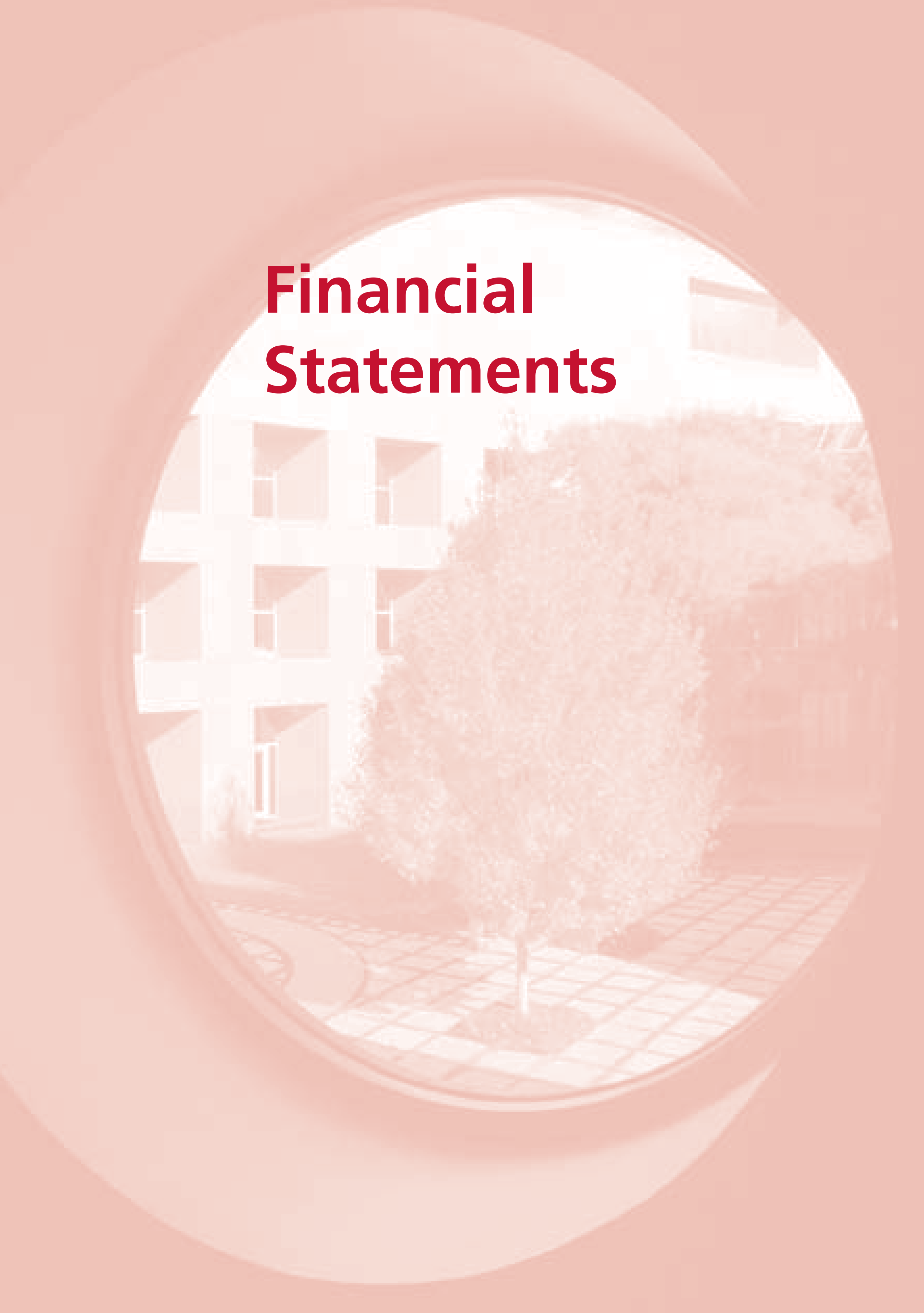
Financial Statements



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Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the President of the Senate

Scope

I have audited the accompanying financial statements of the Department of the Senate for the year ended 30 June 2010, which comprise: the Statement by the Chief Executive and Chief Finance Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Clerk of the Senate for the Financial Statements

The Clerk of the Senate is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of the Senate's preparation and fair

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presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of the Senate's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Clerk of the Senate, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of the Senate:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of the Senate's financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Rebecca Reilly
Executive Director
Delegate of the Auditor-General

