FINANCIAL STATEMENTS

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Speaker of the House of Representatives

I have audited the accompanying financial statements of the Department of the House of Representatives for the year ended 30 June 2012, which comprise: a Statement by the Clerk of the House and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

The Responsibility of the Clerk of the House for the Financial Statements

The Clerk of the House is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of the House of Representative's preparation of the financial statements that give a true and fair view 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 Department of the House of Representative's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Clerk of the House, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

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

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of the House of Representative's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
28 September 2012

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

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

B WRIGHT
Clerk of the House

28 September 2012

K SAUNDERS
Chief Financial Officer

28 September 2012

Statement of Comprehensive Income for not-for-profit Reporting Entities
for the period ended 30 June 2012

	Notes	2012 $'000	2011 $'000
EXPENSES			
Employee benefits	3A	**18,062**	16,242
Supplier	3B	**7,674**	7,179
Depreciation and amortisation	3C	**1,130**	1,165
Write-down and impairment of assets	3D	**6**	3
Losses from asset sales	3E	**-**	28
Total expenses		**26,871**	24,617
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**853**	797
Other revenue	4B	**279**	205
Total own-source revenue		**1,132**	1,002
Gains			
Sale of assets	4C	**4**	-
Other gains	4D	**3,190**	3,179
Total gains		**3,194**	3,179
Total own-source income		**4,326**	4,181
Net cost of services		**22,545**	20,436
Revenue from Government	4E	**21,848**	21,087
Surplus (Deficit) attributable to the Australian Government		**(697)**	651

Balance Sheet for not-for-profit Reporting Entities
as at 30 June 2012

	Notes	2012 $'000	2011 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	**538**	158
Trade and other receivables	5B	**17,883**	16,281
Total financial assets		**18,421**	16,439
Non-Financial Assets			
Property, plant and equipment	6A	**3,847**	4,600
Intangibles	6C	**647**	505
Other non-financial assets	6E	**137**	86
Total non-financial assets		**4,631**	5,191
Total assets		**23,051**	21,630
LIABILITIES			
Payables			
Suppliers	7A	**533**	537
Other payables	7B	**545**	569
Total payables		**1,078**	1,106
Provisions			
Employee provisions	8A	**5,301**	4,536
Total provisions		**5,301**	4,536
Total liabilities		**6,378**	5,642
Net assets		**16,673**	15,989

	2012 $'000	2011 $'000
EQUITY		
Parent Entity Interest		
Contributed equity	**(13,428)**	(14,833)
Reserves	**12,987**	12,987
Retained surplus (accumulated deficit)	**17,114**	17,835
Total Equity	**16,673**	15,989

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

Statement of Changes in Equity for not-for-profit Reporting Entities
for the period ended 30 June 2012

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Opening balance								
Balance carried forward from previous period	**17,835**	17,184	**12,987**	12,987	**(14,833)**	(16,133)	**15,989**	14,038
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	**17,835**	17,184	**12,987**	12,987	**(14,833)**	(16,133)	**15,989**	14,038
Comprehensive income								
Surplus (Deficit) for the period	**(697)**	651					**(697)**	651
Total comprehensive income	**(697)**	651	-	-	-	-	**(697)**	651
of which:								
Attributable to the Australian Government	**(697)**	651	-	-	-	-	**(697)**	651
Transactions with owners								
Distributions to owners								
Returns of capital: Other	**(24)**	-	-	-	-	-	**(24)**	-
Contributions by owners								
Departmental capital budget	-	-	-	-	**1,405**	1,300	**1,405**	1,300
Sub-total transactions with owners	-	-	-	-	**1,405**	1,300	**1,381**	1,300
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance as at 30 June	**17,114**	17,835	**12,987**	12,987	**(13,428)**	(14,833)	**16,673**	15,989

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

Cash Flow Statement for not-for-profit Reporting Entities
for the period ended 30 June 2012

	Notes	2012 $'000	2011 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**20,221**	18,719
Sales of goods and rendering of services		**1,021**	897
Net GST received		**346**	376
Revenue from external sources		**233**	-
Other		**46**	139
Total cash received		**21,867**	20,131
Cash used			
Employees		**17,324**	15,965
Suppliers		**5,023**	4,650
Total cash used		**22,347**	20,615
Net cash from operating activities	9	**(481)**	(484)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**31**	89
Total cash received		**31**	89
Cash used			
Purchase of property, plant and equipment		**(37)**	(896)
Purchase of intangibles		**(515)**	(101)
Total cash used		**(552)**	(997)
Net cash used by investing activities		**(521)**	(908)
FINANCING ACTIVITIES			
Cash received			
Contributed equity (DCB)		**1,405**	1,300
Total cash received		**1,405**	1,300
Cash used			
Funds returned to the OPA		**24**	-
Total cash used		**24**	
Net cash used by financing activities		**1,381**	1,300
Net increase in cash held		**380**	(92)
Cash and cash equivalents at the beginning of the reporting period		**158**	250
Cash and cash equivalents at the end of the reporting period	5A	**538**	158

