

Statement of Comprehensive Income

for the period ended 30 June 2018

		2018	2017	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	19,410	18,762	20,814
Suppliers	1B	4,983	4,572	6,455
Depreciation and amortisation	4A	973	909	1,010
Write-down and impairment of assets	1C	22	10	–
Losses from asset sales		–	11	3
Total expenses		25,388	24,264	28,282
Own-source income				
Own-source revenue				
Sale of goods and rendering of services	2A	52	64	55
Interest	2B	64	–	100
Other revenue	2C	562	443	985
Total own-source revenue		678	506	1,140
Gains				
Other gains	2D	1,986	1,914	1,890
Total gains		1,986	1,914	1,890
Total own-source income		2,664	2,420	3,030
Net cost of services		22,724	21,843	25,252
Revenue from government	2E	24,242	24,159	24,242
Surplus/(deficit) on continuing operations		1,518	2,316	(1,010)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		–	(17)	–
Total other comprehensive income		–	(17)	–
Total comprehensive income/(loss)		1,518	2,299	(1,010)

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

Statement of Financial Position

as at 30 June 2018

		2018	2017	Original Budget
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3A	410	3,057	522
Trade and other receivables	3B	16,097	14,837	12,437
Other investments	3C	2,546	–	2,601
Total financial assets		19,053	17,895	15,560
Non-financial assets				
Heritage and cultural	4A	419	419	436
Plant and equipment	4A	8,225	7,446	8,869
Computer software	4A	203	1,775	1,634
Inventories	4B	13	13	9
Other non-financial assets	4C	197	156	80
Total non-financial assets		9,057	9,809	11,028
Total assets		28,110	27,703	26,588
LIABILITIES				
Payables				
Suppliers	5A	340	286	336
Other payables	5B	496	843	–
Total payables		836	1,129	336
Provisions				
Employee provisions	6A	6,016	6,310	6,423
Total provisions		6,016	6,310	6,423
Total liabilities		6,852	7,439	6,759
Net assets		21,258	20,265	19,829
EQUITY				
Contributed equity		(10,918)	(10,393)	(9,753)
Reserves		14,192	14,192	14,209
Retained surplus/(accumulated deficit)		17,984	16,466	15,373
Total equity		21,258	20,265	19,829

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

Statement of Changes in Equity

for the period ended 30 June 2018

	2018	2017	Original Budget
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	(10,393)	(11,035)	(10,393)
Transactions with owners			
Departmental capital budget	640	642	640
Transfer of assets to DPS	(1,165)	-	-
Total transactions with owners	(525)	642	640
Transfers between equity components	-	-	-
Closing balance as at 30 June	(10,918)	(10,393)	(9,753)
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	16,466	14,150	16,383
Comprehensive income			
Surplus/(deficit) for the period	1,518	2,316	(1,010)
Total comprehensive income	1,518	2,316	(1,010)
Closing balance as at 30 June	17,984	16,466	15,373
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	14,192	14,209	14,209
Comprehensive income			
Other comprehensive income	-	(17)	-
Total comprehensive income	-	(17)	-
Closing balance as at 30 June	14,192	14,192	14,209
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	20,265	17,324	20,199
Comprehensive income			
Surplus/(deficit) for the period	1,518	2,316	(1,010)
Other comprehensive income	-	(17)	-
Total comprehensive income	1,518	2,299	(1,010)
Transactions with owners			
Contributions by owners			
Departmental capital budget	640	642	640
Transfer of assets to DPS	(1,165)	-	-
Total transactions with owners	(525)	642	640
Closing balance as at 30 June	21,258	20,265	19,829

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

Cash Flow Statement

for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		23,080	23,765	26,377
Sale of goods and rendering of services		140	106	55
Interest		-	-	100
Revenue from external sources		71	710	323
Net GST received		118	344	17
Other		98	-	-
Total cash received		23,507	24,925	26,872
Cash used				
Employees		19,558	18,550	20,704
Suppliers		3,324	3,088	4,293
Net GST paid		-	-	219
Other		-	-	71
Total cash used		22,882	21,638	25,287
Net cash from/(used by) operating activities		625	3,287	1,585
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		0	4	-
Total cash received		0	4	-
Cash used				
Purchase of property, plant and equipment		1,333	1,414	2,230
Purchase of intangibles		33	31	-
Investments		2,546	-	-
Total cash used		3,912	1,445	2,230
Net cash from/(used by) investing activities		(3,912)	(1,441)	(2,230)
FINANCING ACTIVITIES				
Cash received				
Contributed equity (DCB)		640	642	640
Total cash received		640	642	640
Cash used				
Net cash from/(used by) financing activities		640	642	640
Net increase/(decrease) in cash held		(2,647)	2,487	(5)
Cash and cash equivalents at the beginning of the reporting period		3,057	570	527
Cash and cash equivalents at the end of the reporting period	3A	410	3,057	522

