G Financial statements

This appendix presents the audited financial statements for the Productivity Commission for 2013-14.

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Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Treasurer

I have audited the accompanying financial statements of the Productivity Commission for the year ended 30 June 2014, which comprise: a Statement by the Chairman and Chief Finance Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chairman's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Productivity Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Productivity Commission's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chairman of the Productivity Commission, as well as evaluating the overall presentation of the financial statements.

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

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Independence

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

Opinion

In my opinion, the financial statements of the Productivity Commission:

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

(b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Productivity Commission's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Phillip Sands

Executive Director

Delegate of the Auditor-General

Canberra

21 August 2014

Australian Government
Productivity Commission

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From the Chairman's Office

Statement by the Chairman and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Peter Harris AO
Chairman

20 August 2014

Brian Scammell
Chief Finance Officer

20 August 2014

Statement of Comprehensive Income

for the period ended 30 June 2014

	Notes	***2014*** **$'000**	*2013* $'000
EXPENSES			
Employee benefits	3A	**29,544**	29,155
Supplier expenses	3B	**6,667**	7,129
Depreciation and amortisation	3C	**1,071**	970
Finance costs	3D	**17**	74
Write-down and impairment of assets	3E	**–**	53
Total Expenses		**37,299**	37,381
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**885**	1,071
Total own-source revenue		**885**	1,071
Gains			
Resources received free of charge	4B	**50**	40
Total gains		**50**	40
Total own-source income		**935**	1,111
Net cost of services		**36,364**	36,270
Revenue from Government	4C	**36,359**	37,429
Surplus / (Deficit)		**(5)**	1,159
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		**–**	617
Total comprehensive income		**(5)**	1,776

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

Statement of Financial Position

as at 30 June 2014

	Notes	**2014**	2013
		$'000	$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	**335**	468
Trade and other receivables	6B	**24,356**	23,277
Total financial assets		**24,691**	23,745
Non-Financial Assets			
Leasehold improvements	7A	**4,142**	4,960
Property, plant and equipment	7B, D	**558**	717
Intangibles	7C, D	**148**	155
Other non-financial assets	7E	**275**	498
Total non-financial assets		**5,123**	6,330
Total Assets		**29,814**	30,075
LIABILITIES			
Payables			
Suppliers	8A	**415**	379
Other payables	8B	**3,756**	3,607
Total payables		**4,171**	3,986
Provisions			
Employee provisions	9A	**11,914**	12,651
Other provisions	9B	**497**	480
Total provisions		**12,411**	13,131
Total Liabilities		**16,582**	17,117
Net Assets		**13,232**	12,958
EQUITY			
Contributed equity		**2,714**	2,435
Reserves		**2,771**	2,771
Retained surplus		**7,747**	7,752
Total Equity		**13,232**	12,958

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

Statement of Changes in Equity

for the period ending 30 June 2014

Item	*Retained earnings*		*Asset revaluation surplus*		*Contributed equity*		*Total equity*	
	2014	*2013*	***2014***	*2013*	***2014***	*2013*	***2014***	*2013*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance								
Balance carried forward from previous period	**7,752**	6,593	**2,771**	2,154	**2,435**	2,155	**12,958**	10,902
Comprehensive Income								
Other comprehensive income	**–**	–	**–**	617	**–**	–	**–**	617
Surplus/(Deficit) for the period	**(5)**	1,159	**–**	–	**–**	–	**(5)**	1,159
Total comprehensive income	**(5)**	1,159	**–**	617	**–**	–	**(5)**	1,781
Transactions with owners								
Contributions by Owners								
Departmental capital budget	**–**	–	**–**	–	**279**	280	**279**	280
Sub-total transactions with owners	**–**	–	**–**	–	**279**	280	**279**	280
Closing balance as at 30 June	**7,747**	7,752	**2,771**	2,771	**2,714**	2,435	**13,232**	12,958

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

Cash Flow Statement

for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**36,500**	36,081
Sales of goods and rendering of services		**843**	1,211
Net GST received		**640**	645
Total cash received		**37,983**	37,937
Cash used			
Employees		**30,236**	28,217
Suppliers		**6,908**	7,682
Section 31 receipts transferred to OPA		**972**	1,927
Total cash used		**38,116**	37,826
Net cash from (used by) operating activities	10	**(133)**	111
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**-**	-
Total cash received		**-**	-
Cash used			
Purchase of property, plant and equipment		**87**	405
Total cash used		**87**	405
Net cash (used by) investing activities		**(87)**	(405)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**87**	405
Total cash received		**87**	405
Net cash from financing activities		**87**	405
Net increase (decrease) in cash held		**(133)**	111
Cash and cash equivalents at the beginning of the reporting period		**468**	357
Cash and cash equivalents at the end of the reporting period	6A	**335**	468

