Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Human Rights and Equal Opportunity Commission

The Commission has one outcome:
"An Australian society in which the human rights of all are respected, protected and promoted".

The Commission's objective 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.

1.2 Basis of accounting

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management* and Accountability (Financial Statements for reporting periods ending on or after 30 June 2004 Orders);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Commission's Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionally unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 13).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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

1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002-03.

Property plant and equipment assets are being revalued progressively as explained in Note 1.12. Revaluations up to 30 June 2002 were done on a ‘deprival’ basis; since that date, revaluations have been done on a fair value basis. Revaluation increments and decrements in each year of transition to fair value that would otherwise be counted for as revenue or expenses are taken directly to accumulated results in accordance with transitional provisions of AASB 1041 *Revaluation of Non-current Assets.*

As a result of the Commission's decision to remain in its current premises, the premises lease has been renewed for a further 8 years. Non current assets previously depreciated over the term of the initial lease (eg Leasehold Improvements) have been revalued on the basis of a renewed 'effective life' corresponding to the new lease term. The impact of this change is shown at Note 1.12 below.

1.4 Revenue

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any savings offered up in Portfolio Additional Estimates Statements) 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.

Resources received free of charge

Services 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 at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

Other revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services 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 judged to be less rather than more likely.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

1.5 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity in that year.

1.6 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 wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to settle within 12 months of the reporting date are also 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 as the present value of the estimated 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 finance briefs issued by the Department of Finance. 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 payments in circumstances where the Commission has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

Superannuation

Staff of the Commission are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation 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 Australian Government 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 liability for superannuation recognised as at 30 June represents outstanding contributions for the 2004 financial year.

1.7 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 benefits incidental to ownership of leased non-current assets. 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 the present value of minimum lease payments at the beginning of the lease term and a liability 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 basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non cancellable lease agreements is expensed in the period in which the space becomes surplus.

The Commission has renewed the premises lease for a further 8 year period, effectively renewing the useful lives of a number of non current assets previously depreciated over the term of the initial lease.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.9 Other Financial Instruments

Trade Creditors
Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.10 Contingent Liabilities and Contingent Assets

Contingent Liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.11 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.

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.

1.12 Property, Plant and Equipment (PPE)

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial position, except for purchases costing less than $1,500, which are expensed in the year of acquisition (other than where they form a part of a group of similar items which are significant in total).

Revaluations

Basis

Property, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis. The deprival value of all assets as at 30 June 2002 was deemed to be their fair value at 1 July 2002. The financial effect of the change is given by the difference between the carrying amounts at 30 June 2002 of these assets and their fair value as at 1 July 2002 and thus there is no financial effect arising from the adoption of fair value.

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2004, the Commission had no assets in this situation.

Frequency

Property, plant and equipment are all revalued annually on a Fair Value basis.

The Revaluation conducted as at 1 July 2003 also needed to consider the renewal of the Commission's premises lease for a further 8 years and the resulting impact on useful lives of leasehold improvements previously depreciated over the term of the initial premises lease. This resulted in an increase in value of $2,158,654 for leasehold improvements, which was allocated to the Asset revaluation Reserve.

A further revaluation as at 30 June 2004 was conducted to standardise the practice, and to report fair value as at the reporting date. The final position of the combined revaluations is displayed at Note 7A below.

Conduct

All valuations are conducted by an independent, qualified valuer.

Depreciation and amortisation

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. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	2004	2003
Leasehold improvements	**Lease term ***	Lease term
Plant and equipment	**4 to 10 years**	4 to 10 years

* Note the renewal of this term as at 1 July 2003.

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

Recoverable amount test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard *AAS 10 Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment assets have been written down to recoverable amount per AAS 10. Accordingly, the change in policy has had no financial effect.

1.13 Impairment of Non-Current Assets

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost (those acquired since 1 July 2003 and Intangibles), which are not held to generate net cash inflows, have been assessed for indications of impairment as at 30 June 2004.

Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater.

No assets were found to be impaired at 30 June 2004.

