

SOUTH AUSTRALIA

Report
of the
Auditor-General

Supplementary Report
for the
year ended 30 June 2009

Tabled in the House of Assembly and ordered to be published, 2 December 2009

Third Session, Fifty-First Parliament

**Agency Audit Report and a
Matter of Specific Audit Comment
December 2009**

By Authority: B. Morris, Government Printer, South Australia



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1 December 2009

The Hon R K Sneath, MLC
President
Legislative Council
Parliament House
ADELAIDE SA 5000

The Hon J J Snelling, MP
Speaker
House of Assembly
Parliament House
ADELAIDE SA 5000

Gentlemen

**REPORT OF THE AUDITOR-GENERAL: SUPPLEMENTARY REPORT: AGENCY AUDIT REPORT
AND A MATTER OF SPECIFIC AUDIT COMMENT**

Pursuant to section 36(3) of the *Public Finance and Audit Act 1987*, I herewith provide to each of you a copy of my Supplementary Report 'Agency Audit Report and a Matter of Specific Audit Comment December 2009'.

Agency Audit Report

At the time of submission of my Annual Report, I indicated I would present the 2008-09 audited financial statements of the Legislature in a Supplementary Report to Parliament in 2009.

For those agencies that I am required to audit, I issue an Independent Auditor's Report on the financial statements in accordance with professional requirements and standards. The opinion expressed in that report is usually unmodified but where, in my opinion, circumstances so warrant, a modified opinion is expressed.

For the financial year ended 30 June 2009 a modified opinion was expressed on the financial statements of the Legislature - Joint Parliamentary Service. The Independent Auditor's Report includes explanatory paragraphs clearly describing the reason for issuing a modified opinion.

A Matter of Specific Audit Comment

Previous Reports to Parliament have included specific comment on matters concerning the development/implementation status of major information and communications technology (ICT) initiatives and projects, including computing system projects.

Problems and delays in developing and implementing projects can occur at any time with consequential effects on costs and benefits realisation for projects.

The previous Reports have strongly recommended the introduction of a whole-of-government monitoring and reporting process to Cabinet for the projects. This Report includes follow-up comment on this important matter and shows that an effective monitoring and reporting process is not yet in operation.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'S O'Neill'.

S O'NEILL
AUDITOR-GENERAL

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THE LEGISLATURE

FUNCTIONAL RESPONSIBILITY

Establishment

The Legislature for the purposes of this Report comprises the:

- House of Assembly established under the *Constitution Act 1934*
- Legislative Council established under the *Constitution Act 1934*
- Joint Parliamentary Service established under the *Parliament (Joint Services) Act 1985*.

Functions

The House of Assembly and the Legislative Council constitute the Parliament of South Australia. The main purpose of Parliament is to legislate for peace, order and responsible governance of South Australia.

The House of Assembly consists of 47 Members. The Legislative Council consists of 22 Members. The Members are elected by the inhabitants of the State legally qualified to vote.

The Joint Parliamentary Service provides services to 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.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Statements

Subsection 31(1) of the PFAA provides for the Auditor-General to audit the public accounts in respect of each financial year.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- general purpose financial statements
- salaries of employees of the Legislature
- Members salaries
- Members allowances
- accounts payable and procurement.

AUDIT FINDINGS AND COMMENTS

Financial Statements

The 2008-09 financial statements for the House of Assembly, Legislative Council and the Joint Parliamentary Service represent the third set of general purpose financial statements produced by these bodies.

The general purpose financial statements have been audited and unmodified Independent Auditor's Reports were issued for the House of Assembly and the Legislative Council.

In the case of the Joint Parliamentary Service, a modified Independent Auditor's Report was issued. This modification was also given for the 2007-08 and 2006-07 general purpose financial statements. It results from a limitation of scope of audit (granting of audit access to Service records, including catering records) and the limitation in the completeness of disclosures in the financial statements relating to the dining and refreshment services of Parliament House.

The inability to perform a complete audit of the functions and financial activity of the Joint Parliamentary Service was again raised with the Joint Parliamentary Service Committee. Audit was advised subsequently that there had been no change in the Committee's position of not providing audit access to the Committee's minutes of meetings and to the records and accounts relating to the catering division trading account activities.

In my opinion, the financial accountability and auditability of the Joint Parliamentary Service falls short of that adopted and applied to the public accounts and the financial operations and accounts of public authorities.

Auditor's Report on the financial statements of the Joint Parliamentary Service

The following is an extract from the 2008-09 Independent Auditor's Report, which details the qualification to the Joint Parliamentary Service's financial statements.

Basis for Disclaimer of Auditor's Opinion

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

The Joint Parliamentary Service Committee is responsible for the control and management of the dining and refreshment services of Parliament House. Certain income from the provision of these services and certain associated expenditure has been omitted from the financial statements. The Committee has not provided access to this financial information to enable the effect of the omission on the financial statements to be quantified.

Disclaimer of Auditor's Opinion

In my opinion, because of the existence of the limitations on the scope of the audit and the completeness of the financial statements, as described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitations not existed, I am unable to and do not express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Joint Parliamentary Service as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 and Australian Accounting Standards.

Communication of Audit Matters

The recently completed audit of the financial statements and accounts has identified some improvements that can be made to the internal control processes of the Legislature. These are to be forwarded shortly in audit management letters to the Legislature.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

	Note	2009 \$'000	2008 \$'000
EXPENSES:			
Employee benefit costs	2	2 179	2 032
Supplies and services	3	2 806	2 297
Members salaries and allowances	4	7 236	7 344
Loss on disposal of non-current assets	9	6	24
Depreciation	5	53	50
Contribution of assets to Joint Parliamentary Service	9	681	29
Total expenses		12 961	11 776
INCOME:			
Other income		3	144
Total income		3	144
NET COST OF PROVIDING SERVICES		12 958	11 632
REVENUES FROM SA GOVERNMENT	6	13 654	14 237
NET RESULT		696	2 605
TOTAL COMPREHENSIVE RESULT		696	2 605

**Statement of Financial Position
as at 30 June 2009**

	Note	2009 \$'000	2008 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	7	570	320
Trade and other receivables	8	46	124
Total current assets		616	444
NON-CURRENT ASSETS:			
Plant and equipment	9	4 060	3 471
Total non-current assets		4 060	3 471
Total assets		4 676	3 915
CURRENT LIABILITIES:			
Trade and other payables	10	136	197
Employee benefits	11	365	360
Provisions	12	4	6
Total current liabilities		505	563
NON-CURRENT LIABILITIES:			
Trade and other payables	10	60	51
Employee benefits	11	685	570
Provisions	12	13	14
Total non-current liabilities		758	635
Total liabilities		1 263	1 198
NET ASSETS		3 413	2 717
EQUITY:			
Retained earnings	13	3 413	2 717
TOTAL EQUITY		3 413	2 717
Commitments	14		
Contingent assets and liabilities	19		

Statement of Changes in Equity for the year ended 30 June 2009

	Retained earnings \$'000
Balance at 30 June 2007	112
Total comprehensive result for 2007-08	2 605
Balance at 30 June 2008	2 717
Total comprehensive result for 2008-09	696
Balance at 30 June 2009	3 413

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee expenses		(2 062)	(2 018)
Members superannuation		(1 323)	(1 360)
Supplies and services		(3 159)	(2 806)
Cash used in operations		(6 544)	(6 184)
CASH INFLOWS:			
GST recovered from ATO		378	337
Other income		5	152
Cash generated from operations		383	489
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from State Government		7 741	8 253
Cash generated from SA Government		7 741	8 253
Net cash provided by operating activities	15	1 580	2 558
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		(1 330)	(2 398)
Net cash used in investing activities		(1 330)	(2 398)
NET INCREASE IN CASH AND CASH EQUIVALENTS		250	160
CASH AND CASH EQUIVALENTS AT 1 JULY		320	160
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	570	320

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Significant accounting policies

The House of Assembly is established under the *Constitution Act 1934*. The House of Assembly, together with the Legislative Council, constitute the Parliament of South Australia. The principle purpose of Parliament is to legislate for peace, order and responsible governance of South Australia. The House of Assembly consists of 47 Members elected by the inhabitants of the State legally qualified to vote. The House of Assembly also employs clerical and administrative officers.

