

# Joint Parliamentary Service

Financial report  
for the year ended  
30 June 2019



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Parliament of South Australia

As required by section 31(1)(a) of the *Public Finance and Audit Act 1987*, I was engaged to audit the financial report of the Joint Parliamentary Service for the financial year ended 30 June 2019.

### Disclaimer of opinion

I do not express an opinion on the accompanying financial report. Because of the significance of the matters described in the 'Basis for disclaimer of opinion' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the two Chairs and the two Secretaries of the Joint Parliamentary Service Committee and the Chief Finance Officer, Joint Parliamentary Service.

### Basis for disclaimer of opinion

The Members of the Joint Parliamentary Service Committee are responsible for the management of the Joint Parliamentary Service. The Members have not provided unrestricted access to the minutes of their meetings. As a result, I cannot assess whether matters deliberated and decided by the Members that have financial consequences have been recognised or disclosed in the financial report.

The Members of the Joint Parliamentary Service Committee are responsible for the control and management of the dining and refreshment services of Parliament House. Certain income from the provision of these services and associated expenditure has been omitted from the financial report. As the Members have not provided access to this financial information, I am unable to determine the effect of the omission on the financial report.

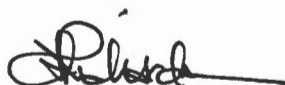
## **Responsibilities of the Members of the Joint Parliamentary Service Committee for the financial report**

The Members of the Joint Parliamentary Service Committee are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. However, because of the matters described in the 'Basis for disclaimer of opinion' section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

I am independent of the Joint Parliamentary Service. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. The relevant ethical requirements of APES 110 Code of Conduct for Professional Accountants have been met.



Andrew Richardson

**Auditor-General**

13 September 2019

# Joint Parliamentary Service

## Financial Statements

### Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Employee benefits expenses	2.2	7,146	6,439
Supplies and services	3.1	4,338	3,771
Depreciation and amortisation expense	3.2	1,360	1,498
Net loss from the disposal of property, plant and equipment	5.1	-	16
<b>Total expenses</b>		<b>12,844</b>	<b>11,724</b>
<b>Income</b>			
Resources received free of charge	4.2	955	427
Other income	4.3	619	576
<b>Total income</b>		<b>1,574</b>	<b>1,003</b>
<b>Net cost of providing services</b>		<b>11,270</b>	<b>10,721</b>
<b>Revenues from /(payments to) SA Government</b>			
Revenues from SA Government	4.1	12,607	12,396
Payments to SA Government	4.1	(187)	-
<b>Net result</b>		<b>1,150</b>	<b>1,675</b>
<b>Total comprehensive result</b>		<b>1,150</b>	<b>1,675</b>

*The accompanying notes form part of these financial statements.*

# Joint Parliamentary Service

## Financial Statements

### Statement of Financial Position

As at 30 June 2018

	Note	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	9,538	6,499
Receivables	6.2	683	300
<b>Total current assets</b>		<b>10,221</b>	<b>6,799</b>
<b>Non-current assets</b>			
Receivables	6.2	86	122
Property, plant and equipment	5.1	78,545	79,544
Intangible assets	5.2	862	-
<b>Total non-current assets</b>		<b>79,493</b>	<b>79,666</b>
<b>Total assets</b>		<b>89,714</b>	<b>86,465</b>
<b>Current liabilities</b>			
Payables	7.1	4,914	3,063
Employee benefits	2.3	1,036	870
Provisions	7.2	20	20
<b>Total current liabilities</b>		<b>5,970</b>	<b>3,953</b>
<b>Non-current liabilities</b>			
Payables	7.1	174	173
Employee benefits	2.3	1,819	1,737
Provisions	7.2	28	29
<b>Total non-current liabilities</b>		<b>2,021</b>	<b>1,939</b>
<b>Total liabilities</b>		<b>7,991</b>	<b>5,892</b>
<b>Net assets</b>		<b>81,723</b>	<b>80,573</b>
<b>Equity</b>			
Retained earnings		69,601	68,451
Asset revaluation surplus	8.1	9,219	9,219
Contributed capital	8.1	2,903	2,903
<b>Total equity</b>		<b>81,723</b>	<b>80,573</b>
<b>Unrecognised contractual commitments</b>	10.1		