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

Schedule of Commitments

as at 30 June 2014

	2014	2013
	$'000	$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	(1,751)	(2,048)
Total commitments receivable	(1,751)	(2,048)
Commitments payable		
Other commitments		
Operating leases [1]	18,807	22,063
Other commitments [2]	450	468
Total other commitments	19,257	22,531
Net commitments by type	17,506	20,483
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	(351)	(329)
From one to five years	(1,026)	(1,161)
Over five years	(374)	(558)
Total other commitments receivable	(1,751)	(2,048)
Commitments payable		
Operating lease commitments		
One year or less	3,471	3,185
From one to five years	11,222	12,735
Over five years	4,114	6,143
Total operating lease commitments	18,807	22,063
Other commitments		
One year or less	388	433
From one to five years	62	35
Over five years	–	–
Total other commitments	450	468
Net commitments by maturity	17,506	20,483

Note: Commitments are GST inclusive where relevant.

[1] Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation and carparking

Lease payments are subject to a fixed percentage annual increase in accordance with the lease agreement. In Melbourne, the current lease expires on 31 May 2021, with a five year option. In Canberra the current lease expires on 30 April 2017, with a five year option.

Agreements for the provision of motor vehicles to senior executive officers
Lease payments are fixed at the commencement of each vehicle lease. Vehicles are returned on lease expiry.

[2] Other commitments are primarily contracts for office services.

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

Notes to and forming part of the Financial Statements

Note	Description
1	Summary of Significant Accounting Policies
2	Events after the Reporting Period
3	Expenses
4	Income
5	Fair Value Measurement
6	Financial Assets
7	Non-Financial Assets
8	Payables
9	Provisions
10	Cash Flow Reconciliation
11	Contingent Liabilities and Assets
12	Senior Executive Remuneration
13	Remuneration of Auditors
14	Financial Instruments
15	Financial Assets Reconciliation
16	Appropriations
17	Compensation and Debt Relief
18	Reporting of Outcomes
19	Net Cash Appropriation Arrangements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Productivity Commission

The Productivity Commission (the Commission) is an Australian Government controlled entity. The Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work extends to the public and private sectors, including areas of State, Territory and local government, as well as federal responsibility. The Commission is a not-for-profit entity.

The Commission is structured to meet one outcome:

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

Activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Commission in its own right.

The continued existence of the Commission in its present form and with its present program is dependent on Government policy and on continuing funding by Parliament for the Commission's administration and program.

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.

Legal advice received by the Department of Finance indicated there could be breaches of Section 83 of the Constitution under certain circumstances in relation to compliance with statutory conditions on payments from special appropriations, including special accounts, payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The Commission has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. Following an updated risk assessment in 2013-14 the Commission has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the Commission. The Commission is not aware of any specific breaches of Section 83 in respect of these items.

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:

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

The financial statements have been prepared on an accrual basis and 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 Balance Sheet when and only when it is probable that future economic benefits will flow to the Commission or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments.

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 Commission has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements has been taken to be the fair value of similar leasehold improvements as determined by an independent valuer.
- The long service leave liability is calculated using the shorthand method developed by the Australian Government Actuary. This method is impacted by fluctuations in the Commonwealth Government 10 year Treasury Bond rate.

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

New standards, revised standards, amendments to standards or interpretations that were issued by the Australian Accounting Standards Board prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect on the Commission's financial statements.

Future Australian Accounting Standard Requirements

Standard/ Interpretation	Application date for the entity[1]	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	1 Jan 2015	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI). - The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Likely impact: May have a significant impact on the recognition and measurement of financial instruments. However likely impact is disclosure only. Final outcome will need to be considered once the standard(s) take effect.
AASB 9 Financial Instruments	1 Jan 2017	AASB 9 incorporates: - the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments, in addition to the classification and measurement requirements for financial assets (representing the first phase of a three phase project to replace AASB 139); and - hedge accounting (representing the third phase). Likely impact: May have a significant impact on the recognition and measurement of financial instruments. However likely impact is disclosure only. Final outcome will need to be considered once standard(s) take effect.

