

## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Department of Parliamentary Services

The Department of Parliamentary Services (the department) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the department is to support the work of the Parliament, maintain Parliament House, and ensure that the building and parliamentary activity is accessible.

The department is structured to meet the following outcome:

Outcome 1: Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public.

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

The department's activities contributing toward these outcomes 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 Government, of items controlled or incurred by the Government.

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

Parliament House Works Program – supports the operation of the Parliament into the future, while preserving the design integrity of the architecture, engineering systems, art and landscape that make up Parliament House.

### 1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

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

The financial statements have been prepared on an accrual basis and 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

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

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

### 1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has made the following judgements that have a significant impact on the amounts recorded in the financial statements:

- The fair value of land has been taken to be the market value of similar properties with consideration of the impact of the restricted use clause, as determined by an independent valuer (see Note 1.18 for further information);
- The fair value of Parliament House (buildings), a specialised building, has been based on depreciated replacement cost as determined by an independent valuer (see Note 1.18 for further information); and
- The calculation of leave provisions involved assumptions based on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates (see Note 1.8 for further information).

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

### 1.4 New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

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

New standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the department.

#### Future Australian Accounting Standard Requirements

New standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a financial impact on the department.

### 1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the department retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probably that the economic benefits associated with the transaction will flow to the department.

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

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

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

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

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

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

#### Resources Received Free of Charge

Resources received free of charge are recognised as revenue 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, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

#### 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.

### **1.6 Gains**

#### Resources Received Free of Charge

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

Resources received free of charge are recorded as either revenue or gains depending on their nature.

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

#### Sale of Assets

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

### **1.7 Transactions with the Government as Owner**

#### Equity Injections

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

#### Restructuring of Administrative Arrangements

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

### Other Distributions to Owners

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

## **1.8 Employee Benefits**

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

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. 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 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Separation and Redundancy

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

### Superannuation

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 for the final fortnight of the year.

## 1.9 Leases

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

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

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

## 1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

## 1.11 Fair Value Measurement

The entity deems transfers between levels of fair value hierarchy to have occurred at the end of the reporting period.

## 1.12 Cash

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

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

## 1.13 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) available-for-sale financial assets; and
- d) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

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

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

#### Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future;
- b) are derivatives that are not designated and effective as a hedging instrument; or
- c) are parts of an identified portfolio of financial instruments that the department manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. Interest earned on financial assets at fair value through profit or loss is included in line item 'Change in fair value through profit and loss'.

#### Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in surplus and deficit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost.

#### Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

#### Loans and Receivables

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

#### Impairment of Financial Assets

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

*Financial assets held at amortised costs* – if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised costs, 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.

*Available for sale financial assets* – if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to 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.

#### **1.14 Financial Liabilities**

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

##### *Financial Liabilities at Fair Value Through Profit or Loss*

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

##### *Other Financial Liabilities*

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

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

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

#### **1.15 Contingent Liabilities and Contingent Assets**

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.

#### **1.16 Financial Guarantee Contracts**

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

### 1.17 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.

### 1.18 Property, Plant and Equipment

#### 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.

#### Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were 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 were made on a class basis. Any revaluation increment was 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 were 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 restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

#### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department using either the straight-line method or the diminishing value method of depreciation.

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



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

	2014	2013
Buildings (excluding leasehold improvements)	5 – 200 years	5 – 200 years
Infrastructure, plant and equipment	2 – 47 years	2 – 47 years

#### Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Derecognition

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

#### 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.

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_Parliament/Parliamentary_departments/department_of_Parliamentary_Services/policies)

### **1.19 Intangibles**

The department's intangibles comprise software (purchased and internally developed for internal use) and other intangibles (digitised Hansard records and digitised audio visual records). These assets are carried at costs less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software are 2 to 14 years (2013: 2 to 14 years). Other intangibles are amortised on a straight line basis over its anticipated useful life. The useful lives of the department's other intangibles is 100 years (2013: 100 years).

All software and other intangible assets were assessed for indications of impairment as at 30 June 2014.

## 1.20 Inventories

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.

Costs incurred in bringing each item of inventory to its present location and condition 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 consideration are initially measured at current replacement cost at the date of acquisition.

## 1.21 Taxation/Competitive Neutrality

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

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

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

## 1.22 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.

### Administered Cash Transfers to and from the Official Public Account

Revenue collected by the department for use by the Government 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 Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

### Revenue

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.

### Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

## 1.23 Restatements

Prior year comparatives were corrected to remove duplicated recognition of prepayments leading to an overstatement of prepayments and understatement of supplier expenses of \$0.556 million.

Elsewhere to the financial statements, where required, immaterial changes to prior year comparatives have been made.

## Note 2: 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.

## Note 3: Expenses

	2014 \$'000	2013 \$'000
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	55 395	51 158
Superannuation		
Defined contribution plans	3 308	2 896
Defined benefit plans	7 987	7 405
Leave and other entitlements	6 299	5 361
Separation and redundancies	1 663	861
Other	82	128
<b>Total employee benefits</b>	<b>74 734</b>	<b>67 809</b>
<b>Note 3B: Suppliers</b>		
<b>Goods and services rendered</b>		
Professional services	3 141	2 065
Contractors	13 069	13 143
Information resources	1 860	2 423
Communications	2 216	1 870
Office equipment and supplies	605	591
Employee related	1 811	2 243
Travel	335	441
Utilities	5 919	6 182
Maintenance	7 503	7 042
Other property operating expenses	6 660	6 214
Other	648	759
<b>Total goods and services rendered</b>	<b>43 767</b>	<b>42 973</b>
<b>Goods supplied in connection with</b>		
Related entities	24	34
External parties	4 331	5 627
<b>Total goods supplied</b>	<b>4 355</b>	<b>5 661</b>
<b>Services rendered in connection with</b>		
Related entities	11 504	12 368
External parties	27 908	24 944
<b>Total services rendered</b>	<b>39 412</b>	<b>37 312</b>
<b>Total goods and services rendered</b>	<b>43 767</b>	<b>42 973</b>

**Other suppliers****Operating lease rentals in connection with**

External parties

Minimum lease payments	-	25
Workers compensation expenses	<u>1 828</u>	<u>1 857</u>
<b>Total other suppliers</b>	<u>1 828</u>	<u>1 882</u>
<b>Total suppliers</b>	<u>45 595</u>	<u>44 855</u>

**Note 3C: Depreciation and Amortisation****Depreciation**

Property, plant and equipment	<u>15 520</u>	<u>15 887</u>
<b>Total depreciation</b>	<u>15 520</u>	<u>15 887</u>

**Amortisation**

Computer software	<u>8 375</u>	<u>8 204</u>
Other Intangibles	<u>528</u>	<u>502</u>
<b>Total amortisation</b>	<u>8 903</u>	<u>8 706</u>
<b>Total depreciation and amortisation</b>	<u>24 423</u>	<u>24 593</u>

**Note 3D: Write-Down and Impairment of Assets**

Impairment on financial instruments	<u>58</u>	<u>2</u>
<b>Total write-down and impairment of assets</b>	<u>58</u>	<u>2</u>

**Note 3E: Losses from Asset Sales****Property, plant and equipment**

Proceeds from sale	( 20)	( 107)
Carrying value of assets sold	<u>434</u>	<u>290</u>
Selling expense	<u>8</u>	<u>15</u>

**Intangibles**

Carrying value of assets sold	-	1
<b>Total losses from asset sales</b>	<u>422</u>	<u>199</u>