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

SCHEDULE OF COMMITMENTS for Not-For-Profit Reporting Entities
as at 30 June 2012

	2012 $'000	2011 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments[1]	**(187)**	(47)
Total commitments receivable	**(187)**	(47)
Commitments payable		
Capital commitments		
Property, plant and equipment[2]	**392**	11
Intangibles[3]	**1,458**	-
Total capital commitments	**1,850**	11
Other commitments		
Operating leases[4]	**99**	120
Other[5]	**250**	387
Total other commitments	**349**	507
Net commitments by type	**2,012**	471
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	**(6)**	(8)
From one to five years	**(3)**	(3)
Total operating lease income	**(9)**	(11)
Other commitments receivable		
One year or less	**(128)**	(25)
From one to five years	**(50)**	(11)
Total other commitments receivable	**(178)**	(36)
Commitments payable		
Capital commitments		
One year or less	**1,247**	11
From one to five years	**603**	-
Total capital commitments	**1,850**	11
Operating lease commitments		
One year or less	**70**	92
From one to five years	**29**	27
Total operating lease commitments	**99**	119
Other Commitments		
One year or less	**250**	266
From one to five years	**-**	122
Total other commitments	**250**	388
Net commitments by maturity	**2,012**	471

Note:
1. Commitments were GST inclusive where relevant.
2. Property, plant and equipment includes contract under the Whole of Australian Government Major Office Machines to purchase Multi-Function Devices for Members' and departmental offices.
3. Purchase of software licences and development of Table Office Production System.
4. Operating leases included were effectively non-cancellable and comprise agreements for the provision of motor vehicles to senior executives and for departmental use.
5. Other committments relate to contracts lodged with suppliers.

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of the House of Representatives

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

The department is structured to meet one outcome:

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

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

The department's activities contributing to this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the department in its own right. Administered activities involve the management or oversight by the department, on behalf of the Parliament, of items controlled or incurred by the Government.

Departmental activities are identified under five Outputs -

- Chamber and Main Committee;
- Community Awareness;
- Committee Services;
- Interparliamentary Relations; and
- Members' Services.

1.2 Basis of Preparation of the Financial Report

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are general purpose financial statements.

The financial statements have been prepared in accordance with:

- Finance Minister’s Orders (or FMO) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Note 1: Summary of Significant Accounting Policies

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

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

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

1.3 Significant Accounting Judgements and Estimates

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

All new standards (including reissued standards)/Interpretations that were issued prior to the signing of the Statement by the Clerk and Chief Financial Officer that were applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact.

Future Australian Accounting Standard requirements

All new or revised standards and interpretations that were issued by the Australian Accounting Standards Board prior to the signing of the Statement by the Clerk and Chief Financial Officer are not expected to have a financial impact on the department for future reporting periods.

Disclosure of changes in accounting policies

The department is not responsible for preparing the administered schedules and notes relating to the special appropriations from which it draws down various monies to pay for members' remuneration and entitlements. Following changes to the Adminstrative Arrangement Orders (AAO's) in September 2010, the legislation previously administered by the Department of Education, Employment and Workplace Relations was transferred to the Australian Public Service Commission who is now responsible for reporting the administered special item. The other legislation establishing the appropriations pertaining to the payment of members' superannuation, ministerial allowances and some entitlements is administered by the Department of Finance and Deregulation, who is responsible for reporting these administered special appropriation items. The department is an agent agency as defined in the FMO and as such must follow certain requirements set down by those Orders.

Note 1: Summary of Significant Accounting Policies

1.5 Revenue

Revenue from the sale of goods is recognised when:

a) the risks and rewards of ownership have been transferred to the buyer;

b) the department retains no managerial involvement nor effective control over the goods;

c) the revenue and transaction costs incurred can be reliably measured; and

d) 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:

a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and

b) the probable economic benefits with the transaction will flow to the department.

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

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

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.

Parental Leave Payments Scheme

Amounts received under the Parental Leave Payments Scheme by the department not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme $38,445.98 (2011: $Nil)

1.6 Gains

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.

Note 1: Summary of Significant Accounting Policies

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7)

Sale of Assets

Gains from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

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.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMO require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date 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.

Other long-term employee employee benfits are measurred as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

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

Note 1: Summary of Significant Accounting Policies

The liability for long service leave has been determined by reference to the allowable short-hand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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 by the Department of Finance and Deregulation'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 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 for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense. The department does not currently have any finance leases.