1.14 Intangibles

The Commission's intangibles comprise internally-developed 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 is 2 to 5 years (2002-03: 2 to 5 years).
All software assets were assessed for indications of impairment as at 30 June 2004. No assets were found to be impaired.

1.15 Taxation

The Commission is exempt from all forms of taxation except fringe benefits tax 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.

1.16 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.17 Insurance

The Commission has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.18 Agency and Administered Items

The Commission has no administered items.

Note 2 - Adoption of Australian Equivalents to International Financial Reporting Standards from 2005 - 2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

The purpose of issuing AEIFRSs is to enable Australian entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying fully with the AEIFRSs will be able to make an explicit and unreserved statement of compliance with IFRSs and well as with the Australian Equivalents.
It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including AEIFRSs, in his Orders for the preparation of Agency financial statements for 2005-06 and beyond.
AEIFRSs contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the Commission will only be able to assert compliance with the AEIFRSs.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 Financial Reporting by Government Departments.

Accounting Standard AASB 1047 Disclosing the impact of Adopting Australian Equivalents to IFRSs requires that the financial statements for 2003-04 disclose:

- An explanation of how the transition to the Australian Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

The Commission has developed a plan for the implementation of Australian equivalents of IFRSs. The plan was approved by the Agency's Audit Committee on 7 July 2004. Review of progress against the plan has been made a standing agenda item for Audit Committee meetings.
The Chief Finance Officer is formally responsible for the project and reports regularly to the Audit Committee on progress against the formal plan approved by the Committee.

The Commission has been reviewing AASB Pending Standards as they are placed on the AASB web site. The standards that have been reviewed to date and HREOC's assessment of their impact are contained in the Implementation Plan. Where issues relevant to the Agency are identified an assessment will be made on the need for specialist advice. Where advice indicates the need for an amendment to accounting policy this will be implemented as at 30 June 2004.

Commission accounting policies have been fully reviewed, taking into account Australian equivalents to IFRSs and relevant Finance *Briefs* issued by the Department of Finance. Revised accounting policies to take effect from 1 July 2005, with retrospective restatement of comparative information, have been tentatively endorsed by the Audit Committee. Final endorsement will be sought from the Audit Committee closer to 1 July 2005.

Preparation of an opening balance sheet required by AASB 1 *First Time* Adoption of Australian Equivalents of International Financial Reporting Standards has commenced and is scheduled for completion by 15 September 2004. The reconciliation of equity as at the 1 July 2004 is scheduled to be completed by 30 September.

The Commission's financial management system currently provides regular monthly reports and will continue to do so in FY 2004-05. There is no requirement within HREOC to amend the current financial management information system to enable monthly reports to be produced under both current Australian Accounting Standards and AEIFRSs.
Procedures currently in place will enable the capture of data necessary for reporting under Australian equivalents to IFRSs.

Key financial management staff will be trained in Australian equivalents to IFRSs. All financial management staff will receive training on the changes resulting from the introduction of Australian equivalents to IFRSs over the period October to December 2004.

Expected Key Differences in Accounting Policies

AASB 116 Property Plant and Equipment

In anticipation of the requirement of this standard that property, plant and equipment (PPE) assets be measured at fair value or historical cost, all PPE assets were revalued to fair value on 1 July 2003. An updated valuation will be carried out in July 2004 and these values will constitute the carrying amounts of PPE assets in the opening balance sheet prepared as at 1 July 2004. There will be no requirement for changes to valuation or valuation policy under this AEIFRS.

AASB 1041 Revaluation of Non-Current Assets

Intangible assets are currently measured on a cost basis. These assets have not been revalued since their initial recognition in the Agency's financial statements.
There is no requirement to amend any policy relating to valuations of intangible assets under this standard.

AASB 138 Intangible Assets

HREOC currently holds intangible assets comprising computer software. These assets are carried at cost less accumulated amortisation which is calculated on a straight line basis. The useful life of intangible assets is currently reviewed on a yearly basis to ensure that the current amortisation period remains appropriate. If any changes in the amortisation period are required these will be accounted for in accordance with AASB 108. Intangible assets are currently not subject to revaluation under HREOC accounting policy and in accordance with paragraph 74 of the standard this remains acceptable.