**Note 4: Own-Source Income**

	2014 \$'000	2013 \$'000
<b><u>Note 4A: Sale of Goods and Rendering of Services</u></b>		
<b>Sale of goods in connection with</b>		
Related entities	1	3
External parties	<u>842</u>	<u>1 129</u>
<b>Total sale of goods</b>	<u>843</u>	<u>1 132</u>
<b>Rendering of services in connection with</b>		
Related entities	5 149	2 910
External parties	<u>836</u>	<u>953</u>
<b>Total rendering of services</b>	<u>5 985</u>	<u>3 863</u>
<b>Total sales of goods and rendering of services</b>	<u>6 828</u>	<u>4 995</u>
<b><u>Note 4B: Rental Income</u></b>		
Operating lease		
Contingent Rentals	104	159
Other	<u>1 406</u>	<u>1 428</u>
<b>Total rental income</b>	<u>1 510</u>	<u>1 587</u>
<b><u>Note 4C: Other Revenue</u></b>		
Resources received free of charge		
Provision of library services	20	22
Provision of external audit services	141	141
Other	<u>382</u>	<u>218</u>
<b>Total other revenue</b>	<u>543</u>	<u>381</u>
<b><u>Note 4D: Foreign Exchange Gains</u></b>		
Non-speculative	<u>1</u>	<u>1</u>
<b>Total foreign exchange gains</b>	<u>1</u>	<u>1</u>
<b><u>Note 4E: Other Gains</u></b>		
Other	<u>40</u>	-
<b>Total other gains</b>	<u>40</u>	-
<b><u>Note 4F: Revenue from Government</u></b>		
<b>Appropriations</b>		
Departmental appropriations	<u>106 998</u>	<u>101 160</u>
<b>Total revenue from Government</b>	<u>106 998</u>	<u>101 160</u>

### **Note 5: Fair Value Measurements**

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

### **Note 5A: Fair Value Measurements**

#### **Fair Value Measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014**

	Fair Value \$'000	Fair value measurements at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
<b>Non-financial assets</b>				
Property, Plant and Equipment	60 013		5 925	54 088
<b>Total non-financial assets</b>	<b>60 013</b>	<b>-</b>	<b>5 925</b>	<b>54 088</b>
<b>Total fair value measurements of assets in the statements of financial position</b>	<b>60 013</b>	<b>-</b>	<b>5 925</b>	<b>54 088</b>

Current assets and liabilities in the statement of financial position are not measured at fair value. Non-financial assets not measured at fair value in the statement of financial position include work in progress, intangibles and other non-financial assets. The department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2014.

**Fair value measurements - highest and best use**

The department's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of the assets is considered the highest and best use.

**Note 5B: Level 1 and Level 2 transfers for recurring fair value measurements**

**Recurring fair value measurements transferred between Level 1 and Level 2 for assets and liabilities**

**Transferred from**

	Level 1 to Level 2 2014 \$'000	Level 2 to Level 1 2014 \$'000
<b>Non-financial assets:</b>		
Property, Plant and Equipment	-	-
<b>Total non-financial assets</b>	-	-

There have been no transfers between levels of the hierarchy during the year.

The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

**Note 5C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements**

**Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2014.**

	Category (Level 2 or Level 3)	Fair value	Valuation technique(s) <sup>1</sup>	Input used	Range (weighted average) <sup>2</sup>
<b>Non-financial assets:</b>					
Property, Plant and Equipment - All	2	5 925	Market Approach	Adjusted market transactions	
Property, Plant and Equipment - Computer Infrastructure	3	17 084	Depreciated Replacement Cost (DRC)	Replacement Cost New	
Property, Plant and Equipment - Broadcasting	3	21 196	Depreciated Replacement Cost (DRC)	Consumed economic benefit / Obsolescence of asset Replacement Cost New	4.17% - 25.00% (9.37%) per annum
Property, Plant and Equipment - Telecommunications	3	214	Depreciated Replacement Cost (DRC)	Consumed economic benefit / Obsolescence of asset Replacement Cost New	3.33% - 20.00% (10.68%) per annum
Property, Plant and Equipment - Security Equipment	3	11 412	Depreciated Replacement Cost (DRC)	Consumed economic benefit / Obsolescence of asset Replacement Cost New	5.00% - 16.67% (6.30%) per annum
Property, Plant and Equipment - Library	3	4 182	Depreciated Replacement Cost (DRC)	Consumed economic benefit / Obsolescence of asset Replacement Cost New Average Replacement Cost New Consumed economic benefit / Obsolescence of asset	3.44% - 16.67% (6.89%) per annum \$105 - \$1,880 (\$1,670) per item 3.33% - 10.00% (6.41%) per annum

1. There has been no changes to valuation techniques.

2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category



### **Recurring and non-recurring Level 3 fair value measurements - valuation processes**

The department procured the service of Australian Valuation Solutions (AVS) to undertake comprehensive valuations, desktop reviews and materiality reviews for each sub-asset class that comprise the Property, Plant and Equipment asset class as at 30 June 2014. Comprehensive valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

There is no change in the valuation technique since the prior year.

Significant Level 3 inputs utilised by the department are derived and evaluated as follows:

#### Property, Plant and Equipment (Library) - Average Replacement Cost New

The DRC approach has been utilised to determine fair value. Replacement cost new is established by multiplying the total number of items by the average acquisition cost. In determining the average acquisition cost, recent years purchases have been considered.

#### 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 cost (Depreciated Replacement Cost or 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.

### **Recurring Level 3 fair value measurements - sensitivity of inputs**

#### Infrastructure, Plant and Equipment (Library) - Average Replacement Cost New

The significant unobservable inputs used in the fair value measurement of the entity's Library asset classes relate to replacement cost new. A significant increase (decrease) in this input would result in a significantly higher (lower) fair value measurement.

#### Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the department's property, plant and equipment asset classes relate to consumed economic benefit/asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

### **Note 5D: Reconciliation for recurring Level 3 fair value measurements**

#### **Recurring level 3 fair value measurements - reconciliation for assets**

##### **Non-financial assets**

	<b>Property, Plant and Equipment</b>	<b>Total</b>
<b>Open Balance</b> <sup>1</sup>	49 968	<b>49 968</b>
Total gains/(losses) in accumulated depreciation	( 15 521)	<b>( 15 521)</b>
Purchases	26 524	<b>26 524</b>
Disposals	( 434)	<b>( 434)</b>
Revaluation	( 524)	<b>( 524)</b>
Settlements	-	-
Transfers into Level 3 <sup>2</sup>	-	-
Transfers out of Level 3 <sup>2</sup>	-	-
<b>Closing balance</b>	<b>60 013</b>	<b>60 013</b>

1. Open balance as determined in accordance with AASB 13.
2. There have been no transfers between levels of the hierarchy during the year.

## Note 6: Financial Assets

	2014 \$'000	2013 \$'000
<b>Note 6A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	547	223
<b>Total cash and cash equivalents</b>	<b>547</b>	<b>223</b>
<b>Note 6B: Trade and Other Receivables</b>		
<b>Goods and services receivables in connection with</b>		
Related entities	898	1 632
External parties	156	246
<b>Total goods and services receivables</b>	<b>1 054</b>	<b>1 878</b>
<b>Appropriations receivables</b>		
Existing programs	14 226	20 696
<b>Total appropriations receivables</b>	<b>14 226</b>	<b>20 696</b>
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	684	849
Other	59	93
<b>Total other receivables</b>	<b>743</b>	<b>942</b>
<b>Total trade and other receivables (gross)</b>	<b>16 023</b>	<b>23 516</b>
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	16 017	23 505
More than 12 months	6	11
<b>Total trade and other receivables (net)</b>	<b>16 023</b>	<b>23 516</b>
<b>Trade and other receivables (gross) aged as follows</b>		
Not overdue	15 789	23 448
Overdue by		
0 to 30 days	174	7
31 to 60 days	29	-
61 to 90 days	12	61
More than 90 days	19	-
<b>Total trade and other receivables (gross)</b>	<b>16 023</b>	<b>23 516</b>
<b>Impairment allowance aged as follows</b>		
Not overdue	-	-
Overdue by		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	-
<b>Total impairment allowance</b>	<b>-</b>	<b>-</b>

Credit terms for goods and services were within 30 days (2013: 30 days).