Canberra
10 September 2010

AUSTRALIAN SENATE
CANBERRA ACT 2600

Statement by the Chief Executive and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Rosemary Laing
Clerk of the Senate

6 September 2010

Joe d'Angelo
Chief Finance Officer

6 September 2010

Department of the Senate

Statement of comprehensive income
for the period ended 30 June 2010

	Notes	2010 $'000	2009 $'000
EXPENSES			
Employee benefits	3A	**16,225**	16,778
Suppliers	3B	**6,542**	7,288
Depreciation and amortisation	3C	**1,194**	880
Write-down and impairment of assets	3D	**1**	9
Losses from asset sales	3E	**-**	35
TOTAL EXPENSES		**23,962**	24,990
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**572**	571
Royalties	4B	**17**	4
Total own-source revenue		**589**	575
Gains			
Other gains - resources received free of charge	4C	**2,585**	2,700
Total gains		**2,585**	2,700
Total own-source income		**3,174**	3,275
Net cost of services		**20,788**	21,715
Revenue from government	4D	**20,482**	20,285
Surplus/(Deficit) attributable to the Australian Government		**(306)**	(1,430)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		**143**	(1,081)
Total comprehensive income		**(163)**	(2,511)
Total comprehensive income attributable to the Australian Government		**(163)**	(2,511)

The above statement should be read in conjunction with the accompanying notes.

Department of the Senate

Balance sheet

as at 30 June 2010

	Notes	2010 $'000	2009 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	**33**	279
Trade and other receivables	5B	**10,869**	11,095
Total financial assets		**10,902**	11,374
Non-financial Assets			
Property, plant and equipment	6A, 6C	**2,100**	2,478
Intangibles	6B, 6C	**380**	466
Inventories	6D	**13**	20
Other	6E	**152**	172
Total non-financial assets		**2,645**	3,136
TOTAL ASSETS		**13,547**	14,510
LIABILITIES			
Payables			
Suppliers	7A	**262**	346
Other	7B	**356**	434
Total payables		**618**	780
Provisions			
Employee provisions	7C	**4,285**	4,923
Total provisions		**4,285**	4,923
TOTAL LIABILITIES		**4,903**	5,703
NET ASSETS		**8,644**	8,807
EQUITY			
Contributed equity		**-**	-
Reserves		**10,169**	10,026
Retained surplus (accumulated deficit)		**(1,525)**	(1,219)
TOTAL EQUITY		**8,644**	8,807

The above statement should be read in conjunction with the accompanying notes.

Department of the Senate

Statement of changes in equity

for the period ended 30 June 2010

	Retained Earnings		Asset revaluation reserve		Contributed equity/ capital		Total equity	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance	**(1,219)**	211	**10,026**	11,107	**-**	-	**8,807**	11,318
Adjusted opening balance	**(1,219)**	211	**10,026**	11,107	**-**	-	**8,807**	11,318
Comprehensive income								
Other comprehensive income	**-**	-	**143**	(1,081)	**-**	-	**143**	(1,081)
Surplus/(Deficit) for the period	**(306)**	(1,430)	**-**	-	**-**	-	**(306)**	(1,430)
Total Comprehensive income	**(306)**	(1,430)	**143**	(1,081)	**-**	-	**(163)**	(2,511)
of which:								
Attributable to the Australian Government	**(306)**	(1,430)	**143**	(1,081)	**-**	-	**(163)**	(2,511)
Closing balance as at 30 June	**(1,525)**	(1,219)	**10,169**	10,026	**-**	-	**8,644**	8,807
Closing balance attributable to the Australian Government	**(1,525)**	(1,219)	**10,169**	10,026	**-**	-	**8,644**	8,807

The above statement should be read in conjunction with the accompanying notes.

Department of the Senate

Cash flow statement

for the period ended 30 June 2010

	Notes	2010 $'000	2009 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		**707**	862
Appropriations		**20,676**	20,658
Net GST received		**347**	467
Total cash received		**21,731**	21,987
Cash used			
Employees		**16,939**	16,194
Suppliers		**4,450**	5,459
Total cash used		**21,390**	21,653
Net cash from or (used by) operating activities	8	**340**	334
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**1**	31
Total cash received		**1**	31
Cash used			
Purchase of property, plant and equipment		**427**	652
Purchase of intangibles		**161**	59
Total cash used		**588**	711
Net cash from or (used by) investing activities		**(586)**	(680)
Net increase or (decrease) in cash held		**(246)**	(346)
Cash and cash equivalents at the beginning of the reporting period		**279**	625
Cash and cash equivalents at the end of the reporting period	5A	**33**	279

The above statement should be read in conjunction with the accompanying notes.

