

Joint Parliamentary Service

Financial report
for the year ended
30 June 2018



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To the Parliament of South Australia

As required by section 31(1)(a) of the *Public Finance and Audit Act 1987*, I was engaged to audit the financial report of the Joint Parliamentary Service for the financial year ended 30 June 2018.

Disclaimer of opinion

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

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairs and the two Secretaries of the Joint Parliamentary Service Committee and the Chief Finance Officer, Joint Parliamentary Service.

Basis for disclaimer of opinion

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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



Andrew Richardson

Auditor-General

28 September 2018

**Joint Parliamentary Service
Financial Statements**

30 June 2018

Joint Parliamentary Service

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Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits expenses	3	6,439	5,953
Supplies and services	4	3,771	3,426
Depreciation and amortisation expense	6	1,498	1,621
Net loss from the disposal of non-current assets	11	16	-
Total expenses		11,724	11,000
Income			
Resources received free of charge	7	427	393
Other income		576	302
Total income		1,003	695
Net cost of providing services		10,721	10,305
Revenues from SA Government	8	12,396	11,482
Net result		1,675	1,177
Total comprehensive result		1,675	1,177

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Joint Parliamentary Service

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Statement of Financial Position

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	9	6,499	2,074
Receivables	10	300	307
Total current assets		6,799	2,381
Non-current assets			
Receivables	10	122	13
Property, plant and equipment	11	79,544	79,517
Total non-current assets		79,666	79,530
Total assets		86,465	81,911
Current liabilities			
Payables	13	3,063	348
Employee benefits	14	870	913
Provisions	15	20	38
Total current liabilities		3,953	1,299
Non-current liabilities			
Payables	13	173	137
Employee benefits	14	1,737	1,489
Provisions	15	29	88
Total non-current liabilities		1,939	1,714
Total liabilities		5,892	3,013
Net assets		80,573	78,898
Equity			
Retained earnings		68,451	66,776
Asset revaluation surplus	16	9,219	9,219
Contributed capital	16	2,903	2,903
Total equity		80,573	78,898
Unrecognised contractual commitments	17		

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity For the year ended 30 June 2018

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2016		2,903	9,219	65,599	77,721
Net result for 2016-17		-	-	1,177	1,177
Total comprehensive result for 2016-17		-	-	1,177	1,177
Balance at 30 June 2017		2,903	9,219	66,776	78,898
Net result for 2017-18		-	-	1,675	1,675
Total comprehensive result for 2017-18		-	-	1,675	1,675
Balance at 30 June 2018		2,903	9,219	68,451	80,573

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Joint Parliamentary Service

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Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(6,311)	(6,171)
Payments for supplies and services		(1,330)	(4,000)
Payments for paid parental leave scheme		-	(12)
Cash used in operations		<u>(7,641)</u>	<u>(10,183)</u>
Cash inflows			
GST recovered from the ATO		219	404
Receipts for paid parental leave scheme		-	12
Other receipts		650	324
Cash generated from operations		<u>869</u>	<u>740</u>
Cash flows from SA Government			
Receipts from State Government		12,396	11,482
Cash generated from SA Government		<u>12,396</u>	<u>11,482</u>
Net cash provided by / (used in) operating activities	18	<u>5,624</u>	<u>2,039</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,199)	(2,186)
Net cash used in investing activities		<u>(1,199)</u>	<u>(2,186)</u>
Net increase in cash and cash equivalents		4,425	(147)
Cash and cash equivalents at 1 July		2,074	2,221
Cash and cash equivalents at 30 June	9	<u>6,499</u>	<u>2,074</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Joint Parliamentary Service

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1. Objective of the Joint Parliamentary Service

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 receives assets from the House of Assembly and Legislative Council for nil consideration.

2. Summary of significant accounting policies

(a) *Statement of compliance*

These financial statements are in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

The Joint Parliamentary Service has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Joint Parliamentary Service is a not-for-profit entity.

(b) *Basis of preparation*

The preparation of the financial statements requires:

- the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis;
- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Joint Parliamentary Service's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies;
 - (b) expenses incurred as a result of engaging consultants;
 - (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

(c) *Rounding*

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Joint Parliamentary Service

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(d) Taxation

The Joint Parliamentary Service is not subject to income tax. The Joint Parliamentary Service is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

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

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

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

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

(e) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Joint Parliamentary Service has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(f) Non-current assets

Acquisition and recognition

Land, buildings and library collection are initially recorded at cost and subsequently measured at fair value after allowing for accumulated depreciation. Plant and equipment, computer equipment, fixtures and fittings are recorded at historic cost less accumulated depreciation, which is deemed to approximate fair value. Where assets are acquired at no value, or minimal value, they are recorded at book value, that is the amount recorded by the transferor entity immediately prior to the transfer.