## Reconciliation of the Impairment Allowance

Movements in relation to 2014		Goods and services		Total
	\$'000	Other receivables	\$'000	\$'000
<b>Opening balance</b>	-	-	-	-
Amounts written off	( 58)	-	-	( 58)
Amounts recovered and reversed	-	-	-	-
Increase recognised in net cost of services	58	-	-	58
<b>Closing balance</b>	-	-	-	-
<b>Movements in relation to 2013</b>				
	\$'000	Other receivables	\$'000	Total
	\$'000			\$'000
<b>Opening balance</b>	-	-	-	-
Amounts written off	( 2)	-	-	( 2)
Amounts recovered and reversed	-	-	-	-
Increase recognised in net cost of services	2	-	-	2
<b>Closing balance</b>	-	-	-	-

## Note 7: Non-Financial Assets

	2014 \$'000	2013 \$'000
<b>Note 7A: Property, Plant and Equipment</b>		
<b>Property, plant and equipment</b>		
Information technology assets		
Work in progress	1 693	11 984
Fair value	53 270	39 537
Accumulated depreciation	<u>( 34 699)</u>	<u>( 30 114)</u>
Total information technology assets	<u>20 264</u>	<u>21 407</u>
Communication assets		
Work in progress	3 344	14 081
Fair value	97 127	90 699
Accumulated depreciation	<u>( 74 429)</u>	<u>( 70 019)</u>
Total communication assets	<u>26 042</u>	<u>34 761</u>
Monitoring assets		
Fair value	-	831
Accumulated depreciation	-	<u>( 814)</u>
Total monitoring assets	<u>-</u>	<u>17</u>
Furniture and equipment		
Work in progress	233	367
Fair value	12 560	12 788
Accumulated depreciation	<u>( 9 499)</u>	<u>( 8 971)</u>
Total furniture and equipment	<u>3 294</u>	<u>4 184</u>
Library collection		
Work in progress	45	32
Fair value	11 838	11 339
Accumulated depreciation	<u>( 7 568)</u>	<u>( 6 892)</u>
Total library collection	<u>4 315</u>	<u>4 479</u>
Security infrastructure		
Work in progress	-	1 683
Fair value	87 783	86 229
Accumulated depreciation	<u>( 76 370)</u>	<u>( 74 646)</u>
Total security infrastructure	<u>11 413</u>	<u>13 266</u>
<b>Total property, plant and equipment</b>	<u><b>65 328</b></u>	<u><b>78 114</b></u>

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

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

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. Independent valuations were performed as at 30 June 2014 by Australian Valuation Solutions (2013: the Australian Valuation Office).

A revaluation decrement of \$524,282 for plant and equipment (2013: increment of \$3,253,326) was debited to the asset revaluation reserve by asset class and included in equity within the Statement of Financial Position; no decrements were expensed (2013: \$nil expensed).

**Note 7B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014**

	Information technology assets \$'000	Comm- unication assets \$'000	Monitoring assets \$'000	Furniture and equipment \$'000	Library collection \$'000	Security infra- structure \$'000	Total property, plant and equipment \$'000
<b>As at 1 July 2013</b>							
Gross book value	51 521	104 780	831	13 155	11 371	87 912	269 570
Accumulated depreciation and impairment	(30 114)	(70 019)	(814)	(8 971)	(6 892)	(74 646)	(191 456)
<b>Net book value 1 July 2013</b>	<b>21 407</b>	<b>34 761</b>	<b>17</b>	<b>4 184</b>	<b>4 479</b>	<b>13 266</b>	<b>78 114</b>
Additions							
By purchase	3 175	2 452	-	199	670	83	6 579
Revaluations and impairments recognised in other comprehensive income	-	(302)	-	(222)	-	-	(524)
Depreciation	(6 727)	(6 144)	412	(544)	(793)	(1 724)	(15 520)
Disposals							
Other	(69)	(3)	(10)	(311)	(41)	-	(434)
Other movements	2 478	(4 722)	(419)	(12)	-	(212)	(2 887)
<b>Net book value 30 June 2014</b>	<b>20 264</b>	<b>26 042</b>	<b>-</b>	<b>3 294</b>	<b>4 315</b>	<b>11 413</b>	<b>65 328</b>
Net book value as of 30 June 2014 represented by							
Gross book value	54 963	100 471	-	12 793	11 883	87 783	267 893
Accumulated depreciation and impairment	(34 699)	(74 429)	-	(9 499)	(7 568)	(76 370)	(202 565)
<b>Net book value 30 June 2014</b>	<b>20 264</b>	<b>26 042</b>	<b>-</b>	<b>3 294</b>	<b>4 315</b>	<b>11 413</b>	<b>65 328</b>

**Note 7B (Cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2013**

	Information technology assets \$'000	Comm- unication assets \$'000	Monitoring assets \$'000	Furniture and equipment \$'000	Library collection \$'000	Security infra- structure \$'000	Total property, plant and equipment \$'000
<b>As at 1 July 2012</b>							
Gross book value	49 727	103 773	1 279	12 902	10 965	84 095	262 741
Accumulated depreciation and impairment	(27 817)	(65 532)	(1 250)	(8 907)	(6 149)	(67 179)	(176 834)
<b>Net book value 1 July 2012</b>	<b>21 910</b>	<b>38 241</b>	<b>29</b>	<b>3 995</b>	<b>4 816</b>	<b>16 916</b>	<b>85 907</b>
Additions							
By purchase	1 818	1 654	-	809	490	360	5 131
Revaluations and impairments recognised in other comprehensive income	2 674	-	16	-	-	563	3 253
Depreciation	(4 860)	(5 110)	(26)	(548)	(791)	(4 552)	(15 887)
Disposals							
Other	(135)	(24)	(2)	(72)	(36)	(21)	(290)
<b>Net book value 30 June 2013</b>	<b>21 407</b>	<b>34 761</b>	<b>17</b>	<b>4 184</b>	<b>4 479</b>	<b>13 266</b>	<b>78 114</b>
Net book value as of 30 June 2013 represented by							
Gross book value	51 521	104 780	831	13 155	11 371	87 912	269 570
Accumulated depreciation and impairment	(30 114)	(70 019)	(814)	(8 971)	(6 892)	(74 646)	(191 456)
<b>Net book value 30 June 2013</b>	<b>21 407</b>	<b>34 761</b>	<b>17</b>	<b>4 184</b>	<b>4 479</b>	<b>13 266</b>	<b>78 114</b>

	\$'000	\$'000
<b>Note 7C: Intangibles</b>		
<b>Computer software</b>		
Internally developed - in use	25	-
Purchased - in progress	4 295	6 698
Purchased - in use	60 689	50 299
Accumulated amortisation	<u>( 44 374)</u>	<u>( 36 381)</u>
<b>Total computer software</b>	<b><u>20 635</u></b>	<b><u>20 616</u></b>
<b>Other intangibles</b>		
Internally developed - in progress	126	289
Internally developed - in use	5 883	5 313
Accumulated amortisation	<u>( 1 491)</u>	<u>( 963)</u>
<b>Total other intangibles</b>	<b><u>4 518</u></b>	<b><u>4 639</u></b>
<b>Total intangibles</b>	<b><u>25 153</u></b>	<b><u>25 255</u></b>

No indicators of impairment were found for intangibles.

A number of items of intangibles are expected to be disposed of within the next 12 months.



**Note 7D: Reconciliation of the Opening and Closing Balances of Intangibles 2014**

	Computer software (internally developed) \$'000	Computer software (purchased) \$'000	Other intangibles \$'000	Total intangibles \$'000
<b>As at 1 July 2013</b>				
Gross book value	-	56 997	5 602	62 599
Accumulated amortisation and impairment	-	(36 381)	(963)	(37 344)
<b>Net book value 1 July 2013</b>	-	<b>20 616</b>	<b>4 639</b>	<b>25 255</b>
Additions				
By purchase	3	5 504	407	5 914
Amortisation	(7)	(8 368)	(528)	(8 903)
Disposals				
Other	-	-	-	-
Other movements	22	2 865	-	2 887
<b>Net book value 30 June 2014</b>	<b>18</b>	<b>20 617</b>	<b>4 518</b>	<b>25 153</b>
Net book value as of 30 June 2014 represented by				
Gross book value	25	64 984	6 009	71 018
Accumulated amortisation and impairment	(7)	(44 367)	(1 491)	(45 865)
<b>Net book value 30 June 2014</b>	<b>18</b>	<b>20 617</b>	<b>4 518</b>	<b>25 153</b>

**Note 7D (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2013**

	Computer software (internally developed) \$'000	Computer software (purchased) \$'000	Other intangibles \$'000	Total intangibles \$'000
<b>As at 1 July 2012</b>				
Gross book value	110	56 847	5 076	62 033
Accumulated amortisation and impairment	( 110)	( 28 938)	( 460)	( 29 508)
<b>Net book value 1 July 2012</b>	-	<b>27 909</b>	<b>4 616</b>	<b>32 525</b>
Additions				
By purchase	-	912	525	1 437
Amortisation	-	( 8 204)	( 502)	( 8 706)
Disposals	-	-	-	-
Other	-	( 1)	-	( 1)
<b>Net book value 30 June 2013</b>	-	<b>20 616</b>	<b>4 639</b>	<b>25 255</b>
Net book value as of 30 June 2013 represented by				
Gross book value	-	56 997	5 602	62 599
Accumulated amortisation and impairment	-	( 36 381)	( 963)	( 37 344)
<b>Net book value 30 June 2013</b>	-	<b>20 616</b>	<b>4 639</b>	<b>25 255</b>

2014	2013
\$'000	\$'000

**Note 7E: Inventories**

**Inventories held for sale**

Finished goods	173	173
<b>Total inventories</b>	<b>173</b>	<b>173</b>

During 2014, \$457,948 of inventory held for sale was recognised as an expense (2013: \$592,076).