*The accompanying notes form part of these financial statements.*

# Joint Parliamentary Service

## Financial Statements

### Statement of Changes in Equity

#### For the year ended 30 June 2019

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2017		2,903	9,219	66,776	78,898
Net result for 2017-18		-	-	1,675	1,675
Total comprehensive result for 2017-18		-	-	1,675	1,675
Balance at 30 June 2018		2,903	9,219	68,451	80,573
Net result for 2018-19		-	-	1,150	1,150
Total comprehensive result for 2018-19		-	-	1,150	1,150
Balance at 30 June 2019		2,903	9,219	69,601	81,723

*The accompanying notes form part of these financial statements.*

# Joint Parliamentary Service

## Financial Statements

### Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefits payments		(6,899)	(6,311)
Payments for supplies and services		(2,935)	(1,330)
Payments for paid parental leave scheme		(22)	-
<b>Cash used in operations</b>		<u>(9,856)</u>	<u>(7,641)</u>
<b>Cash inflows</b>			
GST recovered from the ATO		280	219
Receipts for paid parental leave scheme		35	-
Other receipts		520	650
<b>Cash generated from operations</b>		<u>835</u>	<u>869</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		12,607	12,396
Payments to SA Government		(187)	-
<b>Cash generated from SA Government</b>		<u>12,420</u>	<u>12,396</u>
<b>Net cash provided by / (used in) operating activities</b>	8.2	<u>3,399</u>	<u>5,624</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(360)	(1,199)
<b>Net cash used in investing activities</b>		<u>(360)</u>	<u>(1,199)</u>
Net increase in cash and cash equivalents		3,039	4,425
Cash and cash equivalents at 1 July		6,499	2,074
<b>Cash and cash equivalents at 30 June</b>	6.1	<u>9,538</u>	<u>6,499</u>

*The accompanying notes form part of these financial statements.*

# Joint Parliamentary Service

## Financial Statements

### 1. About the Joint Parliamentary Service

The Joint Parliamentary Service is established under the *Parliament (Joint Services) Act 1985*.

The Joint Parliamentary Service does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Joint Parliamentary Service.

#### 1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the 2018-19 financial statements the Joint Parliamentary Service adopted AASB 9 – Financial Instruments and is required to comply with new Treasurer's Instructions (Accounting Policy Statements) issued on 22 March 2019. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

#### 1.2 Objectives

The Joint Parliamentary Service provides services to both Houses of Parliament including Hansard reporting, library facilities, catering, financial administration, and building accommodation. The Joint Parliamentary Service is administered by the Joint Parliamentary Service Committee which comprises the Speaker and two Members of the House of Assembly and the President and two Members of the Legislative Council.

### 2. Employees

#### 2.1 Key management personnel

Members of the Joint Parliamentary Service Committee are key management personnel. These Members did not receive any remuneration for performing the role as a Committee member, their salaries and allowances have been disclosed in note 2.3 'Members' salaries and allowances' in the financial statements of the House of Assembly and Legislative Council.



# Joint Parliamentary Service

## Financial Statements

2.2 Employee benefits expenses	2019	2018
	\$'000	\$'000
Salaries and wages	6,253	5,593
Superannuation	546	522
Employee benefits - on-costs	345	314
Workers compensation	2	10
<b>Total employee benefits expenses</b>	<b>7,146</b>	<b>6,439</b>

### Employment on-costs – superannuation

The superannuation employment on-cost charge represents the Joint Parliamentary Service's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration	2019	2018
The number of employees whose remuneration received or receivable falls within the following bands:	No	No
\$149,001 – 151,000	1	-
\$151,001 – 171,000	-	1
\$331,001 – 351,000	1	-
	<b>2</b>	<b>1</b>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