All non-current tangible assets with a value equal to or in excess of \$5,000 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 for the Joint Parliamentary Service.

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

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Revaluation of non-current assets

Land, buildings and library collection are valued at fair value and revaluation of these assets is performed every six years. 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. The assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

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

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

(g) Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased asset.

Employee benefits

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

Salaries and wages, annual leave, SERL and sick leave

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

Where annual leave is expected to be payable within twelve months, the liability has been measured at the undiscounted amount expected to be paid. Where annual leave liability to be payable later than 12 months the liability is measured at present value.

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

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

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Long service leave

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Provisions

Provisions are recognised when the Joint Parliamentary Service has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Joint Parliamentary Service expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

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3. Employee benefits expenses	2018	2017
	\$'000	\$'000
Salaries and wages	5,593	5,207
Employment on-costs – superannuation	522	527
Employment on-costs – other	314	280
Workers compensation	10	(61)
Total employee benefits expenses	<u>6,439</u>	<u>5,953</u>

Employee benefits expenses includes all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Remuneration of employees	2018	2017
	No	No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$159,001 – 169,000	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by this employee was \$164,000 (2017 \$163,000).

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4. Supplies and services	2018	2017
	\$'000	\$'000
Building maintenance	541	537
Utilities	569	419
Cleaning	316	346
Minor works and equipment	72	110
Telephone	174	151
Printing and publishing	181	173
Insurance	50	53
Information technology	621	551
Lease	58	61
Audit fees	78	77
Shared Services	85	97
Vehicle hire	22	20
Staff training and development	22	14
Agency staff hire	116	143
Fringe benefits tax	55	47
Consultants fees	26	53
Occupational, Health, Safety and Welfare compliance	13	20
Car parking	554	317
Library collection	37	36
Storage	31	31
Travelling expenses	16	21
Other	134	149
Total supplies and services	3,771	3,426

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

	2018		2017	
	No	\$'000	No	\$'000
Below \$10,000	4	26	5	28
Above \$10,000	-	-	1	25
Total paid/payable to consultants engaged	4	26	6	53

5. Auditor's remuneration	2018	2017
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to work performed under the <i>Public Finance and Audit Act 1987</i> of the Joint Parliamentary Service, Legislative Council and House of Assembly.	78	77
Total auditor's remuneration	78	77

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Supplies and services' (refer to note 4).

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6. Depreciation and amortisation expense	2018	2017
	\$'000	\$'000
Buildings	517	510
Plant and equipment	188	156
Fixtures and fittings	3	2
Computer equipment	790	953
Total depreciation and amortisation	<u>1,498</u>	<u>1,621</u>

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

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

Land is not depreciated.

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

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

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

7. Resources received free of charge	2018	2017
	\$'000	\$'000
Assets acquired at nil consideration from the House of Assembly	228	262
Assets acquired at nil consideration from the Legislative Council	114	131
Services received free of charge - Shared Services SA	85	-
Total Resources received free of charge	<u>427</u>	<u>393</u>

8. Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	12,396	11,482
Total revenues from SA Government	<u>12,396</u>	<u>11,482</u>

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

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9. Cash and cash equivalents	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	6,499	2,074
Total cash and cash equivalents	6,499	2,074

Cash is measured at nominal value.

Deposits with the Treasurer includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, funds can only be used in accordance with the Treasurer's approval.

10. Receivables

Current

Receivables	144	166
Prepayments	139	125
Other	17	16
Total current receivables	300	307

Non-current

Prepayments	122	13
Total non-current receivables	122	13

Total receivables	422	320
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Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Joint Parliamentary Service will not be able to collect the debt. It is not anticipated that counterparties will fail to discharge their approximate net fair value due to being receivable on demand. There is no concentration of credit risk.

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11. Property, plant and equipment	2018	2017
	\$'000	\$'000
Land		
Fair value	21,825	21,825
Total land	<u>21,825</u>	<u>21,825</u>
Buildings		
Fair value	51,158	50,426
Less: Accumulated depreciation	(1,026)	(509)
Total buildings	<u>50,132</u>	<u>49,917</u>
Plant and equipment		
At cost (deemed fair value)	4,355	3,797
Less: Accumulated depreciation	(904)	(721)
Total plant and equipment	<u>3,451</u>	<u>3,076</u>
Fixtures and fittings		
At cost (deemed fair value)	889	889
Less: Accumulated depreciation	(79)	(76)
Total fixtures and fittings	<u>810</u>	<u>813</u>
Computer equipment		
At cost (deemed fair value)	5,023	11,326
Less: Accumulated depreciation	(2,582)	(8,685)
Total computer equipment	<u>2,441</u>	<u>2,641</u>
Library		
Independent valuation	612	612
Total library	<u>612</u>	<u>612</u>
Capital works in progress		
Capital works in progress	273	633
Total capital works in progress	<u>273</u>	<u>633</u>
Total property, plant and equipment	<u>79,544</u>	<u>79,517</u>