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

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

Note 1: Summary of Significant Accounting Policies

1.11 Cash

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

a) cash on hand;

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

c) cash held with outsiders; and

d) cash in special accounts.

1.12 Financial Assets

The department classifies its financial assets in the following categories:

a) financial assets as 'at fair value through profit or loss'

b) held-to-maturity investments',

c) available-for-sale' financial assets, and

d) loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The department holds only receivable financial assets.

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for impairment at end of each reporting period.

● *Financial assets held at amortised cost* - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Note 1: Summary of Significant Accounting Policies

1.13 Financial Liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet. 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.

1.15 Financial Guarantee Contracts

The department is not party to any financial gaurantee contracts.

1.16 Acquisition of Assets

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 agency's accounts immediately prior to the restructuring.

Note 1: Summary of Significant Accounting Policies

1.17 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total and IT equipment which has a capitalisation threshold of $500).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class:	Fair Value Measured at:
Property Plant and Equipment[1]	Market Selling Price
Heritage and Cultural Assets	Market Selling Price

[1] Within this class there are 238 items with a fair value measured at depreciated replacement cost. These items are located within the House of Representatives chamber and in offices in the House of Representatives wing.

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do 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 it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Work-in-progress

If, at 30 June 2012, an asset is not fully constructed and/or ready for use, the expenditure will be disclosed seperately as 'work-in-progress'. Depreciation will not be set until the project has been completed to a stage where it can provide a service to the department.

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.

Note 1: Summary of Significant Accounting Policies

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:

	2012	2011
Plant and equipment[1]	15 years	15 years
Computer equipment	2 to 5 years	2 to 5 years
Furniture and fittings	5 to 50 years	5 to 50 years
Office machines and equipment	5 to 15 years	5 to 15 years

[1]Within this class there is one item with a useful life of 25 years located within the storeroom in the basement.

Heritage and cultural assets are not depreciated.

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in note 3C.

Impairment

All assets were assessed for impairment at 30 June 2012. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell 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 future economic benfits are expected from its use or disposal.

Note 1: Summary of Significant Accounting Policies

Heritage and Cultural Assets

The department has the following Heritage and Cultural Assets (with an aggregated fair value of $323,000) ;

. 13701-Gold Key 1927 Parliament
. 13702-Mace - Garrard Engraved Silver
. 15320-Gold Key 1988 Parliament
. Yirrkala Bark Petition 14 Aug 1963, Wood Bark 59.1cm X 33.2cm
. Yirrkala Bark Petition 28 Aug 1963, Wood Bark 49.1cm X 30cm
. Yirrkala Bark Petition 8 Oct 1968, Wood Bark 59.1cm X 34cm
. Ritual Stick - Yirrkala People 1976, Wood Feathers 47.1cm X 24.2cm

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

1.19 Intangibles

The department's intangibles comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software is 3 to 5 years (2010-11: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

1.20 Taxation / Competitive Neutrality

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.

Competitive Neutrality

The department does not carry out functions to which competitive neutrality applies.

Note 2: Events after the Balance Sheet Date

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

Note 3: Expenses

	2012 $'000	2011 $'000
Note 3A: Employee Benefits		
Wages and salaries	**13,301**	12,309
Superannuation:		
Defined contribution plans	**546**	406
Defined benefit plans	**1,946**	1,866
Leave and other entitlements	**2,269**	1,581
Separation and redundancies	**-**	80
Total employee benefits	**18,062**	16,242
Note 3B: Supplier		
Goods and services		
Staff Related Services	**413**	319
Travel	**1,161**	868
Office Services	**4,359**	4,341
Communication	**1,479**	1,455
Corporate Expenses	**60**	40
Total goods and services	**7,471**	7,023
Goods and services are made up of:		
Provision of goods – related entities	**44**	28
Provision of goods – external parties	**1,182**	912
Rendering of services – related entities	**3,384**	3,280
Rendering of services – external parties	**2,861**	2,803
Total goods and services	**7,471**	7,023
Other supplier expenses		
Operating lease rentals – related entities:		
Minimum lease payments	**93**	89
Workers compensation expenses	**110**	67
Total other supplier expenses	**203**	156
Total supplier expenses	**7,674**	7,179

Note 3: Expenses

Note 3C: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	**760**	843
Total depreciation	**760**	843
Amortisation:		
Intangibles	**370**	322
Total amortisation	**370**	322
Total depreciation and amortisation	**1,130**	1,165
Note 3D: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of property, plant and equipment	**6**	**3**
Total write-down and impairment of assets	**6**	3
Note 3E: Losses from Asset Sales		
Property, plant and equipment:		
Proceeds from sale	**-**	93
Carrying value of assets sold	**-**	(117)
Selling expense	**-**	(4)
Total losses from asset sales	**-**	(28)

