





# 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:

- (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 Department of Parliamentary Services as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of Parliamentary Services, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial 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 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 – Reduced Disclosure Requirements. 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 Department of Parliamentary Services 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* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). 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><b>Valuation of Parliament House</b></p> <p><i>Refer to Note 4.2A Non-financial assets (Administered)</i></p> <p>This was an area of focus due to the value of the balance and the complexities in the judgements underpinning the calculation of the fair value of assets that comprise Parliament House. As at 30 June 2017 Parliament House was carried at \$2.134 billion.</p>	<p>The audit procedures applied to address the matter included:</p> <ul style="list-style-type: none"><li>• examination of the data sources used in the Department's calculation model for validity and completeness;</li><li>• evaluation of the Department's assurance framework, including the review and approval process to assess the reasonableness of assumptions</li></ul>

The valuation is complex due to the unique and bespoke nature of each building component that comprises Parliament House. Significant judgement is exercised in selecting the assumptions, including determining the most appropriate valuation methodology to calculate current replacement cost, labour and construction indices, useful lives and assessment of the economic viability of assets. The progress of the Department against the repairs and maintenance schedule is also a key consideration in the valuation.

and judgements used in calculating the estimated fair value;

- evaluation of the method employed by the Department's independent valuer to evaluate the appropriateness of the assumptions and inputs used in the valuation model; and
- comparison of 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 Department of Parliamentary Services the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation 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 Department of Parliamentary Services' ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing matters related to going concern as applicable 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.
- 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.

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I communicate with those charged with governance 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 those charged with governance, 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 our 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 our 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



Clea Lewis

Executive Director

Delegate of the Auditor-General

Canberra

13 September 2017

**Department of Parliamentary Services**  
**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2017 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

13 September 2017

Signed 

Nicholas Creagh  
Chief Finance Officer

13 September 2017

**STATEMENT OF COMPREHENSIVE INCOME**  
for the period ended 30 June 2017

		2017	2016	Original Budget 2017
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	84,180	82,609	84,268
Suppliers	1.1B	47,661	44,666	42,059
Depreciation and amortisation	3.2A	17,239	19,114	23,000
Write-down and impairment of assets		5	3	-
Losses from asset sales		108	219	-
<b>Total expenses</b>		<b>149,193</b>	<b>146,611</b>	<b>149,327</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	1.2A	7,745	5,193	5,195
Rental income	1.2B	1,900	1,894	2,050
Other revenue	1.2C	466	662	374
<b>Total own-source revenue</b>		<b>10,111</b>	<b>7,749</b>	<b>7,619</b>
<b>Gains</b>				
Resources received free of charge		182	161	140
<b>Total gains</b>		<b>182</b>	<b>161</b>	<b>140</b>
<b>Total own-source income</b>		<b>10,293</b>	<b>7,910</b>	<b>7,759</b>
<b>Net cost of services</b>		<b>138,900</b>	<b>138,701</b>	<b>141,568</b>
Revenue from Government – appropriation	5.1A	118,568	119,003	118,568
<b>Deficit attributable to the Australian Government</b>		<b>(20,332)</b>	<b>(19,698)</b>	<b>(23,000)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		(22)	-	-
<b>Total other comprehensive income</b>		<b>(20,354)</b>	<b>(19,698)</b>	<b>(23,000)</b>

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget 2017 \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	981	574	432
Trade and other receivables	3.1B	21,655	24,899	31,759
<b>Total financial assets</b>		<b>22,636</b>	<b>25,473</b>	<b>32,191</b>
<b>Non-financial assets</b>				
Information and communication technology	3.2A	50,283	50,254	47,312
Furniture and equipment	3.2A	10,303	12,439	9,694
Library collection	3.2A	6,392	5,571	6,014
Computer software	3.2A	27,134	22,048	19,790
Other intangibles	3.2A	7,679	6,071	5,258
Inventories	3.2B	520	242	275
Prepayments	3.2C	7,009	6,703	3,423
<b>Total non-financial assets</b>		<b>109,320</b>	<b>103,328</b>	<b>91,766</b>
<b>Total assets</b>		<b>131,956</b>	<b>128,801</b>	<b>123,957</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	4,427	5,381	3,262
Other payables	3.3B	1,069	1,021	164
<b>Total payables</b>		<b>5,496</b>	<b>6,402</b>	<b>3,426</b>
<b>Provisions</b>				
Employee provisions	6.1A	23,631	21,732	23,649
<b>Total provisions</b>		<b>23,631</b>	<b>21,732</b>	<b>23,649</b>
<b>Total liabilities</b>		<b>29,127</b>	<b>28,134</b>	<b>27,075</b>
<b>Net assets</b>		<b>102,829</b>	<b>100,667</b>	<b>96,882</b>
<b>EQUITY</b>				
Contributed equity		244,538	222,022	244,538
Reserves		20,309	20,331	20,331
Accumulated deficit		(162,018)	(141,686)	(167,987)
<b>Total equity</b>		<b>102,829</b>	<b>100,667</b>	<b>96,882</b>