Valuation of assets

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

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

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

Asset Movement Reconciliation 2016-17	Land	Buildings	Plant and equipment	Fixtures and fittings	Computer equipment	Library	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	21,825	49,898	2,922	804	2,097	612	402	78,560
Additions	-	-	-	10	115	-	2,060	2,185
Assets acquired at nil consideration	-	-	-	-	-	-	393	393
Additions - Transfers to/(from) CWIP	-	529	310	1	1,382	-	(2,222)	-
Depreciation	-	(510)	(156)	(2)	(953)	-	-	(1,621)
Carrying amount at 30 June	21,825	49,917	3,076	813	2,641	612	633	79,517

12. Fair value measurement

The Joint Parliamentary Service classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3 – not traded in an active market and are derived from unobservable inputs.

The Joint Parliamentary Service has classified all non-financial assets into level 3. The significant unobservable inputs include asset useful lives, which have been disclosed in Depreciation and amortisation expense (refer to note 6).

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13. Payables	2018	2017
	\$'000	\$'000
Current		
Creditors	2,621	1
Accrued expenses	323	214
Employment on-costs	119	133
Total current payables	3,063	348
Non-current		
Employment on-costs	173	137
Total non-current payables	173	137
Total payables	3,236	485

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

Employee benefits on-costs include payroll tax, workers compensation and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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.

Interest rate risk and credit risk

Creditors and accruals are raised for all amounts owing but unpaid. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

14. Employee benefits

Current		
Annual leave	386	511
Long service leave	317	249
Skills and experience retention leave	37	36
Accrued salaries and wages	130	117
Total current employee benefits	870	913
Non current		
Long service leave	1,531	1,489
Annual leave	206	-
Total non-current employee benefits	1,737	1,489
Total employee benefits	2,607	2,402

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience, expected terminations and known applications for leave.

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AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has remained unchanged from 2017 (2.5%).

This unchanged bond yield, which is used as the rate to discount future long service leave cash flows, results in no variation in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

15. Provisions	2018	2017
	\$'000	\$'000
Current		
Provision for workers compensation	20	38
Total current provisions	20	38
Non current		
Provision for workers compensation	29	88
Total non-current provisions	29	88
Total provisions	49	126
Provision movement		
Carrying amount at 1 July	126	217
Additional provisions recognised	18	-
Reduction in provisions recognised	-	62
Reductions arising from payments	95	29
Carrying amount at 30 June	49	126

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on the actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet).

16. Equity		
Accumulated surplus	68,451	66,776
Asset revaluation surplus	9,219	9,219
Contributed capital	2,903	2,903
Total equity	80,573	78,898

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

17. Unrecognised contractual commitments	2018	2017
	\$'000	\$'000
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	67	65
Later than one year but no longer than five years	144	189
Later than five years	-	18
Total operating lease commitments	211	272

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

Expenditure commitments

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

Within one year	167	34
Later than one year but no longer than five years	275	24
Total expenditure commitments	442	58

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

18. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June:

Cash and cash equivalents disclosed in the Statement of Financial Position	6,499	2,074
Balance as per the Statement of Cash Flows	6,499	2,074

Reconciliation of net cash provided by operating activities

to net cost of providing services:

Net cash provided by operating activities	5,624	2,039
Less revenues from SA Government	(12,396)	(11,482)

Add/less non-cash items

Depreciation expense of non-current assets	(1,498)	(1,621)
Gain/(loss) on sale or disposal of non-current assets	(16)	-
Assets acquired at nil consideration	342	393

Movements in assets and liabilities

Increase/(decrease) in receivables	102	85
(Increase)/decrease in payables	(2,751)	63
(Increase)/decrease in employee benefits	(205)	127
Decrease/(increase) in provisions	77	91
Net cost of providing services	(10,721)	(10,305)

