

## **Notes to and forming part of the financial statements**

for the year ended 30 June 2019

---

- Note 1: Summary of significant accounting policies
- Note 2: Expenses
- Note 3: Financial assets
- Note 4: Non-financial assets
- Note 5: Aggregate assets and liabilities
- Note 6: Key management personnel compensation, related parties and executive remuneration
- Note 7: Appropriations
- Note 8: Budget variances

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

---

### Note 1: Summary of significant accounting policies

The Department of the Senate is a not-for-profit entity. Its activities are classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the department in its own right within its one outcome. Further details are contained in the statement of comprehensive income and the statement of financial position, and in the resource statement on page 101.

#### 1.1 Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- the *Public Governance Performance and Accountability (Financial Reporting Rule) 2015* (FRR), and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

#### 1.2 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

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

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

---

### 1.3 New Australian accounting standards

#### Adoption of new Australian Accounting Standard requirements

All new or revised standards and interpretations issued prior to the signing of the Statement by the Clerk and Chief Finance Officer that were applicable to the current reporting period had no material financial impact on the department, and are not expected to have a future financial impact.

#### Future Australian Accounting Standard requirements

No new or revised pronouncements were issued by the Australian Accounting Standards Board prior to the finalisation of the financial statements which are expected to have a material financial impact on the department in future reporting periods.

### 1.4 Revenue

The department receives revenue from appropriations and the rendering of services. Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

#### Revenue from government

The departmental appropriation for the financial year (adjusted for any formal additions and reductions) is recognised as revenue from government when the department gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

#### Resources received free of charge

Resources received free of charge are recognised in the statement of comprehensive income as revenue where the amounts can be reliably measured and the services would have been purchased if they had not been provided free of charge. Use of those resources is recognised as an expense.

The department's resources received free of charge relate to audit services from the Australian National Audit Office and accommodation at Parliament House from the Department of Parliamentary Services.

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

---

### 1.5 Transactions with the government as owner

#### Equity injections

Amounts appropriated which are designated as equity injections for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

### 1.6 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees of the department is estimated to be less than the annual entitlement for personal leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, plus the department's employer superannuation contribution rates, and applicable on-costs, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to FRR 24.1(a) using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

Employees of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), Public Sector Superannuation accumulation plan (PSSap) or other elected defined contribution schemes.

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item.

The department makes employer contributions to the relevant employees' defined benefit schemes at rates determined by an actuary to be sufficient to meet the current cost to the government and accounts for the contributions as if they were contributions to defined contribution plans.

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

---

The liability for superannuation recognised as at 30 June 2019 represents outstanding contributions for the final pay fortnight of the year.

### 1.7 Leases

Operating lease payments are recognised as an expense on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The department manages two operating leases on behalf of Senate office-holders; non-cancellable three year motor vehicle leases of \$9,697 (2018: \$31,023). There is no purchase option available. Both lease agreements will be replaced in 2019. The reporting requirements of AASB16 *Leases* will apply to these new lease agreements.

### 1.8 Financial assets

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and deposits in bank accounts.

Trade receivables and other receivables are held for the purpose of collecting contractual cash flows and measured, and carried, at amortised cost.

### 1.9 Financial liabilities

Financial liabilities are measured at amortised cost.

### 1.10 Contingent liabilities and contingent assets

The department had no quantifiable or unquantifiable contingent assets or liabilities as at 30 June 2019 (2018: nil).

### 1.11 Acquisition of assets

Purchases of non-financial assets are initially recognised at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value.

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

---

### 1.12 Property, plant and equipment

#### Revaluations

Following initial recognition at cost, plant and equipment are carried at fair value. Carrying amounts are reviewed every year to determine if an independent valuation is required. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class. Upon revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the asset. A revaluation of the department's assets was last undertaken as at 30 June 2018.

#### Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department, using in all cases the straight-line method of depreciation. Heritage and cultural assets are not depreciated.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date.

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

---

<b>Asset class</b>	<b>2019</b>	<b>2018</b>
Plant and equipment	<b>5 to 15 years</b>	5 to 15 years
Furniture and fittings	<b>5 to 100 years</b>	5 to 100 years

---

#### Impairment

All assets, including software, were assessed for indications of impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment loss recognised if the asset's recoverable amount is less than its carrying amount.

## **Notes to and forming part of the financial statements**

for the year ended 30 June 2019

---

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains or losses from disposal of plant and equipment are recognised when control of the asset has passed to the buyer.