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

Administered Schedule of Comprehensive Income

for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Suppliers	16	313	324	320
Total expenses		313	324	320
Net (cost of)/contribution by services		(313)	(324)	(320)
Surplus/(deficit)		(313)	(324)	(320)
Total comprehensive income/(loss)		(313)	(324)	(320)

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

Administered Schedule of Assets and Liabilities

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Trade and other receivables	17	2	4	4
Total financial assets		2	4	4
Total assets administered on behalf of government		2	4	4
LIABILITIES				
Payables				
Suppliers	18A	27	26	–
Other payables	18B	2	4	4
Total payables		29	30	4
Government		29	30	4
Net assets/(liabilities)		(27)	(26)	–

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

Administered Reconciliation Schedule

	2018	2017
	\$'000	\$'000
Opening assets less liabilities as at 1 July	(26)	–
Net (cost of)/contribution by services		
Expenses		
Payments to entities other than corporate Commonwealth entities	(313)	(324)
Transfers (to)/from the Australian Government		
Appropriation transfers from official public account	312	298
Closing assets less liabilities as at 30 June	(27)	(26)

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

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

The department does not collect Administered revenues. Cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of government and reported as such in the administered cash flow statement.

Administered Cash Flow Statement

for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Net GST received		25	23
Total cash received		25	23
Cash used			
Suppliers		336	320
Total cash used		336	320
Net cash from/(used by) operating activities		(311)	(297)
Cash from official public account			
Appropriations		312	298
GST appropriations		24	22
Total cash from official public account		336	320
Cash to official public account			
GST appropriations		(25)	(23)
Total cash to official public account		311	297
Cash and cash equivalents at the end of the reporting period		–	–

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

Overview

Objectives of the Department of the House of Representatives

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

The Department 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.

Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

Taxation

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

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Events after the Reporting Period

Departmental

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

Administered

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

Financial Performance

This section analyses the financial performance of the Department of the House of Representatives for the year ended 2018.

Note 1 Expenses

	2018	2017
	\$'000	\$'000
1A: Employee benefits		
Wages and salaries	14,733	14,134
Superannuation		
Defined contribution plans	967	846
Defined benefit plans	1,898	2,013
Leave and other entitlements	1,622	1,625
Separation and redundancies	190	143
Total employee benefits	19,410	18,762
1B: Suppliers		
Goods and services supplied or rendered		
Staff-related services	373	440
Travel	1,094	742
Office services	3,092	2,876
Communication	86	105
Corporate expenses	243	266
Total goods and services supplied or rendered	4,888	4,430
Goods supplied	218	330
Services rendered	4,670	4,100
Total goods and services supplied or rendered	4,888	4,430
Other suppliers		
Operating lease rentals	39	62
Workers compensation expenses	56	80
Total other suppliers	95	142
Total suppliers	4,983	4,572
Leasing commitments		
Operating leases 2017–18 included were effectively non-cancellable and comprise agreements for the provision of motor vehicles to senior executives and for departmental use.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	27	37
Between 1 to 5 years	41	1
Total operating lease commitments	68	38
1C: Write-down and impairment of assets		
Impairment of property, plant and equipment	22	10
Total write-down and impairment of assets	22	10

Note 2 Own-Source Revenue and Gains

	2018	2017
	\$'000	\$'000
2A: Sale of goods and rendering of services		
Sale of goods	25	26
Rendering of services	27	38
Total sale of goods and rendering of services	52	64
2B: Interest		
Deposits	64	–
Total interest	64	–
2C: Other revenue		
Royalties	36	–
Funding from external sources	520	443
Comcare refunds	6	–
Total other revenue	562	443
2D: Other gains		
Resources received free of charge		
Remuneration of auditors	83	83
Rent of premises	1,869	1,831
Other gain—asset first time recognition	34	–
Total other gains	1,986	1,914
2E: Revenue from government		
Appropriations		
Departmental appropriations	24,242	24,159
Total revenue from government	24,242	24,159

Accounting Policy

Revenue from the sale of goods

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 nor 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 from the transaction will flow to the Department.