Department of the Senate

Schedule of commitments

as at 30 June 2010

	2010	2009
BY TYPE	**$'000**	$'000
Commitments receivable		
GST recoverable on commitments	**(78)**	(95)
Total commitments receivable	**(78)**	(95)
Commitments payable		
Other commitments		
Operating leases [1]	**76**	113
Goods and services [2]	**781**	933
Total other commitments	**857**	1,046
Net commitments by type	**779**	951
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	**(69)**	(78)
From one to five years	**(9)**	(17)
Total other commitments receivable	**(78)**	(95)
Commitments payable		
Operating lease commitments		
One year or less	**71**	72
From one to five years	**5**	41
Total operating lease commitments	**76**	113
Goods and services commitments		
One year or less	**685**	792
From one to five years	**96**	141
Total goods and services commitments	**781**	933
Net commitments by maturity	**779**	951

NB: Commitments are GST inclusive where relevant.

[1] *Operating leases included are effectively non-cancellable and comprise agreements for the provision of motor vehicles to senior executive officers and there are no renewal or purchase options available.*

[2] *Goods and services relate to contracts (including purchase orders) lodged with suppliers.*

The above schedule should be read in conjunction with the accompanying notes.

Department of the Senate

Schedule of asset additions

as at 30 June 2010

The following non-financial non-current assets were added in 2009–10:

	Other property, plant & equipment $'000	Intangibles $'000	Total $'000
By purchase - appropriation equity	-	-	-
By purchase - appropriation ordinary annual services	**428**	**161**	**589**
Total additions	**428**	**161**	**589**

The following non-financial non-current assets were added in 2008–09:

	Other property, plant & equipment $'000	Intangibles $'000	Total $'000
By purchase - appropriation equity	-	-	-
By purchase - appropriation ordinary annual services	652	59	711
Total additions	652	59	711

Notes to and forming part of the Financial Statements
for the year ended 30 June 2010

Note 1: Summary of significant accounting policies

1.1 Objectives of the Department of the Senate

The Department of the Senate is structured to meet the following outcome:

- Advisory and administrative support services to enable the Senate and Senators to fulfil their representative and legislative duties.

The department's activities contributing towards this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the department in its own right. Administered activities involve the management or oversight by the department on behalf of the Commonwealth of items controlled or incurred by the Commonwealth.

Departmental activities are identified under five separate offices:

- **Clerk's Office** – provides procedural and constitutional advice in relation to the proceedings of the Senate and its committees, strategic direction for the department and secretariat support for the Procedure Committee, the Committee of Privileges and the Committee of Senators' Interests; and maintains the Register of Senators' Interests
- **Table Office** – provides programming and procedural support to the Senate; processes legislation and documents, and archives records of the Senate; produces records of Senate business and proceedings, and disseminates information on the work of the Senate; provides document distribution and inquiries services; and provides secretariat support to several domestic committees
- **Procedure Office** – provides advisory and drafting services to non-government senators, secretariat support for the legislative scrutiny committees and policy support for inter-parliamentary relations; conducts parliamentary research; and promotes community awareness and knowledge of the Senate and the Parliament
- **Committee Office** – provides secretariat support for most Senate and certain joint committees and, in accordance with committee directions, facilitates the public's awareness of and involvement in the work of committees
- **Black Rod's Office** – provides office, chamber and committee room support; information technology and ceremonial services; security advice; and corporate services to the Senate, senators and departmental staff.

1.2 Basis of preparation of the financial report

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

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

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board 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.

Unless alternative treatment is specifically required by an accounting standard or FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities that are unrealised are reported in the schedule of commitments (other than unquantifiable or remote contingencies, which are reported at Note 9).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the income statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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

1.3 Significant accounting judgements and estimates

No accounting judgements, assumptions or estimates have been identified that have a significant risk of causing a material impact on the amounts recorded in the financial statements.

1.4 Changes in Australian accounting standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as specified in the standard. Accounting standards that were issued prior to the signing of the statement by the Clerk and Chief Financial Officer, and are applicable to the current reporting period did not have any financial impact, and they are not expected to have a financial impact.