[1]. The entity's expected initial application date is when the accounting standard becomes operative at the beginning of the entity's reporting period.

All other new standards, revised standards, amendments to standards or interpretations that were issued by the Australian Accounting Standards Board prior to the sign-off date and are applicable to future reporting period(s) are not expected to have a future material impact on the Commission's financial statements.

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 Commission 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 probable that the economic benefits associated with the transaction will flow to the Commission.

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 Commission.

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance 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.

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 Commission 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 cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of 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.

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 Commission 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 applied at the time the leave is taken, including the Commission'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 use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. 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 Commission 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. The amount of the provision is $152,410 (2013: $837,708).

Superannuation

The majority of staff at the Commission are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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

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

The Commission 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 Commission 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 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, 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.

1.12 Financial Assets

The Commission classifies its financial assets in the following categories:

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

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Commission currently only holds financial assets of loans and receivables.

Financial assets are recognised and derecognised upon ‘trade date’.

Effective Interest Method

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

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

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at 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 cost – if there is objective evidence that an impairment loss has been incurred for loans and receivables held at amortised cost, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. The Commission only holds other financial liabilities.

Financial liabilities are recognised and derecognised upon ‘trade date’.

<u>Other Financial Liabilities</u>

Other financial liabilities, including supplier and other payables, are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant 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.

Details of each class of contingent liabilities and contingent assets are disclosed in Note 11: Contingent Liabilities and Contingent Assets.

1.15 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.

1.16 Property, Plant and Equipment

<u>Asset Recognition Threshold</u>

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

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. This is particularly relevant to 'make-good' provisions in property leases taken up by the Commission where there exists an obligation to 'make-good' premises. These costs are included in the value of the Commission's leasehold improvements with a corresponding provision for the 'make-good' recognised.

Revaluations

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

Asset class	*Fair value measured at*
Leasehold improvements	Depreciated replacement cost
Property, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Assets were revalued by the Australian Valuation Office (AVO) as at 30 June 2013.

At 30 June 2014 management reviewed the valuation at 30 June 2013 and concluded that the fair value does not differ materially from the carrying amount; and is satisfied that the carrying amount does not exceed the recoverable amount.

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

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

Depreciation

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

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

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

	2014	2013
Leasehold improvements and make-good	**Lease term**	Lease term
Plant and equipment	**3 to 20 years**	3 to 20 years
Intangibles (computer software)	**5 years**	5 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 Commission 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.

1.17 Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Commission's software are 5 years (2013: 5 years).

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

1.18 Taxation

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

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

a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and

b) for receivables and payables.

Note 2: Events after the Reporting Period

There was no subsequent event that had the potential to significantly affect the on-going structure and financial activities of the Commission.

Note 3: Expenses

Note 3A: Employee Benefits

	2014	2013
	$'000	$'000
Wages and salaries	**21,076**	21,081
Superannuation:		
Defined contribution plans	**1,169**	1,163
Defined benefit plans	**2,776**	3,015
Leave and other entitlements	**3,041**	2,885
Separation and redundancies	**1,482**	1,011
Total employee benefits	**29,544**	29,155

Note 3B: Suppliers

	2014	2013
	$'000	$'000
Goods and services supplied or rendered		
Consultants	**27**	37
Contractors	**174**	115
Travel	**856**	1,204
IT services	**612**	717
Other administration expenses	**1,873**	2,203
Total goods and services supplied or rendered	**3,542**	4,276
Goods supplied in connection with		
Related entities	**4**	5
External parties	**134**	226
Total goods supplied	**138**	231
Services rendered in connection with		
Related entities	**468**	256
External parties	**2,936**	3,789
Total services rendered	**3,404**	4,045
Total goods and services supplied or rendered	**3,542**	4,276
Other supplier expenses		
Operating lease rentals in connection with		
External parties:		
Minimum lease payments	**3,092**	2,817
Workers compensation expenses	**33**	36
Total other supplier expenses	**3,125**	2,853
Total supplier expenses	**6,667**	7,129

Note 3C: Depreciation and Amortisation

	2014	2013
	$‘000	$‘000
Depreciation:		
Buildings - leasehold improvements	818	724
Property, plant and equipment	205	213
Total depreciation	1,023	937
Amortisation:		
Intangibles:		
Computer software	48	33
Total amortisation	48	33
Total depreciation and amortisation	1,071	970