2.3 Employee benefits - liability	2019	2018
	\$'000	\$'000
<b>Current</b>		
Annual leave	476	386
Long service leave	373	317
Skills and experience retention leave	47	37
Accrued salaries and wages	140	130
<b>Total current employee benefits</b>	<b>1,036</b>	<b>870</b>
<b>Non current</b>		
Long service leave	1,707	1,531
Annual leave	112	206
<b>Total non-current employee benefits</b>	<b>1,819</b>	<b>1,737</b>
<b>Total employee benefits</b>	<b>2,855</b>	<b>2,607</b>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

# Joint Parliamentary Service

## Financial Statements

### *Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave*

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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 is estimated to be less than the annual entitlement for sick leave.

### *Long service leave*

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

## 3. Expenses

Employee benefits expenses are disclosed in note 2.2.

### 3.1 Supplies and services

	2019	2018
	\$'000	\$'000
Building maintenance	956	541
Utilities	539	569
Cleaning	375	316
Minor works and equipment	74	72
Telephone	143	174
Printing and publishing	235	181
Insurance	48	50
Information technology	608	621
Lease	69	58
Audit fees	78	78
Shared Services	93	85
Vehicle hire	19	22
Staff training and development	18	22
Agency staff hire	103	116
Fringe benefits tax	58	55
Consultants fees	15	26
Occupational, Health, Safety and Welfare compliance	12	13
Car parking	600	554
Library collection	67	37
Storage	30	31
Travelling expenses	22	16
Other	176	134
<b>Total supplies and services</b>	<b>4,338</b>	<b>3,771</b>

# Joint Parliamentary Service

## Financial Statements

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) fell within the following bands:

	2019		2018	
	No	\$'000	No	\$'000
Below \$10,000	2	15	4	26
<b>Total</b>	<b>2</b>	<b>15</b>	<b>4</b>	<b>26</b>

### 3.2 Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Buildings	514	517
Plant and equipment	248	188
Fixtures and fittings	3	3
Computer equipment	595	790
<b>Total depreciation and amortisation</b>	<b>1,360</b>	<b>1,498</b>

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Land is not depreciated.

#### *Review of accounting estimates*

Assets' residual values, useful lives and amortisation methods are review and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

#### *Useful life*

Depreciation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life
Buildings	100 years
Plant and equipment	5 - 30 years
Fixtures and fittings (non-antique)	5 - 10 years
Computer equipment	3 - 10 years
Internally developed computer software	3 - 10 years

Land is not depreciated.

The remaining useful life of Parliament House is estimated to be 100 years.

The majority of fixtures and fittings are antiques, they are anticipated to have a very long and indeterminate useful life.

The library collection and works of art controlled by the Joint Parliamentary Service is mainly a research and heritage collection. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised during the reporting period.

# Joint Parliamentary Service

## Financial Statements

### 4. Income

4.1 Net revenues from SA Government	2019	2018
	\$'000	\$'000
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	12,607	12,396
<b>Total revenues from SA Government</b>	<u>12,607</u>	<u>12,396</u>
<b>Payments to SA Government</b>		
Return of surplus cash pursuant to cash alignment policy	187	-
<b>Total payments to SA Government</b>	<u>187</u>	<u>-</u>
<b>Net revenues from SA Government</b>	<u><u>12,420</u></u>	<u><u>12,396</u></u>

#### *Appropriations*

Appropriations are recognised on receipt.

4.2 Resources received free of charge	2019	2018
	\$'000	\$'000
Assets acquired at nil consideration from the House of Assembly	576	228
Assets acquired at nil consideration from the Legislative Council	286	114
Services received free of charge - Shared Services SA	93	85
<b>Total resources received free of charge</b>	<u>955</u>	<u>427</u>

4.3 Other income	2019	2018
	\$'000	\$'000
Car parking reimbursement	589	554
Recovery of salaries and related payments	23	15
Other	7	7
<b>Total other income</b>	<u>619</u>	<u>576</u>

The car parking reimbursement refers to the recovery of associated costs for the leasing of car parks for Parliamentary use.

