

Financial Statements

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

Financial Statements
for the period ended 30 June 2007

| Table of Contents | <i>Page</i> |
|--|-------------|
| Independent Audit Report | 179 |
| Statement by the Chief Executive and Chief Finance Officer | 181 |
| Income Statement | 182 |
| Balance Sheet | 183 |
| Statement of Changes in Equity | 184 |
| Cash Flow Statement | 185 |
| Schedule of Commitments | 186 |
| Schedule of Contingencies | 187 |
| Notes to and forming part of the financial statements: | |
| Note 1: Summary of Significant Accounting Policies | 188 |
| Note 2: Events after the Balance Sheet Date | 195 |
| Note 3: Income | 196 |
| Note 4: Expenses | 196 |
| Note 5: Financial Assets | 197 |
| Note 6: Non-Financial Assets | 198 |
| Note 7: Payables | 201 |
| Note 8: Non Interest Bearing Liabilities | 202 |
| Note 9: Provisions | 202 |
| Note 10: Cash Flow Reconciliation | 203 |
| Note 11: Contingent Liabilities and Assets | 204 |
| Note 12: Executive Remuneration | 204 |
| Note 13: Remuneration of Auditors | 204 |
| Note 14: Average Staffing Levels | 204 |
| Note 15: Financial Instruments | 205 |
| Note 16: Appropriations | 207 |
| Note 17: Special Accounts | 208 |
| Note 18: Reporting of Outcomes | 209 |



INDEPENDENT AUDITOR'S REPORT

To the Attorney-General

Matters relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements published on the website of the Human Rights and Equal Opportunity Commission for the year ended 30 June 2007. The Commission's Chief executive is responsible for the integrity of the web site.

This auditor's report refers only to the primary statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Human Rights and Equal Opportunity Commission's annual report.

Scope

We have audited the accompanying financial statements of the Human Rights and Equal Opportunity Commission for the year ended 30 June 2007. The financial statements comprise: a statement by the Chief Executive and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments and contingencies; a summary of significant accounting policies, and other explanatory notes.

The Responsibility of the Chief Executive for the Financial Statements

The Commission's Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Australian Accounting Standards (including Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on our audit. Our audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These Auditing Standards require that we comply with

relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 Human Rights and Equal Opportunity Commission's preparation and fair presentation of the financial statements in designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Human Rights and Equal Opportunity Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission's Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's Opinion

In my opinion, the financial statements of the Human Rights and Equal Opportunity Commission;

- (a) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Australian Accounting Standards (including Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Human Rights and Equal Opportunity Commission's financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
21 August 2007

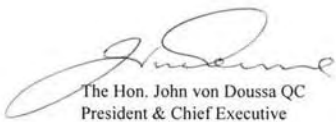
HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

Financial Statements

for the year ended 30 June 2007

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2007 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Ministers Orders made under the *Financial Management and Accountability Act 1997*, as amended.



The Hon. John von Doussa QC
President & Chief Executive

21 August 2007



Susan Roberts
Chief Finance Officer

21 August 2007

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

INCOME STATEMENT
for the period ended 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|---|-------|----------------|----------------|
| INCOME | | | |
| Revenue | | | |
| Revenue from Government | 3A | 14,820 | 12,702 |
| Sale of goods and rendering of services | 3B | 4,327 | 3,805 |
| Other revenue | 3C | 93 | 86 |
| Total revenue | | <u>19,240</u> | <u>16,593</u> |
| TOTAL INCOME | | <u>19,240</u> | <u>16,593</u> |
| EXPENSES | | | |
| Employee benefits | 4A | 9,488 | 7,829 |
| Suppliers | 4B | 8,513 | 6,901 |
| Depreciation and amortisation | 4C | 458 | 370 |
| Finance costs | 4D | 15 | 15 |
| Write-down and impairment of assets | 4E | 71 | 52 |
| Losses from asset sales | 4F | - | 3 |
| TOTAL EXPENSES | | <u>18,545</u> | <u>15,170</u> |
| Surplus | | <u>695</u> | <u>1,423</u> |

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

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

BALANCE SHEET

as at 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 5A | 1,282 | 914 |
| Trade and other receivables | 5B | 5,860 | 4,267 |
| Total financial assets | | 7,142 | 5,181 |
| Non-Financial Assets | | | |
| Infrastructure, plant and equipment | 6A | 2,362 | 2,307 |
| Intangibles | 6B | 9 | 11 |
| Other non-financial assets | 6C | 365 | 407 |
| Total non-financial assets | | 2,736 | 2,725 |
| TOTAL ASSETS | | 9,878 | 7,906 |
| LIABILITIES | | | |
| Payables | | | |
| Suppliers | 7A | 241 | 525 |
| Other payables | 7B | 424 | 133 |
| Total payables | | 665 | 658 |
| Non-Interest Bearing Liabilities | | | |
| Lease incentives | 8A | 194 | 243 |
| Total non-interest bearing liabilities | | 194 | 243 |
| Provisions | | | |
| Employee provisions | 9A | 1,878 | 1,736 |
| Other provisions | 9B | 2,722 | 1,582 |
| Total provisions | | 4,600 | 3,318 |
| TOTAL LIABILITIES | | 5,459 | 4,219 |
| NET ASSETS | | 4,420 | 3,687 |
| EQUITY | | | |
| Contributed equity | | 1,231 | 1,099 |
| Reserves | | 1,763 | 1,779 |
| Retained surplus | | 1,426 | 809 |
| TOTAL EQUITY | | 4,420 | 3,687 |
| Current Assets | | 7,295 | 5,588 |
| Non-Current Assets | | 2,583 | 2,318 |
| Current Liabilities | | 3,856 | 3,464 |
| Non-Current Liabilities | | 1,603 | 755 |