Note 3D: Finance Costs

	2014	2013
	$’000	$’000
Unwinding of discount	17	74
Total finance costs	17	74

Note 3E: Write-down and Impairment of Assets

	2014	2013
	$’000	$’000
Asset write-downs and impairments from:		
Revaluation decrement:		
Property, plant and equipment	–	53
Total write-down and impairment of assets	–	53

Note 4: Income

Own Source Revenue

Note 4A: Sale of Goods and Rendering of Services

	2014	2013
	$'000	$'000
Sale of goods in connection with		
External parties	4	6
Total sale of goods	4	6
Rendering of services in connection with		
Related entities	841	1,024
External parties	40	41
Total rendering of services	881	1,065
Total sales of goods and rendering of services	885	1,071

Gains

Note 4B: Resources Received Free of Charge

	2014	2013
	$'000	$'000
Resources received free of charge - ANAO	50	40
Total resources received free of charge	50	40

Revenue from Government

Note 4C: Revenue from Government

	2014	2013
	$'000	$'000
Appropriations:		
Departmental appropriations[1]	36,359	37,429
Total revenue from Government	36,359	37,429

[1] Includes $561,156 which has been quarantined – see Note 16.

Note 5: Fair Value Measurement

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 entity 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 measurements at the end of reporting period using		
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
	$'000	$'000	$'000	$'000
Non-financial assets				
Leasehold improvements	4,142	-	-	4,142
Other property, plant and equipment	558	-	558	-
Total fair value measurements of assets in the statement of financial position	4,700	-	558	4,142

The highest and best use of all non-financial assets are the same as their current use.

Note 5B: 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 $'000	Valuation technique(s)[1]	Inputs used	Range (weighted average)[2]
Non-financial assets					
Leasehold improvements	Level 3	4,142	Depreciated Replacement Cost(DRC)	Replacement Cost New (price per square metre)	$1,323 - $1,450 ($1,388)
				Useful Life (term of lease)	9.75 - 10.00 (9.88) years
Other property, plant and equipment	Level 2	558	Market Approach	Adjusted market transactions	

[1] No change in valuation technique occurred during the period.
[2] Significant unobservable inputs only. Not applicable for assets in the Level 2 category.

There is no reconciliation required as there has been no movement other than depreciation.

Note 6: Financial assets

Note 6A: Cash and Cash Equivalents

	2014	2013
	$'000	$'000
Cash on hand or on deposit	335	468
Total cash and cash equivalents	335	468

Note 6B: Trade and Other Receivables

	2014	2013
	$'000	$'000
Goods and services receivables in connection with		
Related entities	127	41
External parties	36	39
Total goods and services receivables	163	80
Appropriations receivable		
Existing programs[1]	24,126	23,103
Total appropriations receivable	24,126	23,103
Other receivables:		
GST receivable from the Australian Taxation Office	56	85
Other	11	9
Total other receivables	67	94
Total trade and other receivables (gross)	24,356	23,277
Receivables are expected to be recovered in:		
No more than 12 months	24,356	23,277
More than 12 months	–	–
Total trade and other receivables (net)	24,356	23,277
Receivables are aged as follows:		
Not overdue	24,356	23,260
Overdue by:		
More than 90 days	-	17
Total receivables (gross)	24,356	23,277

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

[1] Includes $561,156 which has been quarantined – see Note 16.

Note 7: Non-Financial Assets

Note 7A: Leasehold Improvements

	2014	2013
	$'000	$'000
Leasehold improvements:		
Fair value	**4,921**	4,960
Accumulated depreciation	**(779)**	-
Total leasehold improvements	**4,142**	4,960
Total land and buildings	**4,142**	4,960

No indicators of impairment were found for leasehold improvements.

No leasehold improvements are expected to be sold or disposed of within the next 12 months.

Note 7B: Property, Plant and Equipment

	2014	2013
	$'000	$'000
Property, plant and equipment:		
Fair value	**769**	722
Accumulated depreciation	**(211)**	(5)
Total property, plant and equipment	**558**	717

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

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2013, an independent valuer from the Australian Valuation Office conducted the revaluations.

The revaluation increment for leasehold improvements and decrement for plant and equipment were credited and debited respectively to the asset revaluation reserve by asset class, and included in the equity section of the statement of financial position; decrements for plant and equipment were also expensed.

At 30 June 2014 management reviewed the valuation at 30 June 2013 and concluded that the fair value does not differ materially from the carrying amount; and is satisfied that the carrying amount does not exceed the recoverable amount.