Certain support services provided to the House of Assembly are not reflected in these financial statements but in the financial statements of the Joint Parliamentary Service.

(a) Statement of compliance

The financial statements of the House of Assembly are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs, including Australian Interpretations, other mandatory professional reporting requirements in Australia and TIs and APF promulgated under the provision of the PFAA.

Except for the amendments to AASB 101 (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the House of Assembly has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the House of Assembly for the reporting period ending 30 June 2009. The House of Assembly has assessed the impact of these amendments and considers there will be no impact on the accounting policies or financial statements of the House of Assembly.

(b) Basis of preparation

The preparation of financial statements in conformity with AASs as discussed in the Notes below, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the House of Assembly.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASs as discussed in the Notes below, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Notes below.

The House of Assembly's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency. All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

(c) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjustments were required to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(d) Plant and equipment

(i) Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy g).

In accordance with APF III:

- all non-current tangible assets with a value of \$5000 or greater are capitalised.
- componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Buildings within which the House of Assembly operate are recognised in the financial statements for the Joint Parliamentary Service.

Expenditure on assets not fully constructed at 30 June is disclosed separately as assets 'under construction'. Assets under construction contributed by the House of Assembly to the Joint Parliamentary Service once completed are recognised in the Statement of Comprehensive Income as an expense in the period contributed.

Art work on loan from the Art Gallery of South Australia is not recognised in the financial statements.

(ii) *Subsequent costs*

The House of Assembly recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the House of Assembly and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(iii) *Depreciation*

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current period are as follows:

Equipment, fixtures and fittings	5-10 years
Computer equipment	3 years

The residual value, if not insignificant, is reassessed annually.

- *Works of art*

Works of art controlled by the House of Assembly are anticipated to have very long and indeterminate useful lives. 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 for this class of asset.

(e) **Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy g).

(f) **Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits for the purpose of the Statement of Cash Flows.

(g) **Impairment**

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. For revalued assets, an impairment loss is offset against the asset revaluation reserve.

(h) **Valuation of non-current assets**

In accordance with APF III:

- all non-current tangible assets are valued at written down current cost (a proxy for fair value);
- revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every five years, the House of Assembly revalues its non-current assets. However, 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. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Plant and equipment including computer equipment, on acquisition, has been deemed to be held at fair value.

Works of Art

An independent valuation of the works of art was conducted by Mr Stephen Sinclair at 30 June 2006, a recognised collection industry expert for paintings. The valuation at 30 June 2006 was a desk top valuation that updated a previous valuation at 30 June 1997. The valuation was determined at net market value.

(i) **Employee benefits**

(i) *Defined contribution plans*

The House of Assembly makes contributions to several State Government 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

(ii) *Long-term service benefits*

The House of Assembly's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The liability for long service leave is recognised after an employee has completed 6.5 years of service as advised in APF IV. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the House of Assembly's experience of employee retention and leave taken.

(ii) *Long-term service benefits (continued)*
The current/non-current classification of the House of Assembly's long service leave obligation has been calculated based on the historical usage patterns consistent with APF IV, APS 5.15.

(iii) *Wages, salaries, annual leave and sick leave*
Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of reporting date, represent present obligations resulting from employee's services provided to reporting date, are measured as the undiscounted amounts based on remuneration wage and salary rates that the House of Assembly expects to pay as at reporting date including related on-costs.

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.

(iv) *Employee benefit on-costs*
Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

(j) Provisions

A provision is recognised in the Statement of Financial Position when the House of Assembly has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Revenues from government

Appropriations are recognised as revenues when the House of Assembly obtains control over the funding. Control over appropriations is normally obtained upon receipt.

(m) Taxation

The House of Assembly is not subject to income tax. The House of Assembly is liable for payroll tax, FBT, GST and emergency services levy.

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(n) Insurance

The House of Assembly has insured for risks through the South Australian Government Finance Authority SAICORP Division. Under these insurance arrangements the House of Assembly will meet the first \$5000 deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and Officers' liability).

(o) Members allowances

Allowances and benefits provided to Members by other State Government agencies and included in their financial statements are not recognised or disclosed in this financial statements apart from Ministers salaries and allowances disclosed in Note 4.

2. Employee benefit costs

	2009	2008
	\$'000	\$'000
Wages and salaries	1 802	1 681
Employment on-costs - superannuation	220	207
- other	159	140
Workers compensation	(2)	4
Total Employee Benefit Costs	2 179	2 032

TVSPs

There were no TVSPs paid in 2009.

3. Supplies and services	2009	2008
Supplies and services provided by entities within the SA Government:	\$'000	\$'000
Printing	510	456
Information technology	384	225
Publications	98	-
Security	56	50
Vehicle hire	13	16
Total supplies and services - SA Government entities	1 061	747
Supplies and services provided by entities external to the SA Government:		
Members travel, accommodation, stationery and related expenses	954	904
Travelling expenses	101	61
FBT	213	194
Stationery	35	24
Publications	19	21
Information technology	86	14
Printing	68	35
Staff training and development	13	25
Other	256	272
Total supplies and services - non-SA Government entities	1 745	1 550
Total supplies and services	2 806	2 297

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) fell within the following bands:	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	1	1	1	2
	1	1	1	2

Not included in the above table are consultancies for \$45 000 (\$57 000), which were capitalised.

4. Members salaries and allowances	2009	2008
	\$'000	\$'000
Members salaries and allowances	5 913	5 984
Superannuation	1 323	1 360
Total members salaries and allowances	7 236	7 344

Members salaries, electorate allowances and additional salaries of \$5.913 million (\$5.984 million) reflected in these financial statements are paid from Appropriations administered by the Joint Parliamentary Service. The Appropriations are provided under the *Parliamentary Remuneration Act 1990* and the *Parliamentary Committees (Miscellaneous) Act 1991*. Ministers salaries and allowances totalling \$3.058 million (\$2.965 million) and superannuation of \$867 000 (\$844 000) are not reported in these financial statements but in the financial statements of each Minister's respective Department.

5. Depreciation	2009	2008
	\$'000	\$'000
Equipment, fixtures and fittings	36	36
Computer equipment	17	14
Total depreciation	53	50

6. Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	7 741	8 253
Appropriations received under the <i>Parliamentary Remuneration Act 1990</i> and the <i>Parliamentary Committees (Miscellaneous) Act 1991</i>	5 913	5 984
Total revenues from SA Government	13 654	14 237

7. Cash and cash equivalents		
Cash on hand	-	-
Special Deposit Account	570	320
Total cash and cash equivalents	570	320

The Special Deposit Account is the Accrual Appropriation Excess Funds Account. These funds are not available for general use, ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

8. Trade and other receivables	2009	2008
	\$'000	\$'000
Receivables	24	49
Prepayments	13	73
Other	9	2
Total trade and other receivables	46	124

9. Plant and equipment

	Under construction \$'000	Equipment fixtures & fittings \$'000	Computer equipment \$'000	Artwork \$'000	Total \$'000
2009					
Cost:					
Balance at 1 July	2 331	510	87	629	3 557
Purchases	1 312	-	18	-	1 330
Disposals	-	(11)	-	-	(11)
Contribution to Joint Parliamentary Service	(681)	-	-	-	(681)
Balance at 30 June	<u>2 962</u>	<u>499</u>	<u>105</u>	<u>629</u>	<u>4 195</u>
Depreciation:					
Balance at 1 July	-	66	20	-	86
Depreciation charge	-	36	17	-	53
Disposals	-	(5)	-	-	(5)
Other	-	-	1	-	1
Balance at 30 June	<u>-</u>	<u>97</u>	<u>38</u>	<u>-</u>	<u>135</u>
Carrying amount:					
At 1 July	2 331	444	67	629	3 471
At 30 June	<u><u>2 962</u></u>	<u><u>402</u></u>	<u><u>67</u></u>	<u><u>629</u></u>	<u><u>4 060</u></u>

10. Trade and other payables

	2009 \$'000	2008 \$'000
Current:		
Accrued expense	85	139
Accrued employee on-costs	28	42
Accrued payroll tax	2	2
Accrued superannuation	6	5
Sundry creditors	15	9
	<u>136</u>	197
Non-current:		
Accrued employee on-costs	60	51
	<u>60</u>	51

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate of 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation. The net financial effect is a decrease in the employment on-cost of \$2000.