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

**STATEMENT OF CHANGES IN EQUITY**  
for the period ended 30 June 2017

	Contributed equity		Asset revaluation reserve		Accumulated deficit		Total equity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>CONTRIBUTED EQUITY</b>								
<b>Opening balance</b>								
Balance carried forward from previous period		199,101	20,331	20,331	(141,686)	(121,988)	100,667	97,444
<b>Adjusted opening balance</b>	<b>222,022</b>	<b>199,101</b>	<b>20,331</b>	<b>20,331</b>	<b>(141,686)</b>	<b>(121,988)</b>	<b>100,667</b>	<b>97,444</b>
<b>Comprehensive income</b>								
Surplus/(Deficit) for the period	-	-	-	-	(20,332)	(19,698)	(20,332)	(19,698)
Other comprehensive income	-	-	(22)	-	-	-	(22)	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>(20,332)</b>	<b>(19,698)</b>	<b>(20,354)</b>	<b>(19,698)</b>
<b>Transactions with owners</b>								
<b>Contributions and distributions by owners</b>								
Departmental capital budget	22,516	22,921	-	-	-	-	22,516	22,921
<b>Total transactions with owners</b>	<b>22,516</b>	<b>22,921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,516</b>	<b>22,921</b>
<b>Closing balance as at 30 June</b>	<b>244,538</b>	<b>222,022</b>	<b>20,309</b>	<b>20,331</b>	<b>(162,018)</b>	<b>(141,686)</b>	<b>102,829</b>	<b>100,667</b>
<b>Original budget</b>	<b>244,538</b>	<b>222,022</b>	<b>20,331</b>	<b>18,083</b>	<b>(167,987)</b>	<b>(160,553)</b>	<b>96,882</b>	<b>79,552</b>

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

**Accounting Policy**

Departmental Capital Budget

Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Other Distributions to Owners

The Financial Reporting Rule (FRR) requires distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

**STATEMENT OF CASH FLOWS**  
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget 2017 \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		137,275	136,777	118,568
Sale of goods and rendering of services		10,870	6,244	7,664
GST received from ATO		5,866	5,645	5,774
Other		666	823	374
<b>Total cash received</b>		<b>154,677</b>	<b>149,489</b>	<b>132,380</b>
<b>Cash used</b>				
Employees		82,515	83,706	84,268
Suppliers		55,978	52,800	48,112
Section 74 receipts transferred to OPA		16,210	12,963	-
<b>Total cash used</b>		<b>154,703</b>	<b>149,469</b>	<b>132,380</b>
<b>Net cash from operating activities</b>		<b>(26)</b>	<b>20</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of plant and equipment		38	124	-
<b>Total cash received</b>		<b>38</b>	<b>124</b>	<b>-</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		11,606	16,652	14,138
Purchase of intangibles		10,833	10,580	8,378
<b>Total cash used</b>		<b>22,439</b>	<b>27,232</b>	<b>22,516</b>
<b>Net cash used by investing activities</b>		<b>(22,401)</b>	<b>(27,108)</b>	<b>(22,516)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Departmental capital budget		22,834	27,230	22,516
<b>Total cash received</b>		<b>22,834</b>	<b>27,230</b>	<b>22,516</b>
<b>Net cash from financing activities</b>		<b>22,834</b>	<b>27,230</b>	<b>22,516</b>
<b>Net increase in cash held</b>		<b>407</b>	<b>142</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		574	432	432
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>981</b>	<b>574</b>	<b>432</b>

The above statement should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**  
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget 2017 \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	2.1A	877	671	-
Suppliers	2.1B	7,078	3,192	6,993
Depreciation and amortisation	4.2A	33,855	32,547	33,403
Write-down and impairment of assets	2.1C	17	52	-
<b>Total expenses</b>		<b>41,827</b>	<b>36,462</b>	<b>40,396</b>
<b>Income</b>				
<b>Revenue</b>				
<b>Non-taxation revenue</b>				
Other revenue	2.2A	1	70	-
<b>Total non-taxation revenue</b>		<b>1</b>	<b>70</b>	<b>-</b>
<b>Total revenue</b>		<b>1</b>	<b>70</b>	<b>-</b>
<b>Gains</b>				
Other gains	2.2B	2,781	-	-
<b>Total gains</b>		<b>2,781</b>	<b>-</b>	<b>-</b>
<b>Total income</b>		<b>2,782</b>	<b>70</b>	<b>-</b>
<b>Net cost of services</b>		<b>39,045</b>	<b>36,392</b>	<b>40,396</b>
<b>Deficit</b>		<b>(39,045)</b>	<b>(36,392)</b>	<b>(40,396)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		104,784	15,745	-
<b>Total comprehensive (loss)</b>		<b>65,739</b>	<b>(20,647)</b>	<b>(40,396)</b>

The above schedule should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES***as at 30 June 2017*

	Notes	2017 \$'000	2016 \$'000	Original Budget 2017 \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Trade and other receivables	4.1A	<u>887</u>	<u>333</u>	<u>212</u>
<b>Total financial assets</b>		<u>887</u>	<u>333</u>	<u>212</u>
<b>Non-financial assets</b>				
Land	4.2A	<u>80,000</u>	80,000	50,000
Buildings	4.2A	<u>2,134,311</u>	2,052,400	2,157,346
Heritage and cultural	4.2A	<u>112,104</u>	85,433	86,077
Other plant and equipment	4.2A	<u>8,821</u>	5,937	29,000
Computer software	4.2A	<u>686</u>	29	-
Other intangibles	4.2A	<u>263</u>	-	-
<b>Total non-financial assets</b>		<u>2,336,185</u>	<u>2,223,799</u>	<u>2,322,423</u>
<b>Total assets administered on behalf of Government</b>		<u>2,337,072</u>	<u>2,224,132</u>	<u>2,322,635</u>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	4.3A	<u>724</u>	288	502
Other payables	4.3B	<u>843</u>	333	202
<b>Total payables</b>		<u>1,567</u>	<u>621</u>	<u>704</u>
<b>Total liabilities administered on behalf of government</b>		<u>1,567</u>	<u>621</u>	<u>704</u>
<b>Net assets</b>		<u>2,335,505</u>	<u>2,223,511</u>	<u>2,321,931</u>