Note 7C: Intangibles

	2014	2013
	$'000	$'000
Computer software:		
Purchased	734	693
Accumulated amortisation	(586)	(538)
Total intangibles	**148**	155

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7D: Analysis of Property, Plant and Equipment, and Intangibles

Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (2013-14)

	Leasehold improvements	*Property, plant & equipment*	*Computer software purchased*	*Total*
	$'000	$'000	$'000	$'000
As at 1 July 2013				
Gross book value	4,960	722	693	6,375
Accumulated depreciation / amortisation and impairment	–	(5)	(538)	(543)
Net book value 1 July 2013	4,960	717	155	5,832
Additions:				
By purchase	–	46	41	87
Revaluations and impairments recognised in other comprehensive income	–	–	–	–
Revaluation recognised in net cost of services	–	–	–	–
Depreciation / amortisation expense	(818)	(205)	(48)	(1,071)
Net book value 30 June 2014	4,142	558	148	4,848
Net book value as of 30 June 2014 represented by:				
Gross book value	4,921	769	734	6,424
Accumulated depreciation/amortisation and impairment	(779)	(211)	(586)	(1,576)
Net book value as of 30 June 2014	4,142	558	148	4,848

Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (2012-13)

	Leasehold improvements	*Property, plant & equipment*	*Computer software purchased*	*Total*
	$'000	$'000	$'000	$'000
As at 1 July 2012				
Gross book value	6,077	1,125	573	7,775
Accumulated depreciation / amortisation and impairment	(1,089)	(348)	(505)	(1,942)
Net book value 1 July 2012	4,988	777	68	5,833
Additions:				
By purchase	–	285	120	405
Revaluations and impairments recognised in other comprehensive income	696	(79)	–	617
Revaluation recognised in net cost of services	–	(53)	–	(53)
Depreciation / amortisation expense	(724)	(213)	(33)	(970)
Net book value 30 June 2013	4,960	717	155	5,832
Net book value as of 30 June 2013 represented by:				
Gross book value	4,960	722	693	6,375
Accumulated depreciation/amortisation and impairment	–	(5)	(538)	(543)
Net book value as of 30 June 2013	4,960	717	155	5,832

Note 7E: Other Non-financial Assets

	2014	*2013*
	$'000	$'000
Prepayments	**275**	498
Total other non-financial assets	**275**	498
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	**275**	498
Total other non-financial assets	**275**	498

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

Note 8: Payables

Note 8A: Suppliers

	2014	2013
	$'000	$'000
Trade creditors and accruals	415	379
Total suppliers payables	**415**	379
Supplier payables expected to be settled		
No more than 12 months	415	379
More than 12 months	-	-
Total suppliers payables	**415**	379
Supplier payables in connection with		
Related entities	197	54
External parties	218	325
Total suppliers payables	**415**	379

Settlement was usually made within 30 days.

Note 8B: Other Payables

	2014	2013
	$'000	$'000
Wages and salaries	660	617
Superannuation	113	106
Prepayments received/unearned income	145	110
Rent (lease) payable	1,279	987
Lease incentive	1,559	1,784
Other	-	3
Total other payables	**3,756**	3,607
Other payables expected to be settled		
No more than 12 months	1,143	1,061
More than 12 months	2,613	2,546
Total other payables	**3,756**	3,607

Note 9: Provisions

Note 9A: Employee Provisions

	2014	*2013*
	$'000	$'000
Leave	**11,762**	11,813
Separations and redundancies	**152**	838
Total employee provisions	**11,914**	12,651
Employee provisions expected to be settled		
No more than 12 months	**229**	1,052
More than 12 months	**11,685**	11,599
Total employee provisions	**11,914**	12,651

Note 9B: Other Provisions

	2014	*2013*
	$'000	$'000
Provision for restoration obligations	**497**	480
Total other provisions	**497**	480
Other provisions expected to be settled		
More than 12 months	**497**	480
Total other provisions	**497**	480

	Provision for restoration $'000
Carrying amount 1 July 2013	**480**
Additional provisions made	**–**
Amounts used	**–**
Unwinding of discount or change in discount rate	**17**
Closing balance 2014	**497**

The Commission currently has agreements for the leasing of premises which have provisions requiring the Commission to restore the premises to its original condition at the conclusion of the lease. The Commission has made provision to reflect the present value of these obligations.