Future Australian Accounting Standard requirements

Accounting standards that were issued prior to the signing of the statement by the Clerk and Chief Financial Officer, and are applicable to the future reporting period did not have any financial impact, and they are not expected to have a future financial impact.

1.5 Revenue

Revenue from government

Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. The department does not currently participate in any reciprocal activities.

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- the seller retains no managerial involvement nor effective control over the goods
- the revenue and transaction costs incurred can be reliably measured, and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

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 from 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.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.6 Gains

Resources received free of charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another Australian government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Other gains

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

1.7 Transactions with the government as owner

Equity injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Australian government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration, including the department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the estimated present value of future cash flows to be made in respect of all employees at 30 June 2010. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

In 2009–10, the department has made no provision for future separation and redundancy benefit payments.

Superannuation

Staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and PSS accumulation plan (PSSap).

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

The liability for superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The department makes employer contributions to the relevant employee superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the government of the superannuation entitlements of the department's employees.

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

1.9 Leases

No finance leases were in existence at any time during the year or at balance date.

Operating lease payments are expensed on the basis of the benefits derived from the leased assets. The department's operating leases relate to vehicles leased from LeasePlan.

1.10 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.11 Financial assets

Financial assets are classified in the following categories:

- 'loans and receivables' financial assets
- 'held-to-maturity investments'
- 'available-for-sale' financial assets, and
- 'at fair value through profit or loss'.

The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Financial assets are recognised and derecognised on 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Other categories of financial assets

The department does not have any financial assets classified as 'held-to-maturity investments', 'available-for-sale' or 'at fair value through profit or loss'.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

- *Financial assets held at amortised cost* - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the income statement.
- *Available-for-sale financial assets* - If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the income statement.
- *Available-for-sale financial assets* (*held at cost)* - If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.12 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised on 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Trade creditors and accruals are recognised at the amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent liabilities and contingent assets

Contingent liabilities and assets are not recognised in the balance sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or for which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.14 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs, where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructured administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately before the restructuring.

1.15 Property, plant and equipment (PP&E)

Asset recognition threshold

Property, plant and equipment assets are represented by two separate asset classes, Infrastructure, plant and equipment (IPE) and Intangibles. All items are initially recognised at cost unless their cost value is below the recognition threshold, in which case they are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Asset Class	Recognition threshold	Asset Category
Infrastructure, plant and equipment	$1,000	- Furniture and Fittings - Office Machines
	$2,000	- Plant and Equipment
Intangibles	$2,000	Intangibles

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. At a minimum, valuations are undertaken in each year as at 30 June.

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 through operating result except to the extent that they reverse a previous revaluation increment for that class.

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

Depreciation

Depreciable plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the department, using the straightline method of depreciation in all cases.

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

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

	2010	2009
Plant equipment	**5 to 15 years**	5 to 15 years
Computer equipment	**2 to 10 years**	2 to 10 years
Furniture and fittings	**5 to 100 years**	5 to 100 years
Office machines and equipment	**4 to 30 years**	4 to 30 years
Intangibles (software)	**3 to 7 years**	3 to 5 years

Impairment

All assets were assessed for impairment at 30 June 2010. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department of the Senate were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.16 Intangibles

The department's intangibles comprise software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is 3 to 7 years (2008–09: 3 to 5 years).

All software assets were assessed for impairment as at 30 June 2010.

1.17 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

1.18 Taxation

The department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- except for receivables and payables.

The fringe benefits tax for senators is paid by the Department of Finance and Deregulation. The Department of the Senate pays fringe benefits tax on benefits it provides to office-holders of the Senate.

Note 2: Events occurring after the balance sheet date

There have been no significant events occur after balance date that may have an impact on the department's operations.