The above schedule should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

**ADMINISTERED RECONCILIATION SCHEDULE**  
for the period ended 30 June 2017

	2017	2016
	\$'000	\$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>2,223,511</b>	2,219,995
<b>Adjusted opening assets less liabilities</b>	<b>2,223,511</b>	2,219,995
<b>Net (cost of)/contribution by services</b>		
Income	2,782	70
Expenses	(41,827)	(36,462)
<b>Other comprehensive income</b>		
Revaluations transferred to reserves	104,784	15,745
<b>Transfers (to)/from Australian Government</b>		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations	38,481	20,167
Administered annual appropriations	7,857	4,078
Appropriation Transfers to OPA		
Administered receipts	(83)	(82)
<b>Closing assets less liabilities as at 30 June</b>	<b>2,335,505</b>	2,223,511

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

**Accounting Policy**

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the department for use by the Commonwealth rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Commonwealth. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Commonwealth and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

## ADMINISTERED CASH FLOW STATEMENT

as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget 2016 \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
GST received from ATO		2,851	2,057	11,991
Other		1	70	-
<b>Total cash received</b>		<b>2,852</b>	<b>2,127</b>	<b>11,991</b>
<b>Cash used</b>				
Suppliers		10,259	6,255	18,942
Employees		877	-	-
<b>Total cash used</b>		<b>11,136</b>	<b>6,255</b>	<b>18,942</b>
<b>Net cash used by operating activities</b>		<b>(8,284)</b>	<b>(4,128)</b>	<b>(6,951)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of property, plant and equipment		37,561	20,137	107,257
Purchase of computer software		920	29	5,239
<b>Total cash used</b>		<b>38,481</b>	<b>20,166</b>	<b>112,496</b>
<b>Net cash used by investing activities</b>		<b>(38,481)</b>	<b>(20,166)</b>	<b>(112,496)</b>
<b>Net decrease in cash held</b>		<b>(46,765)</b>	<b>(24,294)</b>	<b>(119,447)</b>
<b>Cash from Official Public Account</b>				
Appropriations		46,338	24,245	131,438
<b>Total cash from Official Public Account</b>		<b>46,338</b>	<b>24,245</b>	<b>131,438</b>
<b>Cash to Official Public Account</b>				
Appropriations		510	131	(11,991)
Administered receipts		(83)	(82)	-
<b>Total cash to Official Public Account</b>		<b>427</b>	<b>49</b>	<b>(11,991)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>

The above schedule should be read in conjunction with the accompanying notes, including explanation of major variances from budget at 8.3.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Overview

#### Objectives of the Department of Parliamentary Services

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: Strategically plan to upgrade and maintain Parliament House as a safe and accessible workplace and public building.

#### The 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) for reporting periods ending on or after 1 July 2015; 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 have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

#### New Australian Accounting Standards

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

#### 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:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- 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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### Events After the Reporting Period

#### Departmental

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

#### Administered

There was no subsequent event 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

## 1. Financial Performance

This section analyses the financial performance of the department for the year ended 2016.

## 1.1. Expenses

	2017	2016
	\$'000	\$'000
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	60,446	61,672
Superannuation		
Defined contribution plans	5,687	4,551
Defined benefit plans	7,459	7,175
Leave and other entitlements	8,366	6,931
Separation and redundancies	1,037	1,610
Other	1,185	670
<b>Total employee benefits</b>	<b>84,180</b>	<b>82,609</b>

## Accounting Policy

Accounting policies for employee related expenses are contained in section 6. People.

## Note 1.1B: Suppliers

## Goods and services supplied or rendered

Contractors and professional services	7,961	8,132
Catering labour hire	2,797	-
Information communication and technology	14,853	14,556
Property operating expenses	12,800	14,122
Office equipment and supplies	1,685	1,924
Employee related expenses	2,875	2,648
Cost of goods sold	2,170	640
Other	136	99
<b>Total goods and services supplied or rendered</b>	<b>45,277</b>	<b>42,121</b>
Goods supplied	8,589	5,674
Services rendered	36,688	36,447
<b>Total goods and services supplied or rendered</b>	<b>45,277</b>	<b>42,121</b>

## Other suppliers

Operating lease rentals	768	84
Workers compensation expenses	1,616	2,461
<b>Total other suppliers</b>	<b>2,384</b>	<b>2,545</b>
<b>Total suppliers</b>	<b>47,661</b>	<b>44,666</b>

## Leasing commitments

The department in its capacity as lessee has leasing agreements for 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	839	698
Between 1 to 5 years	725	1,348
<b>Total operating lease commitments</b>	<b>1,564</b>	<b>2,046</b>

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

	2017	2016
	\$'000	\$'000

#### Note 1.2A: Sale of Goods and Rendering of Services

Parliament shop	1,173	1,109
Catering	5,269	620
Rendering of other services	1,303	3,464
<b>Total sale of goods and rendering of services</b>	<b>7,745</b>	<b>5,193</b>

#### 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 managerial 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.

#### Note 1.2B: Rental Income

Operating lease		
Contingent rentals	54	68
Non-contingent rentals	1,846	1,826
<b>Total rental income</b>	<b>1,900</b>	<b>1,894</b>

#### Subleasing rental income commitments

The department in its capacity as lessor has leasing agreements for space within Parliament House for the press gallery and retail operations. Contingent rent is calculated and payable based on movements in the Consumer Price Index (CPI) and where options for extension exist.

**Commitments for sublease rental income receivables are as follows:**

Within 1 year	2,092	1,944
Between 1 to 5 years	3,126	4,859
<b>Total sublease rental income commitments</b>	<b>5,218</b>	<b>6,803</b>

All rental receivable commitments are disclosed as GST inclusive amounts.