Note 4: Income

OWN-SOURCE REVENUE	2012 $'000	2011 $'000
Note 4A: Sale of Goods and Rendering of Services		
Provision of goods - related entities	**17**	7
Provision of goods - external parties	**22**	18
Rendering of services - related entities	**764**	739
Rendering of services - external parties	**51**	33
Total sale of goods and rendering of services	**853**	797
Note 4B: Other Revenue		
Funding from external sources	**233**	137
Comcare refunds	**-**	68
Royalties	**46**	-
Total other revenue	**279**	205

GAINS		
Note 4C: Sale of Assets		
Property, plant and equipment:		
Proceeds from sale	**34**	-
Carrying value of assets sold	**(27)**	-
Selling expense	**(3)**	-
Total gain from asset sales	**4**	
Note 4D: Other Gains		
Resources received free of charge	**3,190**	3,170
Other financial income	**-**	9
Total other gains	**3,190**	3,179

REVENUE FROM GOVERNMENT	2012 $'000	2011 $'000
Note 4E: Revenue from Government		
Appropriations:		
Departmental appropriations	**21,848**	21,087
Total revenue from Government	**21,848**	21,087

Note 5: Financial Assets

	2012 $'000	2011 $'000
Note 5A: Cash and Cash Equivalents		
Cash held by the salary sacrifice service provider	**27**	25
Cash on hand or on deposit	**511**	133
Total cash and cash equivalents	**538**	158
Note 5B: Trade and Other Receivables		
Goods and services	**41**	71
Total receivables for goods and services	**41**	71
Appropriations receivable:		
For existing programs	**15,436**	13,827
For Special Account	**2,345**	2,327
Total appropriations receivable	**17,781**	16,154
Other receivables:		
GST receivable from the Australian Taxation Office	**61**	58
Total other receivables	**61**	58
Total trade and other receivables (gross)	**17,883**	16,283
Less impairment allowance account:		
Goods and services	**-**	(2)
Total impairment allowance account	**-**	(2)
Total trade and other receivables (net)	**17,883**	16,281
Receivables are expected to be recovered in:		
No more than 12 months	**17,883**	16,283
Total trade and other receivables (net)	**17,883**	16,283
Receivables are aged as follows:		
Not overdue	**17,883**	16,281
Overdue by:		
0 to 30 days	**-**	-
31 to 60 days	**-**	-
61 to 90 days	**-**	-
More than 90 days	**-**	2
Total receivables (gross)	**17,883**	16,283

Note 5: Financial Assets

	2012 $'000	2011 $'000
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	2
Total impairment allowance account	-	2

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2012

	Goods and services $'000	Total $'000
Opening balance	**2**	**2**
Amounts written off	**(2)**	**(2)**
Increase/decrease recognised in net surplus	**-**	**-**
Closing balance	**-**	**-**

Movements in relation to 2011

	Goods and services $'000	Total $'000
Opening balance	-	-
Provision for Doubtful Debt	2	2
Closing balance	2	2

Note 6: Non-Financial Assets

	2012 $'000	2011 $'000
Note 6A: Property, Plant and Equipment		
Heritage and cultural:		
Fair value	**323**	323
Total heritage and cultural	**323**	323
Other property, plant and equipment:		
Fair value	**5,091**	5,141
Accumulated depreciation	**(1,567)**	(864)
Total other property, plant and equipment	**3,524**	4,277
Total property, plant and equipment	**3,847**	4,600

No indicators of impairment were found for property, plant and equipment.

Note 6B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2012

	Heritage and cultural[1] $'000	Other property, plant & equipment $'000	Total $'000
As at 1 July 2011			
Gross book value	**323**	**5,141**	**5,464**
Accumulated depreciation and impairment	**-**	**(864)**	**(864)**
Net book value 1 July 2011	**323**	**4,277**	**4,600**
Additions:			
By purchase	**-**	**37**	**37**
Depreciation expense	**-**	**(760)**	**(760)**
Disposals:			
Other disposals	**-**	**(31)**	**(31)**
Net book value 30 June 2012	**323**	**3,524**	**3,847**
Net book value as of 30 June 2012 represented by:			
Gross book value	**323**	**5,091**	**5,414**
Accumulated depreciation and impairment	**-**	**(1,567)**	**(1,567)**
Net book value 30 June 2012	**323**	**3,524**	**3,847**