	2010 $'000	2009 $'000

Note 3: Expenses

Note 3A: Employee benefits

	2010 $'000	2009 $'000
Wages and salaries	**11,811**	11,572
Superannuation:		
Defined contribution plans	**511**	441
Defined benefit plans	**1,855**	2,192
Leave and other entitlements	**2,048**	2,433
Separation and redundancies	**-**	140
Total employee benefits	**16,225**	16,778

Note 3B: Suppliers

	2010 $'000	2009 $'000
Goods and services		
Professional and financial fees	**496**	615
Facilities and infrastructure	**428**	542
Recruitment and staff development	**128**	146
Hire charges and hospitality	**210**	206
Travel	**855**	810
Media and communications	**748**	1,012
General office expenses	**515**	572
Printing	**445**	498
Resources received free of charge	**2,585**	2,700
Total goods and services	**6,410**	7,100
Goods and Services are made up of:		
Provision of goods - related entities	**81**	241
Provision of goods - external entities	**1,616**	1,780
Rendering of services - related entities *	**3,172**	3,037
Rendering of services - external entities	**1,541**	2,042
Total goods and services	**6,410**	7,100

* Services from related entities included $2.585m of resources received free of charge from other Commonwealth agencies. (2009: $2.7m)

	2010 $'000	2009 $'000
Other supplier expenses		
Workers compensation premiums	**132**	188
Total other supplier expenses	**132**	188
Total supplier expenses	**6,542**	7,288

	2010 $'000	2009 $'000
Note 3C: Depreciation and amortisation		
Depreciation:		
Property, plant and equipment	**947**	638
Amortisation:		
Intangibles - computer software	**247**	242
Total depreciation and amortisation	**1,194**	880

	2010 $'000	2009 $'000
Note 3D: Write-down and impairment of assets		
Non-financial assets		
Property, plant and equipment - write-downs	**1**	7
Intangibles - write-downs	**-**	2
Total write-down and impairment of assets	**1**	9

	2010 $'000	2009 $'000
Note 3E: Losses from asset sales		
Property, plant and equipment:		
Proceeds from sale	**(1)**	(31)
Carrying value of assets sold	**1**	66
Selling expenses	**-**	-
Total losses from asset sales	**-**	35

Note 4: Income

Revenue

	2010 $'000	2009 $'000
Note 4A: Sale of goods and rendering of services		
Provision of goods - related entities	**191**	216
Provision of goods - external parties	**68**	54
Rendering of services - related entities	**252**	241
Rendering of services - external parties	**61**	60
Total sale of goods and rendering of services	**572**	571

	2010 $'000	2009 $'000
Note 4B: Royalties		
Other	**17**	4
Total royalties	**17**	4

Gains

	2010 $'000	2009 $'000
Note 4C: Other gains		
Resources received free of charge	**2,585**	2,700
Total other gains	**2,585**	2,700

	2010 $'000	2009 $'000
Revenue from government		
Note 4D: Revenue from government		
Appropriations: Departmental outputs	**20,482**	20,285
Total revenue from government	**20,482**	20,285

Note 5: Financial assets

	2010 $'000	2009 $'000
Note 5A: Cash and cash equivalents		
Cash on hand	**33**	279
Total cash and cash equivalents	**33**	279
Note 5B: Trade and other receivables		
Goods and services - related entities	**35**	87
Goods and services - external parties	**1**	3
Total receivables for goods and services	**36**	90
Appropriations receivable for existing outputs	**10,783**	10,977
Other receivables		
GST receivable from the Australian Taxation Office	**46**	28
Other	**4**	-
Total other receivables	**50**	28
Total trade and other receivables (net)	**10,869**	11,095
Receivables are aged as follows:		
Not overdue	**10,855**	11,075
Overdue by:		
Less than 30 days	**13**	17
30 to 60 days	**1**	1
61 to 90 days	**-**	-
More than 90 days	**-**	2
Total receivables (gross)	**10,869**	11,095

All receivables are expected to be recovered in 12 months.

No indicators of impairment were noted for receivables.

Note 6: Non-financial assets

	2010 $'000	2009 $'000

Note 6A: Property, plant and equipment

	2010 $'000	2009 $'000
Property, plant and equipment		
Fair value	**2,999**	2,574
Accumulated depreciation	**(899)**	(96)
Total property, plant and equipment	**2,100**	2,478

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2010, an independent valuer, Pickles Valuation Services, conducted the revaluations.

A revaluation increment of $0.143m (2009: $1.081m) for infrastructure, plant and equipment was debited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet.