# Joint Parliamentary Service

## Financial Statements

### 5. Non-financial assets

5.1 Property, plant and equipment	2019	2018
	\$'000	\$'000
<b>Land</b>		
Fair value	21,825	21,825
<b>Total land</b>	<u>21,825</u>	<u>21,825</u>
<b>Buildings</b>		
Fair value	51,158	51,158
Less: Accumulated depreciation	(1,541)	(1,026)
<b>Total buildings</b>	<u>49,617</u>	<u>50,132</u>
<b>Plant and equipment</b>		
At cost (deemed fair value)	4,559	4,355
Less: Accumulated depreciation	(1,152)	(904)
<b>Total plant and equipment</b>	<u>3,407</u>	<u>3,451</u>
<b>Fixtures and fittings</b>		
At cost (deemed fair value)	889	889
Less: Accumulated depreciation	(82)	(79)
<b>Total fixtures and fittings</b>	<u>807</u>	<u>810</u>
<b>Computer equipment</b>		
At cost (deemed fair value)	5,091	5,023
Less: Accumulated depreciation	(3,137)	(2,582)
<b>Total computer equipment</b>	<u>1,954</u>	<u>2,441</u>
<b>Library</b>		
Independent valuation	612	612
<b>Total library</b>	<u>612</u>	<u>612</u>
<b>Capital works in progress</b>		
Capital works in progress	323	273
<b>Total capital works in progress</b>	<u>323</u>	<u>273</u>
<b>Total property, plant and equipment</b>	<u><u>78,545</u></u>	<u><u>79,544</u></u>

Property, plant and equipment with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Joint Parliamentary Service's approach to fair value is set out in note 11.2.

#### *Resources received free of charge*

The Joint Parliamentary Service acquired assets at nil consideration from the House of Assembly and Legislative Council during the year. Refer to note 4.2.

# Joint Parliamentary Service

## Financial Statements

### Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

<i>Reconciliation 2018-19</i>	Land	Buildings	Plant and equipment	Fixtures and fittings	Computer equipment	Library	Capital works in progress	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	21,825	50,132	3,451	810	2,441	612	273	79,544
Additions	-	-	5	-	54	-	317	376
Assets acquired at nil consideration	-	-	-	-	-	-	862	862
Additions - Transfers to/(from) CWIP	-	-	199	-	68	-	(1,129)	(862)
Depreciation	-	(514)	(249)	(2)	(595)	-	-	(1,360)
Disposals	-	-	-	-	(14)	-	-	(14)
Other	-	(1)	1	(1)	-	-	-	(1)
<b>Carrying amount at 30 June</b>	<b>21,825</b>	<b>49,617</b>	<b>3,407</b>	<b>807</b>	<b>1,954</b>	<b>612</b>	<b>323</b>	<b>78,545</b>

<i>Reconciliation 2017-18</i>	Land	Buildings	Plant and equipment	Fixtures and fittings	Computer equipment	Library	Capital works in progress	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	21,825	49,917	3,076	813	2,641	612	633	79,517
Additions	-	-	-	-	14	-	1,185	1,199
Assets acquired at nil consideration	-	-	-	-	-	-	342	342
Additions - Transfers to/(from) CWIP	-	732	568	-	587	-	(1,887)	-
Depreciation	-	(517)	(188)	(3)	(790)	-	-	(1,498)
Disposals	-	-	(5)	-	(11)	-	-	(16)
<b>Carrying amount at 30 June</b>	<b>21,825</b>	<b>50,132</b>	<b>3,451</b>	<b>810</b>	<b>2,441</b>	<b>612</b>	<b>273</b>	<b>79,544</b>

## 5.2 Intangible assts

	2019	2018
	\$'000	\$'000
<b>Computer software</b>		
Internally developed computer software	862	-
<b>Total computer software</b>	<b>862</b>	<b>-</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5,000.