11. Employee benefits

	2009 \$'000	2008 \$'000
Current:		
Accrued salaries and wages	44	37
Liability for annual leave	171	173
Liability for long service leave	150	150
	<u>365</u>	360
Non-current:		
Liability for long service leave	685	570
	<u>685</u>	570

The total current and non-current employee expense (ie aggregated employee benefit plus related on-costs) for 2009 is \$401 000 and \$745 000 respectively (\$409 000 and \$621 000 respectively).

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has changed from the 2008 benchmark of 7.5 years to 6.5 years. The net effect of the changes in the current financial year is an increase in the long service leave liability of \$8000 and the employee benefit expense \$1000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability of \$1000 and employee benefit expense \$nil.

12. Provisions

	2009 \$'000	2008 \$'000
Current:		
Provision for workers compensation	4	6
Non-current:		
Provision for workers compensation	13	14
Total provisions for workers compensation	<u><u>17</u></u>	<u><u>20</u></u>

12. Provisions (continued)

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on the actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

13. Equity

	2009	2008
	\$'000	\$'000
Retained earnings	3 413	2 717
Total equity	3 413	2 717

14. Commitments

The House of Assembly has not entered into any non-cancellable lease commitments as at the reporting date. As at the reporting date, the House of Assembly has not entered into any capital commitments.

15. Reconciliation of cash flows from operating activities to net cost of providing services

	2009	2008
	\$'000	\$'000
Cash flows from operating activities:		
Net cash provided by operating activities	1 580	2 558
Revenues under <i>Appropriation Act</i>	(7 741)	(8 253)
Add (Less): Non-cash Items:		
Depreciation	(53)	(50)
Loss on disposal of non-current assets	(6)	(24)
Contribution of assets to Joint Parliamentary Service for nil consideration	(681)	(29)
Members salary and allowances	(5 913)	(5 984)
Adjustments to plant and equipment	(1)	61
Changes in assets/liabilities:		
(Decrease) Increase in trade and other receivables	(78)	73
Decrease in trade and other payables	52	30
Increase in employee benefits	(120)	(12)
Decrease (Increase) in provisions	3	(2)
Net cost of providing services	(12 958)	(11 632)

16. Key management personnel

The number of staff whose remuneration received or receivable falls within the following bands:

	2009	2008
	Number	Number
\$100 000 - \$109 999	3	-
\$110 000 - \$119 999	1	3
\$140 000 - \$149 999	1	-
\$150 000 - \$159 999	-	1
\$200 000 - \$209 999	1	1

The table includes all staff who received remuneration of \$100 000 or more during the year.

Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees was \$772 424 (\$689 476)

17. Economic dependency

The House of Assembly is dependent upon funding via the *Appropriation Act*.

18. Subsequent events

There have been no events subsequent to reporting date.

19. Contingent assets and liabilities

The House of Assembly had no contingent assets or liabilities as at reporting date.

20. Auditors' remuneration

Audit fees paid/payable to the Auditor-General's Department are the responsibility of the Joint Parliamentary Service.

21. Financial instruments/Financial risk management

(a) Terms, conditions and accounting policies

(i) Financial assets

Cash is available at call and is recorded at cost. Receivables are raised for all goods and services provided for which payment has not been received. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

(ii) *Financial liabilities*

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days.

(b) *Categorisation of financial instrument*

Financial instrument	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Cash and cash equivalents	570	570	320	320
Receivables	46	46	124	124
	616	616	444	444
Financial liabilities:				
Payables	100	100	148	148
	100	100	148	148

(c) *Credit risk exposures*

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the House of Assembly which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts. The House of Assembly does not have significant exposure to any concentration of credit risk.

(d) *Liquidity risk*

Liquidity risk arises where the House of Assembly is unable to meet its financial obligations as they fall due. The House of Assembly is funded principally from appropriation by the SA Government. Undisputed accounts are settled within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(e) *Market risk*

The House of Assembly has no market risk exposure to foreign currency or other price risks or interest rate risks.

(f) *Sensitivity disclosure analysis*

A sensitivity analysis has not been undertaken for the interest rate risk of the House of Assembly as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is minimal.

(g) *Financial risk management*

The House of Assembly has non-interest bearing assets (cash on hand, Special Deposit Account and receivables) and liabilities (payables). The House of Assembly's exposure to market risk and liquidity risk is minimal and there is no significant concentration of credit risk.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

	Note	2009	2008
		\$'000	\$'000
EXPENSES:			
Employee benefit costs	2	1 664	1 819
Supplies and services	3	1 707	1 626
Members salaries and allowances	4	3 941	3 934
Loss on disposal of non-current assets	9	-	3
Depreciation	5	14	15
Contribution of assets to Joint Parliamentary Service	9	164	15
Total expenses		7 490	7 412
NET COST OF PROVIDING SERVICES		7 490	7 412
REVENUES FROM SA GOVERNMENT	6	7 824	8 959
NET RESULT		334	1 547
TOTAL COMPREHENSIVE RESULT		334	1 547

**Statement of Financial Position
as at 30 June 2009**

	Note	2009 \$'000	2008 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	7	375	190
Trade and other receivables	8	21	77
Total current assets		396	267
NON-CURRENT ASSETS:			
Plant and equipment	9	2 662	2 511
Total non-current assets		2 662	2 511
Total assets		3 058	2 778
CURRENT LIABILITIES:			
Trade and other payables	10	167	178
Employee benefits	11	476	493
Provisions	12	6	7
Total current liabilities		649	678
NON-CURRENT LIABILITIES:			
Trade and other payables	10	54	58
Employee benefits	11	618	637
Provisions	12	17	19
Total non-current liabilities		689	714
Total liabilities		1 338	1 392
NET ASSETS		1 720	1 386
EQUITY:			
Retained earnings	13	1 720	1 386
TOTAL EQUITY		1 720	1 386
Commitments	14		
Contingent assets and liabilities	19		

Statement of Changes in Equity for the year ended 30 June 2009

	Retained earnings \$'000
Balance at 30 June 2007	(161)
Total comprehensive result for 2007-08	1 547
Balance at 30 June 2008	1 386
Total comprehensive result for 2008-09	334
Balance at 30 June 2009	1 720

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee expenses		(1 704)	(1 675)
Members superannuation		(630)	(670)
Supplies and services		(1 848)	(1 906)
Cash used in operations		(4 182)	(4 251)
CASH INFLOWS:			
GST recovered from ATO		183	226
Cash generated from operations		183	226
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from State Government		4 513	5 695
Cash generated from SA Government		4 513	5 695
Net cash provided by operating activities	15	514	1 670
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		(329)	(1 575)
Net cash used in investing activities		(329)	(1 575)
NET INCREASE IN CASH AND CASH EQUIVALENTS		185	95
CASH AND CASH EQUIVALENTS AT 1 JULY		190	95
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	375	190

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Significant accounting policies

The Legislative Council is established under the *Constitution Act 1934*. The Legislative Council, together with the House of Assembly, constitute the Parliament of South Australia. The principle purpose of Parliament is to legislate for peace, order and responsible governance of South Australia. The Legislative Council consists of 22 Members elected by the inhabitants of the State legally qualified to vote. The Legislative Council also employs clerical and administrative officers.

Certain support services provided to the Legislative Council are not reflected in these financial statements but in the financial statements of the Joint Parliamentary Service.

(a) Statement of compliance

The financial statements of the Legislative Council are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs, including Australian Interpretations, other mandatory professional reporting requirements in Australia and TIs and APF promulgated under the provision of the PFAA.

Except for the amendments to AASB 101 (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Legislative Council has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Legislative Council for the reporting period ending 30 June 2009. The Legislative Council has assessed the impact of these amendments and considers there will be no impact on the accounting policies or financial statements of the Legislative Council.