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

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2007

| | Retained Earnings | | Asset Revaluation Reserve | | Contributed Equity/Capital | | Total Equity | |
|--|-------------------|----------------|---------------------------|----------------|----------------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Opening balance | 809 | (614) | 1,779 | 1,894 | 1,099 | 1,099 | 3,687 | 2,379 |
| Balance carried forward from previous period | (14) | - | - | - | - | - | (14) | - |
| Adjustment for errors | (64) | - | - | - | - | - | (64) | - |
| Adjustment for changes in accounting policies | 731 | (614) | 1,779 | 1,894 | 1,099 | 1,099 | 3,609 | 2,379 |
| Adjusted opening balance | | | | | | | | |
| Income and expense | | | | | | | | |
| Revaluations recognised Directly in Equity (each item) | - | - | (16) | (115) | - | - | (16) | (115) |
| Sub-total income and expenses recognised Directly in Equity | 695 | 1,423 | (16) | (115) | - | - | (16) | (115) |
| Surplus for the period | 695 | 1,423 | (16) | (115) | - | - | 679 | 1,308 |
| Total income and expense | | | | | | | | |
| Appropriation (equity injection) | - | - | - | - | 132 | - | 132 | - |
| Sub-total transactions with owners | 1,426 | 809 | 1,763 | 1,779 | 1,231 | 1,099 | 4,420 | 3,687 |
| Closing balance at 30 June | 1,426 | 809 | 1,763 | 1,779 | 1,231 | 1,099 | 4,420 | 3,687 |
| Closing balance attributable to the Australian Government | | | | | | | | |

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

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

CASH FLOW STATEMENT
for the period ended 30 June 2007

| | 2007 | 2006 |
|--|-----------------|-----------------|
| Notes | \$'000 | \$'000 |
| OPERATING ACTIVITIES | | |
| Cash received | | |
| Goods and services | 5,780 | 3,995 |
| Appropriations | 14,820 | 12,702 |
| Net GST received | 136 | 133 |
| Total cash received | <u>20,736</u> | <u>16,830</u> |
| Cash used | | |
| Employees | (9,346) | (8,213) |
| Suppliers | (7,842) | (6,315) |
| Total cash used | <u>(17,188)</u> | <u>(14,528)</u> |
| Net cash from Operating Activities | 10 <u>3,548</u> | <u>2,302</u> |
| INVESTING ACTIVITIES | | |
| Cash used | | |
| Purchase of property, plant and equipment | (562) | (366) |
| Intangibles | - | (11) |
| Total cash used | <u>(562)</u> | <u>(377)</u> |
| Net cash used by investing activities | <u>(562)</u> | <u>(377)</u> |
| FINANCING ACTIVITIES | | |
| Cash received | | |
| Appropriations - contributed equity | 132 | - |
| Total cash received | <u>132</u> | <u>-</u> |
| Cash used | | |
| Other cash used | (2,750) | (3,000) |
| Total cash used | <u>(2,750)</u> | <u>(3,000)</u> |
| Net cash used by financing activities | <u>(2,618)</u> | <u>(3,000)</u> |
| Net increase or (decrease) in cash held | <u>368</u> | <u>(1,075)</u> |
| Cash at the beginning of the reporting period | 914 | 1,989 |
| Cash at the end of the reporting period | 5A <u>1,282</u> | <u>914</u> |

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

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

SCHEDULE OF COMMITMENTS
as at 30 June 2007

| | 2007 | 2006 |
|--|---------------------|---------------------|
| | \$'000 | \$'000 |
| BY TYPE | | |
| Commitments receivable | | |
| Sublease rental income | (2,866) | (3,609) |
| Other commitments receivable | (4,287) | (2,405) |
| Total commitments receivable | <u>(7,153)</u> | <u>(6,014)</u> |
| Commitments payable | | |
| Capital commitments | | |
| Infrastructure, plant and equipment ¹ | 101 | - |
| Total capital commitments | <u>101</u> | <u>-</u> |
| Other commitments | | |
| Operating leases ² | 9,508 | 11,698 |
| Other commitments payable ² | 249 | 396 |
| Total other commitments | <u>9,757</u> | <u>12,094</u> |
| Net commitments by type | <u><u>2,705</u></u> | <u><u>6,080</u></u> |
| BY MATURITY | | |
| Commitments receivable | | |
| Sublease rental income | | |
| one year or less | (690) | (438) |
| from one to five years | (2,176) | (3,532) |
| Total sublease rental income | <u>(2,866)</u> | <u>(3,970)</u> |
| Other commitments receivable | | |
| one year or less | (1,171) | (1,148) |
| from one to five years | (3,116) | (890) |
| over five years | - | (5) |
| Total other commitments receivable | <u>(4,287)</u> | <u>(2,043)</u> |
| Commitments payable | | |
| Capital commitments | | |
| one year or less | 101 | - |
| Total capital commitments | <u>101</u> | <u>-</u> |
| Operating lease commitments | | |
| one year or less | 2,347 | 2,354 |
| from one to five years | 7,161 | 9,285 |
| over five years | - | 59 |
| Total operating lease commitments | <u>9,508</u> | <u>11,698</u> |
| Other commitments | | |
| one year or less | 183 | 396 |
| from one to five years | 66 | - |
| Total other commitments | <u>249</u> | <u>396</u> |
| Net Commitments by maturity | <u><u>2,705</u></u> | <u><u>6,081</u></u> |

Note: Commitments are GST inclusive where relevant.