The internally developed computer software relates to the upgrade of Sharepoint and relocation to a cloud based environment with a remaining useful life of 5 years and carrying amount of \$862,000.

# Joint Parliamentary Service

## Financial Statements

*Reconciliation 2018-19*

Internally developed computer software	Total
\$'000	\$'000

Carrying amount at 1 July  
Additions  
Carrying amount at 30 June

-	-
862	862
<u>862</u>	<u>862</u>

## 6. Financial assets

### 6.1 Cash and cash equivalents

2019	2018
\$'000	\$'000

Deposits with the Treasurer  
**Total cash and cash equivalents**

9,538	6,499
<u>9,538</u>	<u>6,499</u>

Deposits with the Treasurer includes funds held in the Accrual Appropriation Excess Funds Account.

Although the Joint Parliamentary Service controls the money in the Accrual Appropriation Account, its use must be approved by the Treasurer. The Joint Parliamentary Service does not earn interest on its deposits with the Treasurer.

### 6.2 Receivables

2019	2018
\$'000	\$'000

#### Current

Receivables  
Prepayments  
Other  
**Total current receivables**

470	144
197	139
16	17
<u>683</u>	<u>300</u>

#### Non-current

Prepayments  
**Total non-current receivables**

86	122
<u>86</u>	<u>122</u>

#### Total receivables

<u>769</u>	<u>422</u>
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Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

# Joint Parliamentary Service

## Financial Statements

### 7. Liabilities

Employee benefits liabilities are disclosed in note 2.3.

7.1 Payables	2019	2018
	\$'000	\$'000
<b>Current</b>		
Creditors	4,519	2,621
Accrued expenses	244	323
Employment on-costs	138	119
Parental leave	13	-
<b>Total current payables</b>	<u>4,914</u>	<u>3,063</u>
<b>Non-current</b>		
Employment on-costs	174	173
<b>Total non-current payables</b>	<u>174</u>	<u>173</u>
<b>Total payables</b>	<u><u>5,088</u></u>	<u><u>3,236</u></u>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

The net amount of GST recoverable from the ATO is included as part of payables.

#### *Employment on-costs*

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The Joint Parliamentary Service makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

#### *Paid parent leave scheme*

Paid Parental Leave Scheme payable represents amounts which the Joint Parliamentary Service has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the Joint Parliamentary Service is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.



# Joint Parliamentary Service

## Financial Statements

7.2 Provisions	2019	2018
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	20	20
<b>Total current provisions</b>	<u>20</u>	<u>20</u>
<b>Non current</b>		
Provision for workers compensation	28	29
<b>Total non-current provisions</b>	<u>28</u>	<u>29</u>
<b>Total provisions</b>	<u><u>48</u></u>	<u><u>49</u></u>
<b>Provision movement</b>		
<b>Carrying amount at 1 July</b>	49	126
Additional provisions recognised	-	18
Reductions arising from payments	1	95
<b>Carrying amount at 30 June</b>	<u><u>48</u></u>	<u><u>49</u></u>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Joint Parliamentary Service is responsible for the payment of workers compensation claims.

## 8. Other disclosures

### 8.1 Equity

The asset revaluation surplus is to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

# Joint Parliamentary Service

## Financial Statements

### 8.2 Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

<i>Cash flow reconciliation</i>	2019	2018
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents at 30 June:</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	9,538	6,499
Balance as per the Statement of Cash Flows	9,538	6,499
<b>Reconciliation of net cash provided by operating activities to net cost of providing services:</b>		
Net cash provided by operating activities	3,399	5,624
Less revenues from SA Government	(12,607)	(12,396)
Add payments to SA Government	187	-
<b>Add/less non-cash items</b>		
Depreciation expense of non-current assets	(1,360)	(1,498)
Gain/(loss) on sale or disposal of non-current assets	-	(16)
Assets acquired at nil consideration	862	342
<b>Movements in assets and liabilities</b>		
Increase in receivables	150	102
Increase in prepayments	197	-
(Increase) in payables	(1,852)	(2,751)
(Increase) in employee benefits	(248)	(205)
Decrease in provisions	2	77
<b>Net cost of providing services</b>	<b><u>(11,270)</u></b>	<b><u>(10,721)</u></b>

## 9. Changes in accounting policy

### 9.1 Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

# Joint Parliamentary Service

## Financial Statements

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

### 9.2 AASB 9 Financial instruments

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Joint Parliamentary Service adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements.