(b) Basis of preparation

The preparation of financial statements in conformity with AASs as discussed in the Notes below, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Legislative Council.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASs as discussed in the Notes below, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Notes below.

The Legislative Council's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency. All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

(c) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjustments were required to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(d) Plant and equipment

(i) Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy g).

In accordance with APF III:

- all non-current tangible assets with a value of \$5000 or greater are capitalised;
- componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Buildings within which the Legislative Council operate are recognised in the financial statements for the Joint Parliamentary Service.

Expenditure on assets not fully constructed at 30 June is disclosed separately as assets under construction. Assets under construction contributed by the Legislative Council to the Joint Parliamentary Service once completed are recognised in the Statement of Comprehensive Income as an expense in the period contributed.

Art work on loan from the Art Gallery of South Australia is not recognised in the financial statements.

(ii) *Subsequent costs*

The Legislative Council recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the Legislative Council and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(iii) *Depreciation*

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current period are as follows:

Equipment, fixtures and fittings	5-10 years
Computer equipment	3 years

The residual value, if not insignificant, is reassessed annually.

• *Works of art*

Works of art controlled by the Legislative Council are anticipated to have very long and indeterminate useful lives. 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 for this class of asset.

(e) **Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy g).

(f) **Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits for the purpose of the Statement of Cash Flows.

(g) **Impairment**

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. For revalued assets, an impairment loss is offset against the asset revaluation reserve.

(h) **Valuation of non-current assets**

In accordance with APF III:

- all non-current tangible assets are valued at written down current cost (a proxy for fair value);
- revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every five years, the Legislative Council revalues its non-current assets. However, 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. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Plant and equipment including computer equipment, on acquisition, has been deemed to be held at fair value.

Works of art

An independent valuation of the works of art was conducted by Mr Stephen Sinclair at 30 June 2006, a recognised collection industry expert for paintings. The valuation at 30 June 2006 was a desk top valuation that updated a previous valuation at 30 June 1997. The valuation was determined at net market value.

(i) **Employee benefits**

(i) *Defined contribution plans*

The Legislative Council makes contributions to several State Government 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

(ii) *Long-term service benefits*

The Legislative Council's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The liability for long service leave is recognised after an employee has completed 6.5 years of service as advised in APF IV. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Legislative Council's experience of employee retention and leave taken.

(ii) *Long-term service benefits (continued)*
The current/non-current classification of the Legislative Council's long service leave obligation has been calculated based on the historical usage patterns consistent with APF IV, APS 5.15.

(iii) *Wages, salaries, annual leave and sick leave*
Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of reporting date, represent present obligations resulting from employee's services provided to reporting date, are measured as the undiscounted amounts based on remuneration wage and salary rates that the Legislative Council expects to pay as at reporting date including related on-costs.

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.

(iv) *Employee benefit on-costs*
Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

(j) Provisions

A provision is recognised in the Statement of Financial Position when the Legislative Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Revenues from government

Appropriations are recognised as revenues when the Legislative Council obtains control over the funding. Control over appropriations is normally obtained upon receipt.

(m) Taxation

The Legislative Council is not subject to income tax. The Legislative Council is liable for payroll tax, FBT, GST and emergency services levy.

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(n) Insurance

The Legislative Council has insured for risks through the South Australian Government Finance Authority SAICORP Division. Under these insurance arrangements the Legislative Council will meet the first \$5000 deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and Officers' liability).

(o) Members allowances

Allowances and benefits provided to Members by other State Government agencies and included in their financial statements are not recognised or disclosed in this financial statements apart from Ministers salaries and allowances disclosed in Note 4.

2. Employee benefit costs	2009	2008
	\$'000	\$'000
Wages and salaries	1 373	1 575
Employment on-costs - superannuation	206	148
- other	88	92
Workers compensation	(3)	4
Total employee benefit costs	1 664	1 819

TVSPs

There were no TVSPs paid in 2009.

3. Supplies and services	2009	2008
Supplies and services provided by entities within the SA Government:	\$'000	\$'000
Publications	17	-
Printing	277	260
Information technology	147	102
Members global allowance	52	40
Security	56	45
Vehicle hire	22	17
Total supplies and services - SA Government entities	571	464
Supplies and services provided by entities external to the SA Government:		
Members travel, accommodation, stationery and related expenses	298	343
Members global allowances	294	231
Travelling expenses	49	17
FBT	134	85
Stationery	23	27
Publications	15	15
Printing	55	33
Telephone	4	4
Agency staff hire	-	26
Consultants fees	93	51
Commonwealth Parliamentary Association	36	68
Other	135	262
Total supplies and services - non-SA Government entities	1 136	1 162
Total supplies and services	1 707	1 626

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) that fell within the following bands:	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	2	12	4	20
Between \$10 000 and \$50 000	4	81	1	31
Total paid/payable to consultants engaged	6	93	5	51

Not included in the above table are consultancies for \$7000 (\$57 000), which were capitalised.

4. Members salaries and allowances	2009	2008
Members salaries and allowances	\$'000	\$'000
Superannuation	3 311	3 264
Total members salaries and allowances	630	670
	3 941	3 934

Members salaries, electorate allowances and additional salaries of \$3.311 million (\$3.264 million) reflected in these financial statements are paid from Appropriations administered by the Joint Parliamentary Service. The Appropriations are provided under the *Parliamentary Remuneration Act 1990* and the *Parliamentary Committees (Miscellaneous) Act 1991*. Ministers salaries and allowances totalling \$671 000 (\$743 000) and superannuation of \$189 000 (\$212 000) are not reported in these financial statements but in the financial statements of each Minister's respective Department.

5. Depreciation	2009	2008
Equipment, fixtures and fittings	\$'000	\$'000
Computer equipment	12	14
Total depreciation	2	1
	14	15

6. Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	4 513	5 695
Appropriations received under the <i>Parliamentary Remuneration Act 1990</i> and the <i>Parliamentary Committees (Miscellaneous) Act 1991</i>	3 311	3 264
Total revenues from SA Government	7 824	8 959

7. Cash and cash equivalents		
Cash	-	-
Special Deposit Account	375	190
Total cash and cash equivalents	375	190

The Special Deposit Account is the Accrual Appropriation Excess Funds Account. These funds are not available for general use, ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

8. Trade and other receivables		2009	2008
		\$'000	\$'000
Receivables		-	21
Prepayments		12	47
Other		9	9
Total trade and other receivables		21	77

9. Plant and equipment		Equipment			
	Under	fixtures	Computer	Artwork	Total
2009	construction	& fittings	equipment	\$'000	\$'000
Cost:	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	1 633	522	5	387	2 547
Purchases	315	8	-	6	329
Contribution to Joint Parliamentary Service	(164)	-	-	-	(164)
Balance at 30 June	1 784	530	5	393	2 712
Depreciation:					
Balance at 1 July	-	33	3	-	36
Depreciation charge	-	12	2	-	14
Balance at 30 June	-	45	5	-	50
Carrying amount:					
At 1 July	1 633	489	2	387	2 511
At 30 June	1 784	485	-	393	2 662

10. Trade and other payables		2009	2008
Current:		\$'000	\$'000
Trade payables		1	-
Accrued expense		106	102
Accrued employee on-costs		39	61
Accrued payroll tax		2	4
Accrued superannuation		8	3
Sundry creditors		11	8
		167	178
Non-current:			
Accrued employee on-costs		54	58
		54	58

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate of 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation. The net financial effect is a decrease in the employment on-cost of \$2000.

11. Employee benefits		2009	2008
Current:		\$'000	\$'000
Accrued salaries and wages		34	71
Liability for annual leave		342	322
Liability for long service leave		100	100
		476	493
Non-current:			
Liability for long service leave		618	637
		618	637

The total current and non-current employee expense (ie aggregated employee benefit plus related on-costs) for 2009 is \$525 000 and \$672 000 respectively (\$561 000 and \$695 000 respectively). As a result of the actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has changed from the 2008 benchmark of 7.5 years to 6.5 years. The net effect of the changes in the current financial year is an increase in the long service leave liability of \$30 000 and the employee benefit expense \$3000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability of \$2000 and employee benefit expense \$nil.