AASB 102 Inventories

Currently HREOC does not value inventories which consist primarily of publications held for distribution free of charge or for sale. The majority are distributed free of charge. The cost of producing publications is currently expensed on occurrence. HREOC accounting policy will be changed to recognise inventories held either for sale or for distribution as an asset and they will be carried at the lower of cost or current replacement cost. When the inventories are distributed free of charge the carrying amount will be expensed in that period. Where inventory is sold the expense of the carrying amount will be recognised in the same period as the sale transaction.
The required disclosures under this standard will be provided in the financial statements for FY 04/05. This will necessitate a stock take and valuation by HREOC of all current publications as at 30 June 2004. This will be carried out in the first three months of FY 04/05.

AASB 107 Cash Flow Statements

This standard widens the definition of cash equivalents from that which was in the previous AAS. HREOC does not routinely hold cash equivalents other than accounts receivable therefore this change will not impact of the financial reporting of the Organisation. The Commission also does not conduct financing activities. Cash received and used by the Commission is primarily for operating activities with a small amount used for investing, primarily in PPE or intangible assets. HREOC currently provides Cash Flow Statements identifying activities as either investing, operating and financing as required by the new standard.

Paragraph 20.2 of the standard requires not for profit entities to provide a reconciliation of cash flows to net cost of services as reported in the income . statement. HREOC already discloses net cost of outcome in the financial statements and will from 30 June 2005 provide a reconciliation between this figure and the cash flow statement. This will not require any change in financial policy or systems but will be an additional requirement to be included in the statements. This information is already provided by the current financial systems. Paragraph 35 requires separate disclosure of cash flows associated with taxes. The Commission already provides separate identification of GST in the cash flow statements and is not liable for other income taxes.

AASB 117 Leases

HREOC currently holds no finance leases. Were the situation to arise where a finance lease was entered into it would be reported in accordance with this standard.

Operating leases within HREOC are currently recognised as an expense on a straight line basis as required by the standard. HREOC currently discloses in its financial statements, future operating lease payments by one, one to five and greater than five years as required by the standard. HREOC has not previously reported the value of non cancellable sub lease future payments as there were none held. At 30 June 2004 there may be a non cancellable sub lease. If applicable, the value of this will be calculated at 30 June 2004 to enable comparison with 30 June 2005 when this standard comes into effect. The value will be identified for one, one to five and greater than 5 years. There are no required changes to accounting policy under this standard.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.
Under the new Australian Equivalent standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

Note 3 - Events occurring after Reporting Date

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

		2004	2003
		$	$
Note 4:	**Operating Revenues**		
Note 4A:	Revenues from Government		
	Appropriations for outputs	**11,936,000**	11,137,000
	Resources received free of charge	**35,000**	35,000
	Total revenues from government	**11,971,000**	11,172,000
Note 4B:	Goods and Services		
	Goods	**95,118**	146,218
	Services	**2,502,435**	2,732,020
	Total sales of goods and services	**2,597,553**	2,878,238
	Provision of goods to:		
	Related entities	**82,643**	27,259
	External entities	**12,475**	118,959
	Total sales of goods	**95,118**	146,218
	Rendering of services to:		
	Related entities	**2,369,606**	1,723,377
	External entities	**132,829**	1,008,643
	Total rendering of services	**2,502,435**	2,732,020
	Cost of goods sold	**95,118**	146,218
Note 4C:	Interest Revenue		
	Interest on deposits	**-**	41,613

		2004 $	2003 $
Note 4D:	Net Gains from Sale of Assets		
	Infrastructure, plant and equipment:		
	Proceeds from disposal	**-**	218
	Net book value of assets disposed	**-**	-5,660
	Write-offs	**-15,481**	-
	Net loss from disposal of infrastructure, plant and equipment	**-15,481**	-5,442
	TOTAL proceeds from disposals	**-**	218
	TOTAL value of assets disposed	**-15,481**	-5,660
	TOTAL net loss from disposal of assets	**-15,481**	-5,442