1. Outstanding payments for leasehold improvements.
2. Operating leases included are effectively non-cancellable and comprise:

| Nature of leases/General description |
|--|
| Leases for office accommodation Lease payments are subject to fixed annual rental increases. The initial periods of office accommodation are still current and there are no options in the lease agreement to renew. |
| Agreements for the provision of motor vehicles to senior executive officers No contingent rentals exist and there are no renewal or purchase options available to the Commission. |
| Lease agreement in relation to the provision of desktop computer equipment and printers The lessor provides all desktop computer equipment and software. The lease agreement allows for variations to the duration of the rental period and to the equipment being provided. |
| Other commitments Consists of agreements with other entities for the provision of goods and services, outgoing and agreements equally proportionately unperformed. |

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

HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION

SCHEDULE OF CONTINGENCIES

as at 30 June 2007

| | 2007 S'000 | 2006 S'000 |
|--|---------------|---------------|
| Contingent assets | - | - |
| Contingent liabilities | - | - |
| <i>Net contingent assets/(liabilities)</i> | <u>-</u> | <u>-</u> |

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified, are disclosed in Note 10: Contingent Liabilities and Assets.

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

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Human Rights and Equal Opportunity Commission

The Human Rights and Equal Opportunity Commission (the Commission) is an Australian Public Service organisation. The objective of the Commission is to ensure that Australians have access to independent human rights complaint handling and public inquiries processes and benefit from human rights education, promotion, monitoring and compliance activities.

The Commission is structured to meet the following outcome:

"An Australian society in which the human rights of all are respected, protected and promoted."

Commission activities contributing toward these outcomes are all classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right.

Departmental activities are identified under one output:

"Australians have access to independent human rights complaint handling and public inquiries processes and benefit from human rights education, promotion and monitoring and compliance activities."

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

1.2 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by clause 1(b) of Schedule 1 to the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:

- ↳ Finance Minister's Orders (FMOs) reporting periods ending on or after 1 July 2006; and
- ↳ Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

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

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

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 and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 11).

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

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

1.3 Significant Accounting Judgements and Estimates

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

1.4 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Commission is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period.

The Commission is required to disclose Australian Accounting Standards and Interpretations which have been issued but are not yet effective that have not been early adopted by the Commission. The following adopted requirements have resulted in a change to the Commission's accounting policies or have affected the amounts reported in the current or prior periods or are estimated to have a financial affect in future reporting periods.

Restriction of the fair value option under AASB 139

The AASB through 2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038] restricted the option to designate a financial asset or liability at fair value through profit and loss.

The change was introduced with effect from the beginning of the comparative reporting period (1 July 2005). The Commission designates all financial assets and liabilities at their nominal value and the amendment has had no affect on the Commission's financial statements.

Reimbursement rights

The AASB through 2005-5 Amendments to Australian Accounting Standards [AASB 1 & AASB 139] excluded from the scope of AASB 139 *Financial Instruments: Recognition and Measurement* rights for reimbursement for expenditure required to settle a present or former provision recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The right to reimbursement is now required to be accounted for under AASB 137.

The application of this amendment is applied from the beginning of the comparative period (1 July 2005). The Commission does not have any reimbursement rights and therefore this amendment has had no impact on the Commission's financial statements.

Financial guarantee contracts

The AASB through 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132] now require financial guarantee contracts to be recognised and measured at inception under AASB 139 *Financial Instruments: Recognition and Measurement*. Initially these items are measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the initial amount recognised less, when appropriate, cumulative amortisation recognised in accordance with AASB 118 *Revenue*.

The Commission does not have any financial guarantee contracts and therefore this amendment has no affect on the Commission's financial statements.

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Commission.

Amendments:

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations:

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Commission.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, 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.

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

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.

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.

Resources received free of charge are recorded as either revenue or gains depending on their nature ie whether they have been generated in the course of the ordinary activities of the Commission.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- ↳ the risks and rewards of ownership have been transferred to the buyer;
- ↳ the seller retains no managerial involvement nor effective control over the goods;
- ↳ the revenue and transaction costs incurred can be reliably measured; and
- ↳ it is probable that the economic benefits associated with the transaction will flow to the 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:

- ↳ The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- ↳ The probable economic benefits 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 provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

1.6 Gains

Other 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.

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).

Resources received free of charge are recorded as either revenue or gains depending on their nature ie. whether they have been generated in the course of the ordinary activities of the Commission.

Sale of Assets

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

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

**Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements**

for the period ended 30 June 2007

Restructuring of Administrative Arrangements

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

Other distributions to owners

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

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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, 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 in accordance with applicable FMOs issued by the Department of Finance and Administration as at 30 June 2007. The estimate of the present value of the liability takes into account attrition rates and pay increases prescribed by the Commission's Certified Agreement.

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.

Superannuation

Staff of 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.

The Commission makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Commission's employees. The Commission accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

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 non-current 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 a non-current 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 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.11 Financial Risk Management

The Commission's activities expose it to normal commercial financial risk. As a result of the nature of the Commission's business and internal and Australian Government policies, dealing with the management of financial risk, the Commission's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.12 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another Entity. In the case of a transfer to another Entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

1.13 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

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

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

**Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements**

for the period ended 30 June 2007

1.14 Supplier and other payables

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

1.15 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet 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 existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.16 Acquisition of Assets

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

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

1.17 Infrastructure, Plant and Equipment

Asset Recognition Threshold

Purchases of infrastructure, 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 'makegood' provisions in property leases taken up by the Commission where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Commission's leasehold improvements with a corresponding provision for the 'make good' taken up.