### **1.13 Fair value measurement**

All property, plant and equipment is measured at fair value in the statement of financial position. When estimating fair value, market prices (with adjustments) were used where available. Where market prices were not available, depreciated replacement cost was used. A reconciliation of movements in property, plant and equipment has been included in Note 4.

### **1.14 Intangibles**

The department's intangibles comprise of internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is 3 to 7 years (2018: 3 to 7 years).

### **1.15 Taxation**

The department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### **1.16 Events occurring after the reporting period**

No events have occurred after balance date that should be brought to account or noted in the 2018–19 financial statements.

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
--	----------------	----------------

### Note 2: Expenses

#### Note 2A: Employee benefits

Wages and salaries	14,299	14,664
Superannuation		
Defined benefit plans	1,520	1,354
Defined contribution plans	1,379	1,413
Leave and other entitlements	3,986	3,261
<b>Total employee benefits</b>	<b>21,184</b>	<b>20,692</b>

#### Note 2B: Suppliers

##### Goods and services

Professional and financial fees	363	318
Facilities and infrastructure	603	990
Recruitment and staff development	88	103
Hire charges and hospitality	176	223
Travel	668	805
Media and communications	134	157
General office	386	442
Printing	136	146
Resources received free of charge		
DPS – Accommodation at Parliament House	2,041	1,986
ANAO – 2018–19 audit fee	86	83
<b>Total goods and services</b>	<b>4,681</b>	<b>5,253</b>
<b>Other supplier expenses</b>		
Workers compensation	79	95
<b>Total other supplier expenses</b>	<b>79</b>	<b>95</b>
<b>Total supplier expenses</b>	<b>4,760</b>	<b>5,348</b>

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
--	----------------	----------------

### Note 3: Financial assets

Appropriation receivable	12,079	11,105
Trade and other receivables	23	1
GST receivable (from ATO)	22	12
<b>Total trade and other receivables</b>	<b>12,124</b>	<b>11,118</b>

	2019	
	\$'000	\$'000

### Note 4: Non-financial assets

Reconciliation of opening and closing balances of property, plant and equipment and intangibles

	PP&E	Intangibles	Total
<b>As at 1 July 2018</b>			
Gross book value	1,877	841	2,718
Accumulated depreciation, amortisation and impairment	-	(782)	(782)
<b>Total as at 1 July 2018</b>	<b>1,877</b>	<b>59</b>	<b>1,936</b>
Additions by purchase	453	-	453
Depreciation/amortisation expense	(129)	(29)	(158)
Disposals	(84)	-	(84)
<b>Total as at 30 June 2019</b>	<b>2,117</b>	<b>30</b>	<b>2,147</b>
<b>Total as at 30 June 2019 represented by:</b>			
Gross book value	2,246	841	3,087
Accumulated depreciation, amortisation and impairment	(129)	(811)	(940)
<b>Total as at 30 June 2019</b>	<b>2,117</b>	<b>30</b>	<b>2,147</b>

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>Note 5: Aggregate assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	12,717	11,651
More than 12 months	2,147	1,936
<b>Total assets</b>	<b>14,864</b>	13,587
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	1,672	1,627
More than 12 months	5,714	5,136
<b>Total liabilities</b>	<b>7,386</b>	6,763

## Note 6: Key management personnel compensation, related parties and executive remuneration

### Note 6A: Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly, including any director (whether executive or otherwise) of the department.

The department has determined the key management personnel to be the Clerk, Deputy Clerk, Clerk Assistants and the Usher of the Black Rod. Key management personnel compensation is reported in the table below.

	2019 \$'000	2018 \$'000
<b>Key management personnel compensation</b>		
Short-term employee benefits	1,528	1,582
Post-employment benefits	236	214
Other long-term employee benefits	35	35
<b>Total key management personnel compensation</b>	<b>1,799</b>	1,831

The total number of key management personnel, included in the above note, relate to seven employees.

### Note 6B: Related party transactions

Related parties to this department are defined as key management personnel and close family members of key management personnel. A related party transaction is a transfer of resources, services or obligations between the department and a related party, regardless of whether a price is charged.

During 2018–19, there were no related party transactions.