No items of inventory were written down during the year.

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

**Note 7F: Other Non-Financial Assets**

Prepayments	2 927	3 293
<b>Total other non-financial assets</b>	<b>2 927</b>	<b>3 293</b>

**Other non-financial assets expected to be recovered**

No more than 12 months	2 400	2 304
More than 12 months	527	989
<b>Total other non-financial assets</b>	<b>2 927</b>	<b>3 293</b>

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

## Note 8: Payables

	2014 \$'000	2013 \$'000
<b>Note 8A: Suppliers</b>		
Trade creditors and accruals	3 403	6 807
<b>Total suppliers</b>	<b>3 403</b>	<b>6 807</b>
<b>Suppliers expected to be settled within 12 months</b>		
Related entities	712	1 130
External parties	2 691	5 677
<b>Total suppliers</b>	<b>3 403</b>	<b>6 807</b>
Settlement was usually made within 30 days.		
<b>Note 8B: Other payables</b>		
Wages and salaries	1 942	1 442
Superannuation	347	405
Separations and redundancies	393	233
Prepayments received/unearned income	14	3
Other	71	46
<b>Total other payables</b>	<b>2 767</b>	<b>2 129</b>
<b>Other payables expected to be settled</b>		
No more than 12 months	2 767	2 129
More than 12 months	-	-
<b>Total other payables</b>	<b>2 767</b>	<b>2 129</b>

## Note 9: Provisions

	2014 \$'000	2013 \$'000
<b>Note 9A: Employee provisions</b>		
Leave	21 368	20 047
<b>Total employee provisions</b>	<b>21 368</b>	<b>20 047</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	6 686	6 471
More than 12 months	14 682	13 576
<b>Total employee provisions</b>	<b>21 368</b>	<b>20 047</b>

**Note 10: Restructuring****Note 10: Departmental Restructuring**

	2014			Total \$'000
	DHR \$'000	ICT functions <sup>1</sup> Senate \$'000	PBO \$'000	
<b>FUNCTIONS ASSUMED</b>				
<b>Assets Recognised</b>				
ICT assets	596	357	116	<b>1 069</b>
<b>Total Assets Recognised</b>	<b>596</b>	<b>357</b>	<b>116</b>	<b>1 069</b>
<b>Liabilities Recognised</b>				
Liabilities	-	-	-	-
<b>Total liabilities recognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets Recognised<sup>2,3</sup></b>	<b>596</b>	<b>357</b>	<b>116</b>	<b>1 069</b>
<b>Income assumed</b>				
Recognised by the receiving entity	-	-	-	-
Recognised by the losing entity	-	-	-	-
<b>Total Income assumed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses assumed</b>				
Recognised by the receiving entity	754	721	156	<b>1 631</b>
Recognised by the losing entity	4	53	24	<b>81</b>
<b>Total expenses assumed</b>	<b>758</b>	<b>774</b>	<b>180</b>	<b>1 712</b>

1. During the year, Information Communications Technology (ICT) functions were transferred to the department from the Department of House of Representatives (DHR), Department of the Senate (Senate) and the Parliamentary Budget Office (PBO).

2. The total net assets assumed by the department was \$1,069,000.

3. In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

## Note 11: Cash Flow Reconciliation

	2014 \$'000	2013 \$'000
<b>Reconciliation of cash and cash equivalents as per statement of financial position to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash flow statement	547	223
Statement of financial position	<u>547</u>	<u>223</u>
<b>Discrepancy</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities</b>		
Net cost of services	( 136 310)	( 130 494)
Revenue from Government	106 998	101 160
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	24 423	24 593
Net write down of financial assets	-	2
Loss on disposal of non-financial assets	422	199
Gain on foreign currency exchange	( 1)	( 1)
Other gains	( 40)	-
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in net receivables	5 891	2 646
(Increase)/decrease in inventories	-	15
(Increase)/decrease in prepayments	366	( 1 131)
Increase/(decrease) in suppliers payables	( 3 404)	4 203
Increase/(decrease) in other payables	638	( 529)
Increase/(decrease) in employee provisions	1 321	( 853)
<b>Net cash from/(used by) operating activities</b>	<u>304</u>	<u>( 190)</u>

## **Note 12: Contingent Assets and Liabilities**

### **Quantifiable Contingencies**

The department had no quantifiable contingencies as at 30 June 2014 (2013: nil).

### **Unquantifiable Contingencies**

The department had no unquantifiable contingencies as at 30 June 2014 (2013: nil).

### **Significant Remote Contingencies**

The department had no significant remote contingencies as at 30 June 2014 (2013: nil).

## Note 13: Senior Executive Remuneration

	2014 \$	2013 \$
<b>13A: Senior Executive Remuneration Expenses for the Reporting Period</b>		
<b>Short-term employee benefits</b>		
Salary	1 842 555	1 357 191
Performance bonuses	-	3 506
Other	<u>79 960</u>	<u>100 474</u>
<b>Total short-term employee benefits</b>	<b><u>1 922 515</u></b>	<b><u>1 461 171</u></b>
<b>Post-employment benefits</b>		
Superannuation	<u>288 424</u>	<u>194 414</u>
<b>Total post-employment benefits</b>	<b><u>288 424</u></b>	<b><u>194 414</u></b>
<b>Other long-term benefits</b>		
Annual leave accrued	162 538	107 957
Long-service leave	<u>76 674</u>	<u>48 336</u>
<b>Total other long-term benefits</b>	<b><u>239 212</u></b>	<b><u>156 293</u></b>
<b>Termination benefits</b>		
Redundancy payments	-	<u>315 518</u>
<b>Total termination benefits</b>	<b><u>-</u></b>	<b><u>315 518</u></b>
<b>Total senior executive remuneration expenses</b>	<b><u>2 450 151</u></b>	<b><u>2 127 396</u></b>

*Notes:*

- Note 13A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'bonus paid' in Note 13B).
- Note 13A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$195,000.
- 'Other' includes vehicle and other allowances and associated fringe benefits tax.



**Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period**

2014

	Substantive Senior Executives No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Bonus paid <sup>5</sup> \$	Total reportable remuneration \$
<b>Average annual reportable remuneration<sup>1</sup></b>						
<b>Total remuneration (including part-time arrangements):</b>						
less than \$195,000	8	120 164	16 238	131	-	136 533
\$195,000 to \$224,999	3	173 731	28 819	-	-	202 550
\$225,000 to \$254,999	2	211 275	32 401	-	-	243 676
\$255,000 to \$284,999	1	223 918	37 045	-	-	260 963
\$285,000 to \$314,999	1	251 609	44 549	-	-	296 158
\$375,000 to \$404,999	1	363 222	29 593	-	-	392 815
<b>Total</b>	<b>16</b>					

2013

	Substantive Senior Executives No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Bonus paid <sup>5</sup> \$	Total reportable remuneration \$
<b>Average annual reportable remuneration<sup>1</sup></b>						
<b>Total remuneration (including part-time arrangements):</b>						
less than \$195,000	9	66 774	11 271	-	-	78 045
\$195,000 to \$224,999	4	173 806	28 614	-	877	203 297
\$225,000 to \$254,999	1	219 222	35 574	-	-	254 796
\$375,000 to \$404,999	1	355 253	26 014	-	-	381 267
<b>Total</b>	<b>15</b>					

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
  - c) reportable employer superannuation contributions; and
  - d) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

**Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff During the Reporting Period**

There were no other highly paid staff (2013: nil).