At 30 June, no indicators of impairment were found for infrastructure, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Note 6B: Intangibles

	2010 $'000	2009 $'000
Computer software		
Purchased - in use	**1,422**	1,261
Accumulated amortisation	**(1,042)**	(795)
Total intangibles	**380**	466

At 30 June, no indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6C: Analysis of property, plant and equipment and intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2009–10)

	PP&E $'000	Intangibles $'000	TOTAL $'000
As at 1 July 2009			
Gross book value	2,574	1,261	**3,835**
Accumulated depreciation/amortisation	(96)	(795)	**(891)**
Net book value 1 July 2009	**2,478**	**466**	**2,944**
Additions by purchase	428	161	**589**
Revaluation and impairments through equity	143	-	**143**
Depreciation/amortisation expense	(947)	(247)	**(1,194)**
Impairments recognised in surplus	(1)	-	**(1)**
Disposals	(1)	-	**(1)**
Net book value 30 June 2010	**2,100**	**380**	**2,480**
Net book value 30 June 2010 represented by:			
Gross book value	2,999	1,422	**4,421**
Accumulated depreciation/amortisation	(899)	(1,042)	**(1,941)**
	2,100	**380**	**2,480**

Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2008–09)

	PP&E $'000	Intangibles $'000	TOTAL $'000
As at 1 July 2008			
Gross book value	4,252	1,962	**6,214**
Accumulated depreciation/amortisation	(634)	(1,311)	**(1,945)**
Net book value 1 July 2008	**3,618**	**651**	**4,269**
Additions by purchase	652	59	**711**
Revaluation and impairments through equity	(1,081)	-	**(1,081)**
Depreciation/amortisation expense	(638)	(242)	**(880)**
Impairments recognised in surplus	(7)	(2)	**(9)**
Disposals	(66)	-	**(66)**
Net book value 30 June 2009	**2,478**	**466**	**2,944**
Net book value 30 June 2009 represented by:			
Gross book value	2,574	1,261	**3,835**
Accumulated depreciation/amortisation	(96)	(795)	**(891)**
	2,478	**466**	**2,944**

Notes to and forming part of the Financial Statements
for the year ended 30 June 2010

	2010 $'000	2009 $'000
Note 6D: Inventories		
Inventories held for distribution	**13**	20
Total inventories	**13**	20

All departmental inventories are current assets.

	2010 $'000	2009 $'000
Note 6E: Other non-financial assets		
Prepayments	**152**	172
Total other non-financial assets	**152**	172

All other non-financial assets are current assets.

Note 7: Payables and provisions

	2010 $'000	2009 $'000
Note 7A: Suppliers		
Trade creditors and accruals	**262**	346
Total supplier payables	**262**	346
Supplier payables expected to be settled within 12 months:		
Related entities	**59**	32
External parties	**203**	314
Total supplier payables	**262**	346
Note 7B: Other payables		
Salaries and wages	**310**	241
Superannuation	**46**	193
Total other payables	**356**	434

All other payables recognised are expected to be settled within 12 months.

	2010	2009
	$'000	$'000
Note 7C: Employee provisions		
Leave	**4,285**	4,923
Total employee provisions	**4,285**	4,923
Employee provisions are expected to be settled in:		
No more than 12 months	**3,542**	4,209
More than 12 months	**743**	714
Total employee provisions	**4,285**	4,923

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date are $1.397 (2009: $1.525m), and in excess of one year are $2.888m (2009: $3.398m).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2010

	2010	2009
	$'000	$'000
Note 8: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	**33**	279
Balance sheet	**33**	279
Difference	**-**	-
Reconciliation of net surplus to net cash from operating activities:		
Net cost of services	**(20,788)**	(21,715)
Add revenue from government	**20,482**	20,285
Adjustments for non-cash items		
Depreciation / amortisation	**1,194**	880
Net write down of assets	**1**	9
Loss / (gain) on disposal of assets	**-**	35
Changes in assets/liabilities		
(Increase) / decrease in net receivables	**226**	599
(Increase) / decrease in inventories	**7**	(2)
(Increase) / decrease in prepayments	**19**	(39)
Increase / (decrease) in employee provisions	**(639)**	523
Increase / (decrease) in supplier payables	**(84)**	(250)
Increase / (decrease) in other payables	**(78)**	9
Net cash from / (used by) operating activities	**340**	334

	2010	2009
	$'000	$'000

Note 9: Contingent liabilities and assets

There were no departmental contingent liabilities or assets. (2009: Nil)

Note 10: Remuneration of auditors

Financial statement audit services are provided free of charge to the department.

	2010	2009
The fair value of audit services provided was:	**80**	84

No other services were provided by the Auditor-General.