Revaluations

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

| Asset | Fair value measured at: |
|-------------------------------|--------------------------------|
| Computer, plant and equipment | Market selling price |
| Leasehold improvements | Depreciated replacement cost |

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

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

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

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 and amortisation

Depreciable infrastructure, 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 and amortisation 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 and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

| | <u>2007</u> | <u>2006</u> |
|-------------------------------|----------------------|---------------|
| Leasehold improvements | Lease term | Lease term |
| Computer, plant and equipment | 4 to 10 years | 4 to 10 years |

Impairment

All assets were assessed for impairment at 30 June 2007. 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.

1.18 Intangibles

The Commission's intangibles comprise:

- ↳ internally developed software for internal use; and
- ↳ internally customised software for internal use.

These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Commission's software are 2 to 5 years (2006: 2 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2007.

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

Note 2: Events after the Balance Sheet Date

The Commission is not aware of any significant events that have occurred since balance date which warrant disclosure in these financial statements.

**Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements**

for the period ended 30 June 2007

Note 3: Income

| | 2007 | 2006 |
|--|--------|--------|
| | \$'000 | \$'000 |

Revenue

Note 3A: Revenue from Government

Appropriation:

| | | |
|--------------------------------------|---------------|---------------|
| Departmental outputs | 14,820 | 12,702 |
| Total revenue from Government | 14,820 | 12,702 |

Note 3B: Sale of goods and rendering of services

| | | |
|--|--------------|--------------|
| Provision of goods - related entities | 1 | 2 |
| Provision of goods - external entities | 11 | 16 |
| Total sale of goods | 12 | 18 |
| Rendering of services - related entities | 4,085 | 3,528 |
| Rendering of services - external entities | 230 | 259 |
| Total rendering of services | 4,315 | 3,787 |
| Total sale of goods and rendering of services | 4,327 | 3,805 |

Note 3C: Other revenue

| | | |
|-----------------------------------|-----------|-----------|
| Deferred revenue | 48 | 44 |
| Resources received free of charge | 45 | 42 |
| Total other revenue | 93 | 86 |

Note 4: Expenses

| | 2007 | 2006 |
|--|--------|--------|
| | \$'000 | \$'000 |

Note 4A: Employee benefits

| | | |
|--------------------------------|--------------|--------------|
| Wages and salaries | 7,234 | 6,250 |
| Superannuation | 1,113 | 1,128 |
| Leave and other entitlements | 800 | 392 |
| Separation and redundancies | 284 | - |
| Other employee expenses | 57 | 59 |
| Total employee benefits | 9,488 | 7,829 |

Note 4B: Suppliers

| | | |
|---|--------------|--------------|
| Provision of goods – related entities | 7 | 11 |
| Provision of goods – external entities | 846 | 757 |
| Rendering of services – related entities | 883 | 1,559 |
| Rendering of services – external entities | 4,938 | 2,878 |
| Operating lease rentals: | | |
| Minimum lease payments | 1,806 | 1,662 |
| Workers compensation premiums | 33 | 35 |
| Total supplier expenses | 8,513 | 6,902 |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 4: Expenses (continued)

| | 2007 | 2006 |
|---|------------|------------|
| | \$'000 | \$'000 |
| Note 4C: Depreciation and amortisation | | |
| Depreciation: | | |
| Infrastructure, plant & equipment | | |
| Computer, plant & equipment | 230 | 143 |
| Total depreciation | 230 | 143 |
| Amortisation: | | |
| Infrastructure, plant & equipment | | |
| Leasehold improvements | 190 | 189 |
| Deferred costs - Make Good | 36 | 36 |
| | 226 | 225 |
| Intangibles: | | |
| Computer software | 2 | 2 |
| Total amortisation | 228 | 227 |
| Total depreciation and amortisation | 458 | 370 |

Depreciation and amortisation expenses are \$178,114 lower (2006: \$188,595 lower) than they would have been as a result of the independent asset revaluation decrement.

Note 4D: Finance costs

| | | |
|---|-----------|-----------|
| Unwinding of discounted cashflows for Make Good provision | 15 | 15 |
| Total finance costs | 15 | 15 |

Note 4E: Write-down and impairment of assets

| | | |
|---|-----------|-----------|
| Financial assets | | |
| Bad debts expense | - | 1 |
| Non-financial assets | | |
| Infrastructure, plant and equipment - written off | 10 | - |
| Infrastructure, plant and equipment - revaluation decrement | 61 | 51 |
| Total write-down and impairment of assets | 71 | 52 |

Note 4F: Losses from assets sales

| | | |
|---------------------------------------|----------|----------|
| Infrastructure, plant and equipment | | |
| Proceeds from sale | - | - |
| Carrying value of assets sold | - | 3 |
| Selling expense | - | - |
| Total losses from assets sales | - | 3 |

Note 5: Financial Assets

| | 2007 | 2006 |
|---|--------------|------------|
| | \$'000 | \$'000 |
| Note 5A: Cash and cash equivalents | | |
| Cash on hand or on deposit | 1,282 | 914 |
| Total cash and cash equivalents | 1,282 | 914 |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 5: Financial Assets (continued)

| | 2007 | 2006 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Note 5B: Trade and other receivables | | |
| Goods and services | 63 | 1,237 |
| Appropriations receivable: | | |
| for existing outputs | 5,750 | 3,000 |
| Total appropriations receivable | 5,813 | 4,237 |
| GST receivable from the Australian Taxation Office | 47 | 30 |
| Total trade and other receivables (gross) | 5,860 | 4,267 |
| Less Allowance for doubtful debts: | | |
| Goods and services | - | - |
| Total trade and other receivables (net) | 5,860 | 4,267 |
| Receivables are aged as follows: | | |
| Not overdue | 5,849 | 3,146 |
| Overdue by: | | |
| Less than 30 days | - | 1,118 |
| 30 to 60 days | 9 | 3 |
| 61 to 90 days | - | - |
| More than 90 days | 2 | - |
| Total receivables (gross) | 5,860 | 4,267 |
| The allowance for doubtful debts is aged as follows: | | |
| Not overdue | - | - |
| Overdue by: | | |
| Less than 30 days | - | - |
| 30 to 60 days | - | - |
| 61 to 90 days | - | - |
| More than 90 days | - | - |
| Total allowance for doubtful debts | - | - |

All trade and other receivable assets are current.