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

Note 6: Non-Financial Assets

	2012	2011
	$'000	$'000

Note 6B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2011

	Heritage and cultural[1]	Other property, plant & equipment	Total
	$'000	$'000	$'000
As at 1 July 2010			
Gross book value	323	4,401	4,724
Accumulated depreciation and impairment	-	(55)	(55)
Net book value 1 July 2010	323	4,346	4,669
Additions:			
By purchase or internally developed	-	896	896
Depreciation expense	-	(843)	(843)
Disposals:			
Other disposals	-	(121)	(121)
Net book value 30 June 2011	323	4,277	4,600
Net book value as of 30 June 2011 represented by:			
Gross book value	323	5,141	5,464
Accumulated depreciation and impairment	-	(864)	(864)
Net book value 30 June 2011	323	4,277	4,600

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

	2012	2011
	$'000	$'000
Note 6C: Intangibles		
Computer software:		
Internally developed – in progress	**313**	50
Internally developed – in use	**352**	335
Purchased - in use	**1,864**	1,687
Accumulated amortisation	**(1,882)**	(1,567)
Total intangibles	**647**	505

No indicators of impairment were found for intangible assets.

Note 6: Non-Financial Assets

	2012	2011
	$'000	$'000

Note 6D: Reconciliation of the Opening and Closing Balances of Intangibles 2012

	Computer software internally developed	**Computer software purchased**	**Total**
	$'000	**$'000**	**$'000**
As at 1 July 2011			
Gross book value	**385**	**1,687**	**2,072**
Accumulated amortisation and impairment	**(261)**	**(1,306)**	**(1,567)**
Net book value 1 July 2011	**124**	**381**	**505**
Additions:			
By purchase or internally developed	**313**	**202**	**515**
Amortisation	**(36)**	**(334)**	**(370)**
Disposals:			
Other disposals	**-**	**(3)**	**(3)**
Net book value 30 June 2012	**400**	**246**	**647**
Net book value as of 30 June 2012 represented by:			
Gross book value	**665**	**1,864**	**2,529**
Accumulated amortisation and impairment	**(265)**	**(1,618)**	**(1,883)**
Net book value 30 June 2012	**400**	**246**	**647**

Note 6: Non-Financial Assets

	2012 $'000	2011 $'000

Note 6D (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2011

	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2010			
Gross book value	531	2,279	2,810
Accumulated amortisation and impairment	(418)	(1,666)	(2,084)
Net book value 1 July 2010	113	613	726
Additions:			
By purchase or internally developed	40	61	101
Amortisation	(40)	(282)	(322)
Other movements	11	(11)	-
Disposals:			
Other disposals	-	-	-
Net book value 30 June 2011	124	381	505
Net book value as of 30 June 2011 represented by:			
Gross book value	385	1,687	2,072
Accumulated amortisation and impairment	(261)	(1,306)	(1,567)
Net book value 30 June 2011	124	381	505

Note 6E: Other Non-Financial Assets

	2012 $'000	2011 $'000
Prepayments	**137**	86
Total other non-financial assets	**137**	86
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	**137**	86
Total other non-financial assets	**137**	86

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

Note 7: Payables

Note 7A: Suppliers

	2012 $'000	2011 $'000
Trade creditors and accruals	**533**	537
Total suppliers payables	**533**	537
Suppliers payables expected to be settled within 12 months:		
Related entities	**246**	146
External parties	**287**	391
Total	**533**	537

Settlement was usually made within 30 days.

Note 7B: Other Payables

	2012 $'000	2011 $'000
Wages and salaries	**422**	300
Superannuation	**79**	55
Salary sacrifice payables	**27**	25
GST payable	**16**	12
Paid parental leave	**1**	-
Other	**-**	176
Total other payables	**545**	569

All other payables are payable within 12 months.

Note 8: Provisions

	2012 $'000	2011 $'000
Note 8A: Employee Provisions		
Leave	**5,301**	4,536
Total employee provisions	**5,301**	4,536
Employee provisions are expected to be settled in:		
No more than 12 months	**766**	624
More than 12 months	**4,535**	3,912
Total employee provisions	**5,301**	4,536

Note 9: Cash Flow Reconciliation

	2012 $'000	2011 $'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	**538**	158
Balance Sheet	**538**	158
Difference	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(22,545)**	(20,436)
Add revenue from Government	**21,848**	21,087
Surplus attributable to the Australian Government	**(697)**	651
Adjustments for non-cash items		
Depreciation / amortisation	**1,130**	1,165
Net write down of non-financial assets	**6**	3
Loss/(Gain) on disposal of assets	**(4)**	28
	1,132	1,196
Changes in assets / liabilities		
(Increase) / decrease in net receivables	**(1,602)**	(3,165)
(Increase) / decrease in prepayments	**(51)**	50
Increase / (decrease) in employee provisions	**765**	199
Increase / (decrease) in supplier payables	**(4)**	339
Increase / (decrease) in GST payables	**4**	(9)
Increase / (decrease) in other payable	**(27)**	255
Net cash from operating activities	**(481)**	(484)

Note 10: Contingent Assets and Liabilities

The department does not have any contingent liabilities and assets as at 30 June 2012.