Note 5: Operating Expenses

		2004 $	2003 $
Note 5A:	Employee Expenses		
	Wages and Salary	**6,289,773**	6,340,570
	Superannuation	**1,012,286**	833,717
	Leave and other benefits	**733,137**	250,178
	Separation & Redundancy	**-**	-
	Other employee expenses	**9,564**	61,917
	Total employee benefits expense	**8,044,760**	7,486,380
	Workers compensation premiums	**39,691**	32,254
	Total employee expenses	**8,084,452**	7,518,635
Note 5B:	Supplier Expenses		
	Goods from related entities	**15,542**	75,794
	Goods from external entities	**398,916**	411,659
	Services from related entities	**488,872**	436,009
	Services from external entities	**3,806,419**	3,213,235
	Operating lease rentals*	**1,002,972**	1,245,742
	Total supplier expenses	**5,712,721**	5,382,439

* These comprise minimum lease payments only

		2004 $	2003 $
Note 5C:	Depreciation and Amortisation		
	(i) Depreciation		
	Other infrastructure, plant and equipment	**687,050**	524,261
	Total Depreciation	**687,050**	524,261
	(ii) Amortisation		
	Intangibles - Computer Software	**44,688**	45,832
	Total depreciation and amortisation	**731,739**	570,093

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable assets are as follows:

	2004 $	2003 $
Leasehold improvements	**413,651**	316,712
Plant and equipment	**273,399**	207,549
Intangibles	**44,689**	45,832
Total depreciation and amortisation	**731,739**	570,093

No depreciation or amortisation was allocated to the carrying amounts of other assets.

		2004 $	2003 $
Note 5D:	Write Down of Assets		
	Financial assets		
	Bad and doubtful debts expense	**97,967**	-
	Non-financial assets		
	Plant and equipment - revaluation decrement	**180,879**	-
	Total write-down of assets	**278,846**	-

Note 6: Financial Assets

		2004 $	2003 $
Note 6A:	Cash		
	Cash on hand:		
	Departmental (other than special accounts)	**2,276,456**	2,500,017
	Total cash	**2,276,456**	2,500,017
Note 6B:	Receivables		
	Goods and services	**438,543**	504,885
	Less: Provision for doubtful debts	**(102,709)**	-
		335,834	504,885
	GST Receivable	**96,765**	49,734
	Appropriations Receivable	**-**	-
	Total receivables (net)	**432,599**	554,619
	Receivables is represented by:		
	Current	**432,599**	554,619
	Non-Current	**-**	-
	Total receivables (net)	**432,599**	554,619

All receivables are with entities external to the Commonwealth. Credit terms are net 30 days (2003: 30 days)

	2004	2003
Receivables (gross) are aged as follows:		
Not overdue	**281,211**	537,223
Overdue by:		
Less than 30 days	**44,568**	4,004
30 to 60 days	**112,764**	-
60 to 90 days	**-**	-
More than 90 days	**-**	13,392
	157,332	17,396
Total receivables (gross)	**438,543**	554,619
The Provision for Doubtful debts is aged as follows:		
Not overdue	**-**	-
Overdue by:		
Less than 30 days	**-**	-
30 to 60 days	**102,709**	-
60 to 90 days	**-**	-
More than 90 days	**-**	-
Total provision for doubtful debts	**102,709**	-

	2004 $	2003 $

Note 7: Non-Financial Assets

Note 7A: Infrastructure, Plant and Equipment

	2004 $	2003 $
Infrastructure, plant and equipment		
- at cost	**-**	245,526
- Accumulated depreciation	**-**	(23,599)
	-	221,927
- at valuation	**354,705**	824,139
- Accumulated depreciation	**-**	(559,074)
	354,705	265,065
Total plant and equipment	**354,705**	486,992
Leasehold improvements		
- at cost	**-**	29,988
- Accumulated amortisation	**-**	(1,694)
	-	28,294
- at valuation	**2,159,800**	3,149,999
- Accumulated amortisation	**-**	(2,860,028)
	2,159,800	289,971
Total leasehold improvements	**2,159,800**	318,265
Total Infrastructure, Plant and equipment	**2,514,505**	805,257