All receivables are with entities external to the Commission. Credit terms for all receivables are 30 days. (2006: 30 days)

Note 6: Non-Financial Assets

Note 6A: Infrastructure, plant and equipment

| | | |
|--|--------------|--------------|
| Computer, plant and equipment | | |
| - at fair value | 599 | 528 |
| - accumulated depreciation | - | - |
| Total Computer, plant and equipment | 599 | 528 |
| Leasehold improvements | | |
| - fair value | 1,763 | 1,779 |
| - accumulated amortisation | - | - |
| Total Leasehold improvements | 1,763 | 1,779 |
| Total infrastructure, plant and equipment (non-current) | 2,362 | 2,307 |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 6: Non-Financial Assets (continued)

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. In 2006-07, an independent valuer (AON Valuation Services) conducted the revaluations.

A revaluation decrement of \$15,900 for leasehold improvements (2006: decrement of \$114,780) has been credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; a revaluation decrement of \$60,592 for computer, plant and equipment has been expensed (2006: \$50,641 expensed).

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

| | 2007 | 2006 |
|--|----------|-----------|
| | \$'000 | \$'000 |
| Note 6B: Intangibles | | |
| Computer software at cost: | | |
| Internally developed – in use | 410 | 410 |
| Internally customised – in use | 11 | 11 |
| Accumulated amortisation | (412) | (410) |
| Total intangibles (non-current) | 9 | 11 |

No indicators of impairment were found for intangible assets.

Note 6C: Other non-financial assets

| | | |
|---|------------|------------|
| Prepayments | 153 | 235 |
| Other: | | |
| Deferred costs - | | |
| Make Good | 388 | 268 |
| Accumulated amortisation - Make Good | (176) | (96) |
| Total other non-financial assets | 365 | 407 |

Other non-financial assets are represented by:

| | | |
|---|------------|------------|
| Current | 153 | 235 |
| Non-current | 212 | 172 |
| Total other non-financial assets | 365 | 407 |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 6: Non-Financial Assets (continued)

Note 6D: Analysis of infrastructure, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2006-07)

| Item | Infrastructure, plant & equipment | | |
|--|---|-------------------------------------|-----------------|
| | Computer, plant & equipment \$'000 | Leasehold improvements \$'000 | Total \$'000 |
| As at 1 July 2006 | | | |
| Gross book value | 528 | 1,779 | 2,307 |
| Accumulated depreciation/amortisation and impairment | - | - | - |
| Net book value 1 July 2006 | 528 | 1,779 | 2,307 |
| Additions: | | | |
| by purchase | 372 | 190 | 562 |
| Net revaluation decrement recognised through equity | - | (16) | (16) |
| Depreciation/amortisation expense | (230) | (190) | (420) |
| Net revaluation decrement recognised in the operating result | (61) | - | (61) |
| Disposals: | | | |
| Other disposals | (10) | - | (10) |
| Net book value 30 June 2007 | 599 | 1,763 | 2,362 |
| Net book value as of 30 June 2007 represented by: | | | |
| Gross book value | 599 | 1,763 | 2,362 |
| Accumulated depreciation/amortisation and impairment | - | - | - |
| | 599 | 1,763 | 2,362 |

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2005-06)

| Item | Infrastructure, plant & equipment | | |
|--|---|-------------------------------------|-----------------|
| | Computer, plant & equipment \$'000 | Leasehold improvements \$'000 | Total \$'000 |
| As at 1 July 2005 | | | |
| Gross book value | 387 | 2,055 | 2,442 |
| Accumulated depreciation/amortisation and impairment | - | - | - |
| Net book value 1 July 2005 | 387 | 2,055 | 2,442 |
| Additions: | | | |
| by purchase | 339 | 27 | 366 |
| Net revaluation decrement recognised through equity | - | (114) | (114) |
| Depreciation/amortisation expense | (143) | (189) | (332) |
| Net revaluation decrement recognised in the operating result | (51) | - | (51) |
| Disposals: | | | |
| Other disposals | (4) | - | (4) |
| Net book value 30 June 2006 | 528 | 1,779 | 2,307 |
| Net book value as of 30 June 2006 represented by: | | | |
| Gross book value | 528 | 1,779 | 2,307 |
| Accumulated depreciation/amortisation and impairment | - | - | - |
| | 528 | 1,779 | 2,307 |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 6: Non-Financial Assets (continued)

Note 6E: Intangibles

Table B: Reconciliation of the opening and closing balances of intangibles (2006-07)

| Item | Intangibles | |
|--|-----------------------------|-----------------|
| | Computer software \$'000 | Total \$'000 |
| As at 1 July 2006 | | |
| Gross book value | 421 | 421 |
| Accumulated depreciation/amortisation and impairment | (410) | (410) |
| Net book value 1 July 2006 | 11 | 11 |
| Additions | - | - |
| Amortisation | (2) | (2) |
| Net book value 30 June 2007 | 9 | 9 |
| Net book value as of 30 June 2007 represented by: | | |
| Gross book value | 421 | 421 |
| Accumulated depreciation/amortisation and impairment | (412) | (412) |
| | 9 | 9 |