The department did not have contingent liabilities and assets as at 30 June 2011

Quantifiable Contingencies

The department had no quantifiable contingencies as at 30 June 2012.

Unquantifiable Contingencies

The department had no unquantifiable contingencies as at 30 June 2012.

Significant Remote Contingencies

The department had no remote contingencies as at 30 June 2012.

Note 11: Senior Executive Remuneration

Note 11A: Senior Executive Remuneration Expenses for the Reporting Period

	2012 $	2011 $
Short-term employee benefits:		
Salary	**934,932**	897,604
Annual leave accrued	**68,027**	71,595
Motor vehicle and other allowances	**49,221**	46,912
Total short-term employee benefits	**1,052,180**	1,016,111
Post-employment benefits:		
Superannuation	**320,640**	284,002
Total post-employment benefits	**320,640**	284,002
Other long-term benefits:		
Long-service leave	**24,476**	23,763
Total other long-term benefits	**24,476**	23,763
Total employment benefits	**1,397,296**	1,323,876

Notes:

1. Note 11A is prepared on an accrual basis.

2. Note 11A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than $150,000.

Note 11: Senior Executive Remuneration

Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

2012				
Average annual reportable remuneration[1]	**Senior Executives No.**	**Reportable salary[2] $**	**Contributed superannuation[3] $**	**Total $**
Total remuneration (including part-time arrangements):				
$180,000 to $209,999	-	-	-	-
$210,000 to $239,999	**2**	**163,639**	**56,004**	**219,643**
$240,000 to $269,999	**1**	**195,305**	**57,829**	**253,134**
$270,000 to $299,999	**1**	**234,406**	**46,126**	**280,532**
$370,000 to $399,999	**1**	**295,193**	**104,677**	**399,870**
Total	**5**			

2011				
Average annual reportable remuneration[1]	Senior Executives No.	Reportable salary[2] $	Contributed superannuation[3] $	Total $
Total remuneration (including part-time arrangements):				
$180,000 to $209,999	1	172,875	31,453	204,328
$210,000 to $239,999	1	142,126	69,895	212,021
$240,000 to $269,999	2	207,374	43,726	251,100
$270,000 to $299,999	-	-	-	-
$370,000 to $399,999	1	286,363	95,202	381,565
Total	5			

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:
   a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
   c) exempt foreign employment income.

3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.

4. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note 11C: Other Highly Paid Staff

2012				
Average annual reportable remuneration[1]	**Staff No.**	**Reportable salary[2] $**	**Contributed superannuation[3] $**	**Total $**
Total remuneration (including part-time arrangements):				
$150,000 to $179,999	**7**	**126,666**	**31,997**	**158,663**
$190,000 to $219,999	**1**	**182,234**	**28,759**	**210,993**
Total	**8**			

Note 11: Senior Executive Remuneration

2011				
Average annual reportable remuneration[1]	Staff No.	Reportable salary[2] $	Contributed superannuation[3] $	Total $
Total remuneration (including part-time arrangements):				
$150,000 to $179,999	2	138,025	24,357	162,382
Total	2			

Notes:

1. This table reports staff:
   a) who were employed by the entity during the reporting period;
   b) whose reportable remuneration was $150,000 or more for the financial period; and
   c) were not required to be disclosed in Tables A, B or director disclosures.
Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:
   a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
   c) exempt foreign employment income.

3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.

4. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note 12: Remuneration of Auditors

	2012 $'000	2011 $'000
Financial statement audit services were provided free of charge to the entity by the Australian National Audit Office (ANAO).		
Fair value of the services provided		
Financial statement audit services	**80**	80
Total	**80**	80

No other services were provided by the auditors of the financial statements.

Note 13: Financial Instruments

	2012 $'000	2011 $'000
Note 13A: Categories of Financial Instruments		
Financial Assets		
Cash and cash equivalents	**538**	158
Trade and other receivables	**41**	71
Total	**579**	229
Carrying amount of financial assets	**579**	229
Financial Liabilities		
At amortised cost:		
Suppliers	**1**	-
Accrued expenses	**531**	537
Other Payables	**545**	570
Total	**1,078**	1,106
Carrying amount of financial liabilities	**1,078**	1,106

Note 13B: Net Income and Expense from Financial Assets

There is no income from/expense for the department's financial assets.

Note 13C: Net Income and Expense from Financial Liabilities

There is no income from/expense for the department's financial liabilities.