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.

Interest

Interest revenue is recognised using the effective interest method.

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

Revenue from Government

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

Financial Position

This section analyses the Department of the House of Representatives assets used to conduct its operations and the operating liabilities incurred as a result.

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

Note 3 Financial Assets

Note 3: Financial Assets		
	2018	2017
	\$'000	\$'000
3A: Cash and cash equivalents		
Cash on hand or on deposit	410	3,057
Total cash and cash equivalents	410	3,057
3B: Trade and other receivables		
Goods and services receivables		
Goods and services	122	21
Total goods and services receivables	122	21
Appropriations receivables		
Appropriation receivable—existing programs	15,903	14,742
Total appropriations receivables	15,903	14,742
Other receivables		
Cash held by salary packaging providers	34	37
GST input credits receivable	38	38
Total other receivables	72	75
Total trade and other receivables (gross)	16,097	14,837
Less impairment allowance	–	–
Total trade and other receivables (net)	16,097	14,837
3C: Other investments		
Deposits ¹	2,546	–
Total other investments	2,546	–

1. The Department has a one-year term deposit of \$2,546,108. The interest rate is 2.55%. The maturity date of the term deposit is 20/07/2018. The Department intends to roll over the investment on maturity. The source of the deposit was the former Inter-parliamentary Relations Special Account which was subject to a sun-setting provision. The balance of the account was invested after the release of a new delegation from the Finance Minister in July 2017.

Accounting Policy

Financial Assets

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

Note 4 Non - Financial Assets

4A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles				
	Heritage and cultural¹	Property, plant and equipment	Computer software²	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	419	7,883	3,671	11,972
Accumulated depreciation, amortisation and impairment	–	(437)	(1,896)	(2,332)
Total as at 1 July 2017	419	7,446	1,775	9,640
Additions				
Purchase	–	1,333	33	1,366
Depreciation and amortisation	–	(532)	(441)	(973)
Disposals				
Transfer of assets to DPS ³	–	(1)	(1,164)	(1,165)
Other	–	(21)	–	(21)
Total as at 30 June 2018	419	8,225	203	8,847
Total as at 30 June 2018 represented by				
Gross book value	419	9,188	950	10,557
Accumulated depreciation, amortisation and impairment	–	(963)	(747)	(1,710)
Total as at 30 June 2018	419	8,225	203	8,847

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

2. The carrying amount of computer software included \$36,245 (2017: \$18,804) of purchased software and \$167,210 (2017: \$1,756,586) of internally generated software.

3. On 1 March 2018 and 1 June 2018 the department transferred assets to the Department of Parliamentary Services as part of the consolidation of ICT across the parliamentary departments. The total Net Book Value by class of the transfers is as follows:

Intangibles (Computer Software)	\$1,164,364.57
Property, Plant and Equipment	\$ 700.26

The assets were transferred to the Department of Parliamentary Services for no consideration, and were recognised as a distribution resulting in a reduction in equity of \$1,165,064.83

Accounting Policy

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

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

Asset Recognition Threshold

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

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

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

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Note 4 Non - Financial Assets (continued)

Depreciation (continued)

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

	2018	2017
Property, plant and equipment	5 to 50 years	5 to 50 years

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

Impairment

All assets were assessed for impairment at 30 June 2018. 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.

Accounting Policy

Heritage and Cultural Assets

The Department has the following heritage and cultural assets with an aggregated fair value of \$419,000 (2017: \$419,000).

- » Mace - Garrard Engraved Silver
- » Dispatch Boxes (2) Rosewood with silver and enamel embossing
- » 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.

Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software are 2 to 13 years (2017: 2 to 13 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

Note 4 Non - Financial Assets (continued)

	2018	2017
	\$'000	\$'000
4B: Inventories		
Inventories held for sale		
Finished goods	13	13
Total inventories held for sale	<u>13</u>	<u>13</u>
Total inventories	<u>13</u>	<u>13</u>

During 2018, \$2,532 of inventory held for sale was recognised as an expense (2017: \$2,745).

No items of inventory were recognised at fair value less cost to sell.