Table B: Reconciliation of the opening and closing balances of intangibles (2005-06)

| Item | Intangibles | |
|--|-----------------------------|-----------------|
| | Computer software \$'000 | Total \$'000 |
| As at 1 July 2005 | | |
| Gross book value | 410 | 410 |
| Accumulated amortisation and impairment | (408) | (408) |
| Net book value 1 July 2005 | 2 | 2 |
| Additions: | | |
| by purchase | 11 | 11 |
| Amortisation | (2) | (2) |
| Net book value 30 June 2006 | 11 | 11 |
| Net book value as of 30 June 2006 represented by: | | |
| Gross book value | 421 | 421 |
| Accumulated depreciation/amortisation and impairment | (410) | (410) |
| | 11 | 11 |

Note 7: Payables

| | 2007 \$'000 | 2006 \$'000 |
|--------------------------------|----------------|----------------|
| Note 7A: Suppliers | | |
| Trade creditors | 241 | 525 |
| Total supplier payables | 241 | 525 |

All supplier payables are current liabilities.

Settlement is generally made in accordance with the terms of the supplier invoice.

**Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements**

for the period ended 30 June 2007

Note 7: Payables (continued)

| | 2007 | 2006 |
|--------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Note 7B: Other payables | | |
| Accrued expenses | 424 | 133 |
| Total other payables | <u>424</u> | <u>133</u> |

Other payables are represented by:

| | | |
|---|------------|------------|
| Current | 305 | 133 |
| Non-current | 119 | - |
| Total other non-financial assets | <u>424</u> | <u>133</u> |

All other payables are current liabilities.

Note 8: Non Interest Bearing Liabilities

| | 2007 | 2006 |
|--|------------|------------|
| | \$'000 | \$'000 |
| Note 8A: Other non interest bearing liabilities | | |
| Lease incentives | 194 | 243 |
| Total other non interest bearing liabilities | <u>194</u> | <u>243</u> |

Other non interest bearing liabilities are represented by:

| | | |
|---|------------|------------|
| Current | 49 | 49 |
| Non-current | 145 | 194 |
| Total other non-financial assets | <u>194</u> | <u>243</u> |

Note 9: Provisions

| | 2007 | 2006 |
|-------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Note 9A: Employee provisions | | |
| Salaries and wages | 67 | 84 |
| Leave | 1,766 | 1,656 |
| Superannuation | 10 | (4) |
| Other | 35 | - |
| Total employee provisions | <u>1,878</u> | <u>1,736</u> |

Employee provisions are represented by:

| | | |
|----------------------------------|--------------|--------------|
| Current | 1,541 | 1,482 |
| Non-current | 337 | 254 |
| Total employee provisions | <u>1,878</u> | <u>1,736</u> |

The classification of current includes amounts for which there is not an unconditional right of deferral of one year, hence in the case of employee provisions the above classification does not equal the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in one year \$912,097 (2006: \$472,055), in excess of one year \$966,045 (2006: \$1,264,103).

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 9: Provisions (continued)

| | | |
|------------------------------------|--------------|--------------|
| | 2007 | 2006 |
| | \$'000 | \$'000 |
| Note 9B: Other provisions | | |
| Revenue received in advance | 1,621 | 1,275 |
| Restoration obligations | 462 | 307 |
| Provision for contract obligations | 639 | - |
| Total other provisions | 2,722 | 1,582 |

Other provisions are represented by:

| | | |
|-------------------------------|--------------|--------------|
| Current | 1,720 | 1,275 |
| Non-current | 1,002 | 307 |
| Total other provisions | 2,722 | 1,582 |

| | Revenue received in advance \$'000 | Provision for restoration obligations \$'000 | Provision for contract obligations \$'000 | Total \$'000 |
|------------------------------------|---|---|--|-----------------|
| Carrying amount 1 July 2006 | 1,275 | 307 | - | 1,582 |
| Additional provisions made | 346 | 140 | 639 | 1,125 |
| Amounts used | - | - | - | - |
| Amounts reversed | - | - | - | - |
| Unwinding of discount | - | 15 | - | 15 |
| Closing balance 2007 | 1,621 | 462 | 639 | 2,722 |

The Commission currently has an agreement for the leasing of premises which has a provision requiring the Commission to restore the premises to their original condition at the conclusion of the lease. The Commission has made a provision to reflect the present value of this obligation.

Note 10: Cash Flow Reconciliation

| | | |
|--|--------|--------|
| | 2007 | 2006 |
| | \$'000 | \$'000 |
| Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement | | |
| Report cash and cash equivalents as per: | | |
| Cash Flow Statement | 1,282 | 914 |
| Balance Sheet | 1,282 | 914 |
| Difference | - | - |

Reconciliation of operating result to net cash from operating activities:

| | | |
|---|--------------|--------------|
| Operating result | 695 | 1,423 |
| Depreciation / amortisation | 458 | 370 |
| Finance costs for restoration obligations | 15 | 15 |
| Net write down of non financial assets | 71 | 51 |
| Loss on disposal of assets | - | 3 |
| Adjustment for prior year accounting error | (14) | - |
| (Increase) / decrease in net receivables | 1,156 | (967) |
| (Increase) / decrease in prepayments | 82 | (140) |
| Increase / (decrease) in employee provisions | 142 | (384) |
| Increase / (decrease) in supplier payables | (284) | 330 |
| Increase / (decrease) in accrued expenses | 292 | 133 |
| Increase / (decrease) in other provisions | 984 | 1,201 |
| Increase / (decrease) in work in progress | - | 260 |
| Increase / (decrease) in non interest bearing liabilities | (49) | 8 |
| Net cash from / (used by) operating activities | 3,548 | 2,303 |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 11: Contingent Liabilities and Assets

Unquantifiable Contingencies

At 30 June 2007, the Commission (or officers of the Commission) were named as a respondent in nine applications before the High Court, Federal Court and Administrative Appeals Tribunal.