#### Note 1.2C: Other Revenue

Public carpark	385	326
Project recovery	38	179
Other	43	157
<b>Total other revenue</b>	<b>466</b>	<b>662</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Accounting Policy

#### *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.

## 2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the department does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 2.1. Administered – Expenses

	2017	2016
	\$'000	\$'000
<b>Note 2.1A: Employee benefits</b>		
Wages and salaries	699	566
Superannuation		
Defined Contribution plans	54	41
Defined benefit plans	64	59
Leave and other entitlements	60	3
Separation and redundancies	-	2
<b>Total employee benefits</b>	<b>877</b>	<b>671</b>
<b>Note 2.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Contractors and professional services	3,977	3,051
Office equipment and supplies	18	21
Employee related expenses	15	41
Maintenance	3,068	79
<b>Total goods and services supplied or rendered</b>	<b>7,078</b>	<b>3,192</b>
Goods supplied	114	22
Services rendered	6,964	3,170
<b>Total goods and services supplied or rendered</b>	<b>7,078</b>	<b>3,192</b>
<b>Note 2.1C: Write-Down and Impairment of Assets</b>		
Property, plant and equipment	17	52
<b>Total write-down and impairment of assets</b>	<b>17</b>	<b>52</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 2.2. Administered – Income

	2017	2016
	\$'000	\$'000
<b>Revenue</b>		
<b>Non-Taxation Revenue</b>		
<b><u>Note 2.2A: Other Revenue</u></b>		
Filming	-	68
Other	1	2
<b>Total other revenue</b>	<b>1</b>	<b>70</b>
<b><u>Note 2.2B: Other Gains</u></b>		
Resources received free of charge	5	-
Asset first recognised <sup>1</sup>	2,776	-
<b>Total other gains</b>	<b>2,781</b>	<b>-</b>

<sup>1</sup> During the comprehensive valuation cycle for the Cultural and Heritage class of assets, there were 144 items that now meet the criteria for recognition as an asset.

#### Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the department that oversees distribution or expenditure of the funds as directed.

## 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.

Employee related information is disclosed in the People and Relationships section.

**3.1. Financial Assets**

	2017	2016
	\$'000	\$'000
<b>Note 3.1A: Cash and Cash Equivalents</b>		
Cash at bank	961	563
Cash on hand	20	11
<b>Total cash and cash equivalents</b>	<b>981</b>	<b>574</b>
<b>Note 3.1B: Trade and Other Receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	1,175	1,607
<b>Total goods and services receivables</b>	<b>1,175</b>	<b>1,607</b>
<b>Appropriations receivables</b>		
Operating funding for official programs	14,696	17,193
Departmental Capital Budget	4,023	4,341
<b>Total appropriations receivables</b>	<b>18,719</b>	<b>21,534</b>
<b>Other receivables</b>		
GST receivable from ATO	1,731	1,723
Other	30	35
<b>Total other receivables</b>	<b>1,761</b>	<b>1,758</b>
<b>Total trade and other receivables (gross)</b>	<b>21,655</b>	<b>24,899</b>
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	21,655	24,899
<b>Total trade and other receivables (net)</b>	<b>21,655</b>	<b>24,899</b>

Credit terms for goods and services were within 30 days (2016: 30 days).

**Accounting Policy*****Trade and Other Receivables***

Trade and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method less impairment.

## 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

	Information and communication technology \$'000	Furniture and equipment \$'000	Library collection \$'000	Computer software \$'000	Other intangibles \$'000	Total \$'000
<b>As at 1 July 2016</b>						
Gross book value	94,050	15,103	5,899	83,142	7,501	205,695
Accumulated depreciation, amortisation and impairment	(43,796)	(2,664)	(328)	(61,094)	(1,430)	(109,312)
<b>Total as at 1 July 2016</b>	<b>50,254</b>	<b>12,439</b>	<b>5,571</b>	<b>22,048</b>	<b>6,071</b>	<b>96,383</b>
Additions						
By purchase	10,075	380	1,247	9,046	2,054	22,802
Revaluations and impairments recognised in other comprehensive income	(22)	-	-	-	-	(22)
Depreciation and amortisation	(9,923)	(2,496)	(425)	(3,948)	(447)	(17,239)
Disposals	(101)	(20)	(1)	(12)	1	(133)
<b>Total as at 30 June 2017</b>	<b>50,283</b>	<b>10,303</b>	<b>6,392</b>	<b>27,134</b>	<b>7,679</b>	<b>101,791</b>
<b>Total as at 30 June 2017 represented by</b>						
Gross book value	50,283	15,455	7,146	67,128	9,555	149,567
Accumulated depreciation, amortisation and impairment	-	(5,152)	(754)	(39,994)	(1,876)	(47,776)
<b>Total as at 30 June 2017</b>	<b>50,283</b>	<b>10,303</b>	<b>6,392</b>	<b>27,134</b>	<b>7,679</b>	<b>101,791</b>

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

A number of items of plant and equipment, and intangibles are expected to be sold or disposed of within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy stated below. An independent valuation was performed for the Information and Communication Technology (ICT) asset class as at 30 June 2017 by Jones Lang LaSalle Public Sector Valuations. For 2016-17 financial year, a revaluation decrement of \$0.022m for ICT was adjusted in the assets revaluation reserve (2015-16: Nil)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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

	2017	2016
	\$'000	\$'000
<b>Commitments are payable as follows:</b>		
Within 1 year	4,329	16,730
Between 1 to 5 years	3,537	14,257
<b>Total commitments</b>	<b>7,866</b>	<b>30,987</b>

All plant, equipment and intangible assets payable commitments are disclosed as GST inclusive amounts.

### **Accounting Policy**

#### 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's accounts immediately prior to the restructuring.

#### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000 (excluding GST), 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).