4C: Other non-financial assets		
Prepayments	197	156
Total other non-financial assets	<u>197</u>	<u>156</u>

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

Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential. Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

Note 5 Payables

	2018	2017
	\$'000	\$'000
5A: Suppliers		
Trade creditors and accruals	340	286
Total suppliers	340	286
Settlement was usually made within 30 days.		
5B: Other payables		
Salaries and wages	131	101
Superannuation	23	22
Salary sacrifice payable	34	37
Unearned income ¹	191	682
Input tax credit (GST) payment to the Australian Taxation Office	0	1
Other payables	117	-
Total other payables	496	843

1. Unearned income relates to payments from Department of Foreign Affairs (DFAT) (AusAid) funding for Pacific Parliamentary Development programs. Payment is made in advance of work being performed, and unspent funds are acquitted to DFAT.

People and relationships

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

Note 6 Employee Provisions

	2018 \$'000	2017 \$'000
6A: Employee provisions		
Leave	6,016	6,310
Total employee provisions	6,016	6,310
Employee provisions expected to be settled		
No more than 12 months	1,720	1,543
More than 12 months	4,296	4,767
Total employee provisions	6,016	6,310

Accounting Policy

Liabilities for 'short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

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

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates and additional oncosts (annual leave and long service leave) to the extent that the leave is likely to be taken during service rather than paid out on termination. The liability for long service leave has been determined by the short-hand method as at 30 June 2018. 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 Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June represents outstanding contributions.

Note 7 Key Management Personnel Remuneration

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

	2018	2017
	\$'000	\$'000
Short-term employee benefits		
Salary	1,325	1,269
Motor vehicle allowance	106	75
Total short-term employee benefits	1,431	1,344
Post-employment benefits		
Superannuation	238	201
Total post-employment benefits	238	201
Other long-term employee benefits		
Annual leave	103	93
Long-service leave	31	30
Total other long-term employee benefits	134	123
Total key management personnel remuneration expenses	1,803	1,668

The total number of key management personnel that are included in the above table is 6 (2017: 7).

Note 8 Related Party Disclosures

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions are not considered to be related party transactions.

The department transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums, transactions between the other Parliamentary Departments and Department of Finance. These are not considered individually significant to warrant separate disclosure as related party transactions. Refer to Note 1A Employee Benefits for details on superannuation arrangements with the Commonwealth.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the department, it has been determined that there are no related party transactions to be separately disclosed.

Funding

This section identifies the Department of the House of Representatives funding structure

Note 9 Appropriations

Annual appropriations for 2018					
	Appropriation Act	PGPA Act		Appropriation applied in 2018 (current and prior years)	
	Annual appropriation ¹ \$'000	Section 74 receipts \$'000	Total appropriation \$'000	\$'000	Variance ² \$'000
Departmental					
Operating budget	24,242	476	24,718	(23,557)	1,162
Capital budget	640	-	640	(640)	-
Total departmental	24,882	476	25,358	(24,197)	1,162
Administered					
Operating budget	320	-	320	(312)	8
Total administered	320	-	320	(312)	8

1. In 2017–18, there were no appropriations subject to quarantine and no reductions. The departmental and administered appropriation ceases to be in force on 1 July 2020.

2. The departmental variance relates to:

- a) lower employee benefits because a number of positions remained vacant throughout the reporting period
- b) less requirement to travel for the year
- c) the balance undrawn for accrued expenses payable in 2018–19.

The Administered variance relates to balance undrawn for accrued expenses payable in 2018–19.

Note 9 Appropriations (continued)

Annual appropriations for 2017						
	Appropriation Act		PGPA Act		Appropriation applied in 2017 (current and prior years)	Variance ³
	Annual appropriation ¹		Section 74 receipts ²	Total appropriation		
	\$'000		\$'000	\$'000	\$'000	\$'000
Departmental						
Operating budget	24,159		3,576	27,735	(24,794)	2,941
Capital budget	642		–	642	(642)	–
Total departmental	24,801		3,576	28,377	(25,436)	2,941
Administered						
Operating budget	322		–	322	(298)	24
Total administered	322		–	322	(298)	24

1. In 2016–17, there were no appropriations subject to quarantine and no reductions. The departmental and administered appropriation ceases to be in force on 1 July 2019.

2. The s74 receipts included \$2,601,108.47 from the original IPR Special Account on 29 March 2017 when it was subject to sun-setting.

3. The departmental variance relates to the increase in s74 receipts due to the need to recognise the receipt of the special account. The administered variance relates to balance undrawn for accrued expenses payable in 2017–18.