Note 13D: Fair Value of Financial Instruments

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

Note 13E: Credit Risk

The department is exposed to minimal credit risk as receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2012: $41,000 and 2011: $71,000). The department has assessed the risk of the default on payment and has allocated $Nil in 2012 (2011: 2000) to an 'allowance for doubtful debts' account.

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

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

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

Note 13: Financial Instruments

	Not Past Due Nor Impaired **2012** **$'000**	Not past due Nor Impaired 2011 $'000	**Past due or impaired** **2012** **$'000**	Past due or impaired 2011 $'000
Financial assets				
Cash and cash equivalents	**538**	158	-	-
Trade and other receivables	**41**	69	-	2
Total	**579**	227	-	2
Financial liabilities				
Suppliers	**1**	-	-	-
Accrued expenses	**531**	537	-	-
Other payables	**545**	570	-	-
Total	**1,078**	1,106	-	-

Ageing of financial assets that are past due but not impaired for 2012

	0 to 30 days $'000	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Trade and other receivables	-	-	-	-
Total	-	-	-	-

Ageing of financial assets that are past due but not impaired for 2011

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

The following list of assets have been individually assessed as impaired:

Trade Receivables of Nil (2011: $Nil)

Note 13F: Liquidity Risk

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

Note 13: Financial Instruments

The following tables illustrates the maturities for financial liabilities

	On demand 2012 $'000	1 to 5 years 2012 $'000	> 5 years 2012 $'000	Total 2012 $'000
Other Liabilities				
Suppliers	-	**1**	-	**1**
Accrued expenses	-	**531**		**531**
Other payables	-	**545**	-	**545**
Total	**-**	**1,078**	**-**	**1,078**

	On demand 2011 $'000	1 to 5 years 2011 $'000	> 5 years 2011 $'000	Total 2011 $'000
Other liabilities				
Accrued expenses	-	537	-	537
Other payables	-	569	-	569
Total	-	1,106	-	1,106

Note 13G: Market Risk

The department is not exposed to market risk.

Note 14: Financial Assets Reconciliation

	Notes	2012 $'000	2011 $'000
Financial assets			
Total financial assets as per balance sheet		**18,421**	16,439
Less: non-financial instrument components:			
Appropriations receivable	**5B**	**17,781**	16,154
Other receivables	**5B**	**61**	56
Total non-financial instrument components		**17,842**	16,210
Total financial assets as per financial instruments note	**13A**	**579**	229

Note 15: Appropriations

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

	2012 Appropriations							
	Appropriation Act			*FMA Act*			Appropriation applied in 2012 (current and prior years)	Variance
	Appropriation	reduced[1]	AFM[2]	Section 30	Section 31	Total appropriation		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL								
Ordinary annual services	21,848	-	-	3	1,375	23,226	(22,467)	759
Other services	-	-	-	-	-	-	-	-
Total departmental	21,848	-	-	3	1,375	23,226	(22,467)	759

Notes:

[1] Departmental appropriations do not lapse at financial year-end. There were no reductions in appropriations for 2011-12

	2011 Appropriations							
	Appropriation Act			*FMA Act*			Appropriation applied in 2011 (current and prior years)	Variance
	Annual Appropriation	Appropriations reduced[1]	AFM[2]	Section 30	Section 31	Total appropriation		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL								
Ordinary annual services	21,087	-	-	5	978	22,070	(18,996)	3,074
Other services								
Equity	31	-	-			31	(31)	-
Total departmental	21,118	-	-	5	978	22,101	(19,027)	3,074

Notes:

[1] Departmental appropriations do not lapse at financial year-end. There were no reductions in appropriations for 2010-11

Note 15: Appropriations

Table B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2012 Capital Budget Appropriations				Capital Budget Appropriations applied in 2012 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget	Appropriations reduced	Section 32	Total Capital Budget Appropriations	Payments for non-financial assets[2]	Payments for other purposes	Total payments	Variance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	1,405	-	-	1,405	552	-	552	853

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Parliamentary Appropriation Act (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised.

	2011 Capital Budget Appropriations				Capital Budget Appropriations applied in 2011 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget	Appropriations reduced	Section 32	Total Capital Budget Appropriations	Payments for non-financial assets[2]	Payments for other purposes	Total payments	Variance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	1,300	-	-	1,300	997	-	997	303

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Parliamentary Appropriation Act (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised.