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.

The department's intangibles comprise software and other intangibles (digitised Hansard records and digitised audio visual records). These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

#### Revaluations

Following initial recognition at cost, property, plant and equipment are carried at latest valuation less 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 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 revaluation surplus except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the profit or loss. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed 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 is restated to the revalued amount.

#### Depreciation and amortisation

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.

Software and other intangibles are amortised on a straight-line basis over their anticipated useful lives.

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.

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

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

	2017	2016
Buildings	5 – 200 years	5 – 200 years
Furniture and equipment	5 – 30 years	5 – 30 years
Information and communication technology	1 – 40 years	1 – 40 years
Library collection	3 – 30 years	3 – 30 years
Other intangibles	100 years	100 years
Other property, plant and equipment	2 – 47 years	2 – 47 years
Software	2 – 14 years	2 – 14 years

### Impairment

All assets were assessed for impairment at 30 June 2017. 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 of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### Derecognition

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017	2016
	\$'000	\$'000
<b>Note 3.2B: Inventories</b>		
<b>Inventories held for sale</b>		
Parliament shop	271	242
Catering	249	-
<b>Total inventories held for sale</b>	<u>520</u>	<u>242</u>
<b>Total inventories</b>	<u>520</u>	<u>242</u>

During 2017, \$2.170m of inventory held for sale was recognised as an expense (2016: \$0.640m).

No items of inventory were written down during the year.

### Accounting Policy

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

Costs incurred in bringing each item of inventory to its present location and conditions are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis; and
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

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

### Note 3.2C: Prepayments

Prepayments	7,009	6,703
<b>Total prepayments</b>	<u>7,009</u>	<u>6,703</u>
<b>Other non-financial assets expected to be recovered</b>		
No more than 12 months	5,504	5,523
More than 12 months	1,505	1,180
<b>Total other non-financial assets</b>	<u>7,009</u>	<u>6,703</u>

No indicators of impairment were found for prepayments.

## 3.3. Payables

	2017	2016
	\$'000	\$'000
<b>Note 3.3A: Suppliers</b>		
Trade creditors and accruals	4,427	5,381
<b>Total suppliers</b>	<u>4,427</u>	<u>5,381</u>

Settlement was usually made within 30 days.

### Note 3.3B: Other Payables

Wages and salaries	458	235
Superannuation	95	48
Separations and redundancies	-	509
Revenue received in advance	74	73
Deposits received/held	268	-
Other	174	156
<b>Total other payables</b>	<u>1,069</u>	<u>1,021</u>

## 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 operating liabilities incurred as a result that the department does not control but administers on behalf of Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

#### 4.1. Administered – Financial Assets

	2017	2016
	\$'000	\$'000
<b><u>Note 4.1A: Trade and Other Receivables</u></b>		
<b>Other receivables</b>		
GST receivable	887	333
<b>Total other receivables</b>	887	333
<b>Total trade and other receivables (gross)</b>	887	333

Credit terms for goods and services were within 30 days (2016: 30 days).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 4.2. Administered – Non-Financial Assets

## Note 2A Inactive. Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Land \$'000	Buildings \$'000	Heritage and cultural equipment \$'000	Other plant and equipment \$'000	Computer software \$'000	Other intangible \$'000	Total \$'000
<b>As at 1 July 2016</b>							
Gross book value	80,000	2,052,400	85,433	6,959	29	-	2,224,861
Accumulated depreciation, amortisation and impairment	-	-	-	(1,062)	-	-	(1,062)
<b>Net book value 1 July 2016</b>	<b>80,000</b>	<b>2,052,400</b>	<b>85,433</b>	<b>5,937</b>	<b>29</b>	<b>-</b>	<b>2,223,799</b>
<b>Additions</b>							
By purchase	-	32,637	1,159	3,978	657	263	38,694
Assets first recognised	-	-	2,776	-	-	-	2,776
Revaluations and impairments recognised in other comprehensive income	-	82,048	22,736	-	-	-	104,784
Depreciation and amortisation	-	(32,774)	-	(1,081)	-	-	(33,855)
Disposals	-	-	-	(13)	-	-	(13)
<b>Total as at 30 June 2017</b>	<b>80,000</b>	<b>2,134,311</b>	<b>112,104</b>	<b>8,821</b>	<b>686</b>	<b>263</b>	<b>2,336,185</b>
<b>Total as at 30 June 2017 represented by</b>							
Gross book value	80,000	2,134,311	112,104	10,949	686	263	2,336,313
Accumulated depreciation, amortisation and impairment	-	-	-	(2,128)	-	-	(2,128)
<b>Total as at 30 June 2017</b>	<b>80,000</b>	<b>2,134,311</b>	<b>112,104</b>	<b>8,821</b>	<b>686</b>	<b>263</b>	<b>2,336,185</b>

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

A number of items of property, plant and equipment, and intangibles are expected to be sold or disposed of within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy stated below. Independent valuations were performed as at 30 June 2017 by Jones Lang LaSalle Public Sector Valuations. For 2016-17 financial year, revaluation increments of \$82,048m for Buildings, and \$22,736m for Heritage and Cultural were adjusted in the assets revaluation reserve (2015-16: Land and Buildings \$15,744m).

## Notes to and forming part of the financial statements

### Contractual commitments for the acquisition of plant and equipment

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

	2017	2016
	\$'000	\$'000
<b>Commitments are payable as follows:</b>		
Within 1 year	37,084	4,245
Between 1 to 5 years	4,598	545
<b>Total commitments</b>	<b>41,682</b>	<b>4,790</b>

All plant and equipment assets payable commitments are disclosed as GST inclusive amounts.