Note 11: Executive remuneration

Note 11A: Actual remuneration paid to senior executives

Executive remuneration:	**2010**	2009
The number of executives who received:		
Less than $145,000*	**-**	-
$160,000 to $174,999	**-**	1
$175,000 to $189,999	**-**	1
$190,000 to $204,999	**1**	-
$205,000 to $219,999	**2**	1
$220,000 to $234,999	**1**	1
$235,000 to $249,999	**1**	-
$250,000 to $264,999	**-**	1
$325,000 to $339,999	**1**	-
$430,000 to $444,999	**-**	1
Total	**6**	6

* Excludes acting arrangements and part-year service

	2010	2009
Total expense recognised in relation to senior executive employment		
	$	$
Short-term employee benefits		
Salary (including leave taken)	**1,532,975**	1,149,049
Changes in leave provisions	**(387,861)**	(27,200)
Other	**76,730**	64,806
Total short-term employee benefits	**1,221,844**	1,186,654
Superannuation (post-employment benefits)	**202,893**	288,591
Total	**1,424,737**	1,475,245
The aggregate amount of separation and redundancy benefit payments during the year to executives shown above.	**Nil**	Nil

Note 11: Executive remuneration (continued)

Note 11B: Salary Packages of Senior Executives

Average annualised remuneration packages for substantive senior executives employed at 30 June

	As at 30 June 2010			As at 30 June 2009		
	No. SES[1]	**Base Salary (including annual leave)**	**Total Remuneration package[2]**	No. SES[1]	Base Salary (including annual leave)	Total Remuneration package[2]
The number of executives who received:		**$**	**$**		$	$
Less than $145,000	**-**	**-**	**-**	-	-	-
$190,000 to $204,999	**-**	**-**	**-**	2	149,343	194,991
$205,000 to $219,999	**2**	**159,123**	**207,719**	-	-	-
$220,000 to $234,999	**2**	**159,123**	**221,245**	3	153,003	223,393
$250,000 to $264,999	**-**	**-**	**-**	1	185,851	266,522
$355,000 to $369,999	**1**	**250,010**	**369,921**	-	-	-
$370,000 to $384,999	**-**	**-**	**-**	1	242,720	374,672
Total	**5**			7		

Notes

[1] Includes part year service but not acting arrangements (except for substantive SES acting at a higher level)

[2] Non-salary elements available to Senior Executives include:

(a) Motor vehicle allowance

(b) Superannuation

Note 12: Financial instruments

	2010 $'000	2009 $'000
Note 12A: Categories of financial instruments		
Financial assets		
Loans and receivables:		
Cash and cash equivalent	**33**	279
Trade receivables	**36**	90
Carrying amount of financial assets	**69**	369
Financial liabilities		
At amortised cost:		
Trade creditors	**72**	96
Other payables	**190**	250
Carrying amount of financial liabilities	**262**	346

Note 12B: Net income and expense from financial instruments

The department had no net income or expense from financial instruments. (2009: Nil)

Note 12C: Fair values of financial instruments

The net fair value of each class of assets and liabilities equals the carrying amounts in both the 2009–10 and 2008–09 financial years.

Note 12D: Credit risk

The department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

The department has no significant exposures to any concentrations of credit risk. All figures for credit risk are not exposed to any collateral. No indications of impairment were found for financial assets. Assets past due but not impaired are disclosed at Note 5B.

Note 12E: Liquidity risk

All liabilities are at call (30 days). The department has no significant exposures to any liquidity risk. (2009: Nil)

Note 12F: Market risk

The department has no significant exposures to any market risk. (2009: Nil)

Note 13: Appropriations and Special Accounts

Note 13A: Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF) for Appropriations (Parliamentary Departments) Act (No. 1)

Particulars - Outcome 1	Departmental outputs		Total	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Balance carried from previous period	**11,256**	11,974	**11,256**	11,974
Appropriation Act:				
Appropriation (Parliamentary Departments) Act (No. 1)	**20,482**	20,254	**20,482**	20,254
Other annual appropriation acts as passed - Non-operating previous years outputs	**-**	31	**-**	31
FMA Act				
Appropriations to take account of recoverable GST (FMA Act s. 30A)	**415**	552	**415**	552
Relevant agency receipts (FMA Act s. 31)	**640**	808	**640**	808
Total appropriations available for payments	**32,793**	33,619	**32,792**	33,619
Cash payments made during the year (GST inclusive)	**21,977**	22,363	**21,977**	22,363
Appropriations credited to Special Accounts (GST exclusive)	**-**	-	**-**	-
Balance of authority to draw cash from the CRF for ordinary annual services appropriations	**10,816**	11,256	**10,816**	11,256
Represented by:				
Cash at bank and on hand	**33**	279	**33**	279
Departmental appropriations receivable	**10,783**	10,977	**10,783**	10,977
Total as at 30 June	**10,816**	11,256	**10,816**	11,256