Note 10: Cash Flow Reconciliation

	2014	2013
	$'000	$'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per		
Cash flow statement	**335**	468
Statement of financial position	**335**	468
Discrepancy	**–**	–
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(36,364)**	(36,270)
Revenue from Government	**36,359**	37,429
Adjustments for non-cash items		
Depreciation / amortisation	**1,071**	970
Net write down of non-financial assets	**-**	53
(Gain) / loss on disposal of assets	**-**	-
Movements in assets / liabilities:		
Assets		
(Increase) / decrease in net receivables	**(887)**	(3,263)
(Increase) / decrease in prepayments	**223**	130
Liabilities		
Increase / (decrease) in employee provisions	**(737)**	930
Increase / (decrease) in supplier payables	**36**	84
Increase / (decrease) in other payables	**149**	(26)
Increase / (decrease) in other provisions	**17**	74
Net cash from / (used by) operating activities	**(133)**	111

Note 11: Contingent Assets and Liabilities

At 30 June 2014, to the best of its knowledge, the Commission was not exposed to any unrecognised contingencies that would have any material effect on the financial statements. (2013: Nil)

The Commission had no significant remote contingencies.

Note 12: Senior Executive Remuneration

Note 12A: Senior Executive Remuneration Expense for the Reporting Period

	2014	2013
	$	$
Short-term employee benefits:		
Salary	**6,198,316**	5,874,968
Performance bonus	**-**	-
Total short-term employee benefits	**6,198,316**	5,874,968
Post-employment benefits:		
Superannuation	**1,100,455**	1,239,924
Total post-employment benefits	**1,100,455**	1,239,924
Other long-term employee benefits:		
Annual leave accrued	**514,211**	477,286
Long-service leave	**167,654**	155,615
Total other long-term employee benefits	**681,865**	632,901
Termination benefits:		
Redundancy payment	**100,282**	-
Total termination benefits	**100,282**	-
Total senior executive remuneration expenses	**8,080,918**	7,747,793

Notes:

1. This note includes remuneration of members of the Commission and employees in the Senior Executive Service.

2. Note 12A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid' in Note 12B).

3. Note 12A excludes acting arrangements and part-year service where total remuneration expensed as a senior executive was less than $195,000. The number of senior executives included in 2014 is 29. (2013: 31)

4. During the year the Commission paid $100,282 in termination benefits to senior executives. (2013: nil)

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration[1]	*Substantive Senior Executives*	*Reportable Salary*[2]	*Contributed Superannuation*[3]	*Reportable allowances*[4]	*Bonus paid*[5]	*Total Reportable Remuneration*
	No.	*$*	*$*		*$*	*$*
Total reportable remuneration (including part-time arrangements):						
Less than $195,000	**10**	**119,909**	**16,422**	**–**	**–**	**136,331**
$195,000 to $224,999	**6**	**184,588**	**30,497**	**–**	**–**	**215,085**
$225,000 to $254,999	**5**	**205,937**	**34,349**	**–**	**–**	**240,286**
$255,000 to $284,999	**5**	**222,643**	**41,662**	**–**	**–**	**264,305**
$285,000 to $314,999	**1**	**291,099**	**21,801**	**–**	**–**	**312,900**
$315,000 to $344,999	**1**	**272,550**	**46,587**	**–**	**–**	**319,137**
$345,000 to $374,999	**2**	**300,835**	**52,947**	**–**	**–**	**353,782**
$525,000 to $554,999	**1**	**466,053**	**79,054**	**–**	**–**	**545,107**
$585,000 to $614,999	**1**	**500,565**	**85,761**	**–**	**–**	**586,326**
Total number of substantive senior executives	**32**					

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration[1]	*Substantive Senior Executives*	*Reportable Salary*[2]	*Contributed Superannuation*[3]	*Reportable allowances*[4]	*Bonus paid*[5]	*Total Reportable Remuneration*
	No.	*$*	*$*	*$*	*$*	*$*
Total reportable remuneration (including part-time arrangements):						
Less than $195,000	11	108,873	16,678	–	–	125,551
$195,000 to $224,999	8	184,775	27,726	–	–	212,501
$225,000 to $254,999	9	214,430	32,035	–	–	246,465
$285,000 to $314,999	3	267,566	32,238	–	–	299,804
$315,000 to $344,999	1	270,221	53,383	–	–	323,604
$345,000 to $374,999	1	299,461	47,435	–	–	346,896
$495,000 to $524,999	1	236,689	287,421			524,110
$525,000 to $554,999	1	450,715	75,636	–	–	526,351
Total number of substantive senior executives	35					

Notes:

[1] This table reports members of the Commission and substantive senior executives who received remuneration during the reporting period. Each row represents an averaged figure based on headcount for the 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 Commission 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 individual's 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 Commission during the financial year.