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2003-04, the revaluations were conducted by an independent valuer (AON Valuation Services). A Revaluation increment of $2,255,186 for leasehold improvements (2003: NIL) was made to the asset revaluation reserve; decrements of $49,596 for plant and equipment were applied to the Asset Revaluation and a further decrement of $180,879 was expensed (2003: NIL expensed).

Note 7A: Analysis of Infrastructure, Plant, Equipment and Intangibles

TABLE A: Reconciliation of the opening & closing balances of property, plant & equipment.

Item	Infrastructure, Plant & Equipment	Leasehold Improvements	Total
	$	$	$
As at 1 July 2003			
Gross book value	1,073,472	3,179,987	4,253,459
Accumulated Depreciation/Amortisation	(586,480)	(2,861,722)	(3,448,202)
Net book value	486,992	318,265	805,257
Additions			
by purchase	387,068	-	387,068
Net revaluation increment/(decrement)	(230,475)	2,255,186	2,024,711
Depreciation/amortisation expense	(273,399)	(413,651)	(687,050)
Recoverable amount write-downs	-	-	-
Disposals			-
From disposal of operations	-	-	-
Other disposals	(15,481)	-	(15,481)
As at 30 June 2004			
Gross book value	354,705	2,159,800	2,514,505
Accumulated Depreciation/Amortisation	-	-	-
Net book value	354,705	2,159,800	2,514,505

TABLE B: Assets at valuation

Item	Infrastructure, Plant & Equipment	Leasehold Improvements	Total
	$	$	$
As at 30 June 2004			
Gross Value	354,705	2,159,800	2,514,505
Accumulated Depreciation/Amortisation	-	-	-
Net book value	354,705	2,159,800	2,514,505
As at 30 June 2003			
Gross Value	1,073,472	3,179,987	4,253,459
Accumulated Depreciation/Amortisation	(586,480)	(2,861,722)	(3,448,202)
Net book value	486,992	318,265	805,257

		2004	2003
		$	$
Note 7B:	Intangibles		
	Computer software:		
	Internally developed - in use	**440,782**	409,782
	Accumulated amortisation	**(364,871)**	(320,183)
	Total intangibles	**75,911**	89,599

TABLE A: Reconciliation of the opening & closing balances of intangibles

Item	Computer Software $
As at 1 July 2003	
Gross book value	409,782
Accumulated Depreciation/Amortisation	(320,183)
Net book value	89,599
Additions	
by purchase	31,000
Net revaluation increment/(decrement)	-
Depreciation/amortisation expense	(44,688)
Recoverable amount write-downs	-
Disposals	
Other disposals	-
As at 30 June 2004	
Gross book value	440,782
Accumulated Depreciation/Amortisation	(364,871)
Net book value	75,911

		2004	2003
		$	$
Note 7C:	Other non-financial assets		
	Work in Progress - International Programs	**276,911**	-
	Prepayments	**154,759**	93,328
	Total other non-financial assets	**431,670**	93,328

All other non-financial assets are current assets.

Note 8: Interest Bearing Liabilities

		2004	2003
Note 8A:	Other Interest Bearing Liabilities		
	Lease incentives	**-**	782,706

	2004 $	2003 $

Note 9: Provisions

Note 9A: Employee provisions

	2004 $	2003 $
Salaries and wages	**266,046**	186,024
Leave	**1,961,174**	1,705,136
Separations and Redundancies	**-**	-
Superannuation	**37,377**	33,413
Aggregate employee benefit liability	**2,264,597**	1,924,573
Current	**1,136,634**	955,764
Non-current	**1,127,964**	968,809