The Commission is also appearing in one matter as an intervener and Commissioners are appearing in five matters as *amicus curiae*.

It is not possible to estimate the amounts of the eventual payments that may be required in relation to the unresolved claims, though it is not common for costs to be awarded against the Commission (or its officers) in these matters.

Note 12: Executive Remuneration

| | 2007 Number | 2006 Number |
|---|----------------|----------------|
| The number of senior executives who received or were due to receive total remuneration of \$130,000 or more: | | |
| \$130 000 to \$144 999 | 3 | 1 |
| \$145 000 to \$159 999 | 1 | 1 |
| \$160 000 to \$174 999 | 1 | - |
| \$175 000 to \$189 999 | 1 | - |
| \$190 000 to \$204 999 | - | 1 |
| \$230,000 to \$244,999 | 1 | - |
| \$245,000 to \$259,999 | 1 | - |
| \$260,000 to \$274,999 | - | 2 |
| \$305,000 to \$319,999 | 1 | - |
| Total | <u>9</u> | <u>5</u> |
| The aggregate amount of total remuneration of executives shown above: | \$1,702,401 | \$1,007,976 |
| The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above: | \$158,252 | Nil |

Note 13: Remuneration of Auditors

| | 2007 \$'000 | 2006 \$'000 |
|---|----------------|----------------|
| Financial statement audit services are provided free of charge to the Commission. | | |
| The fair value of the services provided was: | | |
| Human Rights and Equal Opportunity Commission | <u>45</u> | <u>42</u> |
| | <u>45</u> | <u>42</u> |
| No other services were provided by the Auditor-General. | | |

Note 14: Average Staffing Levels

| | 2007 | 2006 |
|--|------|------|
| The average staffing level for the Commission during the year was: | 104 | 95 |

Human Rights and Equal Opportunity Commission
 Notes to and forming part of the financial statements
 for the period ended 30 June 2007

Note 15: Financial Instruments

Note 15A: Interest Rate Risk

| Financial Instrument | Note | Floating Interest Rate | | Fixed Interest Rate Maturing In | | | | Non-Interest Bearing | | Total | | Weighted Average Effective Interest Rate | | | |
|--|------|------------------------|----------------|---------------------------------|--------------|-----------|----------------|----------------------|----------------|----------------|----------------|--|--------------|-----------|-----|
| | | 2007 \$'000 | 2006 \$'000 | 1 Year or Less | 1 to 5 Years | > 5 Years | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 % | 2006 % | |
| Financial Assets | | | | | | | | | | | | | | | |
| Cash at bank | 5A | | | | | | | | | 1,282 | 914 | 1,282 | 914 | n/a | n/a |
| Receivables for goods and services (net) | 5B | | | | | | | | | 110 | 1,266 | 110 | 1,266 | n/a | n/a |
| Appropriation receivable | 5B | | | | | | | | | 5,750 | 3,000 | 5,750 | 3,000 | n/a | n/a |
| Total | | | | | | | | | | 7,142 | 5,180 | 7,142 | 5,180 | | |
| Total Assets | | | | | | | | | | | | | | | |
| Financial Liabilities | | | | | | | | | | | | | | | |
| Trade creditors | 7A | | | | | | | | | | | | | | |
| Lease incentives | 8A | | | | | | | | | 194 | 243 | 194 | 243 | n/a | n/a |
| Total | | | | | | | | | | 435 | 768 | 435 | 768 | | |
| Total Liabilities | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | 5,459 | 4,219 | 5,459 | 4,219 | | |

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 15: Financial Instruments (continued)

Note 15B: Fair Values of Financial Assets and Liabilities

| | Notes | 2007 | | 2006 | |
|---|-------|-----------------|---------------------|-----------------|---------------------|
| | | Total \$'000 | Aggregate \$'000 | Total \$'000 | Aggregate \$'000 |
| Departmental | | | | | |
| Financial Assets | | | | | |
| Cash | 5A | 1,282 | 1,282 | 914 | 914 |
| Receivables for goods and services (net) | 5B | 110 | 110 | 1,266 | 1,266 |
| Appropriation receivable | 5B | 5,750 | 5,750 | 3,000 | 3,000 |
| Total Financial Assets | | 7,142 | 7,142 | 5,180 | 5,180 |
| Financial Liabilities (Recognised) | | | | | |
| Trade creditors | 7A | 241 | 241 | 525 | 525 |
| Lease Incentives | 8A | 194 | 194 | 243 | 243 |
| Total Financial Liabilities (Recognised) | | 435 | 435 | 768 | 768 |