## Note 14: Remuneration of Auditors

	2014	2013
	\$'000	\$'000

Financial statement audit services were provided free of charge to the department by the Australian National Audit Office (ANAO).

### Fair value of the services received

Financial statement audit services	141	141
<b>Total fair value of services received</b>	<b>141</b>	<b>141</b>

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

## Note 15: Financial Instruments

	2014	2013
	\$'000	\$'000

### Note 15A: Categories of Financial Instruments

#### Financial Assets

##### Loans and receivables

Cash and cash equivalents	547	223
Trade and other receivables	1 054	1 878
<b>Total loans and receivables</b>	<b>1 601</b>	<b>2 101</b>
<b>Total financial assets</b>	<b>1 601</b>	<b>2 101</b>

#### Financial Liabilities

##### Financial liabilities measured at amortised cost

Suppliers	3 403	6 807
<b>Total financial liabilities measured at amortised cost</b>	<b>3 403</b>	<b>6 807</b>
<b>Total financial liabilities</b>	<b>3 403</b>	<b>6 807</b>

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

### Note 15B: Credit Risk

The department was exposed to minimal credit risk as its financial assets consist only of cash and trade receivables. The maximum exposure to credit risk was the risk that arose from potential default of a debtor. This amount is equal to the total amount of trade and other receivables.

<b>Maximum exposure to credit risk (excluding any collateral or credit enhancements)</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	547	223
Trade and other receivables	1 054	1 878
<b>Total</b>	<b>1 601</b>	<b>2 101</b>
<b>Financial liabilities</b>		
<b>At amortised cost:</b>		
Suppliers	3 403	6 807
<b>Total</b>	<b>3 403</b>	<b>6 807</b>

In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk, no collateral is held.

<b>Credit quality of financial assets not past due or individually determined as impaired</b>	<b>Not past due nor impaired</b>	<b>Not past due nor impaired</b>	<b>Past due or impaired</b>	<b>Past due or impaired</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Loans and receivables</b>				
Cash and cash equivalents	547	223	-	-
Trade and other receivables	826	1 810	228	68
<b>Total</b>	<b>1 373</b>	<b>2 033</b>	<b>228</b>	<b>68</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Trade and other receivables	174	29	12	13	228
<b>Total</b>	<b>174</b>	<b>29</b>	<b>12</b>	<b>13</b>	<b>228</b>

**Ageing of financial assets that were past due but not impaired for 2013**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables</b>					
Trade and other receivables	7	-	61	-	68
<b>Total</b>	<b>7</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>68</b>

**Note 15C: Liquidity risk**

The department's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the department will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely due to receiving appropriation funding aimed at ensuring there are appropriate resources to meet financial obligations as and when they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.

**Maturities for non-derivative financial liabilities 2014**

	On demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At amortised cost</b>						
Supplier payables	-	3 403	-	-	-	3 403
<b>Total</b>	-	3 403	-	-	-	3 403

**Maturities for non-derivative financial liabilities 2013**

	On demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At amortised cost</b>						
Supplier payables	-	6 807	-	-	-	6 807
<b>Total</b>	-	6 807	-	-	-	6 807

The department had no derivative financial liabilities in either 2014 or 2013.

**Note 15D: Market Risk**

The department holds basic financial instruments that do not expose the department to significant market risks. The department was not exposed to "interest rate risk" or "other price risk" and was exposed to foreign exchange "currency risk" through undertaking certain transactions in denominated foreign currency.

**Note 16: Financial Assets Reconciliation**

		<b>2014</b>	2013
		<b>\$'000</b>	\$'000
	<b>Notes</b>		
<b>Total financial assets as per statement of financial position</b>		<b>16 570</b>	23 739
<b>Less: non-financial instrument components</b>			
Appropriations receivable	6B	<b>14 226</b>	20 696
GST receivable from the Australian Taxation Office	6B	<b>684</b>	849
Other	6B	<b>59</b>	93
<b>Total non-financial instrument components</b>		<b>14 969</b>	21 638
<b>Total financial assets as per financial instruments note</b>		<b>1 601</b>	2 101

**Note 17: Administered - Expenses**

	2014 \$'000	2013 \$'000
<b>Note 17A: Depreciation and Amortisation</b>		
<b>Depreciation</b>		
Property, plant and equipment	1 000	975
Buildings	27 508	26 118
<b>Total depreciation</b>	<b>28 508</b>	<b>27 093</b>
<b>Total depreciation and amortisation</b>	<b>28 508</b>	<b>27 093</b>
<b>Note 17B: Losses from Asset Sales</b>		
Property, plant and equipment		
Proceeds from sale	-	( 2)
Carrying value of assets sold	50	5
Selling expense	-	1
<b>Total losses from asset sales</b>	<b>50</b>	<b>4</b>

**Note 18: Administered - Income**

	2014 \$'000	2013 \$'000
<b>REVENUE</b>		
<b>Non-Taxation Revenue</b>		
<b>Note 18A: Other Revenue</b>		
Other	8	9
<b>Total other revenue</b>	<b>8</b>	<b>9</b>
<b>Gains</b>		
<b>Note 18B: Other Gains</b>		
Resources received free of charge	7	68
<b>Total other gains</b>	<b>7</b>	<b>68</b>



**Note 19: Administered - Fair Value Measurements**

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**Note 19A: Fair Value Measurements**

Fair value measurement at the end of the reporting period by hierarchy for non-financial assets in 2014.

Fair Value	Fair value measurements at the end of the reporting period using		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
\$'000	\$'000	\$'000	\$'000
Non-financial Assets:			
Land	50,000	-	50,000
Buildings	2,073,824	-	2,073,824
Property, Plant and Equipment	6,365	4,929	1,436
Heritage and Cultural	84,138	59,138	25,000
Total non-financial assets	2,214,327	64,067	2,150,260

Current assets and liabilities in the statement of financial position are not measured at fair value. Non-financial assets not measured at fair value in the statement of financial position include work in progress. The department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2014.

Fair value Measurement - Highest & Best Use

The department's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of the assets is considered the highest and best use.

**Note 19B: Level 1 and Level 2 Transfers for recurring fair value measurements**

Recurring fair value measurements transfers for assets and liabilities

	Transferred from	
	Level 1 to Level 2 2014 \$'000	Level 2 to Level 1 2014 \$'000
Non-financial assets:	-	-
Land	-	-
Buildings	-	-
Property, Plant and Equipment	-	-
Heritage and Cultural	-	-
Total non-financial assets	-	-

There have been no transfers between levels of the hierarchy during the year.

The department's policy for determining when transfers are deemed to have occurred can be found in Note 1.

**Note 19C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements**

**Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2014.**

	Category (Level 2 or Level 3)	Fair value	Valuation technique(s) <sup>1</sup>	Input used	Range (weighted average) <sup>2</sup>
<b>Non-financial assets:</b>					
Land	3	50,000	Market Approach	Price per square meter	(5.00%) - 5.00%
Buildings	3	2,073,824	Depreciated Replacement Cost (DRC)	Replacement Cost New	\$2.496b - \$3.050b (\$2.781b)
Property, Plant and Equipment - All	2	4,929	Market Approach	Consumed economic benefit / Obsolescence of asset	0.90% - 1.04% (0.97% per annum)
Property, Plant and Equipment - Plant and Equipment	3	1,436	Depreciated Replacement Cost (DRC)	Adjusted market transactions Replacement Cost New	
Heritage and Cultural	2	59,138	Market Approach	Consumed economic benefit / Obsolescence of asset	3.33% - 20.00% (4.17% per annum)
Heritage and Cultural	3	25,000	Market Approach	Adjusted market transactions	\$25m - \$30m (\$25m)

1. There has been no changes to valuation techniques.

2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

There were no significant inter-relationships between unobservable inputs that materially affect fair value.

### **Recurring and non-recurring Level 3 fair value measurements - valuation processes**

The department procured the service of Australian Valuation Solutions (AVS) to undertake comprehensive valuations, desktop reviews and materiality reviews for each sub-asset class that comprise the Property, Plant and Equipment asset class as at 30 June 2014. Comprehensive valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

There is no changes in the valuation technique since the prior year.