Note 10: Payables

Note 10A: Suppliers Payable

	2004 $	2003 $
Trade creditors	**343,307**	256,206
Operating lease rentals	**-**	-
Total supplier payables	**343,307**	256,206
Supplier payables are represented by;		
Current	**343,307**	256,206
Non-current	**-**	-

Note 11: Equity

Note 11A: Analysis of Equity

Item	Accumulated Results		Asset revaluation reserve		Contributed Equity		TOTAL EQUITY	
	2004 $	2003 $	**2004 $**	2003 $	**2004 $**	2003 $	**2004 $**	2003 $
Opening Balance as at 1 July	**23,739**	(591,503)	**49,596**	49,596	**1,006,000**	1,006,000	**1,079,335**	464,093
Net (deficit) surplus	**(254,686)**	615,242	**-**	-	**-**	-	**(254,686)**	615,242
Net revaluation increment	**-**	-	**2,205,590**	-	**-**	-	**2,205,590**	-
Decrease in retained surpluses on application of transitional provisions in accounting standard AASB 1041 *Revaluation of Non-current Assets*	**-**	-	**-**	-	**-**	-	**-**	-
Transactions with owner:							**-**	-
Distributions to owner:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Return on Capital							**-**	-
Capital Use Charge	**-**	-	**-**	-	**-**	-	**-**	-
Contributions by owner: Restructuring	**-**	-	-	-	**-**	-	**-**	-
Equity injection	**-**	**-**	**-**	**-**	**93,000**	-	**93,000**	-
Restructuring transfers	**-**	-	-	-	**-**	-	**-**	-
Closing Balance as at 30 June	**(230,947)**	23,739	**2,255,186**	49,596	**1,099,000**	1,006,000	**3,123,238**	1,079,335
Total equity attributable to the Commonwealt	**(230,947)**	23,739	**2,255,186**	49,596	**1,099,000**	1,006,000	**3,123,238**	1,079,335

Note 12: Cash Flow Reconciliation

	2004 $	2003 $
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	**2,276,456**	2,500,017
Statement of Financial Position items comprising above cash: 'Financial Asset -Cash'	**2,276,456**	2,500,017

	2004	2003
	$	$
Reconciliation of net surplus to net cash from operating activities:		
Net surplus (deficit)	**(254,686)**	615,242
Depreciation and Amortisation	**731,739**	570,093
Net write-down of non-financial assets	**180,879**	-
Loss on disposal of assets	**15,481**	5,441
Capital Use Charge	**-**	5,641
(Increase)/Decrease in net receivables	**122,020**	436,468
(Increase)/Decrease in prepayments	**(338,344)**	142,897
Increase/(Decrease) in employee provision	**340,024**	108,426
Increase/(Decrease) in supplier payables	**87,101**	(120,022)
Increase/(Decrease) in Other payables	**-**	(35,977)
Increase/(Decrease) in Non Int. Bearing Liabilities	**(782,706)**	(782,705)
Net cash from operating activities	**101,508**	945,504

Note 13: Contingent Liabilities and Assets

Quantifiable contingencies

The amount of the contingent liability recognised relates to an amount of lease outgoings incurred by the Commission, and subsequently charged out at full recovery to a sub-lessee in contradiction of the lease arrangement. The charges raised are under examination by the parties concerned and the amount shown as a contingent liability represents an offer made by the Commission to the sub lessee, and expected to be accepted by the sub lessee, in full settlement of the debt.

Unquantifiable contingencies

As at 30 June 2004 the Commission (or officers of the Commission) were named as respondents in eleven applications before the High Court, Federal Court and Administrative Appeals Tribunal. It is not possible to estimate the amounts of the eventual payment that may be required in relation to these claims, though it is not common for costs to be awarded against the Commission (or its officers) in these matters.