12. Provisions	2009	2008
Current:	\$'000	\$'000
Provision for workers compensation	<u>6</u>	<u>7</u>
Non-current:		
Provision for workers compensation	<u>17</u>	<u>19</u>
Total provisions for workers compensation	<u>23</u>	<u>26</u>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on the actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

13. Equity	2009	2008
	\$'000	\$'000
Retained earnings	<u>1 720</u>	<u>1 386</u>
Total equity	<u>1 720</u>	<u>1 386</u>

14. Commitments
The Legislative Council has not entered into any non-cancellable lease commitments as at the reporting date. As at the reporting date, the Legislative Council has not entered into any capital commitments.

15. Reconciliation of cash flows from operating activities to net cost of providing services	2009	2008
	\$'000	\$'000
Cash flows from operating activities:		
Net cash provided by operating activities	514	1 670
Revenues under <i>Appropriation Act</i>	(4 513)	(5 695)
<i>Add (Less):</i> Non-cash Items:		
Depreciation	(14)	(15)
Loss on disposal of non-current assets	-	(3)
Contribution of assets to Joint Parliamentary Service for nil consideration	(164)	(15)
Members salary and allowances	(3 311)	(3 264)
Adjustments to plant and equipment	-	(1)
Changes in assets/liabilities:		
(Decrease) Increase in trade and other receivables	(56)	47
Decrease in trade and other payables	15	6
Decrease (Increase) in employee benefits	36	(139)
Decrease (Increase) in provisions	3	(3)
Net cost of providing services	<u>(7 490)</u>	<u>(7 412)</u>

16. Key management personnel	2009	2008
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number
\$100 000 - \$109 999	1	-
\$110 000 - \$119 999	-	1
\$130 000 - \$139 999	-	1
\$140 000 - \$149 999	1	-
\$190 000 - \$199 999	2	1

The table includes all staff who received remuneration of \$100 000 or more during the year.

Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees was \$635 804 (\$447 932).

17. Economic dependency
The Legislative Council is dependent upon funding via the *Appropriation Act*.

18. Subsequent events
There have been no events subsequent to reporting date.

19. Contingent assets and liabilities
The Legislative Council had no contingent assets or liabilities as at reporting date

20. Auditors' remuneration
Audit fees paid/payable to the Auditor-General's Department are the responsibility of the Joint Parliamentary Service.

21. Financial instruments/Financial risk management

(a) Terms, conditions and accounting policies

(i) Financial assets

Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided for which payment has not been received.

Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

(ii) Financial Liabilities

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days.

(b) Categorisation of financial instrument

Financial instrument	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets:				
Cash and cash equivalents	375	375	190	190
Receivables	21	21	77	77
	396	396	267	267
Financial liabilities:				
Payables	118	118	110	110
	118	118	110	110

(c) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the Legislative Council which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts. The Legislative Council does not have significant exposure to any concentration of credit risk.

(d) Liquidity risk

Liquidity risk arises where the Legislative Council is unable to meet its financial obligations as they fall due. The Legislative Council is funded principally from appropriation by the SA Government. Undisputed accounts are settled within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(e) Market risk

The Legislative Council has no market risk exposure to foreign currency or other price risks or interest rate risks.

(f) Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Legislative Council as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is minimal.

(g) Financial risk management

The Legislative Council has non-interest bearing assets (cash on hand, Special Deposit Account and receivables) and liabilities (payables). The Legislative Council's exposure to market risk and liquidity risk is minimal and there is no significant concentration of credit risk.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

	Note	2009 \$'000	2008 \$'000
EXPENSES:			
Employee benefit costs	2	5 186	5 268
Supplies and services	3	3 194	3 164
Depreciation	5	1 580	1 176
Loss on disposal of non-current assets	9	13	7
Total expenses		9 973	9 615
INCOME:			
Contribution of assets from House of Assembly	9	681	29
Contribution of assets from Legislative Council	9	164	15
Other income		63	45
Total income		908	89
NET COST OF PROVIDING SERVICES		9 065	9 526
REVENUES FROM SA GOVERNMENT	6	9 654	9 939
NET RESULT		589	413
TOTAL COMPREHENSIVE RESULT		589	413

**Statement of Financial Position
as at 30 June 2009**

	Note	2009 \$'000	2008 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	7	2 357	1 313
Trade and other receivables	8	221	274
Total current assets		2 578	1 587
NON-CURRENT ASSETS:			
Property, plant and equipment	9	66 024	66 465
Total non-current assets		66 024	66 465
Total assets		68 602	68 052
CURRENT LIABILITIES:			
Trade and other payables	10	253	252
Employee benefits	11	679	642
Provisions	12	86	112
Total current liabilities		1 018	1 006
NON-CURRENT LIABILITIES:			
Trade and other payables	10	95	98
Employee benefits	11	1 082	1 096
Provisions	12	259	293
Total non-current liabilities		1 436	1 487
Total liabilities		2 454	2 493
NET ASSETS		66 148	65 559
EQUITY:			
Retained earnings	13	66 148	65 559
TOTAL EQUITY		66 148	65 559
Commitments	14		
Contingent assets and liabilities	19		

Statement of Changes in Equity for the year ended 30 June 2009

	Retained Earnings \$'000
Balance at 30 June 2007	65 146
Total comprehensive result for 2007-08	413
Balance at 30 June 2008	65 559
Total comprehensive result for 2008-09	589
Balance at 30 June 2009	66 148

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee expenses		(5 224)	(5 071)
Supplies and services		(3 461)	(3 968)
Cash used in operations		(8 685)	(9 039)
CASH INFLOWS:			
GST recovered from ATO		312	299
Other income		69	47
Cash generated from operations		381	346
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from State Government		9 654	9 939
Cash generated from SA Government		9 654	9 939
Net cash provided by operating activities	15	1 350	1 246
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		(306)	(644)
Net cash used in investing activities		(306)	(644)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 044	602
CASH AND CASH EQUIVALENTS AT 1 JULY		1 313	711
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	2 357	1 313

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Significant accounting policies

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

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. The Joint Parliamentary Service also administers the payment of Members salaries. These payments are disclosed as Administered Items in Note 21.

(a) Statement of compliance

The financial statements of the Joint Parliamentary Service are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs, including Australian Interpretations, other mandatory professional reporting requirements in Australia and TIs and APF promulgated under the provision of the PFAA.

Except for the amendments to AASB 101 (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Joint Parliamentary Service has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Joint Parliamentary Service for the reporting period ending 30 June 2009. The Joint Parliamentary Service has assessed the impact of these amendments and considers there will be no impact on the accounting policies or financial statements of the Joint Parliamentary Service.

(b) Basis of preparation

The preparation of financial statements in conformity with AASs as discussed in the Notes below, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Joint Parliamentary Service.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASs as discussed in the Notes below, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Notes below.

The Joint Parliamentary Service's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency. All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

(c) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjustments were required to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy g).

In accordance with APF III:

- all non-current tangible assets with a value of \$5000 or greater are capitalised;
- componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Buildings within which the House of Assembly and Legislative Council operate are recognised in the financial statements of the Joint Parliamentary Service.

Expenditure on assets not fully constructed at 30 June is disclosed separately as assets under construction. Assets under construction contributed by the House of Assembly and Legislative Council to the Joint Parliamentary Service once completed are recognised in the Statement of Comprehensive Income as income in the period contributed.

Art work on loan from the Art Gallery of South Australia is not recognised in these financial statements.

(ii) *Subsequent costs*

The Joint Parliamentary Service recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the Joint Parliamentary Service and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(iii) *Depreciation*

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current period are as follows:

Buildings	100 years
Plant and equipment	5-10 years
Furniture and fittings	3-10 years
Computer equipment	3 years

The residual value, if not insignificant, is reassessed annually.

Joint Parliamentary Service estimate the remaining useful life of Parliament House to be 100 years ending in 2096.

