,494
More than 12 months	2,595,372	2,473,149
Total assets	2,596,158	2,474,643
Liabilities expected to be settled in:		
No more than 12 months	5,840	2,040
More than 12 months	-	-
Total liabilities	5,840	2,040

Notes to and forming part of the financial statements

8.2. Assets held in trust

	2019	2018
	\$'000	\$'000
Note 8.2A: Heritage and cultural asset		
Total value at the beginning of the reporting period	5,500	5,500
Changes in fair value	-	-
Total value at the end of the reporting period	5,500	5,500

Heritage and cultural asset is comprised of a single artwork, a 1903 painting by Australian artist Tom Roberts. The *Opening of the First Parliament of the Commonwealth of Australia by H.R.H. The Duke of Cornwall and York (later H.M. King George V), May 9, 1901*, oil on canvas is on loan from the British Royal Collection.

An independent valuation for the above asset was last conducted as at 30 June 2017.