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2019

**Note 6: Key management personnel compensation, related parties and executive remuneration (continued)**

**Note 6C: Executive remuneration disclosure – Key management personnel**

Name	Position title	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits			
								\$		
R Pye	Clerk of the Senate	384,680	-	1,169	56,538	9,671				452,058
M Weeks	Deputy Clerk of the Senate	251,693	-	26,689	42,207	5,968				326,557
J Morris	Clerk Assistant, Procedure	186,600	-	26,689	36,083	4,829				254,201
T Bryant	Clerk Assistant, Committees	193,699	-	26,689	35,430	4,814				260,632
R Callinan	Clerk Assistant, Table	196,321	-	26,689	29,301	4,807				257,118
B Hallett <sup>1</sup>	Usher of the Black Rod	24,028	-	14,707	18,794	920				58,449
J Bagley <sup>2</sup>	Usher of the Black Rod	147,840	-	20,817	17,988	3,654				190,299
<b>Total<sup>3</sup></b>		<b>1,384,861</b>	<b>-</b>	<b>143,449</b>	<b>236,341</b>	<b>34,663</b>				<b>1,799,314</b>

1 Retired on 22 January 2019

2 Commenced on 17 September 2018

3 The total amounts outlined in this table correspond with the disclosure at Note 6A

**Note 6D: Executive remuneration disclosure – Senior executives and other highly paid staff**

During the reporting period, all the department senior executives were included in the key management personnel disclosed above (2018: Nil). The department does not have any other highly paid staff that meet the reporting threshold (2018: Nil).

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
--	----------------	----------------

### Note 7: Appropriations

#### Note 7A: Annual appropriations (recoverable GST exclusive)

Annual appropriation	23,463	23,387
PGPA Act – section 74 receipts	696	663
Departmental capital budget (DCB) <sup>1</sup>	775	914
<b>Total appropriation</b>	<b>24,934</b>	<b>24,964</b>
Appropriation applied (current and prior years)	23,960	23,921
<b>Variance</b>	<b>974</b>	<b>1,043</b>

- 1 The DCB is appropriated through the Appropriation (Parliamentary Departments) Act (No. 1). It is not separately identified in the Appropriation Act.

#### Note 7B: Unspent annual appropriations (recoverable GST exclusive)

##### Departmental

<i>Appropriation (Parliamentary Departments) Act (No. 1) 2016–17</i>	-	110
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2017–18</i>	150	11,206
<i>Appropriation (Parliamentary Departments) Act (No. 1) 2018–19</i>	12,153	-
<b>Total</b>	<b>12,303</b>	<b>11,316</b>

#### Note 7C: Special appropriations managed through third party arrangements (recoverable GST exclusive)

##### Authority<sup>2</sup>

Department of Finance – <i>Parliamentary Entitlements Act 1990</i> (s. 11)	-	72
Australian Public Service Commission – <i>Remuneration Tribunal Act 1973</i> (s. 7) <sup>3</sup>	-	9,605
Department of Finance – <i>Parliamentary Superannuation Act 2004</i> (s. 18)	2,495	2,398
Department of Finance – Commonwealth of Australia Constitution (s. 66)	1,516	1,604
Department of Finance – <i>Parliamentary Business Resources Act 2017</i> (s. 59)	20,099	9,829
<b>Total</b>	<b>24,110</b>	<b>23,508</b>

- 2 Arrangements have been entered into with the Department of Finance and the Australian Public Service Commission (for 2017–18) to allow the department to draw upon these appropriations.
- 3 From 1 January 2018, following the commencement of the *Parliamentary Business Resources Act 2017*, the department ceased making payments on behalf of the Australian Public Service Commission.

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

### Note 8: Budget variances

The comparison of the unaudited original budget as presented in the 2018–19 Portfolio Budget Statements to the 2018–19 final outcome as presented in accordance with Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements is included in the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the cash flow statement. Explanations of major variances are those within the control of the department.

#### Major variances

Explanation of major variance	"Variance to budget \$'000"	% of budget	Affected line items
The <i>Trade and other receivables</i> balance was higher than originally budgeted primarily due to higher than anticipated appropriation receivable balance. The contributing factors for this difference were the reduced supplier expenditure due to lower than anticipated departmental activity as a result of the election period and the significantly lower than budgeted asset purchases due to delays in ICT projects and under spends in furniture acquisitions.	(4,493)	-59%	"Statement of financial position: – Trade and other receivables"
The <i>Property, plant and equipment, Intangibles and Contributed equity</i> balances were lower than budgeted due to assets transferred to Department of Parliamentary Services late in 2017–18, after the budget was passed.	3,347	43%	"Statement of financial position: – Property, plant and equipment"
	2,160	99%	"Statement of financial position: – Intangibles"
	2,254	47%	"Statement of changes in equity: – Contributed equity"
The variance of <i>Employee provisions</i> to budget is primarily due a revision of the methodology for calculating the provision which occurred after the original budget was set in the 2017–18 PBS. In addition, the significant reduction of the 10 year bond rate has resulted in an increase in the discounting factor applied to the leave balances.	(1,580)	-30%	"Statement of financial position: – Employee provisions"