[6] The remuneration ranges for reporting substantive senior executive remuneration in this note have changed from the previous year. Prior year comparatives have been restated using the current year remuneration ranges.

Note 12C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

Average annual reportable remuneration paid to other highly paid staff in 2014

Average annual reportable remuneration[1]	*Staff*	*Reportable Salary*[2]	*Contributed Superannuation*[3]	*Reportable allowances*[4]	*Bonus paid*[5]	*Total Reportable Remuneration*
	No.	*$*	*$*	*$*	*$*	*$*
Total reportable remuneration (including part-time arrangements):						
$195,000 to $224,999	**1**	**174,422**	**36,534**	**-**	**-**	**210,956**
Total number of other highly paid staff	**1**					

Average annual reportable remuneration paid to other highly paid staff in 2013

Average annual reportable remuneration[1]	*Staff*	*Reportable Salary*[2]	*Contributed Superannuation*[3]	*Reportable allowances*[4]	*Bonus paid*[5]	*Total Reportable Remuneration*
	No.	*$*	*$*	*$*	*$*	*$*
Total reportable remuneration (including part-time arrangements):						
$195,000 to $224,999	1	183,944	35,042	-	-	218,986
Total number of other highly paid staff	1					

Notes:

[1] This table reports staff:
a) who were employed by the Commission during the reporting period;
b) whose reportable remuneration was $195,000 or more for the financial period; and
c) were not required to be disclosed in Tables A or B.
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 Commission for the provision of superannuation benefits to other highly paid staff 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 individual’s 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 Commission during the financial year.

[6] The remuneration ranges for reporting remuneration of highly paid other staff in this note have changed from the previous year. Prior year comparatives have been restated using the current year remuneration ranges.

Note 13: Remuneration of Auditors

	2014	2013
	$'000	$'000
Financial statement audit services were provided free of charge to the Commission by the Australian National Audit Office (ANAO).		
Fair value of the services received		
Financial statement audit services	50	40
	50	40

No other services were provided by the ANAO.

Note 14: Financial Instruments

Note 14A: Categories of financial instruments

	2014	2013
	$'000	$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	335	468
Trade receivables	163	80
Carrying amount of financial assets	498	548
Financial Liabilities		
At amortised cost:		
Payables – suppliers	415	379
Carrying amount of financial liabilities	415	379

Note 14B: Net income and expense from financial assets

There is no income or expense from financial assets – loans and receivables in the year ending 30 June 2014. (2013: nil)

Note 14C: Net income and expense from financial liabilities

There is no income or expense from other financial liabilities in the year ending 30 June 2014. (2013: nil)

Note 14D: Fair value of financial instruments

There are no financial instruments held at 30 June 2014 where the carrying amount is not a reasonable approximation of fair value. (2013: nil)

Note 14E: Credit Risk

The Commission is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total of trade receivables (2014: $163,000 and 2013: $80,000). The Commission has assessed that there is no risk of default on payment.

The Commission's credit risk is reduced as it mainly deals with other government agencies.

The Commission holds no collateral to mitigate against credit risk.

No financial instruments were impaired in 2014. (2013: nil)

Ageing of financial assets that are not past due nor impaired and past due but not impaired are shown at Note 6B.

Note 14F: Liquidity Risk

The Commission's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Commission (eg. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Commission is appropriated funding from the Australian Government. The Commission manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Commission has policies in place to ensure timely payments are made when due and has no past record of default.

All financial liabilities mature within one year. (2013: one year)

The Commission has no derivative financial liabilities in either the current or prior year.

Note 14G: Market Risk

The Commission holds basic financial instruments that do not expose the Commission to certain market risks.

The Commission is not exposed to currency risk, other price risk or interest rate risk.