Note 15: Appropriations

Table C: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2012 $'000	2011 $'000
DEPARTMENTAL		
Parliamentary Appropriation Act (No.1) 2004-05	**-**	2,905
Parliamentary Appropriation Act (No.1) 2005-06	**2,932**	2,932
Parliamentary Appropriation Act (No.1) 2006-07	**-**	113
Parliamentary Appropriation Act (No.1) 2007-08	**1,510**	1,510
Parliamentary Appropriation Act (No.1) 2008-09	**1,472**	1,472
Parliamentary Appropriation Act (No.1) 2009-10	**1,518**	1,518
Parliamentary Appropriation Act (No.1) 2010-11	**3,260**	3,377
Parliamentary Appropriation Act (No.1) 2011-12	**4,745**	-
Total	**15,436**	13,827

Table D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Finance and Deregulation (third party drawing rights)	Australian Public Service Commission (third party drawing rights)
2012	**$'000**	**$'000**
Total payments	**4,358**	**30,665**

	Department of Finance and Deregulation (third party drawing rights)	Australian Public Service Commission (third party drawing rights)	Department of Education, Employment and Workplace Relations (third party drawing rights)
2011	$'000	$'000	$'000
Total payments	2,080	16,077	11,273

Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation provided information to agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations. The possibility of this being an issue for the department was reported in the notes to the 2010-11 financial statements.

During 2011-12, the Department of the House of Representatives developed a plan to review exposure to risks of not complying with statutory conditions on payments from special appropriations and special accounts. The plan involved the engagement of the department's internal audit contractor to provide a report on the following items:

1. identifying each special appropriation for which the department accessed 3rd Party drawing rights;
2. determining the risk of non-compliance by assessing the difficulty of administering the statutory conditions and assessing the extent to which existing payment systems and processes satisfy those conditions; and
3. determining the risk of non-compliance with regards to payments made from special accounts.

As at 30th June 2012, the Department of the House of Representatives has reviewed all transactions drawn from special appropriations with statutory provisions for 2011-12. The total amount of these payments is $35.023m. The work has not identified any issue of non-compliance with Section 83.

The nature of payments made from the special accounts have been assessed as unlikely to give rise to a non-compliance with Section 83.

Note 16: Special Accounts and FMA Act Section 39

Note 16A: Special Accounts (Recoverable GST exclusive)

Inter-Parliamentary Relations Special Account (Departmental)	**2012 $'000**	2011 $'000
Appropriation: *Financial Management and Accountability Act 1997; s20*		
Establishing Instrument: 2004/08		
Purpose : For the receipt of all moneys and the payment of all expenditure related to the operation of the Commonwealth Parliamentary Association on behalf of the States, Territories and Commonwealth Branches of the Commonwealth Parliamentary Association, inter-parliamentary training, education and development services provided to support other governments and bodies that are not agencies within the meaning of the *Financial Management and Accountability Act 1997* .		
The Minister for Finance and Administration has approved the earning of interest for this account under section 20 of the FMA Act. Interest is appropriated under this section of the Act.		
Balance carried from previous period	**2,327**	2,372
Appropriation for reporting period	**141**	141
Total credits	**141**	141
Available for payments	**2,468**	2,513
Payments made to suppliers	**(123)**	(186)
Total decrease	**(123)**	(186)
Total Balance carried to next period	**2,345**	2,327

Services for Other Entities and Trust Moneys- Department of the House of Representatives Special Account	**2012 $'000**	2011 $'000
Appropriation: *Financial Management and Accountability Act 1997;* s20		
Establishing Instrument: 2011/10		
Purpose : For expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.		
Balance carried from previous period	**135**	138
Other receipts	**-**	75
Available for payments	**135**	213
Payments made to suppliers	**(4)**	(15)
Transfer to departmental account	**(5)**	(63)
Transfer to OPA	**(24)**	-
Total decrease	**(33)**	(78)
Total balance carried to the next period	**102**	135

Note 17: Compensation and Debt Relief

	2012 $	2011 $
Departmental		
No 'Act of Grace' payments were made during the reporting period. (2011: No payments made)	**-**	-
No payments were made under s66 of the *Parliamentary Service Act 1999* during the reporting period. (2011: No payments made)	**-**	-

Note 18: Reporting of Outcomes

Note 18A: Net Cost of Outcome Delivery

	Outcome 1	
	2012	2011
	$'000	$'000
Expenses		
Departmental	**26,871**	24,617
Total expenses	**26,871**	24,617
Income from non-government sector		
Departmental	**73**	51
Total departmental	**73**	51
Other own source income		
Departmental		
Goods and services income	**781**	746
Other revenue	**279**	205
Other gains	**3,194**	3,179
Total Departmental	**4,254**	4,130
Net cost/(contribution) of outcome delivery	**22,545**	20,436

Outcome 1 is described in Note 1.1.

Note 19: Net Cash Appropriation Arrangements

	2012 $'000	2011 $'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations[1]	**433**	1,816
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(1,130)**	(1,165)
Total comprehensive income - as per the Statement of Comprehensive Income	**(697)**	651

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive 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.