Significant Level 3 inputs utilised by the department 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 this land there was insufficient market evidence of directly comparable sales. Reference was made to sales of land with a limited level of comparability at distant locations and adjusted by the Valuer 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 cost (Depreciated Replacement Cost or 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). The replacement cost new has been determined by a Quantity Surveyor.

#### Buildings & Infrastructure, 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 cost (Depreciated Replacement Cost or 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.

#### Cultural and Heritage - Adjusted market transactions

A specialist Valuer has been consulted to determine the fair value of the 1297 Inpeximus copy of the Magna Carter. Due to the historic nature of the asset observable market data is scarce and the Valuer used significant professional judgement in determining fair value.

### **Recurring Level 3 fair value measurements - sensitivity of inputs**

#### Land - Price per square metre

The significant unobservable inputs used in the fair value measurement of the department's land asset class relate to the adopted price per square metre. A significant increase (decrease) in this input would result in a significantly higher (higher) fair value measurement.

#### Buildings - Replacement Cost New & Consumed economic benefit / Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the department's buildings asset class relate to the replacement cost new and consumed economic benefit/asset obsolescence. A significant increase (decrease) in the replacement cost new would result in significantly higher (lower) fair value measurement. A significant increase (decrease) in the consumed economic benefit/asset obsolescence would result in a significantly lower (higher) fair value measurement.

#### Buildings & Property, Plant and Equipment - Consumed economic benefit - Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the department's Buildings and Property, plant and equipment asset classes relate to consumed economic benefit / asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

#### Cultural and Heritage - Adjusted market transactions

The significant unobservable inputs used in the fair value measurement of the department's cultural and heritage asset classes relate to the adjusted market transactions. As significant increase (decrease) in the input would result in a significantly higher (lower) fair value measurement.

**Note 19D: Reconciliation for recurring Level 3 fair value measurements**

**Recurring level 3 fair value measurements - reconciliation for assets**

	Non-financial assets					Total 2014 \$'000
	Land 2014 \$'000	Buildings 2014 \$'000	Property, Plant and Equipment 2014 \$'000	Heritage and Cultural 2014 \$'000		
<b>Opening Balance</b> <sup>1</sup>	50,000	2,057,544	5,986	83,748		2,197,278
Total gains/(losses) in accumulated depreciation	-	(27 509)	(1 000)	-		(28 509)
Purchases	-	25,174	1,194	390		26,758
Sales	-	-	-	-		-
Revaluations	-	18,615	185	-		18,800
Settlements	-	-	-	-		-
Transfers into Level <sup>2</sup>	-	-	-	-		-
Transfers out of Level <sup>2</sup>	-	-	-	-		-
<b>Closing balance</b>	<b>50,000</b>	<b>2,073,824</b>	<b>6,365</b>	<b>84,138</b>		<b>2,214,327</b>

1. Opening balance as determined in accordance with AASB 13.

2. There have been no transfers between levels of the hierarchy during the year.

The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

**Note 20: Administered - Financial Assets**

	2014	2013
	\$'000	\$'000
<b>Note 20A: Trade and Other Receivables</b>		
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	392	69
Other	12	-
<b>Total other receivables</b>	<b>404</b>	<b>69</b>
<b>Total trade and other receivables (gross)</b>	<b>404</b>	<b>69</b>
<b>Trade and other receivables are expected to be recovered</b>		
No more than 12 months	404	69
<b>Total trade and other receivables (gross)</b>	<b>404</b>	<b>69</b>
<b>Trade and other receivables (gross) aged as follows</b>		
Not overdue	404	69
<b>Total trade and other receivables (gross)</b>	<b>404</b>	<b>69</b>

Credit terms for goods and services were within 30 days (2013: 30 days).

**Note 21: Administered - Non-Financial Assets**

	2014 \$'000	2013 \$'000
<b>Note 21A: Land and Buildings</b>		
<b>Land</b>		
Fair value	50 000	50 000
<b>Total land</b>	<b>50 000</b>	<b>50 000</b>
<b>Buildings</b>		
Work in progress	11 204	28 472
Fair value	2 781 021	2 722 938
Accumulated depreciation	( 707 197)	( 665 394)
<b>Total buildings</b>	<b>2 085 028</b>	<b>2 086 016</b>
<b>Total land and buildings</b>	<b>2 135 028</b>	<b>2 136 016</b>
<b>Note 21B: Property, plant and equipment</b>		
<b>Heritage and cultural</b>		
Work in progress	370	315
Fair value	84 138	83 747
<b>Total heritage and cultural</b>	<b>84 508</b>	<b>84 062</b>
<b>Other property, plant and equipment</b>		
Office machinery and furniture		
Fair value	10 092	8 798
Accumulated depreciation	( 7 544)	( 5 783)
Total office machinery and furniture	2 548	3 015
Plant and equipment		
Fair value	14 735	10 718
Accumulated depreciation	( 10 919)	( 7 747)
Total plant and equipment	3 816	2 971
<b>Total other property, plant and equipment</b>	<b>6 364</b>	<b>5 986</b>
<b>Total property, plant and equipment</b>	<b>90 872</b>	<b>90 048</b>

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

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

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. As at 30 June 2014, an independent valuer (Australian Valuation Solutions) conducted the revaluations (2013: the Australian Valuation Office).

Revaluation increments of \$18,615,369 for Buildings (2013: \$80,855,469), \$184,443 for Other Property, Plant and Equipment (2013: nil) and \$nil for Heritage and Cultural assets (2013: \$5,569,638) were credited to the asset revaluation surplus by asset class and included in the equity section of the Statement of Financial Position; no decrements were expensed (2013: nil).



**Note 21C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014**

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Heritage and cultural \$'000	Other property, plant and equipment \$'000	Total other property, plant and equipment \$'000	Total \$'000
<b>As at 1 July 2013</b>							
Gross book value	50 000	2 751 410	2 801 410	84 062	19 516	103 578	2 904 988
Accumulated depreciation and impairment	-	(665 394)	(665 394)	-	(13 530)	(13 530)	(678 924)
<b>Net book value 1 July 2013</b>	<b>50 000</b>	<b>2 086 016</b>	<b>2 136 016</b>	<b>84 062</b>	<b>5 986</b>	<b>90 048</b>	<b>2 226 064</b>
Additions							
By purchase	-	7 905	7 905	439	1 193	1 632	9 537
By donation/gift	-	-	-	7	-	7	7
Revaluations and impairments recognised in other comprehensive income	-	18 615	18 615	-	185	185	18 800
Depreciation expense	-	(27 508)	(27 508)	-	(1 000)	(1 000)	(28 508)
Disposals							
Other	-	-	-	-	-	-	-
<b>Net book value 30 June 2014</b>	<b>50 000</b>	<b>2 085 028</b>	<b>2,135,028</b>	<b>84 508</b>	<b>6 364</b>	<b>90 872</b>	<b>2 225 900</b>
Net book value as of 30 June 2014 represented by:							
Gross book value	50 000	2 792 225	2 842 225	84 508	24 827	109 335	2 951 560
Accumulated depreciation and impairment	-	(707 197)	(707 197)	-	(18 463)	(18 463)	(725 660)
<b>Net book value 30 June 2014</b>	<b>50 000</b>	<b>2 085 028</b>	<b>2 135 028</b>	<b>84 508</b>	<b>6 364</b>	<b>90 872</b>	<b>2 225 900</b>

**Note 21C (Cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2013**

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Heritage and cultural \$'000	Other property, plant and equipment \$'000	Total other property, plant and equipment \$'000	Total \$'000
<b>As at 1 July 2012</b>							
Gross book value	50 000	2 620 912	2 670 912	78 112	19 031	97 143	2 768 055
Accumulated depreciation and impairment	-	(600 560)	(600 560)	-	(12 653)	(12 653)	(613 213)
<b>Net book value 1 July 2012</b>	<b>50 000</b>	<b>2 020 352</b>	<b>2 070 352</b>	<b>78 112</b>	<b>6 378</b>	<b>84 490</b>	<b>2 154 842</b>
Additions							
By purchase	-	10 927	10 927	312	587	899	11 826
By donation/gift	-	-	-	68	-	68	68
Revaluations and impairments recognised in other comprehensive income	-	80 855	80 855	5 570	-	5 570	86 425
Depreciation expense	-	(26 118)	(26 118)	-	(975)	(975)	(27 093)
Disposals	-	-	-	-	-	-	-
Other	-	-	-	-	(4)	(4)	(4)
<b>Net book value 30 June 2013</b>	<b>50 000</b>	<b>2 086 016</b>	<b>2 136 016</b>	<b>84 062</b>	<b>5 986</b>	<b>90 048</b>	<b>2 226 064</b>
Net book value as of 30 June 2013 represented by:							
Gross book value	50 000	2 751 410	2 801 410	84 062	19 516	103 578	2 904 988
Accumulated depreciation and impairment	-	(665 394)	(665 394)	-	(13 530)	(13 530)	(678 924)
<b>Net book value 30 June 2013</b>	<b>50 000</b>	<b>2 086 016</b>	<b>2 136 016</b>	<b>84 062</b>	<b>5 986</b>	<b>90 048</b>	<b>2 226 064</b>