## 10. Outlook

### 10.1 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

<i>Expenditure commitments</i>	2019	2018
	\$'000	\$'000
Other commitments contracted for but not recognised as liabilities are payable as follows:		
Within one year	151	167
Later than one year but no longer than five years	134	275
<b>Total expenditure commitments</b>	<b>285</b>	<b>442</b>

The Joint Parliamentary Service's expenditure commitments are for agreements for computer and software related contracts.

<i>Operating lease commitments</i>	2019	2018
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	753	67
Later than one year but no longer than five years	870	144
Later than five years	60	-
<b>Total operating lease commitments</b>	<b>1,683</b>	<b>211</b>

The Joint Parliamentary Service's operating leases are for office accommodation, car parking and equipment. The leases are non-cancellable with terms ranging up to nine years with some leases having the right of renewal. Rent is payable in arrears.

# Joint Parliamentary Service

## Financial Statements

### 10.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Joint Parliamentary Service is not aware of any contingent assets or liabilities.

### 10.3 Impact of standards and statements not yet effective

#### *AASB 16 – Leases*

The Joint Parliamentary Service will adopt *AASB 16 – Leases* from 1 July 2019.

#### *Objective*

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. *AASB 16 - Leases replaces AASB 117 - Leases and Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation, and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease .*

#### *Impact on 2019-20 financial statements*

The Joint Parliamentary Service has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements)* .

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Joint Parliamentary Service has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Joint Parliamentary Service prior to 1 July 2019. The incremental borrowing rates applied to the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies for 1 July 2019.

The estimated impact is set out below.

	<b>as at</b>
	<b>1 July</b>
	<b>\$'000</b>
	<b>\$'000</b>
<b>Assets</b>	
Right-of-use assets	1,503
<b>Liabilities</b>	
Lease liabilities	1,503
<b>Net impact on equity</b>	<u><u>-</u></u>

# Joint Parliamentary Service

## Financial Statements

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	674
Supplies and services	(681)
Borrowing costs	16
<b>Net impact on net cost of providing services</b>	<b>9</b>

The amounts disclosed are current estimates only. The Joint Parliamentary Service is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

## 11. Measurement and risk

### 11.1 Long service leave liability – measurement

*AASB 119 Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

*AASB 119 Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.25%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The conditional portion of the long service leave provision is classified as current as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The conditional portion of long service leave relates to employees with less than ten years' service. These amounts have been calculated by the Department of Treasury and Finance.

### 11.2 Fair value

*AASB 13 Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

# Joint Parliamentary Service

## Financial Statements

### *Initial recognition*

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

### *Revaluation*

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Finance Officer each year.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

### *Land and buildings*

An independent valuation of the land and buildings was conducted as at 30 June 2016 by Fred Taormina B.App.Sc.(Val.), A.A.P.I. (Associate member of the Australian Property Institute) Certified Practicing Valuer on behalf of Valcorp Pty Ltd.

The valuation of land and buildings was prepared on a fair value basis.

### *Library collection*

An independent valuation of the library collection was conducted as at 30 June 2016 by Fred Taormina B.App.Sc.(Val.), A.A.P.I. (Associate member of the Australian Property Institute) Certified Practicing Valuer on behalf of Valcorp Pty Ltd.