Note 15C: Credit Risk Exposures

The Commission's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

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

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

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 16: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and borrowings

| Particulars | Departmental Output | | Total | |
|--|---------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Balance carried from previous period | 3,914 | 1,958 | 3,914 | 1,958 |
| Appropriation Act: | | | | |
| Appropriation Act (No. 1) | 13,725 | 12,093 | 13,725 | 12,093 |
| Appropriation Act (No.3) | 1,095 | 609 | 1,095 | 609 |
| Departmental adjustments by the Finance Minister (Appropriation Acts) | - | - | - | - |
| Comcover receipts (Appropriation Act s13) | - | - | - | - |
| Advance to the Finance Minister | - | - | - | - |
| Reductions: | | | | |
| - prior years | - | - | - | - |
| - current year | - | - | - | - |
| FMA Act: | | | | |
| Refunds credited (FMA s 30) | - | - | - | - |
| Appropriations to take account of recoverable GST (FMA s 30A) | 136 | 133 | 136 | 133 |
| Annotations to 'net appropriations' (FMA s 31) | 5,780 | 3,996 | 5,780 | 3,996 |
| Adjustment of appropriations on change of entity function (FMA s 32) | - | - | - | - |
| Total appropriation available for payments | 24,650 | 18,789 | 24,650 | 18,789 |
| Cash payments made during the year (GST inclusive) | 17,618 | 14,875 | 17,618 | 14,875 |
| Appropriations credited to Special Accounts (excluding GST) | - | - | - | - |
| Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations | 7,012 | 3,914 | 7,032 | 3,914 |
| Represented by: | | | | |
| Cash at bank and on hand | 1,262 | 914 | 1,262 | 914 |
| Departmental appropriations receivable | 5,750 | 3,000 | 5,750 | 3,000 |
| Undrawn, unapplied administered appropriations | - | - | - | - |
| Total | 7,012 | 3,914 | 7,012 | 3,914 |

Departmental and non-operating appropriations do not lapse at financial year end.

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 16: Appropriations (continued)

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

| Particulars | Non – operating | | Total | |
|---|-----------------|----------------|----------------|----------------|
| | Equity | | 2007 \$'000 | 2006 \$'000 |
| | 2007 \$'000 | 2006 \$'000 | | |
| Balance carried from previous period | 20 | 31 | 20 | 31 |
| Appropriation Act: | | | | |
| Appropriation Act (No.2) | 44 | - | 44 | - |
| Appropriation Act (No.4) | 88 | - | 88 | - |
| Departmental Adjustments | - | - | - | - |
| Advance to the Finance Minister | - | - | - | - |
| Reductions: | | | | |
| - prior years | - | - | - | - |
| - current year | - | - | - | - |
| FMA Act: | | | | |
| Refunds credited (FMA s30) | - | - | - | - |
| Appropriations to take account of recoverable GST (FMA s30A) | - | - | - | - |
| Adjustment of appropriations on change of entity function (FMA s32) | - | - | - | - |
| Total appropriations available for payments | 152 | 31 | 152 | 31 |
| Cash payments made during the year (GST inclusive) | 132 | 11 | 132 | 11 |
| Appropriations credited to Special Accounts (GST exclusive) | - | - | - | - |
| Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations | 20 | 20 | 20 | 20 |
| Represented by: | | | | |
| Cash | 20 | 20 | 20 | 20 |
| Total | 20 | 20 | 20 | 20 |

Note 17: Special Accounts

The Commission has an 'Other Trust Monies' and a 'Service for Other Governments and Non Agency Bodies' special accounts. Both accounts were established under Section 20 of the *Financial Management and Accountability Act 1997* (FMA). For the year ended 30 June 2007 both of these accounts had nil opening and closing balances and there were no transactions debited or credited to them in the 2006-07 financial year.

The purpose of the 'Other Trust Monies' special account is for the expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth. Any money held thus is special public money under section 16 of the FMA.

The purpose of the 'Services for Other Governments and Non Agency Bodies' special account is for the expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the FMA.

Human Rights and Equal Opportunity Commission
Notes to and forming part of the financial statements

for the period ended 30 June 2007

Note 18: Reporting of Outcomes

The Commission is structured to meet one outcome. The Commission's outcome and output structure is outlined in Note 1.1 to these financial statements. All resources available to be used by the Commission are directed towards the achievement of this outcome.

Note 18A: Net Cost of Outcome Delivery

| | Outcome 1 | | Total | |
|--|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Expenses | | | | |
| Departmental | 18,545 | 15,170 | 18,545 | 15,170 |
| Total expenses | 18,545 | 15,170 | 18,545 | 15,170 |
| Costs recovered from provision of goods and services to the non government sector | | | | |
| Departmental | 241 | 275 | 241 | 275 |
| Total costs recovered | 241 | 275 | 241 | 275 |
| Other external revenues | | | | |
| Departmental | 4,086 | 3,530 | 4,086 | 3,530 |
| Total other external revenues | 4,086 | 3,530 | 4,086 | 3,530 |
| Net cost/(contribution) of outcome | 14,218 | 11,365 | 14,218 | 11,365 |

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to the Outcome Resourcing Table on page 21 of this Annual Report.

Note 18B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

| Outcome 1 | Output Group 1.1 | | Outcome 1 Total | |
|--|------------------|----------------|-----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Departmental expenses | | | | |
| Employee benefits | 9,488 | 7,829 | 9,488 | 7,829 |
| Suppliers | 8,513 | 6,901 | 8,513 | 6,901 |
| Depreciation and amortisation | 458 | 370 | 458 | 370 |
| Finance costs | 15 | 15 | 15 | 15 |
| Other expenses | 71 | 55 | 71 | 55 |
| Total departmental expenses | 18,545 | 15,170 | 18,545 | 15,170 |
| Funded by: | | | | |
| Revenues from Government | 14,820 | 12,744 | 14,820 | 12,744 |
| Sales of goods and rendering of services | 4,327 | 3,805 | 4,327 | 3,805 |
| Other revenues | 93 | 44 | 93 | 44 |
| Total departmental revenues | 19,240 | 16,593 | 19,240 | 16,593 |