**Note 22: Administered - Payables**

	2014	2013
	\$'000	\$'000
<b>Note 22A: Suppliers</b>		
Trade creditors and accruals	764	669
<b>Total supplier payables</b>	<u>764</u>	<u>669</u>
<b>Supplier payables expected to be settled within 12 months:</b>		
Related entities	-	-
External parties	764	669
<b>Total suppliers</b>	<u>764</u>	<u>669</u>

Settlement was usually made within 30 days.

**Note 22B: Other payables**

Other	392	24
<b>Total other payables</b>	<u>392</u>	<u>24</u>
<b>Total other payables are expected to be settled in:</b>		
No more than 12 months	392	24
More than 12 months	-	-
<b>Total other payables</b>	<u>392</u>	<u>24</u>

**Note 23: Administered - Cash Flow Reconciliation**

	2014	2013
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	( 28 543)	( 27 020)
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	28 508	27 093
Loss on disposal of assets	50	4
Resources received free of charge - goods	( 7)	( 68)
<b>Changes in assets/liabilities</b>		
Movement in GST Annotations Loan	( 369)	611
<b>Net cash from operating activities</b>	<u>( 361)</u>	<u>620</u>

**Note 24: Administered - Contingent Assets and Liabilities****Quantifiable Administered Contingencies**

The department had no quantifiable administered contingencies as at 30 June 2014 (2013: nil).

**Unquantifiable Administered Contingencies**

The department had no unquantifiable administered contingencies as at 30 June 2014 (2013: nil).

**Significant Remote Administered Contingencies**

The department had no significant remote administered contingencies as at 30 June 2014 (2013: nil).

**Note 25: Administered - Financial Instruments**

	2014 \$'000	2013 \$'000
<b><u>Note 25A: Categories of financial instruments</u></b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Trade receivables	12	-
<b>Total loans and receivables</b>	<b>12</b>	-
<b>Total financial assets</b>	<b>12</b>	-
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Supplier payables	764	669
<b>Total financial liabilities at amortised cost</b>	<b>764</b>	<b>669</b>
<b>Total financial liabilities</b>	<b>764</b>	<b>669</b>

**Note 25B: Credit Risk**

The department was exposed to minimal credit risk as its financial assets consist only of trade receivables. The maximum exposure to credit risk was the risk that arose from potential default of a debtor. This amount is equal to the total amount of trade receivables.

**Maximum exposure to credit risk (excluding any collateral or credit enhancements)**

	2014	2013
	\$'000	\$'000
<b>Financial assets</b>		
<b>Loans and receivables:</b>		
Trade receivables	12	-
<b>Total</b>	<b>12</b>	<b>-</b>
<b>Financial liabilities</b>		
<b>At amortised cost:</b>		
Supplier payables	764	669
<b>Total</b>	<b>764</b>	<b>669</b>

In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk, no collateral is held.

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

	Not past due nor impaired	Not past due nor impaired	Past due or impaired
	2014	2013	2014
	\$'000	\$'000	\$'000
<b>Loans and receivables:</b>			
Trade receivables	12	-	-
<b>Total</b>	<b>12</b>	<b>-</b>	<b>-</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables:</b>					
Trade receivables	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Ageing of financial assets that were past due but not impaired for 2013**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
<b>Loans and receivables:</b>					
Trade receivables	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Note 25C: Liquidity risk**

The department's financial liabilities are payables. The exposure to liquidity risk was based on the notion that the department will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely due to receiving appropriation funding aimed at ensuring there are appropriate resources to meet financial obligations as and when they fall due. In addition, the department has policies in place to ensure timely payments were made when due and has no past experience of default.

**Maturities for non-derivative financial liabilities 2014**

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	>5 years \$'000	Total \$'000
<b>At amortised cost:</b>						
Supplier payables	-	764	-	-	-	764
<b>Total</b>	-	764	-	-	-	764

Maturities for non-derivative financial liabilities 2013

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	>5 years \$'000	Total
<b>At amortised cost:</b>						
Supplier payables	-	669	-	-	-	669
<b>Total</b>	-	669	-	-	-	669

The department had no derivative financial liabilities in either 2014 or 2013.

**Note 25D: Market Risk**

The department holds basic financial instruments that do not expose the department to significant market risks. The department was not exposed to "interest rate risk" or "other price risk" and was exposed to foreign exchange "currency risk" through undertaking certain transactions in denominated foreign currency.

## Note 26: Administered - Financial Assets Reconciliation

		2014 \$'000	2013 \$'000
<b>Financial assets</b>	<b>Notes</b>		
<b>Total financial assets per administered schedule of assets and liabilities</b>	20A	<b>404</b>	69
Less: non-financial instrument components			
GST receivable from the Australian Taxation Office		<b>392</b>	69
Total non-financial instrument components		<b>392</b>	69
<b>Total financial assets as per financial instruments note</b>		<b>12</b>	-



**Note 27: Appropriations**

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

	2014 Appropriation						Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000
	Appropriation Act			FMA Act				
	Annual Appropriation \$'000	Appropriations reduced <sup>1</sup> \$'000	AFM <sup>2</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000		
<b>DEPARTMENTAL</b>								
Ordinary annual services	116 872	-	-	-	11 888	-	128 760	(6 245)
<b>Total departmental</b>	<b>116 872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 888</b>	<b>-</b>	<b>128 760</b>	<b>(6 245)</b>
<b>ADMINISTERED</b>								
Administered assets and liabilities	20 437	-	-	-	-	-	20 437	10 978
<b>Total administered</b>	<b>20 437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 437</b>	<b>10 978</b>

**Notes:**

(1) Appropriations reduced under Appropriation Acts (No. 1.3.5) 2013-14 sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2.4.6) 2012-13: sections 12, 13, 14 and 17. Departmental appropriations and administered non-operating appropriations do not lapse at financial year-end. However, the Presiding Officers may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2014, there was no reduction in departmental and non-operating departmental appropriations.

As with departmental appropriations, the Presiding Officers may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1.3&5) 2013-14 and section 12 of Appropriation Acts (Nos. 2.4&6) 2013-14, the appropriation is taken to be reduced to the required amount specified in this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

(2) Advance to the Finance Minister (AFM) - Appropriation Acts (Nos. 1&3) 2013-14: section 13 and Appropriation Acts (Nos 2&4) 2013-14: section 15.

(3) The \$10.978m variance between administered appropriation provided and applied relates to timing differences in administered asset purchases and projects, and reflects the non-lapsing nature of administered non-operating appropriations.