There are four Intervention matters before the courts. It is unlikely that a costs order will be made against the Commission

Note 14: Executive Remuneration

The number of Executives who received or were due to receive total remuneration of $100,000 or more:	**2004 Number**	2003 Number
$100,000-$109,999	**2**	-
$110,000-$119,999	**6**	-
$120,000-$129,999	**1**	-
$130,000-$139,999	**1**	-
$140,000-$149,999	**1**	-
$190,000-$199,999	**1**	-
$200,000-$209,999	**-**	1
$210,000-$219,999	**1**	1
$220,000-$229,999	**-**	1
$230,000-$239,999	**1**	1
$250,000-$259,999	**1**	1
The aggregate amount of total remuneration of executives shown above:	$2,186,065	$1,132,041

		2004 $	2003 $
Note 15:	**Remuneration of Auditors**		
	Financial statement audit services are provided free of charge to the Commission		
	The fair value of the services provided was:	**35,000**	35,000
	Other services Amount paid in relation to a special purpose audit	**-**	3,500
	Total	**35,000**	38,500

		2004 Number	2003 Number
Note 16:	**Average Staffing Levels**		
	The average staffing levels for the Commission during the year were:	**98**	95

Note 17: Financial instruments

Note 17A: Interest Rate Risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate		Non-interest bearing		Total		Weighted average effective interest rate	
		2004 $	2003 $	**2004 $**	2003 $	**2004 $**	2003 $	**2004 $**	2003 $	**2004**	2003
Departmental Financial Assets											
Cash at bank	6A	-	-	-	-	**2,276,456**	2,500,017	**2,276,456**	2,500,017	**n/a**	2.0%
Receivables for goods and services (gross)	6B	-	-	-	-	**432,599**	554,619	**432,599**	554,619	**n/a**	n/a
Total Financial Assets		-	-	-	-	**2,709,055**	3,054,636	**2,709,055**	3,054,636		
Financial Liabilities (Recognised)											
Lease incentives	8A	-	-	-	-	**-**	782,706	**-**	782,706	**n/a**	n/a
Trade creditors	10A	-	-	-	-	**343,307**	256,206	**343,307**	256,206	**n/a**	n/a
Total Financial Liabilities (Recognised)		-	-	-	-	**343,307**	1,038,912	**343,307**	1,038,912		

Note 17B: Net Fair Values of Financial Assets and Liabilities

	Notes	**2004** Total Carrying amount $	**2004** Aggregate Net Fair value $	**2003** Total Carrying amount $	**2003** Aggregate Net Fair value $
Agency Financial Assets					
Cash at bank	6A	**2,276,456**	**2,276,456**	2,500,017	2,500,017
Receivables for goods and services (net)	6B	**432,599**	**432,599**	554,619	554,619
Total Financial Assets		**2,709,055**	**2,709,055**	3,054,636	3,054,636
Financial Liabilities (Recognised)					
Lease incentives	8A	**-**	**-**	782,706	782,706
Trade Creditors	10A	**343,307**	**343,307**	256,206	256,206
Total Financial Liabilities (Recognised)		**343,307**	**343,307**	1,038,912	1,038,912

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values for trade creditors are approximated by their carrying amounts.

Note 17C: 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 Statement of Financial Position.

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.

Note 18: Appropriations

Cash basis acquittal of appropriations from Acts 1 and 3

Particulars	Departmental Output
Year ended 30 June 2004	**$**
Balance carried from previous year	2,500,017
Appropriation Act (No.1) 2003-04 - basic appropriation	11,936,000
Appropriation Act (No.3) 2003-04 - basic appropriation	-
Departmental Adjustments by the Finance Minister	-
Amounts from Advance to the Finance Minister	-
Refunds credited (FMAA s30)	-
Appropriations to take account of recoverable GST (FMAA s30A)	439,892
Annotations to 'net appropriations' (FMAA s31)	2,816,315
Adjustment of appropriations on change of entity function (FMAA s32)	-
Appropriation lapsed or reduced	-
Total Appropriations available for payments	17,692,224
Payments made (GST inclusive)	15,477,768
Appropriations credited to Special Accounts	-
Balance carried to next year	2,214,456
Represented by:	
Cash	2,214,456
Add: Appropriations receivable	-
Add: Receivables - Goods and Services - GST receivable from customers	-
Add: Return of contributed equity	-
Less: Other payables - Net GST payable to the ATO	-
Less: Payable - Suppliers - GST portion	-
Add: Savings in Portfolio Additional Estimates Statement	-
Total	2,214,456