The library collection controlled by the Joint Parliamentary Service is mainly a research and heritage collection. The collection is anticipated to have a very long and indeterminate useful life. The service potential of the collection has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised during the reporting period for this class of asset.

(e) ***Trade and other receivables***

Trade and other receivables are stated at their cost less impairment losses (see accounting policy g).

(f) ***Cash and cash equivalents***

Cash and cash equivalents comprises cash balances and call deposits for the purpose of the Statement of Cash Flows.

(g) ***Impairment***

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. For revalued assets, an impairment loss is offset against the asset revaluation reserve.

(h) ***Valuation of non-current assets***

In accordance with APF III:

- all non-current tangible assets are valued at written down current cost (a proxy for fair value);
- revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every five years, the Joint Parliamentary Service revalues its non-current assets. However, 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. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Plant and equipment including computer equipment, on acquisition, has been deemed to be held at fair value.

Land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2006 by Fred Taormina BAppSc(Val), AAPI Certified Practising Valuer on behalf of Valcorp Pty Ltd. The valuation at 30 June 2006 was prepared on a fair value basis. The valuer has determined that the value of the land where Old Parliament House is situated, is greater than the value with the building. Therefore, only the value of the land is recognised in these financial statements.

Library collection

An independent valuation of the library collection was conducted at 30 June 2006 by Mr Stephen Sinclair, a recognised collection industry expert for library collections. The valuation at 30 June 2006 was a desk top valuation that updated a previous valuation determined at 30 June 1997. 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.

(i) Employee benefits

(i) Defined contribution plans

The Joint Parliamentary Service makes contributions to several State Government 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

(ii) Long-term service benefits

The Joint Parliamentary Service's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The liability for long service leave is recognised after an employee has completed six and a half years of service as advised in APF IV. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Joint Parliamentary Service's experience of employee retention and leave taken.

The current/non-current classification of the Joint Parliamentary Service's long service leave obligation has been calculated based on the historical usage patterns consistent with APF IV, APS 5.15.

(iii) Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of reporting date, represent present obligations resulting from employee's services provided to reporting date, are measured as the undiscounted amounts based on remuneration wage and salary rates that the Joint Parliamentary Service expects to pay as at reporting date including related on-costs.

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.

(iv) Employee benefit on-costs

Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

(j) Provisions

A provision is recognised in the Statement of Financial Position when the Joint Parliamentary Service has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Revenues from government

Appropriations are recognised as revenues when the Joint Parliamentary Service obtains control over the funding. Control over appropriations is normally obtained upon receipt.

(m) Taxation

The Joint Parliamentary Service is not subject to income tax. The Joint Parliamentary Service is liable for payroll tax, FBT, GST and emergency services levy.

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(n) Insurance

The Joint Parliamentary Service has insured for risks through the South Australian Government Finance Authority SAICORP Division. Under these insurance arrangements the Joint Parliamentary Service will meet the first \$5000 deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and Officers' liability).

2. Employee benefit costs	2009	2008
	\$'000	\$'000
Wages and salaries	4 508	4 502
Employment on-costs - superannuation	512	518
- other	222	209
Workers compensation	(56)	39
Total employee benefit costs	5 186	5 268

TVSPs

There were no TVSPs paid in 2009.

3. Supplies and services		
Supplies and services provided by entities within the SA Government:		
Building maintenance	408	427
Utilities	53	57
Printing and publishing	400	294
Insurance	57	53
Information technology	44	382
Lease	61	52
Audit fees	70	62
Shared Services	80	51
Other	29	75
Total supplies and services - SA Government entities	1 202	1 453

Supplies and services provided by entities external to the SA Government:

Building maintenance	278	387
Utilities	331	255
Cleaning	190	224
Minor works and equipment	100	88
Telephone	199	148
Information technology	300	129
Agency staff hire	191	111
FBT	35	7
Consultant fees	77	25
Other	291	337
Total supplies and services - non-SA Government entities	1 992	1 711
Total supplies and services	3 194	3 164

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

	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	7	20	2	5
Between \$10 000 and \$50 000	2	57	1	20
Total paid/payable to consultants engaged	9	77	3	25

4. Auditor's remuneration	2009	2008
	\$'000	\$'000
Audit fees	70	62
Total auditor's remuneration	70	62

Audit fees are paid or payable to the Auditor-General's Department.

5. Depreciation		
Buildings	474	464
Plant and equipment	91	119
Fixtures and fittings	24	24
Computer equipment	991	569
Total depreciation	1 580	1 176

6. Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	9 654	9 939
Total revenues from SA Government	9 654	9 939

7. Cash and cash equivalents		
Cash on hand	-	-
Special Deposit Account	2 366	1 430
Bank overdraft	(9)	(117)
Total cash and cash equivalents	2 357	1 313

7. Cash and cash equivalents (continued)

The bank overdraft reflects the value of unrepresented cheques at 30 June 2009.

The Special Deposit Account is the Accrual Appropriation Excess Funds Account. These funds are not available for general use, ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

8. Trade and other receivables

	2009	2008
	\$'000	\$'000
Receivables	183	263
Prepayments	23	8
Other	15	3
Total trade and other receivables	221	274

9. Property plant and equipment

2009	Under constructn	Land	Buildings	Plant & equipment	Fixtures & fittings	Computer equipment	Library	Total
Cost:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	280	12 840	46 401	1 801	810	5 127	1 531	68 790
Purchases	281	-	-	-	-	30	-	311
Disposals	-	-	-	(37)	-	-	-	(37)
Transfers in (out)	(1 209)	-	1 209	-	-	-	-	-
Contributed assets	845	-	-	-	-	-	-	845
Other	1	-	-	-	-	-	-	1
Balance at 30 June	198	12 840	47 610	1 764	810	5 157	1 531	69 910
Depreciation:								
Balance at 1 July	-	-	1 385	265	72	603	-	2 325
Depreciation charge	-	-	474	91	24	991	-	1 580
Disposals	-	-	-	(19)	-	-	-	(19)
Other	-	-	-	-	-	-	-	-
Balance at 30 June	-	-	1 859	337	96	1 594	-	3 886
Carrying amount:								
At 1 July	280	12 840	45 016	1 536	738	4 524	1 531	66 465
At 30 June	198	12 840	45 751	1 427	714	3 563	1 531	66 024

Proceeds from the disposal of plant and equipment during 2008-09 were \$5000.

10. Trade and other payables

	2009	2008
	\$'000	\$'000
Current:		
Trade payables	3	12
Accrued expense	152	115
Accrued employee on-costs	49	75
Accrued payroll tax	7	6
Accrued superannuation	14	13
Sundry creditors	28	31
	253	252
Non-current:		
Accrued employee on-costs	95	98
	95	98

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate of 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation. The net financial effect is a decrease in the employment on-cost of \$3000.

11. Employee benefits

	2009	2008
	\$'000	\$'000
Current:		
Accrued salaries and wages	119	113
Liability for annual leave	410	379
Liability for long service leave	150	150
	679	642
Non-current:		
Liability for long service leave	1 082	1 096
	1 082	1 096

The total current and non-current employee expense (ie aggregated employee benefit plus related on-costs) for 2009 is \$749 000 and \$1.177 million respectively (\$736 000 and \$1.194 million respectively).

11. Employee benefits (continued)

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has changed from the 2008 benchmark of 7.5 years to 6.5 years. The net effect of the changes in the current financial year is an increase in the long service leave liability of \$14 000 and the employee benefit expense \$1000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability of \$2000 and employee benefit expense \$nil.

12. Provisions	2009	2008
Current:	\$'000	\$'000
Provision for workers compensation	86	112
Non-current:		
Provision for workers compensation	259	293
Total provisions for workers compensation	345	405

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on the actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

13. Equity	2009	2008
	\$'000	\$'000
Retained earnings	66 148	65 559
Total equity	66 148	65 559

14. Commitments

Commitments are inclusive of GST.