The valuation of library collection was a desk top valuation that updated a previous valuation determined at 30 June 2011. The valuation was determined by grouping the library collection into categories. Those categories with an intrinsic value were determined at net market value. The remainder of the categories were determined at written down replacement cost.

## **11.3 Financial instruments**

### *Financial risk management*

Risk management is managed by the Joint Parliamentary Service's executive management and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The Joint Parliamentary Service is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

# Joint Parliamentary Service

## Financial Statements

### *Liquidity risk*

The Joint Parliamentary Service is funded principally from appropriation by the SA Government. The Joint Parliamentary Service works with the Department of Treasury and Finance to determine the cash flows required for the parliamentary process and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 7.1 for further information.

### *Categorisation of financial instruments*

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

### *Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement*

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities measured at cost.

### *Classification applicable from 1 July 2018 under AASB 9 Financial Instruments*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The Joint Parliamentary Service measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2019	2019	2018	2018
		Carrying Amount/ Fair Value \$'000	Contractual Maturities Current \$'000	Carrying Amount/ Fair Value \$'000	Contractual Maturities Current \$'000
<b>Financial assets</b>					
Cash and cash equivalents					
Cash and cash equivalents	6.1	9,538	9,538	6,499	6,499
Financial assets at amortised cost					
Receivables	6.2	355	355	17	17
<b>Total financial assets</b>		<b>9,893</b>	<b>9,893</b>	<b>6,516</b>	<b>6,516</b>
<b>Financial liabilities</b>					
Financial liabilities at amortised cost					
Payables	7.1	4,620	4,620	2,831	2,831
<b>Total financial liabilities</b>		<b>4,620</b>	<b>4,620</b>	<b>2,831</b>	<b>2,831</b>

# Joint Parliamentary Service

## Financial Statements

### *Receivables and payables*

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

## 12. Administered Items

### 12.1 Disclosure of Administered Items as at 30 June 2019

The Joint Parliamentary Service administers the payment of Members salaries funded by appropriations under the *Parliamentary Remuneration Act 1990* and the *Parliamentary Committees (Miscellaneous) Act 1991*.

	2019 House of Assembly \$'000	2019 Legislative Council \$'000	2019 Total \$'000	2018 House of Assembly \$'000	2018 Legislative Council \$'000	2018 Total \$'000
<b>Administered expenses</b>						
Payments to Members of Parliament	10,626	5,100	15,726	10,582	5,461	16,043
<b>Total administered expenses</b>	<u>10,626</u>	<u>5,100</u>	<u>15,726</u>	<u>10,582</u>	<u>5,461</u>	<u>16,043</u>
<b>Administered income</b>						
Cash appropriations received from SA Government	11,035	5,296	16,331	9,926	5,149	15,075
<b>Total administered income</b>	<u>11,035</u>	<u>5,296</u>	<u>16,331</u>	<u>9,926</u>	<u>5,149</u>	<u>15,075</u>
<b>Net (expenses) / income</b>	<u>409</u>	<u>196</u>	<u>605</u>	<u>(656)</u>	<u>(312)</u>	<u>(968)</u>
Net amount payable/(receivable) by Joint Parliamentary Service			605			(968)

Net amounts payable/(receivable) by the Joint Parliamentary Service are included with creditors in note 7.1.



# Joint Parliamentary Service

## Financial Statements

### Certification of the Financial Statements

We certify that the:

- financial statements of the Joint Parliamentary Service:
  - are in accordance with the accounts and records of the Joint Parliamentary Service; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant Australian accounting standards; and
  - presents a true and fair view of the financial position of the Joint Parliamentary Service at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Joint Parliamentary Service over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Chair  
Joint Parliamentary  
Service Committee

10 / 09 / 2019



Secretary  
Joint Parliamentary  
Service Committee

10 / 09 / 2019



Chief Finance Officer  
Joint Parliamentary Service

9 / 9 / 2019



Chair  
Joint Parliamentary  
Service Committee

9 / 9 / 2019



Secretary  
Joint Parliamentary  
Service Committee

9 / 9 / 2019