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19. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of \$100,000 have been included with the non government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits expenses	3	846	746	5,593	5,207	6,439	5,953
Supplies and services:	4						
Building maintenance		283	342	258	195	541	537
Utilities		89	75	480	344	569	419
Cleaning		287	313	29	33	316	346
Minor works and equipment		-	-	72	110	72	110
Telephone		-	-	174	151	174	151
Printing and publishing		162	157	19	16	181	173
Insurance		-	-	50	53	50	53
Information technology		24	20	597	531	621	551
Lease		-	-	58	61	58	61
Audit fees		-	-	78	77	78	77
Shared Services		-	-	85	97	85	97
Vehicle hire		-	-	22	20	22	20
Staff training and development		-	-	22	14	22	14
Agency staff hire		-	-	116	143	116	143
Fringe benefits tax		-	-	55	47	55	47
Consultants fees		-	-	26	53	26	53
Occupational, Health, Safety and Welfare compliance		-	-	13	20	13	20
Car parking		-	-	554	317	554	317
Library collection		-	-	37	36	37	36
Storage		-	-	31	31	31	31
Travelling expenses		-	-	16	21	16	21
Other		51	42	83	107	134	149
Depreciation	6	-	-	1,498	1,621	1,498	1,621
Total expenses		1,742	1,695	9,966	9,305	11,708	11,000
Income							
Assets acquired at nil consideration	11	427	393	-	-	427	393
Other		-	-	576	302	576	302
Revenues from SA Government	8	12,396	11,482	-	-	12,396	11,482
Total Income		12,823	11,875	576	302	13,399	12,177

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	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	9	3,424	2,074	3,075	-	6,499	2,074
Receivables:	10						
Receivables		-	-	144	166	144	166
Prepayments		-	-	261	138	261	138
Other		-	-	17	16	17	16
Total financial assets		3,424	2,074	3,497	320	6,921	2,394
Financial liabilities							
Payables:	13						
Creditors		2,618	-	3	1	2,621	1
Accrued expenses		181	179	142	35	323	214
Employment on-costs		25	23	267	247	292	270
Total financial liabilities		2,824	202	412	283	3,236	485

20. Financial risk management / Financial instruments

20.1 Financial risk management

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

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

20.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2 or respective financial asset/financial liability note.

Refer below for the carrying amounts of each of the following categories of financial assets and liabilities: Loan and receivables; and financial liabilities measured at cost.

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Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note	2018		2017	
		Carrying Amount/ Fair Value \$'000	Contractual Maturities Current \$'000	Carrying Amount/ Fair Value \$'000	Contractual Maturities Current \$'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	9	6,499	6,499	2,074	2,074
Loans and receivables					
Receivables (1) (2)	10	17	17	16	16
		<u>6,516</u>	<u>6,516</u>	<u>2,090</u>	<u>2,090</u>
Financial liabilities					
Financial liabilities at cost					
Payables (1)	13	2,831	2,831	105	105
		<u>2,831</u>	<u>2,831</u>	<u>105</u>	<u>105</u>

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 10 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

21. Related party transactions

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

Related parties of the Joint Parliamentary Service include all key management personnel and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between the Joint Parliamentary Service and SA Government entities are disclosed at note 19.

Key management personnel

Members of the Joint Parliamentary Service Committee are key management personnel. These Members did not receive any remuneration for performing the role as a Committee member, their salaries and allowances have been disclosed in note 4 'Members' salaries and allowances' in the financial statements of the House of Assembly and Legislative Council.

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22. Impact of standards and statements not yet implemented

Australian Accounting Standards 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 period ending 30 June 2018.

The Joint Parliamentary Service has outlined the amended standard that may have impact on its financial statements in the table below:

Ref	Title and date of standard application	Summary	Impact on financial statements	Application date for the Joint Parliamentary Service
AASB 9	Financial Instruments 1st July 2018	This new standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. AASB 9 replaces IAS 39 Financial Instruments: Recognition and Measurement.	The Joint Parliamentary Service has not yet quantified the impact of applying AASB 9 to its financial assets and financial liabilities on the financial statements.	1st July 2018
AASB 15	Revenue from contracts with customers 1 July 2019	This new standard establishes the principals that the Joint Parliamentary Service shall apply to report useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer. AASB 15 replaces AASB 118 Revenue.	The Joint Parliamentary Service expects that the impact of applying AASB 15 on its revenue and cash flows will be minimal as it is unlikely there will be any material contracts with customers.	1 July 2019
AASB 16	Leases 1 July 2019	This new standard introduces a single accounting model for lessees. The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.	This new standard is a significant change from the past 30 years of accounting for leases. It will require the Joint Parliamentary Service to record almost all operating lease arrangements in all financial statements. The Joint Parliamentary Service has not yet quantified the impact of applying AASB 16 to its current operating lease arrangements on the financial statements.	1 July 2019

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Certification of the Financial Statements

We certify that the:

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



Chair
Joint Parliamentary
Service Committee

27 / 9 / 2018



Secretary
Joint Parliamentary
Service Committee

26 / 9 / 2018




Chief Finance Officer
Joint Parliamentary Service

26 / 9 / 2018



Chair
Joint Parliamentary
Service Committee

27 / 9 / 2018



Secretary
Joint Parliamentary
Service Committee

26 / 9 / 2018