### Accounting Policy

#### Heritage and cultural assets

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

- the rotational collection, consisting largely of contemporary Australian artworks;
- 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 with a value less than the capitalisation threshold (\$2,000) are to be periodically revalued. Upon valuation items whose values exceed the threshold are recognised as assets and gains.

Heritage and Cultural assets have an indefinite useful life.

The department has adopted 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](http://www.aph.gov.au/About%20Parliament/Parliamentary%20departments/department%20of%20Parliamentary%20Services/policies).

### 4.3. Administered – Payables

	2017	2016
	\$'000	\$'000
<b>Note 4.3A: Suppliers</b>		
Trade creditors and accruals	724	288
<b>Total supplier payables</b>	<b>724</b>	<b>288</b>

Settlement was usually made within 30 days.

#### **Note 4.3B: Other Payables**

GST annotation loan	843	333
<b>Total other payables</b>	<b>843</b>	<b>333</b>

## Notes to and forming part of the financial statements

### 5. Funding

This section identifies the department's funding structure.

#### 5.1. Appropriations

	2017	2016
	\$'000	\$'000
<b>Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')</b>		
<b>Departmental appropriation - ordinary annual services</b>		
<i>Opening unspent appropriation balance</i>		
Operating (existing programs)	17,767	22,436
Capital Budget <sup>1</sup>	4,341	8,650
<i>Add annual appropriation</i>		
Operating (existing programs)	118,568	119,003
Capital Budget	22,516	22,921
Section 74 Receipts <sup>2</sup>	10,283	6,424
Prior year adjustment	-	(613)
<b>Total appropriation available</b>	<b>173,475</b>	<b>178,821</b>
Appropriation applied - operating - current and prior years	(130,941)	(129,483)
Appropriation applied - capital budget - current and prior years <sup>1</sup>	(22,834)	(27,230)
<b>Closing unspent appropriation balance</b>	<b>19,700</b>	<b>22,108</b>
<i>Balance comprises of:</i>		
Operating (existing programs)	15,677	17,767
Capital Budget	4,023	4,341
<b>Closing unspent appropriation balance</b>	<b>19,700</b>	<b>22,108</b>
<i>Unspent appropriation balance by Appropriation Act:</i>		
Appropriation (Parliamentary Departments) Act (No. 1) 2016-17	17,897	-
Appropriation (Parliamentary Departments) Act (No. 1) 2015-16	-	20,712
Appropriation (Parliamentary Departments) Act (No. 1) 2014-15 <sup>3</sup>	822	822
Cash on hand/at bank	981	574
<b>Closing unspent appropriation balance</b>	<b>19,700</b>	<b>22,108</b>

1. Departmental 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.

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

3. Comparatives were updated as follows:

- Unspent for *Appropriation (Parliamentary Departments) Act (No. 1) 2015-16* has been reduced by \$0.822m; and
- Unspent for *Appropriation (Parliamentary Departments) Act (No. 1) 2014-15* has been increased by \$0.822m.

#### Accounting Policy

##### Revenue from Commonwealth

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

	2017	2016
	\$'000	\$'000
<b>Administered appropriation - ordinary annual services</b>		
<i>Opening unspent appropriation balance</i>		
Operating (existing programs)	5,272	2,646
Capital Budget <sup>1</sup>	136,806	122,609
<i>Add annual appropriation</i>		
Operating (existing programs)	6,993	6,703
Capital Budget	40,096	33,741
Prior year adjustment	-	613
<b>Total appropriation available</b>	<b>189,167</b>	<b>166,312</b>
Appropriation applied - operating - current and prior years	(7,776)	(4,077)
Appropriation applied - capital budget - current and prior years <sup>1</sup>	(38,481)	(20,157)
<b>Closing unspent appropriation balance</b>	<b>142,910</b>	<b>142,078</b>
Balance comprises of:		
Operating (existing programs)	4,489	5,272
Capital Budget	138,421	136,806
<b>Closing unspent appropriation balance</b>	<b>142,910</b>	<b>142,078</b>
<i>Unspent appropriation balance by Appropriation Act:</i>		
Appropriation (Parliamentary Departments) Act (No. 1) 2016-17	44,535	-
Appropriation (Parliamentary Departments) Act (No. 1) 2015-16	2,835	38,032
Appropriation (Parliamentary Departments) Act (No. 1) 2014-15	-	7,756
Appropriation (Parliamentary Departments) Act (No. 2) 2014-15	95,540	96,289
<b>Closing unspent appropriation balance</b>	<b>142,910</b>	<b>142,078</b>

1. 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.

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

## Notes to and forming part of the financial statements

### **Note 5.1B: Disclosure by agent in relation to Annual and Special Appropriations ('Recoverable GST exclusive')**

	Department of Finance for the provision of electorate office IT services	Department of Finance for the provision of Auspic services
<b>2017</b>	<b>\$'000</b>	<b>\$'000</b>
Total receipts	19,992	250
Total payments	(19,992)	(250)

	Department of Finance for the provision of electorate office IT services	Department of Finance for the provision of Auspic services
2016	\$'000	\$'000
Total receipts	24,055	212
Total payments	(24,055)	(212)

### **5.2. Net Cash Appropriation Arrangements**

	2017	2016
	\$'000	\$'000
<b>Total comprehensive income/(loss) – as per the Statement of Comprehensive Income</b>	<b>(20,354)</b>	(19,698)
Unfunded expenses – depreciation and amortisation <sup>1</sup>	17,239	19,114
<b>Net comprehensive income/(loss)</b>	<b>(3,115)</b>	(584)

1. Commonwealth entities do not receive depreciation funding. Capital budget is provided through equity appropriations in the period when cash payment for capital expenditure is required.