Note 13: Appropriations and Special Accounts (continued)

Note 13B: Disclosure by agent in relation to annual and special appropriations

Administered

Parliamentary Entitlements Act 1990 (s. 11) **Department of Finance and Deregulation** **Purpose: An Act relating to the provision of benefits to Members of each House of the Parliament.**	**2010** **$'000**	2009 $'000
Total receipts	**-**	-
Total payments	**198**	259
Balance of receipts and payments	**(198)**	(259)

Parliamentary Superannuation Act 2004 (s.18) **Department of Finance and Deregulation** **Purpose: An Act to provide for the making of superannuation contributions in respect of members of Parliament, and for related purposes.**	**2010** **$'000**	2009 $'000
Total receipts	**-**	-
Total payments	**820**	773
Balance of receipts and payments	**(820)**	(773)

Remuneration Tribunal Act 1973 (s. 7) **Department of Education, Employment and Workplace Relations** **Purpose: An Act to establish a tribunal in relation to the remuneration and allowances, and recreation leave entitlements, of the holders of certain public and other offices, and for related purposes.**	**2010** **$'000**	2009 $'000
Total receipts	**-**	-
Total payments	**13,344**	12,816
Balance of receipts and payments	**(13,344)**	(12,816)

The legislation establishing these special appropriations is administered by the Department of Finance and Deregulation and the Department of Education, Employment and Workplace Relations. Arrangements have been entered into with these departments to allow the Department of the Senate to draw upon these appropriations.

Note 13: Appropriations and Special Accounts (continued)

Note 13C: Special accounts

Other trust monies account (Special Public Money)	**2010**	2009
	$'000	$'000
Appropriation: *Financial Management and Accountability Act 1997 (s. 20)*		
Purpose: For expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.		
Balance carried from previous period	**-**	-
Appropriation for reporting period	**-**	-
Other receipts	**5**	-
Available for payments	**5**	-
Payments made	**5**	-
Balance carried to next period	**-**	-
Represented by:		
Cash - held by the department	**-**	-
Total balance carried to the next period	**-**	-

The determination for the Services for other Governments and Non-Agency Bodies Special Account established under section 20 of the *Financial Management and Accountability Act 1997* was revoked by the Minister for Finance, 3 September 2009. The purpose of the Services for other Governments and Non-Agency Bodies Special Account is for expenditure in connection with services performed on behalf of other governments and bodies that are not Agencies under the *Financial Management and Accountability Act 1997.* This account had no transactions and nil balances as at 30 June 2010 and 30 June 2009.

Note 14: Compensation and debt relief

For departmental items:

No act of grace payments were made under subsection 33(1) of the *Financial Management and Accountability Act 1997* during the reporting period. (2009: Nil)

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*. (2009: Nil)

No payments were made under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme. (2009: Nil)

No ex-gratia payments were provided for during the reporting period. (2009: Nil)

No payments were made under section 66 of the *Parliamentary Service Act 1999* during the reporting period. (2009: Nil)

Note 15: Reporting of outcomes

Note 15A: Net cost of outcome delivery

	Outcome 1		Total	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Expenses				
Departmental	**23,962**	24,990	**23,962**	24,990
Total	**23,962**	24,990	**23,962**	24,990
Income from non-government sector				
Departmental				
Activities subject to cost recovery	**129**	114	**129**	114
Goods and services income from related entities	**443**	457	**443**	457
Other	**17**	4	**17**	4
Total	**589**	575	**589**	575
Other own-source income				
Departmental	**-**	-	**-**	-
Total	**-**	-	**-**	-
Net cost / (contribution) of outcome delivery	**23,373**	24,415	**23,373**	24,415

Outcome 1 is described in note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

Note 15B: Major classes of departmental expense, income, assets and liabilities by outcome

All departmental expense, income, assets and liabilities are attributable to the department's single outcome.