Note 10 Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018	2017
	\$'000	\$'000
Departmental		
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2013–14</i>	–	80
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2016–17</i>	–	14,742
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2016–17</i>	–	3,057
– Cash at Bank		
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2017–18</i>	15,903	–
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2017–18</i>	410	–
– Cash at Bank		
Total departmental	16,313	17,879
Administered		
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2016–17</i>	–	26
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2017–18</i>	34	–
Total administered	34	26

Note 11 Disclosures by Agent in Relation to Special Appropriations ('Recoverable GST exclusive')

	Department of Finance (third party access)	Australian Public Service Commission (third party access)
2018	\$'000	\$'000
Total receipts	27,948	19,637
Total payments	27,948	19,637

	Department of Finance (third party access)	Australian Public Service Commission (third party access)
2017	\$'000	\$'000
Total receipts	7,890	39,641
Total payments	7,890	39,641

Throughout the financial year, the Department made payments via Special Appropriations in accordance with third party access agreements with the Department of Finance (DoF) and the Australian Public Service Commission (APSC). These agreements facilitate payments under the following Acts for the purposes described:

Australian Public Service Commission

Remuneration Tribunal Act 1973 - For the purposes necessary to administer section 7(13) in relation to payment of Members' salaries, remuneration and other allowances referred to in determinations made from time to time by the Remuneration Tribunal.

Department of Finance

Parliamentary Entitlements Act 1990 - For the purposes necessary to administer section 11 of the Act in relation to the transfer of bulk papers and printing and communications entitlement (in respect of postage only).

Parliamentary Superannuation Act 2004 - For the purposes necessary to administer the special appropriation in section 18 of the Act.

Commonwealth of Australia Constitution Act - For the purposes necessary to administer the special appropriation in section 66 of the Act.

Parliamentary Business Resources Act 2017 - For the appropriation in section 59 of the Parliamentary Business Resources Act 2017 (PBR Act)

The *Parliamentary Business Resources Act 2017* came into effect on 1 January 2018. This replaced the Department's special appropriation arrangements under the *Parliamentary Entitlements Act 1990* and the *Remuneration Tribunal Act 1973*. As a result of this the Department ceased to make third party special appropriation payments on behalf of the Australian Public Service Commission as at 31 December 2017.

Note 12 Special Account

	Inter-Parliamentary Relations Special Account (Departmental)	
	2018	2017
	\$'000	\$'000
Balance brought forward from previous period	–	2,560
Increases	–	51
Total increases	–	51
Available for payments	–	2,611
Decreases		
Departmental		(2,611)
Total departmental	–	(2,611)
Total decreases¹	–	(2,611)
Total balance carried to the next period	–	–
Balance represented by:		
Cash held in entity bank accounts	–	–
Cash held in the official public account	–	–

1. The Special Account became subject to sun-setting provisions during the 2016-17 financial year.

Note 13 Net Cash Appropriation Arrangements

	2018	2017
	\$'000	\$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	2,490	3,208
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(972)	(909)
Total comprehensive income/(loss)—as per the Statement of Comprehensive Income	1,518	2,299

Managing Uncertainties

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

Note 14 Financial Instruments

	2018 \$'000	2017 \$'000
Categories of financial instruments		
Financial assets		
Held-to-maturity investments		
Term deposit	2,546	–
Total held-to-maturity investments	2,546	–
Loans and receivables		
Cash and cash equivalents	410	3,057
Trade and other receivables	157	58
Total loans and receivables	567	3,115
Total financial assets	3,113	3,115
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers	340	286
Other payables	191	682
Total financial liabilities measured at amortised cost	531	968
Total financial liabilities	531	968

Accounting Policy

Financial assets

The department classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) loans and receivables.

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

Effective interest method

Income is recognised on an effective interest rate basis except for financial assets that are recognised 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 the carrying amount less impairment.

Impairment of financial assets

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

Financial liabilities

Supplier and other payables are recognised at amortised cost and consist of trade creditors, accruals and unearned income.

Fair value

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

Note 15 Fair Value

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
Non-financial assets¹		
Property, plant and equipment ²	8,225	7,446
Heritage and cultural ²	419	419

1. The Department's assets are held for operational purposes and not held for the purposes of deriving profit. The current use of all Non Financial Assets is considered their highest and best use

2. The Department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2018

Accounting Policy

The Department tests the procedures of the valuation model as an asset materiality review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. For the period ended 30 June 2018, the Department engaged JLL Public Sector Valuations Pty Ltd (JLL) to undertake a materiality review of all plant and equipment assets and confirm that the models developed comply with AASB 13. The materiality assessment carried out by JLL determined that there was no material difference between the carrying values of assets and the fair value of assets.