## 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. Employee Provisions

	2017	2016
	\$'000	\$'000
<b>Note 6.1A: Employee Provisions</b>		
Annual leave	7,871	6,922
Long service leave	15,760	14,810
<b>Total employee provisions</b>	<b>23,631</b>	<b>21,732</b>

#### Accounting Policy

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 2017. 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 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. 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 entity is not the direct employer).

The department has determined the KMP to be the Presiding Officers, the 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:

	2017 \$'000	2016 \$'000
<b>Short-term employee benefits</b>		
Salary	1,464	1,289
Other	44	12
<b>Total short-term employee benefits</b>	<u>1,508</u>	<u>1,301</u>
<b>Post-employment benefits</b>		
Superannuation	229	193
<b>Total post-employment benefits</b>	<u>229</u>	<u>193</u>
<b>Other long-term employee benefits</b>		
Annual leave	117	96
Long-service leave	38	31
<b>Total other long-term employee benefits</b>	<u>155</u>	<u>127</u>
<b>Total key management personnel remuneration expenses</b>	<u>1,892</u>	<u>1,621</u>

The total number of KMP included in the above table is 7 individuals (2016: 6 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.

### 6.3. Related Party Disclosures

#### Related party relationships:

The department is an Australian Government controlled entity. The related parties to the department are KMP as defined above in Note 6.2 and their close family members and/or controlled or joint controlled entities.

The aggregate remuneration of KMP is disclosed in Note 6.2 KMP remuneration.

#### Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Significant transactions with related parties can include:

- Purchases of goods and services;
- Asset purchases, sales transfers or leases.

There were no transactions with related parties during the 2016-17 financial year (2015-16: Nil)

## 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

##### Departmental

The department had no quantifiable or unquantifiable contingencies as at 30 June 2017 (2016: nil).

##### Administered

The department had no quantifiable or unquantifiable contingencies as at 30 June 2017 (2016: nil).

##### Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and 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

	2017	2016
	\$'000	\$'000
<b>Note 7.2A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	981	574
Trade and other receivables	1,175	1,607
<b>Total loans and receivables</b>	<b>2,156</b>	<b>2,181</b>
<b>Total financial assets</b>	<b>2,156</b>	<b>2,181</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	4,427	5,381
<b>Total financial liabilities measured at amortised cost</b>	<b>4,427</b>	<b>5,381</b>
<b>Total financial liabilities</b>	<b>4,427</b>	<b>5,381</b>

##### Accounting Policy

##### Financial Assets

The department classifies its financial assets in the following categories as loans and receivables.

Financial assets are recognised and derecognised upon trade date.

##### 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 held at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

##### 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.

## Notes to and forming part of the financial statements

### Impairment of Financial Assets

Financial assets are assessed for impairment at the 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 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.

Financial assets held at cost - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

### **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'.

### Other Financial Liabilities

Other financial liabilities 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.

### Effective Interest Method

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

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).

## 7.3. Administered – Financial Instruments

	2017	2016
	\$'000	\$'000
<b>Note 7.3A: Categories of Financial Instruments</b>		
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Supplier payables	724	288
<b>Total financial liabilities measured at amortised cost</b>	<b>724</b>	<b>288</b>
<b>Total financial liabilities</b>	<b>724</b>	<b>288</b>

## Notes to and forming part of the financial statements

### 7.4. Fair Value Measurement

#### Accounting Policy

DPS engaged the service of the Jones Lang LaSalle Public Sector Valuations (JLL) to conduct a comprehensive valuation of the Information and communications technology asset class and desktop valuation of all other non-financial asset classes at 30 June 2017 and has relied upon those outcomes to establish and validate carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. JLL has provided written assurance to DPS that the models developed are in compliance with AASB 13.

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

Information and communications technology and furniture and equipment - Physical Depreciation and Obsolescence. Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.

Library collection - Average Market Price per Item. The fair value of the library collection has been determined using the market approach. Estimated average market prices have been applied having regard to the nature and size of the collection. JLL has utilised professional judgement to account for these differing characteristics.

DPS's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### Note 7.4A: Fair Value Measurements

Fair value measurements at the end of the reporting period		
	2017	2016
<b>Non-financial assets</b>	<b>\$'000</b>	<b>\$'000</b>
Information and communication technology	50,283	50,254
Furniture and equipment	10,303	12,439
Library collection	6,392	5,571
<b>Total non-financial assets</b>	<b>66,978</b>	<b>68,264</b>

## Notes to and forming part of the financial statements

### 7.5. Administered – Fair Value Measurement

#### Accounting Policy

DPS engaged the service of the Jones Lang LaSalle Public Sector Valuations (JLL) to conduct a comprehensive valuation of the land and buildings asset classes and desktop valuation of all other non-financial asset classes at 30 June 2017 and has relied upon those outcomes to establish and validate carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years with the exception of Heritage and Cultural which is once every four years. JLL has provided written assurance to DPS that the models developed are in compliance with AASB 13.

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

*Land - Price per square metre.* The fair value of the land asset class has been determined using the market approach. Due to the restricted nature and unique characteristics of land associated with APH there was insufficient observable market evidence to determine fair value. Reference has been made to sales of land with a limited level of comparability at distant locations and adjusted by JLL using professional judgement to take account of the differing characteristics.

*Building - Replacement Cost New.* Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated depreciation). The replacement cost to replace APH buildings has been determined by a Quantity Surveyor.

*Buildings & Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset.* Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the DRC approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

*Other Plant & Equipment (Furniture) - Adjusted Market Transactions.* The fair value of the furniture asset class has been determined using the market approach. Due to the unique characteristics of ministerial furniture assets there was insufficient evidence of directly comparable market transactions to determine fair value. Reference has been made to transactions of furniture assets with limited levels of comparability and adjusted by JLL using professional judgement to take account of the differing characteristics.