Note 15: Financial Assets Reconciliation

	2014	*2013*
	$'000	$'000
Financial Assets		
Total financial assets as per balance sheet	**24,691**	23,745
Less: non-financial instrument components:		
Appropriations receivable	**24,126**	23,103
Other receivables	**67**	94
Total non-financial instrument components	**24,193**	23,197
Total financial assets as per financial instrument note	**498**	548

Note 16: Appropriations

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

	2014 Appropriations				Appropriation applied in 2014 (current and prior years)	Variance
	Appropriation Act		*FMA Act*	Total appropriation		
	Annual Appropriation	Appropriations reduced [(a)]	Section 31			
	$'000	$'000	$'000	$'000	$'000	$'000
Departmental						
Ordinary annual services	**38,233**	**(1,595)**	**972**	**37,610**	**36,720**	**890**
Total departmental	**38,233**	**(1,595)**	**972**	**37,610**	**36,720**	**890**

Notes:

(a) Appropriations reduced under Appropriation Acts (No.1,3,5) 2013-14: sections 10, 11, and 12 and under Appropriation Acts (No.2,4,6) 2013-14: sections 12,13, and 14.

(b) Departmental appropriations do not lapse at financial year-end. Appropriations totalling $561,156 have been quarantined by the Department of Finance, but are not recognised as a formal reduction under Finance Ministers Orders section 101.6, and on this basis have not been reflected in the Statement of Comprehensive Income (Note 4C), in the Statement of Financial Position (Note 6B), in the table above, or in Table C.

(c) The Departmental appropriation in Table A is inclusive of the Departmental Capital Budget appropriation in Table B.

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

	2013 Appropriations				Appropriation applied in 2013 (current and prior years)	Variance
	Appropriation Act		*FMA Act*	Total appropriation		
	Annual Appropriation	Appropriations reduced [(a)]	Section 31			
	$'000	$'000	$'000	$'000	$'000	$'000
Departmental						
Ordinary annual services	37,881	–	1,927	39,808	36,375	3,433
Total departmental	37,881	–	1,927	39,808	36,375	3,433

Notes:

(a) Appropriations reduced under Appropriation Acts (No.1,3,5) 2012-13: sections 10, 11, and 12 and under Appropriation Acts (No.2,4,6) 2012-13: sections 12,13, and 14. Departmental appropriations do not lapse at financial year-end. A reduction in the Commission's appropriation of $172,000 was included in a cross portfolio measure in the *Mid-Year Economic Fiscal Outlook 2012-13* and also included in the comparative figures in Appropriation Act No.1 2012-13. As the Finance Minister's determination effecting the reduction was not signed until on 5 August 2013 and took legal effect on 13 August 2013, the reduction is not reflected in the table above or in Table C below.

(b) The Departmental appropriation in Table A is inclusive of the Departmental Capital Budget appropriation in Table B.

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

	2014 Capital Budget Appropriations		Capital Budget Appropriations applied in 2014 (current and prior years)		Variance
	Appropriation Act	**Total Capital Budget Appropriations**	**Payments for non-financial assets** [2]	**Total payments**	
	Annual Capital Budget				
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Departmental					
Ordinary annual services					
Capital Budget [1]	**279**	**279**	**87**	**87**	**192**

Notes:

1. Departmental 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. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

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

	2013 Capital Budget Appropriations		Capital Budget Appropriations applied in 2013 (current and prior years)		Variance
	Appropriation Act	Total Capital Budget Appropriations	Payments for non-financial assets [2]	Total payments	
	Annual Capital Budget				
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services					
Capital Budget [1]	280	280	405	405	(125)

Notes:

1. Departmental 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. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Table C: Unspent Departmental Annual appropriations ('Recoverable GST exclusive')

Authority	**2014** **$'000**	2013 $'000
Appropriation Act (No.1) 2010-11	**-**	336
Appropriation Act (No.1) 2011-12	**-**	99
Appropriation Act (No.1) 2012-13	**280**	23,308
Appropriation Act (No.1) 2013-14	**24,181**	-
Total as at 30 June	**24,461**	23,743

Note 17: Compensation and Debt Relief

	2014 ***$***	*2013* *$*
Departmental		
No 'Act of Grace' expenses 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 APS employment pursuant to section 73 of the *Public Service Act 1999* (PS Act) during the reporting period. (2013: No payments)	**–**	–

Note 18: Reporting of Outcomes

Note 18A: Net Cost of Outcome Delivery

	Outcome 1	
	2014	*2013*
	$'000	$'000
Departmental		
Expenses	**37,299**	37,381
Own-source income	**935**	1,111
Net cost of outcome delivery	**36,364**	36,270

Note 19: Net Cash Appropriation Arrangements

	2014	*2013*
	$'000	$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations [1]	**1,066**	2,746
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(1,071)**	(970)
Total comprehensive income – as per the Statement of Comprehensive Income	**(5)**	1,776

[1] From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expense 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.