Expenses Administered on Behalf of Government

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

Note 16 Administered Expenses

	2018 \$'000	2017 \$'000
Suppliers		
Goods and services supplied or rendered		
Hospitality services	313	324
Total goods and services supplied or rendered	<u>313</u>	<u>324</u>
Total suppliers	<u>313</u>	<u>324</u>

Assets and Liabilities Administered on Behalf of Government

Note 17 Administered Financial Assets

	2018 \$'000	2017 \$'000
Trade and other receivables		
Other receivables		
GST receivable from the Australian Taxation Office	2	4
Total other receivables	<u>2</u>	<u>4</u>
Total trade and other receivables	<u>2</u>	<u>4</u>
Trade and other receivables expected to be recovered		
No more than 12 months	2	4
Trade and other receivables aged as follows		
Not overdue	2	4
Total trade and other receivables	<u>2</u>	<u>4</u>

The only receivable is GST receivable. There was no impairment allowance. □

Note 18 Administered Payables

	2018	2017
	\$'000	\$'000
18A: Suppliers		
Trade creditors and accruals	27	26
Total suppliers	27	26
Suppliers expected to be settled		
No more than 12 months	27	26
Total suppliers	27	26
Settlement was usually within 30 days		

	2018	2017
	\$'000	\$'000
18B: Other payables		
GST appropriation payable to the official public account	2	4
Total other payables	2	4
Other payables expected to be settled		
No more than 12 months	2	4
Total other payables	2	4

Note 19 Administered Financial Instruments

	2018	2017
	\$'000	\$'000
Categories of financial instruments		
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	27	26
Total financial liabilities measured at amortised cost	27	26
Total financial liabilities	27	26

Major Budget Variances

This section provides explanations for major budget variances between the department's budget and actual results for the year ended 2018.

Note 20 Departmental Budget Variances Commentary

Explanations of major variances	Affected statements and line items
Employee Benefits	
<p>Employee benefits were lower than originally budgeted as a number of positions remained vacant throughout the reporting period due to delays in recruitment processes. This resulted in a lower ASL than was budgeted. In addition original budgets predicted the new enterprise agreement and resultant payrise would come into effect from prior to the commencement of the financial year, however the agreement was not enacted until December 2017.</p>	<p>Statement of Comprehensive Income: - Employee benefits expense</p> <p>Statement of Financial Position: - Employee Provisions - Trade and other receivables (in respect of undrawn appropriation)</p> <p>Cash Flow Statement: - Operating cash used - employees - Operating cash received - appropriations</p>
Travel Expenses and Parliamentary Capacity Programs Expenses and Revenue	
<p>Travel expenses are driven by activities carried out in support of the Parliament and its committees. During the reporting period there was less requirement to travel across committees and the international relations office than was forecast. In addition, the work on the parliamentary capacity building program in Fiji was delayed and consequently the contract was extended resulting in budgeted expenditure being held over until after the completion of the reporting period. Work in support of the Pacific Womens Parliamentary Partnerships program was completed under budget and excess funds were returned to DFAT.</p>	<p>Statement of Comprehensive Income: - Suppliers expense - Other Revenue</p> <p>Statement of Financial Position: - Other payables (unearned income)</p> <p>Cash Flow Statement: - Operating cash used - suppliers - Operating cash received - appropriations - Operating cash received - Revenue from external sources</p>

Note 20 Departmental Budget Variances Commentary (continued)

Explanations of major variances	Affected statements and line items
Transfer of assets to DPS	
<p>During the reporting period the department transferred computer software assets to DPS under an arrangement to consolidate information and communication technology assets across the Parliament. This transfer was not known at the time of budgeting.</p>	<p>Statement of Financial Position: - Computer software</p> <p>Statement of Changes in Equity - Contributed equity - Transactions with owners</p>
Furniture Project	
<p>Expenditure on the department's furniture replacement project was less than budgeted due to the utilisation of bulk purchasing arrangements resulting in lower per item cost.</p>	<p>Statement of Financial Position: - Non Financial assets - plant and equipment</p> <p>Cash Flow Statement: - Investing cash used - Purchase of property, plant and equipment</p>