Particulars	Departmental Output
Year ended 30 June 2003	**$**
Balance carried from previous year	1,917,346
Total annual appropriation	15,026,425
Available for payments	16,943,771
Payments made	14,443,754
Appropriations credited to Special Accounts	-
Balance carried to next year	2,500,017
Represented by:	
Cash	2,500,017
Add: Appropriations receivable	-
Add: Receivables - Goods and Services - GST receivable from customers	-
Add: Investment in term deposit	-
Add: Receivables - Net GST receivable from the ATO	-
Less: Payable - Suppliers - GST portion	-
Total	2,500,017

Cash Basis Acquittal of Appropriations from Acts 2 and 4

Particulars	Non-operating				Total
	Equity	*Loans*	*Previous years' outputs*	*Admin assets and liabilities*	
Year ended 30 June 2004	**$**	**$**	**$**	**$**	**$**
Balance carried from previous year	-	-	-	-	-
Appropriations for reporting period (Act 2)	-	-	-	-	-
Appropriations for reporting period (Act 4)	93,000	-	-	-	-
Adjustments by the Finance Minister	-	-	-	-	-
Amounts from Advance to the Finance Minister	-	-	-	-	-
Refunds credited (FMA s 30)	-	-	-	-	-
GST Credits (FMA s 30A)	-	-	-	-	-
Transfers to/from other agencies (FMA s 32)	-	-	-	-	-
Administered appropriation lapsed	-	-	-	-	-
Available for payments	**93,000**	**-**	**-**	**-**	**93,000**
Payments made	**- 31,000**	**-**	**-**	**-**	**- 31,000**
Appropriations credited to Special Accounts		-	-	-	
Balance carried to next year	**62,000**	**-**	**-**	**-**	**62,000**
Represented by:					
Cash	62,000	-	-	-	62,000
Appropriations receivable	-	-	-	-	
Total	**62,000**	**-**	**-**	**-**	**62,000**

Note 19 - Reporting of outcomes

	2004	2003
	$	$

The Commission has one outcome:
"An Australian society in which the human rights of all are respected, protected and promoted".

Note 19A: Net cost of outcome delivery

	2004	2003
Total departmental expenses	**14,823,239**	13,476,827
Total departmental costs recovered from the non-government sector	**145,304**	1,127,602
Other departmental external revenues		
Interest	**-**	41,613
Goods and services from related entities	**2,452,249**	1,750,636
Total Other departmental external revenues	**2,452,249**	1,792,249
Net cost of outcome	**12,225,687**	10,556,976

Note 19B: Major classes of departmental revenues and expenses by output groups and outputs

The Commission has one output (1.1):
"Australians have access to independent human rights complaint handling and public enquiries processes and benefit from human rights education, promotion and monitoring, and compliance activities."

	2004	2003
Departmental expenses		
Employees	**8,084,452**	7,518,635
Suppliers	**5,712,721**	5,382,439
Depreciation and amortisation	**731,739**	570,093
Other expenses	**294,328**	5,660
Total Departmental expenses	**14,823,239**	13,476,827

	2004	2003
	$	$
Funded by:		
Revenues from government	**11,971,000**	11,172,000
Sales of goods and services	**2,597,553**	2,878,238
Other non-taxation revenues	**-**	41,831
Total Departmental revenues	**14,568,553**	14,092,069

Note 20 - Special Accounts

HREOC has an Other Trust Monies Special Account and a Services for other Governments and Non-Agency Bodies Account. Both accounts were established under Section 20 of the Financial Management and Accountability Act 1997. For the year ended 30 June 2004 both of these accounts had nil opening and closing balances and there were no transactions debited or credited to them in the 2003/2004 financial year.

The purpose of the Other Trust Monies Special Account is for 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 Act 1997.

The purpose of the Services for other Governments and Non-Agency Bodies Account is for expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the Financial Management and Accountability Act 1997.