*Heritage and Cultural – Adjusted market transactions.* A specialist Valuer has been consulted to determine the fair value of the 1297 Inpeximus copy of Magna Carta. Due to the historic nature of the asset, observable market transactions are scarce and JLL has used significant professional judgement in determining the fair value.

DPS's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### **Note 7.5A: Fair Value Measurements, Valuation Techniques and Inputs Used**

Fair value measurements at the end of the reporting period		
	2017	2016
Non-financial Assets	\$'000	\$'000
Land	80,000	80,000
Buildings	2,134,311	2,052,400
Other plant and equipment	8,821	5,937
Heritage and cultural	112,104	85,433
<b>Total non-financial assets</b>	<b>2,335,236</b>	<b>2,223,770</b>

## Notes to and forming part of the financial statements

### 8. Other Information

#### 8.1. Assets Held in Trust

	2017 \$'000	2016 \$'000
<b>Heritage and cultural asset</b>		
<b>Total value at the beginning of the reporting period</b>	<b>4,600</b>	4,600
Changes in fair value	<u>900</u>	<u>-</u>
<b>Total value at the end of the reporting period</b>	<b>5,500</b>	4,600

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

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

#### 8.2. Budget Variance Commentary

DEPARTMENTAL	
Explanation of major variances	Affected statements and line items
<p><i>Catering and events.</i> The catering and events function at Australian Parliament House was insourced in December 2016; subsequent to the publication of the 2016-17 Budget. Actual results for 2016-17 include the following items in relation to the catering and events function:</p> <ul style="list-style-type: none"> <li>• Revenue \$5.2 million;</li> <li>• Expenses \$6.9 million;</li> <li>• Inventories \$0.2 million; and</li> <li>• Liabilities \$0.5 million.</li> </ul>	<p>Statement of Comprehensive Income:</p> <ul style="list-style-type: none"> <li>• Own-source income – sale of goods and rendering of services</li> <li>• Expenses – suppliers, in relation to labour hire and cost of goods sold</li> </ul> <p>Statement of Cash Flow – Operating activities:</p> <ul style="list-style-type: none"> <li>• Cash received – sale of goods and rendering of services</li> <li>• Cash used – suppliers</li> </ul>
<p><i>Financial assets.</i> Budget for financial assets (including appropriations receivable) is set with reference to 2014-15 financial results. The appropriation receivable variance to budget (\$12.7 million) is due to:</p> <ul style="list-style-type: none"> <li>• The operating overspend in 2015-16 (\$4.8 million) and in 2016-17 (\$3.1 million); and</li> <li>• The 2015-16 capital expenditure overspend (\$4.3 million).</li> </ul>	<p>Statement of Financial Position:</p> <ul style="list-style-type: none"> <li>• Financial assets – trade and other receivables</li> </ul> <p>Statement of Cash Flow – Operating activities:</p> <ul style="list-style-type: none"> <li>• Cash received – appropriations</li> <li>• Cash used – Section 74 receipts transferred to OPA</li> </ul>
<p><i>Non-financial assets.</i> The budget for non-financial assets is set with reference to 2014-15 financial results. The following contributed to the variance between 2016-17 actuals and budget:</p> <ul style="list-style-type: none"> <li>• The purchase of assets in 2015-16 represented by an overspend of \$4.3 million;</li> <li>• Additional ICT support, maintenance and licence costs in 2016-17 resulting in a higher than anticipated prepayments closing balance; and</li> <li>• Higher than anticipated depreciation expense for intangible assets.</li> </ul>	<p>Statement of Comprehensive Income:</p> <ul style="list-style-type: none"> <li>• Depreciation and amortisation expenses</li> </ul> <p>Statement of Financial Position:</p> <ul style="list-style-type: none"> <li>• Non-financial assets – prepayments</li> </ul> <p>Statement of Cash Flow – Investing</p> <ul style="list-style-type: none"> <li>• Cash used – Purchase of property, plant and equipment, and intangibles</li> </ul>

## Notes to and forming part of the financial statements

ADMINISTERED	
Explanation of major variances	Affected statements and line items
<p><i>Non-financial assets.</i> The budget for non-financial assets is set with reference to 2014-15 financial results. Actual results include impact of asset revaluations conducted at year end, which are difficult to predict for budget purposes. Revaluations in 2015-16 and 2016-17 had the following impacts on this year's actual figures:</p> <ul style="list-style-type: none"> <li>• 2015-16 revaluation – reduction in the value of buildings (\$14.3 million) and increase in the value of land (\$30.0 million);</li> <li>• 2016-17 revaluation – increase in the value of buildings (\$82.0 million); and</li> <li>• 2016-17 revaluation – increase in the value of heritage and cultural assets (\$22.7 million).</li> </ul> <p>Delays in implementing several capital projects recommended in the Building Condition Assessment Report and the Australian Parliament House Security Upgrades resulted in an administered capital underspend of \$74.9 million.</p>	<p>Schedule of Comprehensive Income:</p> <ul style="list-style-type: none"> <li>• Income – other revenue</li> </ul> <p>Schedule of Assets and Liabilities:</p> <ul style="list-style-type: none"> <li>• Land and buildings</li> <li>• Plant and equipment</li> </ul> <p>Statement of Cash Flow – Operating activities:</p> <ul style="list-style-type: none"> <li>• Cash used – suppliers</li> <li>• Cash received – net GST received</li> </ul> <p>Cash Flow Statement – Investing activities:</p> <ul style="list-style-type: none"> <li>• Cash used – purchase of property, plant and equipment</li> </ul>