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

	2013 Appropriation							Total appropriation \$'000	Appropriation applied in 2013 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act							
	Annual Appropriation \$'000	Appropriations reduced <sup>1</sup> \$'000	AFM <sup>2</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000	Section 32 \$'000			
<b>DEPARTMENTAL</b>										
Ordinary annual services	110 822	-	-	-	7 032	-	-	117 854	(119 096)	(1 242)
<b>Total departmental</b>	<b>110 822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 032</b>	<b>-</b>	<b>-</b>	<b>117 854</b>	<b>(119 096)</b>	<b>(1 242)</b>
<b>ADMINISTERED</b>										
Administered assets and liabilities	12 896	-	-	-	-	-	-	12 896	(11 635)	1 261
<b>Total administered</b>	<b>12 896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 896</b>	<b>(11 635)</b>	<b>1 261</b>

**Notes:**

- (1) Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012-13: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2,4,6) 2012-13: sections 12,13, 14 and 17. Departmental appropriations and administered non-operating appropriations do not lapse at financial year-end. However, the Presiding Officers may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2013, there was no reduction in departmental and non-operating departmental appropriations.
- As with departmental appropriations, the Presiding Officers may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1,3&5) 2012-13 and section 12 of Appropriation Acts (Nos. 2,4&6) 2012-13, the appropriation is taken to be reduced to the required amount specified in this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.
- (2) Advance to the Finance Minister (AFM) - Appropriation Acts (Nos 1&3) 2012-13: section 13 and Appropriation Acts (Nos 2&4) 2012-13: section 15.
- (3) The following adjustments occurred that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the reporting period:
  - a. an addition of \$85,000 for the 25th anniversary of Parliament House
  - b. a reduction of \$381,000 for targeted savings measures
  - c. a reduction of \$536,500 for a change in Comcover payment arrangements
- (4) The \$1.26m variance between administered appropriation provided and applied relates to timing differences in administered asset purchases and projects, and reflects the non-lapsing nature of administered non-operating appropriations.

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

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014 (current and prior years)			Variance \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets <sup>3</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000					
<b>DEPARTMENTAL</b>								
<b>Ordinary annual services -</b>								
Departmental Capital Budget <sup>1</sup>	9 789	-	-	9 789	( 11 384)	-	( 11 384)	( 1 595)
<b>ADMINISTERED</b>								
<b>Ordinary annual services -</b>								
Administered Capital Budget <sup>1</sup>	20 437	-	-	20 437	( 9 459)	-	( 9 459)	10 978

**Notes:**

- (1) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
- (2) Appropriations reduced under Appropriation Acts (No.1,3,5) 2013-14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- (3) Payments for non-financial assets include purchases of assets, expenditure on assets which has been capitalised.

**Table B (Cont'd): Departmental and Administered Capital Budgets ('Recoverable GST exclusive')**

	2013 Capital Budget Appropriations				Capital Budget Appropriations applied in 2013 (current and prior years)			Variance \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets <sup>3</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000					
DEPARTMENTAL								
<b>Ordinary annual services -</b>								
Departmental Capital Budget <sup>1</sup>	9 747	-	-	9 747	(6 584)	-	(6 584)	3 163
ADMINISTERED								
<b>Ordinary annual services -</b>								
Administered Capital Budget <sup>1</sup>	12 896	-	-	12 896	(11 635)	-	(11 635)	1 261

**Notes:**

(1) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

(2) Appropriations reduced under Appropriation Acts (No.1,3,5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

(3) Payments for non-financial assets include purchases of assets, expenditure on assets which has been capitalised.

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

	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
<b>DEPARTMENTAL</b>		
Appropriation (Parliamentary Departments) Act (No. 1) 2013-14	<b>14 773</b>	-
Appropriation (Parliamentary Departments) Act (No. 1) 2012-13	-	21 751
<b>Total</b>	<b>14 773</b>	21 751
<b>ADMINISTERED</b>		
Appropriation (Parliamentary Departments) Act (No. 1) 2013-14	<b>12 431</b>	-
Appropriation (Parliamentary Departments) Act (No. 1) 2012-13	-	1 457
<b>Total</b>	<b>12 431</b>	1 457

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

	<b>Department of Finance provides access to a special appropriation for the provision of electorate office IT services</b>
<b>2014</b>	<b>\$'000</b>
Total receipts	18 952
Total payments	( 18 952)
	<b>Department of Finance provides access to a special appropriation for the provision of electorate office IT services</b>
<b>2013</b>	<b>\$'000</b>
Total receipts	13 713
Total payments	( 13 713)
	<b>Department of Finance provides access to a special appropriation for the provision of Auspic services</b>
<b>2014</b>	<b>\$'000</b>
Total receipts	198
Total payments	( 198)
	<b>Department of Finance</b>
<b>2013</b>	<b>\$'000</b>
Total receipts	-
Total payments	-

## Note 28: Compensation and Debt Relief

### Compensation and Debt Relief - Departmental

No 'Act of Grace payments' were expended during the reporting period (2013: No expenses).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2013: No waivers).

No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: No payments).

No ex-gratia payments were provided for during the reporting period (2013: No payments).

No payments were provided in special circumstances relating to parliamentary service employment pursuant to section 66 of the *Parliamentary Service Act 1999* during the reporting period (2013: No payments).

### Compensation and Debt Relief - Administered

No 'Act of Grace payments' were expended during the reporting period (2013: No expenses).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2013: No waivers).

No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: No payments).

No ex-gratia payments were provided for during the reporting period (2013: No payments).

No payments were provided in special circumstances relating to parliamentary service employment pursuant to section 66 of the *Parliamentary Service Act 1999* during the reporting period (2013: No payments).

**Note 29: Assets Held in Trust**

	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
<b>Heritage and cultural asset</b>		
Total value at the beginning of the reporting period	<b>4 600</b>	4 200
Changes in fair value	-	400
<b>Total</b>	<b>4 600</b>	4 600

An independent valuation for the above asset was conducted as at 30 June 2013.

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.

## Note 30: Reporting of Outcomes

The department has one outcome, to which all expenses, income, assets and liabilities are attributed.

### Note 30A: Net cost of Outcome Delivery

	Outcome 1	
	2014	2013
	\$'000	\$'000
<b>Departmental</b>		
Expenses	145 232	137 458
Own-source income	8 922	6 964
<b>Administered</b>		
Expenses	28 558	27 097
Own-source income	15	77
<b>Net cost of outcome delivery</b>	<b>164 853</b>	<b>157 514</b>

### Note 30B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome

	Outcome 1	
	2014	2013
	\$'000	\$'000
<b>Expenses</b>		
Employee benefits	74 734	67 809
Suppliers	45 595	44 855
Depreciation and amortisation	24 423	24 593
Write-down and impairment of assets	58	2
Losses from asset sales	422	199
<b>Total</b>	<b>145 232</b>	<b>137 458</b>
<b>Income</b>		
Sale of goods and rendering of services	6 828	4 995
Rental income	1 510	1 587
Other revenue	543	381
Foreign exchange gains	1	1
Other gains	40	-
Revenue from Government	106 998	101 160
<b>Total</b>	<b>115 920</b>	<b>108 124</b>
<b>Assets</b>		
Cash and cash equivalents	547	223
Trade and other receivables	16 023	23 516
Property, plant and equipment	65 328	78 114
Intangibles	25 153	25 255
Inventories	173	173
Other non-financial assets	2 927	3 293
<b>Total</b>	<b>110 151</b>	<b>130 574</b>
<b>Liabilities</b>		
Suppliers	3 403	6 807
Other payables	2 767	2 129
Employee provisions	21 368	20 047
<b>Total</b>	<b>27 538</b>	<b>28 983</b>



**Note 30C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome**

	Outcome 1	
	2014	2013
	\$'000	\$'000
<b>Expenses</b>		
Depreciation and amortisation	28 508	27 093
Losses from asset sales	50	4
<b>Total</b>	<b>28 558</b>	<b>27 097</b>
<b>Income</b>		
Other revenue	8	9
Other gains	7	68
<b>Total</b>	<b>15</b>	<b>77</b>
<b>Assets</b>		
Trade and other receivables	404	69
Land and buildings	2 135 028	2 136 016
Property, plant and equipment	90 872	90 048
<b>Total</b>	<b>2 226 304</b>	<b>2 226 133</b>
<b>Liabilities</b>		
Suppliers payable	764	669
Other payables	392	24
<b>Total</b>	<b>1 156</b>	<b>693</b>

**Note 31: Net Cash Appropriation Arrangements**

	2014	2013
	\$'000	\$'000
<b>Total comprehensive income/(loss) less depreciation/ amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>( 5 413)</b>	<b>( 1 488)</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>( 24 423)</u>	<u>( 24 593)</u>
<b>Total comprehensive loss - as per the Statement of Comprehensive Income</b>	<b><u>( 29 836)</u></b>	<b><u>( 26 081)</u></b>

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

## Note 32: Compliance with Statutory Requirements

During 2012-13 DPS received legal advice that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The department has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. The department has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department and is not aware of any specific breaches of Section 83 in respect of these items.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.