Operating lease commitments

Joint Parliamentary Service leases computer software, office premises and photocopiers under non-cancellable operating leases with periods up to six years. Lease payments are increased annually in accordance with movements in the Consumer Price Index. Lease commitments not recognised as liabilities are payable as follows:

	2009	2008
	\$'000	\$'000
Less than one year	37	75
Between one and five years	4	49
More than five years	-	-
	41	124

Other commitments

Other commitments contracted but not recognised as liabilities are payable as follows:

	2009	2008
	\$'000	\$'000
Less than one year	350	68
Between one and five years	166	32
More than five years	-	-
	516	100

15. Reconciliation of cash flows from operating activities to net cost of providing services

Cash flows from operating activities:		
Net cash provided by operating activities	1 350	1 246
Revenues under <i>Appropriation Act</i>	(9 654)	(9 939)
Add (Less): Non-cash Items:		
Depreciation	(1 580)	(1 176)
Loss on disposal of non-current assets	(13)	(7)
Contribution of assets from House of Assembly for nil consideration	681	29
Contribution of assets from Legislative Council for nil consideration	164	15
Adjustments to plant and equipment	1	(131)
Changes in assets/liabilities:		
(Decrease) Increase in trade and other receivables	(53)	75
Decrease in trade and other payables	2	560
Increase in employee benefits	(23)	(150)
Decrease (Increase) in provisions	60	(48)
Net cost of providing services	(9 065)	(9 526)

16. Key management personnel	2009	2008
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number
\$100 000 - \$109 999	3	4
\$110 000 - \$119 999	3	3
\$130 000 - \$139 999	1	1
\$230 000 - \$239 999	1	-

The table includes all staff who received remuneration of \$100 000 or more during the year.

Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees was \$1 024 144 (\$883 830).

17. Economic dependency
The Joint Parliamentary Service is dependent upon funding via the *Appropriation Act*.

18. Subsequent events
There have been no events subsequent to reporting date.

19. Contingent assets and liabilities
The Joint Parliamentary Service had no contingent assets or liabilities as at reporting date.

20. Financial instruments/Financial risk management

(a) Terms, conditions and accounting policies

(i) Financial assets

Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided for which payment has not been received.

Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

(ii) Financial liabilities

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days.

(b) Categorisation of financial instrument

Financial instrument	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Cash and cash equivalents	2 357	2 357	1 313	1 313
Receivables	221	221	274	274
	2 578	2 578	1 587	1 587
Financial liabilities:				
Payables	183	183	158	158
	183	183	158	158

(c) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the Joint Parliamentary Service which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts. The Joint Parliamentary Service does not have significant exposure to any concentration of credit risk.

(d) Liquidity risk

Liquidity risk arises where the Joint Parliamentary Service is unable to meet its financial obligations as they fall due. The Joint Parliamentary Service is funded principally from appropriation by the SA Government. Undisputed accounts are settled within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(e) Market risk

The Joint Parliamentary Service has no market risk exposure to foreign currency or other price risks or interest rate risks.

(f) Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Joint Parliamentary Service as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is minimal.

(g) Financial risk management

The Joint Parliamentary Service has non-interest bearing assets (cash on hand, Special Deposit Account and receivables) and liabilities (payables). The Joint Parliamentary Service's exposure to market risk and liquidity risk is minimal and there is no significant concentration of credit risk.

21. Administered items

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*.

Schedule of Administered Income and Expenses

	2009	2008
	\$'000	\$'000
Administered income:		
Recurrent appropriations	9 224	9 248
Total administered income	9 224	9 248
Administered expenses:		
Members salaries	9 224	9 248
Total administered expenses	9 224	9 248

MAJOR ICT PROJECTS: IMPLEMENTATION OF A GOVERNMENT MONITORING AND REPORTING PROCESS: SPECIFIC AUDIT COMMENT

INTRODUCTION

Individual government agencies have the principal responsibility and accountability to the responsible Minister or Cabinet for the successful delivery and reporting of major ICT projects under the agency or portfolio which has the budget to implement them.

While acknowledging the responsibility of individual agencies, past Audit Reports have strongly recommended regular whole-of-government monitoring and reporting to Cabinet on the progress status of major ICT projects.

The importance for this requirement is demonstrated by certain problems that can, and have emerged, when such projects do not run to plan and are not subject to strict agency management control. The past Audit Reports have also put forward the view that the Office of the Chief Information Officer (OCIO), in conjunction with the ICT Board, should be involved in the monitoring and reporting activity.

Last year's Annual Audit Report (Part A: Audit Overview) made comments on developments proceeding to implement quarterly overview reporting to Cabinet on material ICT projects, including my view that the developments be progressed to implementation with urgency.

The following provides some observations and comments arising from review work undertaken during the year in relation to certain ICT system projects and a recent follow up review of the implementation of a monitoring and reporting process for Cabinet for major ICT projects.

MAJOR ICT PROJECTS – SYSTEM DEVELOPMENTS IN PROGRESS OR RECENTLY IMPLEMENTED AND NEW SYSTEM PROPOSALS

In previous Audit Reports I have included brief commentary on some major ICT system projects of agencies. I do so again this year.

This is done to illustrate the significance of ICT projects of government, and where applicable, to show that their development/implementation time cycle can be affected at any time by various challenges and difficulties. These challenges and difficulties if not properly managed can result in increased costs, and time/benefit realisation delays or material loss through project abandonment. The adverse consequences can sometimes not only affect the agency, but can also affect cross agency operations.

Some of the comments provided below give an update on projects commented on in previous Reports. The WorkCover Corporation of South Australia came under the audit mandate of the Auditor-General in 2008-09. That entity has been involved in two major system replacement/development projects. They were subject to review and a comment is provided on the outcomes of the review. I also provide a short comment in reference to some new system proposals.

Taxation Revenue Management System (RISTEC)

Initial comment was made on the RISTEC project in the 2005-06 Annual Audit Report to Parliament. The project is to develop a replacement integrated taxation system for the Department of Treasury and Finance existing legacy taxation systems. The update to Cabinet in December 2008 advised an overall cost of \$44.3 million with full implementation of the system by September 2011.

During 2008-09, certain developments have arisen that have the potential to impact on the successful delivery of the project regarding time and cost, and the full achievement of envisaged benefits. Delays in project delivery can result in additional costs of maintaining existing legacy systems and later achievement of anticipated revenue/taxation benefits. These matters have been the subject of communication and consideration between Audit and the Department of Treasury and Finance.

The main developments relate to the following matters:

- A change of implementation partner in the latter part of 2008.
- Difficulties being encountered in accessing intellectual property in software from parties to facilitate the system implementation. At the time of preparation of this Report those difficulties continue.

The December 2008 Cabinet submission identified a delay in achievement of revenue/taxation benefits of \$15 million. Earlier Cabinet submissions had placed such benefits at \$19 million.

Should there be continued delay in access to intellectual property in software necessary for completion of the project, the potential impact can translate to further increased costs relating to legacy systems and later achievement or loss of benefits.

Land Services Business Reform Program (LSBR)

For the past three years comments have been included in Annual Audit Reports to Parliament in relation to this ICT development.

The LSBR program of the Department for Transport, Energy and Infrastructure (DTEI) involves the replacement of core legacy systems, implementation of electronic services, and the planning for business process changes for land administration in the State. The Government has provided \$17.1 million for the Land Services Business Reform Program over a four year period to mid 2011.

It is important to note that the LSBR program development is progressing at the same time as the RISTEC project of the Department of Treasury and Finance. These two major government ICT system developments have important interdependencies, including in relation to future data requirements and preferred delivery methods for the future.

The importance of the interdependencies was raised by Audit with the departments during 2008-09 and has been acknowledged by both departments through implementation of arrangements for collaboration and consultation.

A key component of the LSBR program is the Land Administration Systems Electronic Replacement (LASER) project which is intended to deliver business reform and replace the core legacy land administration systems. In April 2009 the LASER project identified land administration systems in operation in Australia that could potentially be adapted and implemented.

After earlier consideration of a single stage procurement process, DTEI approved a two stage procurement process consisting of an expression of interest and request for proposal. In July 2009 the Department called for expressions of interest and expected to issue requests for proposals in November 2009.

The Department advised Audit in November 2009 of its intention to further update Cabinet with respect to this development.

Finally, in response to Audit enquiry, the Department has confirmed that aspects of systems documentation would be reviewed as part of the replacement project.

Connected Client and Case Management System (CCCMS)

Commentary on this system development implementation project was first included in my 2006-07 Annual Audit Report to Parliament. This project relates to the development of a system for more effective case management and care for clients of the Department for Families and Communities.

The 2006-07 Report indicated that the Department progressed the CCCMS without finalisation of an assessment by the OCIO, and without presentation to the responsible Minister of a comprehensive submission regarding the project, supported by a detailed business case, for formal approval. It also indicated the Department's intention to address the matter by updating the business case and seeking approval of the Minister.

A revised business case was approved by the Minister in January 2008. The business case identified a total cost for the project of \$10.6 million over five years with full implementation by 2010-11.

In September 2008, Audit communicated in a letter to the Department certain changes that were affecting the funding, timing and the deliverable profile of the system when compared to the approved business case, and the need for a project update submission to the Minister.

In response, the Department prepared a revised business case which was approved by the Minister in May 2009. It showed a total project cost of \$14.2 million. The benefits were reduced from \$1.35 million in the original business case to \$220 000 in the revision.

The increased funding was sourced through a reallocation of funds from within the Department for Families and Communities budget through reprioritisation of approved projects.

In early September 2009, the Department advised Audit that the CCCMS went live to Child Protection and other key business units. This involved training and support of 390 staff and will be extended to 1600 staff at project completion.

Transport Regulation User Management Processing System (TRUMPS)

The 2005-06 Annual Audit Report to Parliament contained some initial comments on this major system development and implementation project.

The TRUMPS system of DTEI provides for the recording and processing of drivers licences and motor vehicle registrations.

The system was to have been implemented in June 2006 at a cost of \$9.5 million. Additional funding approvals were obtained to provide for legislative change requirements and to complete the registration and finance components of the system. The TRUMPS system was fully implemented in September 2007. The project cost was about \$17.4 million.

My 2007-08 Supplementary Audit Report presented to Parliament in June 2009 provided specific comment on the development, implementation and operation of the TRUMPS system.

At the time of system implementation there were a number of defects, including limitations in TRUMPS capability associated with financial control reporting and reconciliation processes and matters associated with information security controls. As conveyed in the Supplementary Report, these main findings and other matters arising from the audit were conveyed in audit management letters to the Department. The Department immediately implemented actions to consider and address the matters raised.

A recent follow up by Audit and the DTEI response to that follow up concerning resolution status of certain issues indicates that DTEI has addressed a substantial number of the matters raised. Certain remaining matters will take some time to resolve due to the complexity of implementation.

DTEI has indicated that it is to develop more detailed reports for defect management that will show the nature, impact and resolution status for each defect.

Replacement workers compensation systems Projects HARRY and WIRE

The Auditor-General became the statutory external auditor for the WorkCover Corporation of South Australia (Corporation) commencing 2008-09.

A main component of the first year audit related to the review of the Corporation's ICT environment, systems and controls. This recognised that the Corporation had progressed significantly during 2008-09 two new major system development projects to replace existing financial and operational systems, namely:

- Project HARRY to replace the Corporation's existing workers compensation processing system with a market software solution
- Project WIRE which involves the construction of a new data warehouse and reporting and business intelligence environment across the Corporation. Its implementation will be aligned with project HARRY.

The estimated total cost to complete both projects is in excess of \$40 million, with implementation scheduled for early 2010.

In my 2008-09 Annual Audit Report tabled in Parliament in October 2009, I provided comment on the nature and outcomes of the first year review.

Formal governance practices were found to be in place for projects HARRY and WIRE and a project management framework was used for the projects.

The Corporation has identified as a key issue and risk, system and user acceptance testing for projects HARRY and WIRE and has advised Audit these matters are under continual review by the Corporation.

New systems

In various commentary for government agencies included in my 2008-09 Annual Audit Report to Parliament in October 2009, I referred to the matter of new major system acquisition developments to commence within agencies in the immediate future. Some systems, for example, are:

- Student Information System: In June 2009 the Department of Further Education, Employment, Science and Technology entered into a contract for \$20.4 million to implement a new system to be fully operational in 2012

- E-procurement: In August 2009 Cabinet approved the acquisition and development of an across-government e-procurement system at a cost of approximately \$23 million over six years
- Whole-of-health finance, supply chain and asset management system. The Department of Health is in the process of evaluating proposals for the implementation for such a system with a planned implementation date in 2010-11.

Again, due to the significance of the systems for service delivery and financial operations of government or the agencies, it is expected that the process of acquisition and implementation be diligently managed and monitored by the responsible agencies and subject to high level monitoring and reporting of status to Cabinet.

IMPLEMENTATION STATUS OF WHOLE-OF-GOVERNMENT MONITORING AND REPORTING OF ICT PROJECTS

Last year's report

In the 2007-08 Annual Audit Report (Part A: Audit Overview), comment was made on the roles and responsibilities of the OCIO/ICT Board and the Cabinet Implementation Unit (CIU) in respect of the proposed monitoring and reporting of major ICT projects.

At the time of preparation of that Report, the OCIO was developing a major ICT project reporting capability. The CIU was trialling its reporting functionality, including for major ICT projects, for full implementation in 2008-09.

I further commented that the development of the OCIO reporting capability should be progressed to implementation with urgency. That was in recognition that the effectiveness of the proposed reporting role of the CIU was reliant on the implementation and operation of this reporting capability.

Recent follow up

In November 2009 I wrote to DTEI and the Department of the Premier and Cabinet to obtain a current understanding of the implementation and operation of the monitoring and reporting arrangements.

I received responses to my requests. It is my intention to undertake a confirmation review of the updates that have been provided by the departments to clearly understand the specific nature and effectiveness of the arrangements.

Audit review of the responses indicate that:

- there has been some change in the arrangements that were initially proposed
- some monitoring is being performed by both bodies (OCIO/ICT Board and CIU) of ICT projects, with some overlap
- recent agreement has been reached between the bodies regarding the sharing of information and to clarify the basis by which the bodies will identify projects for future monitoring
- there is an intention by the departments to document the agreements reached
- formal periodic monitoring/reporting to Cabinet has not been implemented at this stage by either body.

CONCLUDING AUDIT COMMENT

It was my expectation, following the reporting on positive developments in last year's Annual Audit Report about the proposed implementation of a whole-of-government monitoring and reporting system for ICT projects to Cabinet, that I would be able to report this year that a system was now in operation. This is not the case.

In recognition of the significance of ICT projects currently in progress and proposals for new systems, I re-emphasise my opinion, that there is an urgent need to have in operation an effective monitoring and reporting process for ICT projects to Cabinet.

GLOSSARY OF TERMS

AUSTRALIAN ACCOUNTING STANDARDS - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Equivalents to International Financial Reporting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 101	Presentation of Financial Statements (Sept 2007)
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation and Application of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures

AUSTRALIAN ACCOUNTING STANDARDS – AASB – continued

Reference	Title
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101
AASB 2008-12	Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition

AUSTRALIAN INTERPRETATIONS

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

AUSTRALIAN ACCOUNTING STANDARDS - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

TREASURER'S INSTRUCTIONS – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting

TREASURER'S INSTRUCTIONS – TIs – *continued*

Reference	Title
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

ACCOUNTING POLICY FRAMEWORK - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

LEGISLATION

Reference	Title
ITAA	<i>Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997</i>
NRMA	<i>Natural Resources Management Act 2004</i>
PCA	<i>Public Corporations Act 1993</i>
PFAA	<i>Public Finance and Audit Act 1987</i>
PSM Act	<i>Public Sector Management Act 1995</i>
WRCA	<i>Workers Rehabilitation and Compensation Act 1986</i>

ACRONYMS

Reference	Title
AASs	Australian Accounting Standards ¹
AIFRS	Australian equivalents to International Financial Reporting Standards
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer Processing Environment
CPI	Consumer Price Index
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
ICT	Information and Communications Technology
TI	Treasurer's Instruction
TVSP	Targeted Voluntary Separation Package

¹ 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial report relates.